

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934  
(Amendment No. 25)

LSB INDUSTRIES, INC.  
(Name of Issuer)

COMMON STOCK, PAR VALUE \$.10  
(Title of Class of Securities)

5021600-10-4  
(CUSIP Number)

Jack E. Golsen  
16 South Pennsylvania  
Oklahoma City, Oklahoma 73107  
(405) 235-4546

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

June 1, 1999  
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of his Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box. [ ]

Check the following box if a fee is being paid with this statement [ ]. (A fee is not required only if the reporting person: (1) has a previous statement on file reporting beneficial ownership of more than five percent (5%) of the class of securities described in Item 1; and (2) has filed no amendment subsequent thereto reporting beneficial ownership of less than five percent (5%) of such class. See Rule 13d-7.)

Note: Six (6) copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP NO. 5021600-10-4

- (1) Names of Reporting Persons, S.S. or I.R.S. Identification Nos. of Above Persons Jack E. Golsen  
###-##-####
- (2) Check the Appropriate Box if a Member of a Group (See Instructions) (a) [ ]  
(b) [X]
- (3) SEC Use Only
- (4) Source of Funds (See Instructions) Not applicable
- (5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)
- (6) Citizenship or Place of Organization USA
- |  |                               |           |
|--|-------------------------------|-----------|
|  | (7) Sole Voting Power         | 296,361   |
| Number of Shares Beneficially Owned by Each Reporting Person With: | (8) Shared Voting Power       | 2,728,059 |
|  | (9) Sole Dispositive Power    | 296,361   |
|  | (10) Shared Dispositive Power | 2,728,059 |
- (11) Aggregate Amount Beneficially Owned by Each Reporting Person 3,024,420
- (12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) [X]
- (13) Percent of Class Represented by Amount in Row (11) 24.0%
- (14) Type of Reporting Person (See Instructions) IN

(1)	Names of Reporting Persons, S.S. or I.R.S. Identification Nos. of Above Persons	Sylvia H. Golsen ###-##-####
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) [ ] (b) [X]
(3)	SEC Use Only	
(4)	Source of Funds (See Instruc- tions)	Not applicable
(5)	Check if Disclosure of Legal Proceedings is Required Pur- suant to Items 2(d) or 2(e)	
(6)	Citizenship or Place of Organi- zation	USA
	(7) Sole Voting Power	-
Number of Shares Beneficially Owned by Each Reporting Person With:	(8) Shared Voting Power	2,728,059
	(9) Sole Dispositive Power	-
	(10) Shared Dispositive Power	2,728,059
(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	2,728,059
(12)	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	[X]
(13)	Percent of Class Represented by Amount in Row (11)	20.0%
(14)	Type of Reporting Person (See Instructions)	IN

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|--|---|-------------------------------|
| (1)  | Names of Reporting Persons,<br>S.S. or I.R.S. Identification<br>Nos. of Above Persons       | SBL Corporation<br>73-1477865 |
| (2)  | Check the Appropriate Box if<br>a Member of a Group (See<br>Instructions)                   | (a) [ ]<br>(b) [X]            |
| (3)  | SEC Use Only  |                               |
| (4)  | Source of Funds (See Instruc-<br>tions)   | Not applicable                |
| (5)  | Check if Disclosure of Legal<br>Proceedings is Required Pur-<br>suant to Items 2(d) or 2(e) |                               |
| (6)  | Citizenship or Place of Organi-<br>zation   | Oklahoma                      |
|  | (7) Sole Voting Power   | -                             |
| Number of Shares<br>Beneficially<br>Owned by Each<br>Reporting Person<br>With: | (8) Shared Voting Power   | 1,675,809                     |
|  | (9) Sole Dispositive<br>Power   | -                             |
|  | (10) Shared Dispositive<br>Power  | 1,675,809                     |
| (11)   | Aggregate Amount Beneficially<br>Owned by Each Reporting Person                             | 1,675,809                     |
| (12)   | Check if the Aggregate Amount<br>in Row (11) Excludes Certain<br>Shares (See Instructions)  | [X]                           |
| (13)   | Percent of Class Represented<br>by Amount in Row (11)                                       | 13.5%                         |
| (14)   | Type of Reporting Person (See<br>Instructions)  | CO                            |

(1)	Names of Reporting Persons, S.S. or I.R.S. Identification Nos. of Above Persons	Golsen Petroleum Corporation 73-079-8005
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) [ ] (b) [X]
(3) SEC Use Only		
(4)	Source of Funds (See Instruc- tions)	Not applicable
(5)	Check if Disclosure of Legal Proceedings is Required Pur- suant to Items 2(d) or 2(e)	
(6)	Citizenship or Place of Organi- zation	Oklahoma
	(7) Sole Voting Power	-
Number of Shares Beneficially Owned by Each Reporting Person With:	(8) Shared Voting Power	193,933
	(9) Sole Dispositive Power	-
	(10) Shared Dispositive Power	193,933
(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	193,933
(12)	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	
(13)	Percent of Class Represented by Amount in Row (11)	1.6%
(14)	Type of Reporting Person (See Instructions)	C0

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|--|---|--------------------------------|
| (1)  | Names of Reporting Persons,<br>S.S. or I.R.S. Identification<br>Nos. of Above Persons       | Barry H. Golsen<br>###-##-#### |
| (2)  | Check the Appropriate Box if<br>a Member of a Group (See<br>Instructions)                   | (a) [ ]<br>(b) [X]             |
| (3)  | SEC Use Only  |                                |
| (4)  | Source of Funds (See Instruc-<br>tions)   | Not applicable                 |
| (5)  | Check if Disclosure of Legal<br>Proceedings is Required Pur-<br>suant to Items 2(d) or 2(e) |                                |
| (6)  | Citizenship or Place of Organi-<br>zation   | USA                            |
|  | (7) Sole Voting Power   | 290,116                        |
| Number of Shares<br>Beneficially<br>Owned by Each<br>Reporting Person<br>With: | (8) Shared Voting Power   | 1,898,269                      |
|  | (9) Sole Dispositive<br>Power   | 290,116                        |
|  | (10) Shared Dispositive<br>Power  | 1,898,269                      |
| (11)   | Aggregate Amount Beneficially<br>Owned by Each Reporting Person                             | 2,188,385                      |
| (12)   | Check if the Aggregate Amount<br>in Row (11) Excludes Certain<br>Shares (See Instructions)  | [X]                            |
| (13)   | Percent of Class Represented<br>by Amount in Row (11)                                       | 17.6%                          |
| (14)   | Type of Reporting Person (See<br>Instructions)  | IN                             |

(1)	Names of Reporting Persons, S.S. or I.R.S. Identification Nos. of Above Persons	Steven J. Golsen ###-##-####
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) [ ] (b) [X]
(3)	SEC Use Only	
(4)	Source of Funds (See Instruc- tions	00
(5)	Check if Disclosure of Legal Proceedings is Required Pur- suant to Items 2(d) or 2(e)	
(6)	Citizenship or Place of Organi- zation	USA
	(7) Sole Voting Power	242,487
Number of Shares Beneficially Owned by Each Reporting Person With:	(8) Shared Voting Power	1,754,717
	(9) Sole Dispositive Power	242,487
	(10) Shared Dispositive Power	1,754,717
(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	1,997,204
(12)	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	[X]
(13)	Percent of Class Represented by Amount in Row (11)	16.1%
(14)	Type of Reporting Person (See Instructions)	IN

- (1) Names of Reporting Persons, S.S. or I.R.S. Identification Nos. of Above Persons Linda Golsen Rappaport  
###-##-####
- (2) Check the Appropriate Box if a Member of a Group (See Instructions) (a) [ ]  
(b) [X]
- (3) SEC Use Only
- (4) Source of Funds (See Instructions) Not applicable
- (5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)
- (6) Citizenship or Place of Organization USA
- |  |      |  |           |
|--|------|--|-----------|
|  |      | (7) Sole Voting Power  | 82,552    |
| Number of Shares Beneficially Owned by Each Reporting Person With: | (8)  | Shared Voting Power  | 1,898,269 |
|  | (9)  | Sole Dispositive Power                                       | 82,552    |
|  | (10) | Shared Dispositive Power                                     | 1,898,269 |
|  | (11) | Aggregate Amount Beneficially Owned by Each Reporting Person | 1,980,821 |
- (12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) [X]
- (13) Percent of Class Represented by Amount in Row (11) 16.0%
- (14) Type of Reporting Person (See Instructions) IN



This statement constitutes Amendment No. 25 to the Schedule 13D dated October 7, 1985, as amended (the "Schedule 13D"), relating to the common stock, par value \$.10 a share ("Common Stock") of LSB Industries, Inc. (the "Company"). All terms not otherwise defined herein shall have the meanings ascribed in the Schedule 13D.

This Schedule 13D is reporting matters with respect to the group consisting of Jack E. Golsen, Sylvia H. Golsen, SBL Corporation ("SBL"), Golsen Petroleum Corporation ("GPC"), a wholly owned subsidiary of SBL, Barry H. Golsen, Steven J. Golsen and Linda Golsen Rappaport.

This Amendment No. 25 to the Schedule 13D is being filed as a result of a change in the facts contained in Amendment 24 to the Schedule 13D. The change is due to the expiration on June 1, 1999, of a nonqualified stock option (the "Expired Option") granted by the Company to Jack E. Golsen for the purchase of 165,000 shares of Common Stock. Mr. Golsen did not acquire any shares of Common Stock under the nonqualified stock option prior to its expiration, and the expiration resulted in a decrease in Mr. Golsen's beneficial ownership of Common Stock by more than 1% of the outstanding Common Stock.

Item 1. Security and Issuer.

Item 1 of this Schedule 13D is unchanged.

Item 2. Identity and Background.

Item 2 of this Schedule 13D is unchanged.

Item 3. Source and Amount of Funds or Other Consideration.

This item is not applicable to the expiration of the Expired Option described above.

Item 4. Purpose of Transaction.

Item 4 of this Schedule 13D is unchanged.

Item 5. Interest in Securities of the Issuer.

(a) The following table sets forth as of June 1, 1999, the aggregate number and percentage of the class of Common Stock of the Company identified pursuant to Item 1 beneficially owned by each person named in Item 2:

Person	Amount	Percent(9)
Jack E. Golsen	3,024,420(1)(2)(6)	24.0%
Sylvia H. Golsen	2,728,059(1)(6)(7)	20.0%
SBL	1,675,809(1)	13.5%
GPC	193,933(8)	1.6%
Barry H. Golsen	2,187,285(1)(3)(6)	17.6%
Steven J. Golsen	1,997,204(1)(4)(6)	16.1%
Linda Golsen Rappaport	1,980,821(1)(5)(6)	16.0%

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- (1) The amount shown includes (i) 1,042,699 shares held directly by SBL; (ii) 400,000 shares that SBL has the right to acquire upon the conversion of 12,000 shares of the Company's Series B Preferred Stock owned of record by SBL; (iii) 39,177 shares that SBL has the right to acquire upon the conversion of 9,050 shares of Class C Preferred Stock owned of record by SBL; and (iv) 193,933 shares beneficially owned by SBL's wholly owned subsidiary, GPC, which includes 133,333 shares that GPC has the right to acquire upon conversion of 4,000 shares of Class B Preferred Stock owned of record by GPC. The relationship between Jack E. Golsen, Sylvia H. Golsen, Barry H. Golsen, Steven J. Golsen, Linda Golsen Rappaport, SBL, and GPC is described in more detail in paragraph (b) of this Item 5.
- (2) The amount shown includes (i) 4,000 shares that Jack E. Golsen has the right to acquire upon conversion of a promissory note, (ii) 133,333 shares that J. Golsen has the right to acquire upon the conversion of 4,000 shares of the Series B Preferred Stock owned of record by him, (iii) 40,000 shares that Jack E. Golsen may acquire upon the exercise of Company incentive stock options, (iv) 1,052,250 shares owned of record by Sylvia H. Golsen, wife of Jack E. Golsen, and (v) 10,000 shares owned of record by the MG Trust, of which Jack E. Golsen is the sole trustee with voting and dispositive power over the securities held by such trust.

- (3) The amount shown does not include (i) 533 shares that Barry Golsen's wife owns, in which Barry Golsen disclaims beneficial ownership, and (ii) 79,840 shares owned of record by the Barry H. Golsen 1992 Trust, of which Barry H. Golsen is the primary beneficiary, but of which Barry H. Golsen has no voting or dispositive control. Such amount does include (a) 41,954 shares owned of record by the Amy G. Rappaport Trust No. J-1, of which Barry H. Golsen is a Co-Trustee, (b) 36,954 shares owned of record by the Joshua B. Golsen Trust No. J-1, of which Barry H. Golsen is a Co-Trustee, (c) 35,888 shares owned of record by each of the Adam Z. Golsen Trust No. J-1, Stacy L. Rappaport Trust No. J-1, Lori R. Rappaport Trust No. J-1 and Michelle L. Golsen Trust No. J-1, of which Barry H. Golsen is a Co-Trustee, and (d) 43,500 shares which Barry H. Golsen may acquire upon exercise of Company incentive stock options.
- (4) The amount shown does not include 74,840 shares owned of record by the Steven J. Golsen 1992 Trust, of which Steven J. Golsen is the primary beneficiary, but of which Steven J. Golsen has no voting or dispositive control. Such amount does include (a) 41,954 shares owned of record by the Amy G. Rappaport Trust No. J-1, of which Steven J. Golsen is a Co-Trustee, (b) 36,954 shares owned of record by the Joshua B. Golsen Trust No. J-1, of which Steven J. Golsen is a Co-Trustee, and (c) 35,500 shares which Steven J. Golsen may acquire upon exercise of Company incentive stock options.
- (5) The amount shown does not include 124,350 shares that Mrs. Rappaport's husband owns and 1,000 shares which Mrs. Rappaport's husband may acquire upon exercise of incentive stock options of the Company, for which Mrs. Rappaport disclaims beneficial ownership. The amount shown does not include 79,840 shares owned of record by the Linda F. Rappaport 1992 Trust, of which Linda F. Rappaport is the primary beneficiary, but of which Linda F. Rappaport has no voting or dispositive control. Such amount does include (a) 41,954 shares owned of record by the Amy G. Rappaport Trust No. J-1, of which Linda F. Rappaport is a Co-Trustee, (b) 36,954 shares owned of record by the Joshua B. Golsen Trust No. J-1, of which Linda F. Rappaport is a Co-Trustee, and (c) 35,888 shares owned of record by each of the Adam Z. Golsen Trust No. J-1, of Stacy L. Rappaport Trust No. J-1, Lori R. Rappaport Trust No. J-1 and Michelle L. Golsen Trust No. J-1 of which Linda F. Rappaport is a Co-Trustee.

- (6) Jack E. Golsen and Sylvia H. Golsen each disclaims beneficial ownership of (a) the shares of Common Stock owned of record by Barry H. Golsen, the shares that Barry H. Golsen has the right to acquire under the Company's incentive stock options, and the shares considered beneficially owned by Barry H. Golsen as a result of his position as trustee of certain trusts, (b) the shares owned of record by Steven J. Golsen, the shares that Steven J. Golsen has the right to acquire under the Company's incentive stock options, and the shares considered beneficially owned by Steven J. Golsen as a result of his position as trustee of certain trusts, and (c) the shares owned of record by Linda Golsen Rappaport, and the shares considered beneficially owned by Linda Golsen Rappaport as a result of her position as a trustee of certain trusts. Barry H. Golsen, Steven J. Golsen and Linda Golsen Rappaport disclaim beneficial ownership of the shares beneficially owned by Jack E. Golsen and Sylvia H. Golsen, except for shares beneficially owned by SBL and GPC.
- (7) The amount shown does not include, and Sylvia H. Golsen disclaims beneficial ownership of (a) the 109,028 shares of Common Stock owned of record by Jack E. Golsen, (b) the 4,000 shares that Jack E. Golsen has the right to acquire upon the conversion of a promissory note, (c) the 133,333 shares which Jack E. Golsen has the right to acquire upon conversion of the 4,000 shares of Series B Preferred Stock owned of record by him, (d) the 40,000 shares that Jack E. Golsen has the right to acquire under the Company's incentive stock options, and (e) the 10,000 shares of Common Stock held of record by the MG Trust, of which Jack E. Golsen is the sole trustee who possesses voting and dispositive power over the securities held by such trust.
- (8) The amount shown includes 133,333 shares that GPC has the right to acquire upon conversion of 4,000 shares of the Company's Series B Preferred Stock owned of record by GPC. The relationship between Jack E. Golsen, Sylvia H. Golsen, Barry H. Golsen, Steven J. Golsen, Linda Golsen Rappaport, SBL, and GPC is described in more detail in paragraph (b) of this Item 5.
- (9) Shares of Common Stock of the Company not outstanding, but which may be acquired by a reporting person during the next sixty (60) days under options, warrants, rights or conversion privileges, are considered to be

outstanding only for the purpose of computing the percentage of the class for such reporting person, but are not deemed to be outstanding for the purpose of computing the percentage of the class by any other person.

(b) The following table sets forth as of June 1, 1999, for each person and entity identified under paragraph (a), the number of shares of Common Stock as to which the person and entity has (1) the sole power to vote or direct the voting, (2) shared power to vote or direct the voting, (3) the sole power to dispose or to direct the disposition, or (4) shared power to dispose or to direct the disposition:

Person or Entity	Sole Voting and Power of Disposition	Shared Voting and Power of Disposition
Jack E. Golsen	296,361(1)(5)	2,728,059(2)(3)
Sylvia H. Golsen	None	2,728,059(2)(11)
SBL	None	1,675,809(2)
GPC	None	193,933(4)
Barry H. Golsen	290,116(5)(6)	1,898,269(2)(7)
Steven J. Golsen	242,487(5)(8)	1,754,717(2)(9)
Linda Golsen Rappaport	82,552(5)	1,898,269(2)(10)

(1) The amount shown includes (a) 4,000 shares of Common Stock that Jack E. Golsen has the right to acquire upon conversion of a promissory note, (b) 133,333 shares of Common Stock that J. Golsen has the right to acquire upon the conversion of 4,000 shares of the Series B Preferred Stock owned of record by him, and (c) 40,000 shares that J. Golsen has the right to acquire under the Company's incentive stock options, and (d) 10,000 shares held of record by the MG Trust, of which Jack E. Golsen is the sole trustee who possesses voting and dispositive power over the securities held by such trust.

(2) See footnote (1) under paragraph (a) of this Item 5.

- (3) The amount shown includes 1,052,250 shares of Common Stock owned of record by Sylvia H. Golsen, the wife of Jack E. Golsen.
- (4) See footnote (8) under paragraph (a) of this Item 5.
- (5) See footnote (6) under paragraph (a) of this Item 5.
- (6) The amount shown includes 43,500 shares of Common Stock which Barry Golsen may acquire upon exercise of incentive stock options of the Company.
- (7) The amount shown does not include 79,840 shares of Common Stock owned of record by the Barry H. Golsen 1992 Trust, of which Barry H. Golsen has no voting or dispositive power and 533 shares of Common Stock that Barry Golsen's wife owns in which Barry Golsen disclaims beneficial ownership. Such amount does include (a) 41,954 shares of Common Stock owned of record by the Amy G. Rappaport Trust No. J-1, of which Barry H. Golsen is a Co-Trustee, (b) 36,954 shares of Common Stock owned of record by the Joshua B. Golsen Trust No. J-1, of which Barry H. Golsen is a Co-Trustee, and (c) 35,888 shares of Common Stock owned of record by each of the Adam Z. Golsen Trust No. J-1, Stacy L. Rappaport Trust No. J-1, Lori R. Rappaport Trust No. J-1 and Michelle L. Golsen Trust No. J-1, of which Barry H. Golsen is a Co-Trustee.
- (8) The amount shown includes 35,500 shares which Steven J. Golsen may acquire upon exercise of incentive stock options of the Company.
- (9) The amount shown does not include 74,840 shares of Common Stock owned of record by the Steven J. Golsen 1992 Trust, of which Steven J. Golsen has no voting or dispositive power. Such amount includes (a) 41,954 shares of Common Stock owned of record by the Amy G. Rappaport Trust No. J-1, of which Steven J. Golsen is a Co-Trustee, and (b) 36,954 shares of Common Stock owned of record by the Joshua B. Golsen Trust No. J-1, of which Steven J. Golsen is a Co-Trustee.
- (10) See footnote (5) under paragraph (a) of this Item 5.
- (11) See footnotes (6) and (7) under paragraph (a) of this Item 5.

SBL is wholly owned by Sylvia H. Golsen (40% owner), Barry H. Golsen (20% owner), Steven J. Golsen (20% owner) and

Linda Golsen Rappaport (20% owner). Such individuals previously owned all of the issued and outstanding Common Stock of GPC in the same ownership percentages as indicated with respect to SBL. Upon formation of SBL, such individuals contributed all of their stock in GPC to SBL. As a result, GPC became the wholly owned subsidiary of SBL. The directors and executive officers of SBL are Sylvia H. Golsen, Barry H. Golsen, Steven J. Golsen and Linda Golsen Rappaport. The directors and executive officers of GPC are Jack E. Golsen, Sylvia H. Golsen, Barry H. Golsen, Steven J. Golsen and Linda Golsen Rappaport. Barry H. Golsen, Steven J. Golsen and Linda Golsen Rappaport are the children of Jack E. and Sylvia H. Golsen, husband and wife.

(c) During the past 60 days, no transactions were effected in the Common Stock by a reporting person named in response to Paragraph (a) of this Item 5.

Item 6. Contracts, Agreements, Underwritings or Relationships With Respect to Securities of the Issuer.

Item 6 of the Schedule 13D is unchanged, except the following are hereby added:

(a) On October 16, 1997, SBL pledged 342,699 shares of Common Stock, along with any proceeds of such shares, to Stillwater National Bank & Trust Company, Oklahoma City, Oklahoma ("SNB") to secure repayment of certain loans made by SNB on such date to SBL and each of the following entities (together with the foregoing loan, the "October Loans"): SBL Corporation; Sylvia H. Golsen, Trustee of the Sylvia H. Golsen 1992 Trust (the "SHG 1992 Trust"); Heidi Brown Shear, Trustee of the Linda F. Rappaport 1992 Trust (the "LFR 1992 Trust"); Heidi Brown Shear, Trustee of the Steven J. Golsen 1992 Trust (the "SJG 1992 Trust"); Heidi Brown Shear, Trustee of the Barry H. Golsen 1992 Trust (the "BHG 1992 Trust"), Barry H. Golsen and Linda F. Rappaport, Trustees of the Michelle L. Golsen J-1 Trust (the "MLG J-1 Trust"); Barry H. Golsen and Steven J. Golsen, Trustees of the Amy G. Rappaport J-1 Trust (the "AGR J-1 Trust"); Barry H. Golsen and Steven J. Golsen, Trustees of the Joshua B. Golsen J-1 Trust (the "JBG J-1 Trust"); Barry H. Golsen and Linda F. Rappaport, Trustees of the Stacy L. Rappaport J-1 Trust (the "SLR J-1 Trust"); Barry H. Golsen and Linda F. Rappaport, Trustees of the Lori R. Rappaport J-1 Trust (the "LRR J-1 Trust"); and Barry H. Golsen and Linda F. Rappaport, Trustees of the Adam Z. Golsen J-1 Trust (the "AZG J-1 Trust"). The SHG 1992 Trust, LFR 1992 Trust, and BHG 1992 Trust are collectively referred to as the "1992 Trusts." The MLG J-1 Trust, AGR J-1 trust, JBG J-1 Trust, SLR J-1 Trust, LRR J-1 Trust, and AZG J-1 Trust are collectively referred to as the "J-1 Trusts."

(b) On October 16, 1997, the SHG 1992 Trust pledged 70,266 shares of Common Stock, along with the proceeds of such shares, to SNB to secure repayment of a certain loan made by SNB on such date to the SHG 1992 Trust.

(c) On October 16, 1997, the LFR 1992 Trust pledged 74,840 shares of Common Stock, along with the proceeds of such shares, to SNB to secure repayment of the October Loan made by SNB on such date to the LFR 1992 Trust.

(d) On October 16, 1997, the SJG 1992 Trust pledged 69,840 shares of Common Stock, along with the proceeds of such shares, to SNB to secure repayment of the October Loan made by SNB on such date to the SJG 1992 Trust.

(e) On October 16, 1997, the BHG 1992 Trust pledged 74,840 shares of Common Stock, along with the proceeds of such shares, to SNB to secure repayment of the October Loan made by SNB on such date to the BHG 1992 Trust.

(f) On October 16, 1997, the AZG J-1 Trust pledged 35,888 shares of Common Stock, along with the proceeds of such shares, to SNB to secure repayment of the October Loan made by SNB on such date to the AZG J-1 Trust.

(g) On October 16, 1997, the LRR J-1 Trust pledged 35,888 shares of Common Stock, along with the proceeds of such shares, to SNB to secure repayment of the October Loan made by SNB on such date to the LRR J-1 Trust.

(h) On October 16, 1997, the SLR J-1 Trust pledged 35,888 shares of Common Stock, along with the proceeds of such shares, to SNB to secure repayment of the October Loan made by SNB on such date to the SLR J-1 Trust.

(i) On October 16, 1997, the JBG J-1 Trust pledged 36,954 shares of Common Stock, along with the proceeds of such shares, to SNB to secure repayment of the October Loan made by SNB on such date to the JBG J-1 Trust.

(j) On October 16, 1997, the AGR J-1 Trust pledged 36,954 shares of Common Stock, along with the proceeds of such shares, to SNB to secure repayment of the October Loans made by SNB on such date to the AGR J-1 Trust.

(k) On October 16, 1997, the MLG J-1 Trust pledged 35,888 shares of Common Stock, along with the proceeds of such shares, to SNB to secure repayment of the October Loan made by SNB on such date to the MLG J-1 Trust.



(l) On October 16, Sylvia H. Golsen pledged 103,290 shares of Common Stock, along with the proceeds of such shares to SNB to secure payment of the October Loans made to each of the J-1 Trusts and SBL.

(m) On October 16, Barry H. Golsen pledged 243,869 shares of Common Stock, along with the proceeds of such shares, to SNB to secure payment of the October Loans made to each of the J-1 Trusts and SBL.

(n) On October 16, Steven J. Golsen pledged 100,000 shares of Common Stock, along with the proceeds of such shares, to SNB to secure payment of the October Loans made to each of the J-1 Trusts and SBL.

(o) On October 16, Linda F. Rappaport pledged 82,402 shares of Common Stock, along with the proceeds of such shares, to SNB to secure payment of the October Loans made to each of the J-1 Trusts and SBL. In addition, Linda F. Rappaport's husband, Claude Rappaport, pledged 124,350 shares of Common Stock, along with the proceeds of such shares, to secure the October Loans to each of the J-1 Trusts and SBL.

(p) Each of the October Loans to the J-1 Trusts are secured by the guaranty of each of SBL Corporation, Jack E. Golsen, Sylvia H. Golsen, Barry H. Golsen (and his wife), Steven J. Golsen, Linda F. Rappaport (and her husband, Claude Rappaport), and Jack E. Golsen. Each of the October Loans to the 1992 Trusts and to SBL are guaranteed by Jack E. Golsen, Sylvia H. Golsen, Barry H. Golsen (and his wife), Steven J. Golsen, and Linda F. Rappaport (and her husband, Claude Rappaport).

(q) On June 16, 1998, Sylvia H. Golsen pledged 130,000 shares of Common Stock and Jack E. Golsen pledged 40,000 shares of Common Stock, both along with any proceeds of such shares, to The Bank of Union, El Reno, Oklahoma (the "Bank of Union") to secure repayment of the loan made by Bank of Union on such date to Golsen Petroleum Corporation. In addition to standard default and similar provisions contained in the Security Agreement, Bank of Union retains the right to all dividends paid in connection with the collateral.

(r) On December 9, 1997, Golsen Petroleum Corporation pledged 60,600 shares of Common Stock and Jack E. Golsen pledged 60,000 shares of Common Stock, both along with any proceeds of such shares, to Bank of Union to secure repayment of the loan made by Bank of Union on such date to Golsen Petroleum Corporation. In addition to standard default and similar provisions contained in the Security Agreement, Bank of Union retains the right to all dividends paid in connection with the collateral.

(s) On February 5, 1999, Sylvia H. Golsen, Trustee of the Sylvia H. Golsen 1992 Trust dated 1-8-93 pledged 200,000 shares of Common Stock, along with any proceeds of such shares, to Bank of Union to secure repayment of the loan made by Bank of Union on such date to Jack E. Golsen. In addition to standard default and similar provisions contained in the Security Agreement, Bank of Union retains the right to all dividends paid in connection with the collateral.

(t) On September 21, 1998, Jack E. Golsen pledged 4,000 shares of Series B 12% Cumulative Convertible Preferred Stock of the Company, along with any proceeds of such shares, to BancFirst to secure repayment of a certain loan made by BancFirst on such date to Jack E. Golsen and Sylvia H. Golsen. In connection with such loan, Sylvia H. Golsen pledged 178,694 shares of Common Stock, along with any proceeds of such shares. In addition to standard default and similar provisions contained in the Security Agreement, BancFirst retains the right to collect all dividends paid in connection with the collateral. In connection with such loan, SBL also pledged 40,000 shares of Common Stock to BancFirst to secure repayment of such loan.

(u) On November 20, 1998, SBL Corporation pledged 500,000 shares of Common Stock and 9,050 shares of \$3.25 Convertible Exchangeable Class C Preferred Stock, Series 2, along with certain proceeds of such shares, to BancFirst to secure repayment of a certain loan made by BancFirst to SBL on such date.

Item 7. Materials to be Filed as Exhibits.

1. Powers of Attorney executed by Barry H. Golsen, Steven J. Golsen, and Linda Golsen Rappaport are filed as Exhibit 6 to Amendment No. 3 to the Schedule 13D and are incorporated herein by reference.
2. Agreement of the reporting persons as to joint filing of this Schedule 13D, is filed as Exhibit 7 to Amendment No. 3 to the Schedule No. 13D and is incorporated herein by reference.
3. Convertible Note between the Company and Jack E. Golsen filed as Exhibit (a) to the original Schedule 13D and is incorporated herein by reference.
4. Issuer's Proxy Statement dated July 14, 1986 setting forth the terms of the Company's Series B 12% Cumulative Convertible

Preferred Stock is filed as Exhibit 1 to Amendment No. 1 to the Schedule 13D and is incorporated herein by reference.

5. Stacy L. Rappaport Trust No. J-1, is filed as Exhibit 14 to Amendment No. 13 to the Schedule 13D and is incorporated herein by reference. The Joshua B. Golsen Trust No. J-1, Adam Z. Golsen Trust No. J-1, Amy G. Rappaport Trust No. J-1, Lori R. Rappaport Trust No. J-1 and Michelle L. Golsen Trust No. J-1 are substantially similar to the Stacy L. Rappaport Trust No. J-1, except for the names of the trustees, and copies of the same will be supplied to the Commission upon request.
6. Barry H. Golsen 1992 Trust is filed as Exhibit 15 to Amendment No. 16 to the Schedule 13D and is incorporated herein by reference. The Steven J. Golsen 1992 Trust and Linda F. Rappaport 1992 Trust are substantially similar to the Barry H. Golsen 1992 Trust, and copies of the same will be supplied to the Commission upon request.
7. Agreement of Sylvia H. Golsen as to joint filing of this Schedule 13D is filed as Exhibit 15 to Amendment No. 18 and is incorporated herein by reference.
8. Customer's Agreement between Sylvia H. Golsen and Stifel, Nicolaus & Company, Incorporated, dated March 29, 1995, is filed as Exhibit 13 to Amendment No. 21 and is incorporated herein by reference.
9. Letter from Stifel, Nicolaus & Company, Incorporated, and letter from Capital West Securities, Inc., each dated May 15, 1995, with enclosed Customer Account Agreement amending Customer's Agreement between Sylvia H. Golsen and Stifel, Nicolaus & Company is filed as Exhibit 13 to Amendment No. 24 and is incorporated herein by reference.
10. Margin Account Agreement, dated September 9, 1994, between National Financial Services Corporation ("NFSC") and Golsen Petroleum Corporation is filed as Exhibit No. 15 to Amendment 21 and is incorporated herein by reference. The Margin Account Agreement, dated September 9, 1994, between NFSC and Jack E. Golsen is substantially similar to the foregoing Margin Account Agreement, and a copy of the same will be supplied to the Commission upon request.
11. Security Agreement, dated October 12, 1995, between Jack E. Golsen, Sylvia H. Golsen and Stillwater National Bank and Trust Company is filed as Exhibit 15 to Amendment No. 23, and is incorporated herein by reference.
12. Margin Account Agreement, dated October 17, 1995, between NFSC and SBL Corporation. The Margin Account Agreement is

substantially similar to the Margin Account Agreements filed as Exhibit 15 to Amendment 21, and a copy of the same will be supplied to the Commission upon request.

13. Commercial Pledge Agreement, dated October 24, 1995, between CityBank & Trust and Jack E. Golsen is filed as Exhibit 17 to Amendment No. 23, and is incorporated herein by reference.
14. Commercial Pledge Agreement, dated October 24, 1995, between CityBank & Trust and Sylvia H. Golsen is filed as Exhibit 18 to Amendment No. 23, and is incorporated herein by reference.
15. Agreement of SBL Corporation as to the joint filing of this Schedule 13D is filed as Exhibit 19 to Amendment No. 23, and is incorporated herein by reference.
16. Shareholder's Agreement, effective December 1, 1995, between Sylvia Golsen and SBL Corporation is filed as Exhibit 22 to Amendment No. 24 and is incorporated herein by reference.
17. Shareholder's Agreement, effective December 1, 1995, among Jack E. Golsen, Sylvia Golsen and SBL Corporation is filed as Exhibit 23 to Amendment No. 24 and is incorporated herein by reference.
18. Shareholder's Agreement, effective December 1, 1995, among Barry H. Golsen, Sylvia Golsen and SBL Corporation. The Shareholder's Agreement is substantially similar to the Shareholder's Agreement filed as Exhibit 23 to Amendment No. 24, and a copy of the same will be supplied to the Commission upon request.
19. Shareholder's Agreement, effective December 1, 1995, among Steven J. Golsen, Sylvia Golsen and SBL Corporation. The Shareholder's Agreement is substantially similar to the Shareholder's Agreement filed as Exhibit 23 to Amendment No. 24, and a copy of the same will be supplied to the Commission upon request.
20. Shareholder's Agreement, effective December 1, 1995, among Linda F. Rappaport, Sylvia Golsen and SBL Corporation. The Shareholder's Agreement is substantially similar to the Shareholder's Agreement filed as Exhibit 23 to Amendment No. 24, and a copy of the same will be supplied to the Commission upon request.
21. Agreement to Pledge, dated December 30, 1996, between First Enterprise Bank and SBL Corporation is filed as Exhibit 27 to Amendment No. 24 and is incorporated herein by reference.

22. Security Agreement, dated October 16, 1997, between Stillwater National Bank ("SNB") and Sylvia H. Golsen is attached hereto as Exhibit 22 to this Amendment No. 25. The Security Agreements, all of which are dated October 16, 1997, between SNB and each of SBL Corporation; Sylvia H. Golsen, Trustee of the Sylvia H. Golsen 1992 Trust; Heidi Brown Shear, Trustee of the Linda F. Rappaport 1992 Trust; Heidi Brown Shear, Trustee of the Steven J. Golsen 1992 Trust; Heidi Brown Shear, Trustee of the Barry H. Golsen 1992 Trust, Barry H. Golsen and Linda F. Rappaport, Trustees of the Michelle L. Golsen J-1 Trust; Barry H. Golsen and Steven J. Golsen, Trustees of the Amy G. Rappaport J-1 Trust; Barry H. Golsen and Steven J. Golsen, Trustees of the Joshua B. Golsen J-1 Trust; Barry H. Golsen and Linda F. Rappaport, Trustees of the Stacy L. Rappaport J-1 Trust; Barry H. Golsen and Linda F. Rappaport, Trustees of the Lori R. Rappaport J-1 Trust; and Barry H. Golsen and Linda F. Rappaport, Trustees of the Adam Z. Golsen J-1 Trust are substantially similar to the foregoing Security Agreement, and copies of the same will be supplied to the Commission upon request.
23. Commercial Pledge and Security Agreement, dated September 21, 1998, between BancFirst and Sylvia H. Golsen. The Commercial Pledge and Security Agreements between BancFirst and each of Jack E. Golsen and SBL are substantially similar to the foregoing Security Agreement except the Security Agreements between BancFirst and SBL do not include certain income and proceeds as collateral, and a copy of the same will be supplied to the Commission upon request.
24. Security Agreement, dated February 5, 1999, between The Bank of Union and Sylvia H. Golsen, Trustee of the Sylvia H. Golsen 1992 Trust. The Security Agreements between Bank of Union and each of Golsen Petroleum Corporation, Jack E. Golsen and Sylvia H. Golsen are substantially similar to the foregoing Security Agreement, and a copy of the same will be supplied to the Commission upon request.
25. Guaranty Agreement, dated October 16, 1997, between SNB and Jack E. Golsen. The Guaranty Agreements between SNB and each of SBL Corporation, Sylvia H. Golsen, Barry H. Golsen (and his wife), Steven J. Golsen, and Linda F. Rappaport (and her husband, Claude Rappaport) are substantially similar to the foregoing Guaranty Agreement, and a copy of the same will be supplied to the Commission upon request.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DATED: July 16, 1999.

/s/ Jack E. Golsen

\_\_\_\_\_  
Jack E. Golsen

GOLSEN PETROLEUM CORPORATION

By: /s/ Jack E. Golsen

\_\_\_\_\_  
Jack E. Golsen, President

/s/ Jack E. Golsen \*

\_\_\_\_\_  
Barry H. Golsen

/s/ Jack E. Golsen \*

\_\_\_\_\_  
Steven J. Golsen

/s/ Jack E. Golsen \*

\_\_\_\_\_  
Linda Golsen Rappaport

\*Executed by Jack E. Golsen  
pursuant to Power of Attorney

/s/ Jack E. Golsen

\_\_\_\_\_  
Jack E. Golsen

/s/ Sylvia H. Golsen

\_\_\_\_\_  
Sylvia H. Golsen

SBL CORPORATION

By: /s/ Sylvia H. Golsen

\_\_\_\_\_  
Sylvia H. Golsen, Secretary

## DEBTOR NAME AND ADDRESS

"Amy G. Rappaport #J-1 Trust"  
P.O. Box 705  
Oklahoma City, OK 73101-0706

## PLEDGOR NAME AND ADDRESS

Sylvia H. Golsen  
P.O. Box 705  
Oklahoma City, OK 73101-0705

## LENDER NAME AND ADDRESS

Stillwater National Bank and Trust Company  
6305 Waterford Blvd., Suite 205  
Oklahoma City, OK 73118

I. GRANT OF A SECURITY INTEREST. For value received, the Undersigned whether one or more (hereinafter individually referred to as "Debtor" or "Pledgor" as their capacities are above set forth) hereby grants to Lender named above a security interest in the property described in Paragraph II, which property is hereinafter referred to collectively as "Collateral". This security interest is given to secure all the obligations of the Debtor and of the Pledgor to Lender as more fully set forth in Paragraphs III and IV hereof.

II. COLLATERAL. The Collateral includes: (A) All specifically described Collateral; (B) All proceeds of Collateral; and (C) Other property as indicated below.

## (A) SPECIFICALLY DESCRIBED COLLATERAL

32 STOCK CERTIFICATES OF LSB INDUSTRIES, INC., INSCRIBED SYLVIA H. GOLSEN AND AS DESCRIBED IN THE ATTACHED ADDENDUM HERETO AND MADE A PART HEREOF.

Notwithstanding any provision contained herein to the contrary, the security pledged herein is given to secure the obligations of Debtor to Lender arising under that certain Promissory Note dated October \_\_, 1997 in the principal amount of \_\_\_\_\_ made by Debtor in favor of Lender and not for any other obligation of Debtor to Lender.

(B) ALL PROCEEDS of the specifically described Collateral regardless of kind, character or form (including, but not limited to, renewals, extensions, redeposits, reissues or any other changes in form of the rights represented thereby), together with any stock rights, rights to subscribe, liquidating dividends, stock dividends, dividends paid in stock or other property, new securities, or any other property to which Undersigned may hereafter become entitled to receive by reason of the specifically described Collateral; and in the event Undersigned receives any such property, Undersigned agrees immediately to deliver same to Lender to be held by Lender in the same manner as Collateral specifically described above.

(C) OTHER PROPERTY which shall be deemed Collateral shall include all dividends and interest paid in cash on the Collateral, provided, however, that Lender at its option may permit such dividends and/or interest to be received and retained by Undersigned, but provided further, that Lender may at any time terminate such permission. Collateral shall further include without limitation, all money and funds owned by Undersigned which is now or which hereafter may be possessed or controlled by Lender whether by pledge, deposit or otherwise.

III. OBLIGATIONS SECURED BY THIS AGREEMENT. The security interest herein granted is given to secure all of the obligations of Debtor or Pledgor to Lender including: (a) The performance of all of the agreements, covenants and warranties of the Debtor or Pledgor as set forth in any agreement between Debtor or Pledgor and Lender; (b) All liabilities of Debtor or Pledgor to Lender of every kind and description including: (1) all future advances, (2) both direct and indirect liabilities, (3) liabilities due or

to become due and whether absolute or contingent, and (4) liabilities now existing or hereafter arising and however evidenced; (c) All extensions and renewals of liabilities of Debtor or Pledgor to Lender for any term or terms to which Undersigned hereby consents; (d) All interest due or to become due on the liabilities of Debtor or Pledgor to Lender; (e) All expenditures by Lender involving the performance of or enforcement of any agreement, covenant or warranty provided for by this or any other agreement between the parties; and (f) All costs, attorney fees, and other expenditures of Lender in the collection and enforcement of any obligation or liability of Debtor or Pledgor to Lender and in the collection and enforcement of or realization upon any of the Collateral.

IV. FUTURE ADVANCES. It is specifically agreed that the obligations of Debtor and Pledgor secured by this Agreement include all future advances by Lender to Debtor as set forth in Paragraph III above.

V. ADDITIONAL PROVISIONS. The Undersigned agrees to the Additional Provisions set forth on page two hereof, the same being incorporated herein by reference.

RECEIPT FOR COLLATERAL

SIGNATURE(S)

Stillwater National Bank  
and Trust Company

\_\_\_\_\_  
SYLVIA H. GOLSEN

By: \_\_\_\_\_  
Charlie Smith, Sr. V.P.

#### ADDITIONAL PROVISIONS

UNDERSIGNED EXPRESSLY WARRANTS, COVENANTS AND AGREES:

#### WARRANTIES AND COVENANTS

##### A. RECORDS AND INFORMATION

1. Financial Information. All loan applications, balance sheets, earnings statements, other financial information and other representations which have been or may hereafter be, furnished Lender to induce it to enter into or continue a financial transaction with Debtor fairly represent the financial condition of Debtor as of the date and for the period shown therein, and all other information, reports, documents, papers and data furnished to Lender are or shall be, at the time furnished, accurate and correct in all material respects and complete insofar as completeness may be necessary to give Lender a true and accurate knowledge of the subject matter. There has been no material change in the financial condition of Debtor since the effective date of the last furnished financial information which has not been reported to Lender in writing. (The provisions of this paragraph do not apply to Pledgors who are different parties from debtor.)

2. Furnishing of Information on Collateral. Undersigned will furnish Lender information adequate to identify with accuracy all Collateral in a form and substance and at times as may be requested by Lender. Undersigned will also upon request deliver to Lender true copies of purchase orders, shipping and delivery receipts and invoices evidencing and describing the Collateral. Undersigned will execute such documents as Lender may from time to time require to enable Lender to perfect the security interest granted hereby and to receive proceeds of and distribution from or interests in the Collateral.

3. Inspection and Records. Undersigned will at all times maintain accurate books and records covering the Collateral. Lender is hereby given the right and privilege of making such inspections of the records as it deems necessary and of auditing or causing an audit for verification of the books and records of the Undersigned relating to the Collateral at any time and from time to time. Undersigned agrees to assist Lender in every way necessary to facilitate such audits and verifications.

##### B. LIEN STATUS, INSURANCE AND ORDINARY COURSE DISPOSITION



1. Ownership Free of Encumbrances. Except for the security interest granted hereby, Undersigned now owns, or will use the proceeds of the advances hereunder to become the owner of, the collateral free from any prior liens, security interests or encumbrances, and Undersigned warrants title to and will defend the Collateral against all claims and demands of persons claiming any interest therein adverse to the Lender. Undersigned will not permit any liens or security interests other than the Lender's security interest to attach to any of the Collateral, will not permit the Collateral to be levied upon, garnished or attached under any legal process; (\*A) or permit any other thing to be done that may impair the value of the Collateral or the security interest afforded hereby.

2. Sale, Lease, or Disposition of Collateral Prohibited. Undersigned shall not sell, transfer, exchange, lease or otherwise dispose of the Collateral or any part thereof or the Undersigned's rights therein without first obtaining the prior written consent of Lender. The consent of Lender may be conditioned upon any requirements which the Lender deems to be for its protection; and, it is understood and agreed that such consent will not be deemed to be effective unless and until such requirements and conditions have been fulfilled.

3. Financing Statement. No Financing Statement covering Collateral is on file in any public office. Undersigned agrees to join with Lender in executing one or more Financing Statements, or other instrument of encumbrance, in form satisfactory to Lender, in order to perfect, or to continue perfection of, the security interest of Lender which may arise hereunder.

4. Taxes. Undersigned shall promptly pay any and all taxes, assessments and license fees with respect to the Collateral or the use of the Collateral. (\*B)

#### EVENTS OF DEFAULT

Pledgor shall be in default under this Agreement upon the happening of any of the following events or conditions, herein called "Events of Default": (\*C)

1. Any warranty, covenant, agreement, representation, financial information or statement made or furnished to Lender by or in behalf of Debtor or Pledgor to induce Lender to enter into this Agreement, or in conjunction therewith, is violated or proves to have been false in any material respect when made or furnished.

2. Any payment required hereunder or under any note or obligation of Debtor or Pledgor to this Lender or to others is not made when due or in accordance with terms of the applicable contract.

3. Debtor or Pledgor defaults in the performance of any covenant, obligation, warranty or provision contained in any Loan Agreement or in any other note or obligation of Debtor or Pledgor to Lender or to others.

4. The occurrence of any event or condition which results in acceleration of the maturity of any obligation of Debtor or Pledgor to Lender or to others under any note, indenture, agreement or undertaking.

5. Loss, theft, substantial damage to or destruction of Collateral.

6. The making of any levy against or seizure, garnishment or attachment of any Collateral, the consensual encumbrance thereof, or the sale, lease or other disposition of Collateral without the prior written consent of Lender as required elsewhere in this Agreement.

7. When in the judgment of Lender the Collateral becomes unsatisfactory or insufficient in character or value, and upon request Debtor fails to provide additional Collateral as required by Lender.

8. Any time Lender in its sole goodfaith discretion believes the prospect of payment or performance of any liability, covenant, warranty or obligation of Debtor or Pledgor is impaired.

9. The death, dissolution, termination of existence or insolvency of Debtor or Pledgor, the appointment of a receiver over any part of Debtor's property or any part of the Collateral, as assignment for the benefit of creditors or the commencement of any proceeding under any bankruptcy or insolvency law by or against Debtor or Pledgor or any guarantor or surety for Debtor or Pledgor.

#### REMEDIES

Upon the occurrence of an Event of Default, and at any time thereafter, Lender may at its option and without notice or demand to debtor or Pledgor except as otherwise provided by law, exercise any and all rights and remedies provided by the Uniform commercial Code of the state in which Lender is organized or holds its certificate of authority, as well as all other rights and remedies possessed by Lender, including, but not limited to:

1. Declare all liabilities secured hereby immediately due and payable, and/or proceed to enforce payment and performance of all liabilities secured hereby.

2. Possess all books and records evidencing or pertaining to the Collateral, and for this purpose Lender is hereby given authority to enter into and upon any premises at which such books and records or any part of them may be situated, and to remove them.

3. Apply that portion of the Collateral consisting of cash or cash equivalent items such as checks, drafts or deposited funds against any liabilities of Debtor or Pledgor selected by Lender, and for this purpose Undersigned agrees that cash or equivalents will be considered identical to cash proceeds. Lender shall have the right immediately and without further action by it to set off against the liabilities of Debtor secured hereby all money owed by Lender to Debtor and against the liabilities of Pledgor secured hereby all money owed by Lender to Debtor, whether due or not due, and Lender shall be deemed to have exercised such right to set off and to have made a charge against such money at the time of any acceleration upon default even though such charges made are entered on the Lender's books subsequent thereto.

4. Transfer any of the Collateral or evidence thereof into its own name or that of a nominee and receive the proceeds therefrom and hold the same as security for the liabilities secured hereby to Lender or apply it on or against any such liability. Lender may also demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, release or realize upon Collateral in its own name or in the name of the Pledgor as Lender may determine.

5. Sell or otherwise dispose of the Collateral. Unless Collateral in whole or part is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Debtor and Pledgor reasonable notice of the time and place of any public sale, or of the time after which any private sale or other disposition is to be made. Any requirement of notice shall be met if notice is mailed, postage prepaid, to the address provided for herein at least ten days before sale or other disposition or action. Lender shall be entitled to, and Undersigned shall be liable for, all reasonable costs and expenditures incurred in realizing on its security interest, including without limitation, court costs, fees for replevin bonds, storage, repossession costs, repair and preparation costs for sale, selling costs and reasonable attorneys' fees as set forth in any promissory note. All such costs shall be secured by the security interest in the Collateral covered herein.

6. Lender shall not be liable for failure to collect any account, enforce any contract right, or for any other act or omission on the part of Lender, its officers, agents or employees, except as the same constitutes a lack of good faith or failure to act in a commercially reasonable manner. Lender shall have acted in a commercially reasonable manner if its action or non-action is consistent with the general usage of lenders in the area of Lender's location at the time the action or non-action occurs, but this standard shall not constitute disapproval of any procedures which may be otherwise reasonable under the circumstances nor require Lender to take necessary steps to preserve rights against prior parties in an instrument or chattel

paper.

## GENERAL

1. Expenditures of Lender. At its option and after any written notice to Undersigned required by law, which notice Undersigned hereby agrees is sufficient if mailed, postage prepaid, to the address of Undersigned provided for herein at least ten days before the commencement of the performance of the duties specified therein, it is agreed Lender may discharge taxes, liens, security interests or other encumbrances on the Collateral and may pay for the repair of any damage to the Collateral, for the maintenance and preservation thereof and for insurance thereon. Undersigned shall be liable for an agrees to pay Lender for all expenditures of Lender for taxes on Collateral, for the discharge of liens, security interests or other encumbrances on the Collateral, for the repair of any damage to Collateral, and for all costs, reasonable attorneys' fees and other disbursements of Lender in connection with the foregoing, Undersigned agrees promptly to reimburse Lender for all such expenditures and until such reimbursement the amounts of such expenditures shall be considered a liability of Undersigned to Lender which is secured by this Agreement. In addition, Undersigned shall be liable for and agrees to pay Lender for all costs, reasonable attorneys' fees and other disbursements of Lender as allowed by law or provided for herein in the enforcement or collection of any note, warranty or liability of Undersigned to Lender, or in the realization upon or the enforcement or collection of any account receivable, contract right, promissory note, chattel paper, instrument, document or other Collateral in which Lender has a security interest. Undersigned agrees promptly to reimburse Lender for all such expenditures, and until such reimbursement the amount of such expenditures shall be considered a liability of Undersigned to Lender which is secured by this Agreement.

2. Right of Offset. Any property, tangible or intangible of Undersigned in possession of Lender at any time during the term hereof, or any indebtedness due from Lender to Undersigned and any deposit or credit balances due from Lender to Undersigned, or any of the foregoing of any party hereto, is pledged to secure payment hereof and may after an uncured event of default be appropriated, held or applied toward the payment of any obligation of Undersigned Lender.

3. Applicable Law. The law of the jurisdiction where Lender is organized or holds its certificate of authority the undersigned who was entitled thereto shall control this Agreement.

4. Waivers. No act, delay or omission, including Lender's waiver of remedy because of any default hereunder, shall constitute a waiver of any of Lender's rights and remedies under this Agreement or any other agreement between the parties. All rights and remedies of Lender are cumulative and may be exercised singularly or concurrently, and the exercise of any one or more remedy will not be a waiver of any other. No waiver, change, modification or discharge of any of Lender's rights or of Undersigned's duties as so specified or allowed will be effective unless in writing and signed by a duly authorized officer of Lender, and any such waiver will not be a bar to the exercise of any right or remedy on any subsequent default, Undersigned hereby waives: (a) all demands and notices of any action taken by Lender under this Agreement or any other agreement between the parties or in connection with any notes;(b) any indulgence of Lender; and (c) any substitution for, exchange of, or release of all or any part of Collateral or of other collateral securing obligations of Debtor to Lender. Undersigned also consents to the addition or release of person liable on any obligation of Debtor or Undersigned to Lender.

5. Agreement Binding on Assigns. This Agreement shall insure to the benefit of the successors and assigns of Lender and shall be binding upon the heirs, executors, administrators, successors and assigns of Undersigned.

6. Rights of Lender Assignable. Lender at any time and at its option may pledge, transfer or assign its rights under this agreement in whole or in part, and any pledgee, transferee or assignee shall have all the rights of Lender to the rights or parts thereof so pledged, transferred or assigned. The rights of the Undersigned hereunder may not be assigned.

7. Joint and Several Responsibility of Pledgor. If more than one Undersigned executes this Agreement, their responsibility hereunder shall be joint and several and the reference to Undersigned herein shall be deemed to refer to each Undersigned signing this Agreement.

8. Separability of Provisions. If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

9. Copies. A carbon, photographic, or other reproduction of this Security Agreement or of any financing statement prepared or filed with respect hereto is sufficient as a financing statement.

10. Notice of Name Change, etc. Undersigned will immediately notify Lender of any change in his, her, or their name, identity, or organizational or corporate structure.

\*Exhibit "2" is incorporated herein by reference as if fully set forth herein.

BancFirst  
COMMERCIAL PLEDGE AND SECURITY AGREEMENT

Principal  
Loan Date 01-07-1999  
Maturity  
Loan No. 4000040429  
Call  
Collateral  
Account 416889  
Officer REH  
Initials

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower:  
Jack E. Golsen (SSN: ###-##-####)  
Sylvia H. Golsen (SSN: )  
P. o. Box 705  
Oklahoma City, OK 73101

Lender:  
BancFirst  
OKC - Main & Brdwy  
101 North Broadway  
P. O. Box 26788  
Oklahoma city, OK 73126-0788

Grantor:  
SBL Corporation (SSN: )  
16 South Pennsylvania  
Oklahoma City, OK 73107

THIS COMMERCIAL PLEDGE AND SECURITY AGREEMENT is entered into among Jack E. Golsen and Sylvia H. Golsen (referred to below as "Borrower"); SBL Corporation (referred to below as "Grantor"); and BancFirst (referred to below as "Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

DEFINITIONS. The following words shall have the following meanings when used in this Agreement:

Agreement. The word "Agreement" means this Commercial Pledge and Security Agreement, as this Commercial Pledge and Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Pledge and Security Agreement from time to time.

Borrower. The word "Borrower" means each and every person or entity signing the Note, including without limitation Jack E. Golsen and Sylvia H. Golsen.

Collateral. The word "Collateral" means the following specifically described property, which Grantor has delivered or agrees to deliver (or cause to be delivered or appropriate book-entries made) immediately to Lender, together with all Income and Proceeds as described below:

20000.000 shares of LSB Industries, Inc., Certificate No. OKS 10787, CUSIP 50216104

20000.000 shares of LSB Industries, Inc., Certificate No. OKS 10788, CUSIP No. 502160 10 4

In addition, the word "Collateral" includes all property of Grantor, in the possession of Lender (or in the possession of a third party subject to the control of Lender), whether now or hereafter existing and whether tangible or intangible in character, including without limitation each of the following:

(a) All property to which Lender acquires title or documents of title.

(b) All property assigned to Lender.

(c) All promissory notes, bills of exchange, stock certificates, bonds, savings passbooks, time certificates of deposit, Insurance policies, and all other instruments and evidences of an obligation.

(d) All records relating to any of the property described in this Collateral section, whether in the form of a writing, microfilm, microfiche, or electronic media.

Event of Default. The words "Event of Default" mean and include without limitation any of the Events of Default set forth below in the section titled "Events of Default."

Grantor. The word "Grantor" means SBL Corporation. Any Grantor who signs this Agreement, but does not sign the Note, is signing this Agreement only to grant a security interest in Grantor's interest in the Collateral to Lender and is not personally liable under the Note except as otherwise provided by contract or law (e.g., personal liability under a guaranty or as a surety).

Indebtedness. The word "Indebtedness" means the Indebtedness evidenced by the Note, including all principal and interest, together with all other indebtedness and costs and expenses for which Borrower or Grantor is responsible under this Agreement or under any of the Related Documents as well as all claims by Lender against Borrower.

Lender. The word "Lender" means BancFirst, its successors and assigns.

Note. The word "Note" means the note or credit agreement dated September 21, 1998 in the principal amount of \$600,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of and substitutions for the note or credit agreement.

Obligor. The word "Obligor" means and includes without limitation any and all persons or entities obligated to pay money or to perform some other act under the Collateral.

Related Documents. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

**BORROWER'S WAIVERS AND RESPONSIBILITIES.** Except as otherwise required under this Agreement or by applicable law, (a) Borrower agrees that Lender need not tell Borrower about any action or inaction Lender takes in connection with this Agreement; (b) Borrower assumed the responsibility for being and keeping informed about the Collateral; and (c) Borrower waives any defenses that may arise because of any action or inaction of Lender, including without limitation any failure of Lender to realize upon the Collateral or any delay by Lender in realizing upon the Collateral; and Borrower agrees to remain liable under the Note no matter what action Lender takes or fails to take under this Agreement.

**GRANTOR'S REPRESENTATIONS AND WARRANTIES.** Grantor warrants that: (a) this Agreement is executed at Borrower's request and not at the request of Lender; (b) Grantor has the full right, power and authority to enter into this Agreement and to pledge the Collateral to Lender; (c) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition; and (d) Lender has made no representation to Grantor about Borrower or Borrower's creditworthiness.

**GRANTOR'S WAIVERS.** Grantor waives all requirements of presentment, protest, demand, and notice of dishonor or non payment to Grantor, Borrower, or any other party to the Indebtedness or the Collateral. Lender may do any of the following with respect to any obligation of any Borrower, without first obtaining the consent of Grantor: (a) grant any extension of time for any payment, (b) grant any renewal, (c) permit any modification of payment terms or other terms, or (d) exchange or release any Collateral or other security. No such act or failure to act shall affect Lender's rights against

Grantor or the Collateral.

If now or hereafter (a) Borrower shall be or become insolvent, and (b) the Indebtedness shall not at all times until paid by fully secured by collateral pledged by Borrower, Grantor hereby forever waives and relinquishes in favor of Lender and Borrower, and their respective successors, any claim or right to payment Grantor may now have or hereafter have or acquire against Borrower, by subrogation or otherwise, so that at no time shall Grantor be

RIGHT OF SETOFF. Grantor hereby grants Lender a contractual possessory security interest in and hereby assigns, conveys, delivers, pledges, and transfers all of Grantor's right, title and interest in and to Grantor's accounts with lender (whether checking, savings, or some other account), including all accounts held jointly with someone else and all accounts Grantor may open in the future, excluding, however, all IRA and Keogh accounts, and all trust accounts for which the grant of a security interest would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all Indebtedness against any and all such accounts.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. Grantor represents and warrants to Lender that:

Ownership. Grantor is the lawful owner of the Collateral free and clear of all security interests, liens, encumbrances and claims of others except as disclosed to and accepted by Lender in writing prior to execution of this Agreement.

Right to Pledge. Grantor has the full right, power and authority to enter into this Agreement and to pledge the Collateral.

Binding Effect. This Agreement is binding upon Grantor, as well as Grantor's heirs, successors, representatives and assigns, and is legally enforceable in accordance with its terms.

No Further Assignment. Grantor has not, and will not, sell, assign, transfer, encumber or otherwise dispose of any of Grantor's rights in the Collateral except as provided in this Agreement.

No Defaults. There are no defaults existing under the Collateral, and there are no offsets or counterclaims to the same. Grantor will strictly and promptly perform each of the terms, conditions, covenants and agreements contained in the Collateral which are to be performed by Grantor, if any.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party.

Lender's Rights and Obligations with Respect to Collateral. Lender may hold the Collateral until all the Indebtedness has been paid and satisfied and thereafter may deliver the Collateral to any Grantor. Lender shall have the following rights in addition to all other rights it may have by law:

Maintenance and Protection of Collateral. Lender may, but shall not be obligated to, take such steps as it deems necessary or desirable to protect, maintain, insure, store, or care for the Collateral, including payment of any liens or claims against the Collateral. Lender may charge any cost incurred in so doing to Grantor.

Application of Cash. At Lender's option, Lender may apply any cash, whether included in the Collateral or received as Income and Proceeds or through liquidation, sale, or retirement, of the Collateral, to the satisfaction of the Indebtedness or such portion thereof as Lender shall choose, whether or not matured.

Transactions with Others. Lender may (a) extend time for payment or other performance, (b) grant a renewal or change in terms or conditions, or (c) compromise, compound or release any obligation, with any one or more Obligor, endorsers, or Guarantors of the Indebtedness as Lender deems advisable,

without obtaining the prior written consent of Grantor, and no such act or failure to act shall affect Lender's rights against Grantor or the Collateral.

All Collateral Secures Indebtedness. All Collateral shall be security for the Indebtedness, whether the Collateral is located at one or more offices or branches of Lender and whether or not the office or branch where the Indebtedness is created is aware of or relies upon the Collateral.

Collection of Collateral. Lender, at Lender's option may, but need not, collect directly from the Obligors on any of the Collateral all Income and Proceeds or other sums of money and other property due and to become due under the Collateral, and Grantor authorizes and directs the Obligors, if Lender exercises such option, to pay and deliver to Lender all Income and Proceeds and other sums of money and other property payable by the terms of the collateral and to accept Lender's receipt for the payments.

Power of Attorney. Grantor irrevocably appoints Lender as Grantor's attorney in fact, with full power of substitution, (a) to demand, collect, receive, receipt for, sue and recover all Income and Proceeds and other sums of money and other property which may now or hereafter become due, owing or payable from the Obligors in accordance with the terms of the Collateral; (b) to execute, sign and endorse any and all instruments, receipts, checks, drafts and warrants issued in payment for the Collateral; (c) to settle or compromise any and all claims arising under the Collateral, and in the place and stead of Grantor, execute and deliver Grantor's release and acquittance for Grantor; (d) to file any claim or claims or to take any action or institute or take part in any proceedings, either in Lender's own name or in the name of Grantor, or otherwise, which in the discretion of Lender may seem to be necessary or advisable; and (e) to execute in Grantor's name and to deliver to the Obligors on Grantor's behalf, at the time and in the manner specified by the Collateral, any necessary instruments or documents.

Perfection of Security Interest. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral. When applicable law provides more than one method of perfection of Lender's security interest, Lender may choose the method(s) to be used. Upon request of Lender, Grantor will sign and deliver any writings necessary to perfect Lender's security interest. If the Collateral consists of securities for which no certificate has been issued, Grantor agrees, at Lender's option, either to request issuance of an appropriate certificate or to execute appropriate instructions on Lender's forms instructing the issuer, transfer agent, mutual fund company, or broker, as the case may be, to record on its books or records, by book-entry or otherwise, Lender's security interest in the Collateral. Grantor hereby appoints Lender as Grantor's irrevocable attorney in fact for the purpose of executing any documents necessary to perfect or to continue the security interest granted in this Agreement. This is a continuing Security Agreement and will continue in effect even though all or any part of the Indebtedness is paid in full and even though for a period of time Borrower may not be indebted to Lender.

Inspection Rights. Grantor assigns to Lender all of Grantor's statutory and common law rights to inspect the books and records of the issuer of any Collateral.

EXPENDITURES BY LENDER. If not discharged or paid when due, Lender may (but shall not be obligated to) discharge or pay any amounts required to be discharged or paid by Grantor under this Agreement, including without limitation all taxes, liens, security interests, encumbrances, and other claims, at any time levied or placed on the Collateral. Lender also may (but shall not be obligated to) pay all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses shall become a part of the Indebtedness and, at Lender's option, will (a) be payable on demand, (b) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (i) the term of any applicable insurance policy or (ii) the



remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon the occurrence of an Event of Default.

**LIMITATIONS ON OBLIGATIONS OF LENDER.** Lender shall use ordinary reasonable care in the physical preservation and custody of the Collateral in Lender's possession, but shall have no other obligation to protect the Collateral or its value. In particular, but without limitation, Lender shall have no responsibility for (a) any depreciation in value of the Collateral or for the collection or protection of any Income and Proceeds from the Collateral, (b) preservation of rights against parties to the Collateral or against third persons, (c) ascertaining any maturities, calls, conversions, exchanges, offers, tenders, or similar matters relating to any of the Collateral, or (d) informing Grantor about any of the above, whether or not Lender has or is deemed to have knowledge of such matters. Except as provided above, Lender shall have no liability for depreciation or deterioration of the Collateral.

**EVENTS OF DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

Default on Indebtedness. Failure of Borrower to make any payment when due on the Indebtedness.

Other Defaults. Failure of Borrower or Grantor to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or failure of Borrower to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by or on behalf of Borrower or Grantor under this Agreement, the Note or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral documents to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The death of Borrower or Grantor or the dissolution or termination of Borrower or Grantor's existence as a going business of creditors, any type of creditor

workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or Grantor or by any governmental agency against the Collateral or any other collateral securing the Indebtedness.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Declare all Indebtedness, including any prepayment penalty which Borrower would be required to pay, immediately due and payable, without notice of any kind to Borrower or Grantor.

Collect the Collateral. Collect any of the Collateral and, at Lender's option and to the extent permitted by applicable law, retain possession of the Collateral while suing on the Indebtedness.

Sell the Collateral. Sell the Collateral, at Lender's discretion, as a unit or in parcels, at one or more public or private sales. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized public market, Lender shall give or mail to Grantor, or any of them, notice at least ten (10) days in advance of the time and place of any public sale, or of the date after which any private sale may be made. Grantor agrees that any requirement of reasonable notice is satisfied if Lender mails notice by ordinary mail addressed to Grantor, or any of them, at the last address Grantor has given Lender in writing. If a public sale is held, there shall be sufficient compliance with all requirements of notice to the public by a single publication in any newspaper of general circulation in the county where the Collateral is located, setting forth the time and place of sale and a brief description of the property to be sold. Lender may be a purchaser at any public sale.

Register Securities. Register any securities included in the Collateral in Lender's name and exercise any rights normally incident to the ownership of securities.

Sell Securities. Sell any securities included in the Collateral in a manner consistent with applicable federal and state securities laws, notwithstanding any other provision of this or any other agreement. If, because of restrictions under such laws, Lender is or believes it is unable to sell the securities in an open market transaction, Grantor agrees that Lender shall have no obligation to delay sale until the securities can be registered, and may make a private sale to one or more persons or to a restricted group of persons, even though such sale may result in a price that is less favorable than might be obtained in an open market transaction, and such a sale shall be considered commercially reasonable. If any securities held as Collateral are "restricted securities" as defined in the Rules of the Securities and Exchange Commission (such as Regulation D or Rule 144) or state securities departments under state "Blue Sky" laws.

Foreclosure. Maintain a judicial suit for foreclosure and sale of the Collateral.

Transfer Title. Effect transfer of title upon sale of all or part of the Collateral. For this purpose, Grantor irrevocably appoints Lender as its attorney in fact to execute endorsements, assignments and instruments in the name of Grantor and each of them (if more than one) as shall be necessary or reasonable.

Other Rights and Remedies. Have and exercise any or all of the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, at law, in equity, or otherwise.

Application of Proceeds. Apply any cash which is part of the Collateral, or which is received from the collection or sale of the Collateral, to reimbursement of any expenses, including any costs for registration of securities, commissions incurred in connection with a sale, as provided below, and court costs, whether or not there is a lawsuit and including any fees on appeal, incurred by lender in connection with the collection and sale of such Collateral and to the payment of the Indebtedness of Borrower to Lender, with any excess funds to be paid to Grantor as the interests of Grantor may appear. Borrower agrees, to the extent permitted by law, to pay any deficiency after application of the proceeds of the Collateral to the Indebtedness.

Cumulative Remedies. All of Lender's rights and remedies, whether evidenced by this Agreement or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and to exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement.

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Applicable Law. This Agreement has been delivered to Lender and accepted by Lender in the State of Oklahoma. If there is a lawsuit, Borrower and Grantor agree upon Lender's request to submit to the jurisdiction of the courts of Oklahoma County, the State of Oklahoma. This Agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma.

Expenses. Borrower and Grantor agree to pay upon demand all of Lender's costs and expenses, including legal expenses, incurred in connection with the enforcement of this Agreement. Lender may pay someone else to help enforce this Agreement, and Borrower and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's legal expenses whether or not there is a lawsuit, including legal expenses for bankruptcy proceedings (and including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower and Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Multiple Parties. All obligations of Borrower and Grantor under this Agreement shall be joint and several, and all references to Borrower shall mean each and every Borrower, and all references to Grantor shall mean each and every Grantor. This means that each of the persons signing below is responsible for all obligations in this Agreement.

Notices. All notices required to be given under this Agreement shall be given in writing, may be sent by telefacsimile (unless otherwise required by law), and shall be effective when actually delivered or when deposited with a nationally recognized overnight courier or deposited in the United States mail, first class, postage prepaid, addressed to the party to whom the notice is to be given at the address shown above. Any party may change its address for notices

under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. To the extent permitted by applicable law, if there is more than one Borrower or Grantor, notice to any Borrower or Grantor will constitute notice to all Borrower and Grantors. For notice purposes, Borrower and Grantor will keep Lender informed at all times of Borrower and Grantor's current address(es).

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be invalid or unenforceable as to any person or circumstance, such finding shall not render the provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Agreement in all other respects shall remain valid and enforceable.

Successor Interests. Subject to the limitations set forth above on transfer of the Collateral, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns.

Waiver. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

EACH BORROWER AND GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS PLEDGE AND SECURITY AGREEMENT, AND EACH BORROWER AND GRANTOR AGREES TO ITS TERMS. THIS AGREEMENT IS DATED JANUARY 7, 1999.

BORROWER:

/s/ Jack E. Golsen

/s/ Sylvia H. Golsen

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Jack E. Golsen

\_\_\_\_\_  
Sylvia H. Golsen

GRANTOR:

SBL CORPORATION

BY: /s/ Sylvia H. Golsen

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Sylvia H. Golsen, President

SECURITY AGREEMENT

DEBTOR'S NAME AND ADDRESS	PLEDGOR NAME AND ADDRESS
Golsen Petroleum Corporation P.O.Box 705 Oklahoma City, OK 73101	Jack E.Golsen P. O. Box 705 Oklahoma City, OK 73101

LENDER NAME AND ADDRESS

The Bank of Union  
P.O. Box 1010  
El Reno, OK 73036

I. GRANT OF SECURITY INTEREST. For value received, the Undersigned whether one or more (hereinafter individually referred to as "Debtor" or "Pledgor" as their capacities are above set forth) hereby grants to Lender named above a security interest in the property described in Paragraph II, which property is hereinafter referred to collectively as "Collateral". This security interest is given to secure all the obligations of the Debtor and of the Pledgor to Lender as more fully set forth in Paragraph III and IV hereof.

II. COLLATERAL. The Collateral includes: (A) All specifically described Collateral; (B) All proceeds of Collateral; and (C) Other property as indicated below.

(A) SPECIFICALLY DESCRIBED COLLATERAL

40,000 shares of LSB Industries, Inc. common stock,  
Certificate Number OKS 11537.

(B) ALL PROCEEDS of the specifically described Collateral regardless of kind, character or form (including, but not limited to, renewals, extensions, redeposits, reissues or any other changes in form of the rights represented thereby), together with any stock rights, rights to subscribe, liquidating dividends, stock dividends, dividends paid in stock or other property, new securities, or any other property to which Undersigned may hereafter become entitled to receive by reason of the specifically described Collateral; and in the event Undersigned receives any such property, Undersigned agrees immediately to deliver same to Lender to be held by Lender in the same manner as Collateral specifically described above.

(C) OTHER PROPERTY which shall be deemed Collateral shall include all dividends and interest paid in cash on the Collateral, provided, however, that Lender at its option may permit such dividends and/or interest to be received and retained by Undersigned, but provided further, that Lender may at any time terminate such permission. Collateral shall further include without limitation, all money, funds, or property owned by Undersigned which is now or which hereafter may be possessed or controlled by Lender whether by pledge, deposit or otherwise.

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III. OBLIGATIONS SECURED BY THIS AGREEMENT. The security interest herein granted is given to secure all of the obligations of Debtor or Pledgor to Lender including: (a) The performance of all of the agreements, covenants and warranties of the Debtor or Pledgor as set forth in any agreement between Debtor or Pledgor and Lender; (b) All liabilities of Debtor or Pledgor to Lender of every kind and description, including: (1) all future advances, (2) both director and indirect liabilities, (3) liabilities due or to become

due and whether absolute or contingent, and (4) liabilities now existing or hereafter arising and however evidenced; (c) All extensions and renewals of liabilities of Debtor or Pledgor to Lender for any term or terms to which Undersigned hereby consents; (d) All interest due or to become due on the liabilities of Debtor or Pledgor to Lender; (e) All expenditures by Lender involving the performance of or enforcement of any agreement, covenant or warranty provided for by this or any other agreement between the parties; and (f) All costs, attorney fees, and other expenditures of Lender in the collection and enforcement of any obligation or liability of Debtor or Pledgor to Lender and in the collection and enforcement of or realization upon any of the Collateral.

IV. FUTURE ADVANCES. It is specifically agreed that the obligations of Debtor and Pledgor secured by this Agreement include all future advances by Lender to Debtor as set forth in Paragraph III above.

V. ADDITIONAL PROVISIONS. The Undersigned agrees to the Additional Provisions set forth on the reverse side hereof, the same being incorporated herein by reference.

RECEIPT FOR COLLATERAL	SIGNATURES
<p>The Bank of Union</p> <p>_____</p> <p>LENDER NAME</p>	<p>NAME Jack E. Golsen</p> <p>/s/ Jack E. Golsen</p> <p>_____</p> <p>NAME</p> <p>CORPORATION OR PARTNERSHIP NAME</p>
<p>/s/ John A. Shelley    President</p> <p>_____</p> <p>BY John A. Shelley    TITLE</p>	<p>_____</p> <p>BY _____    TITLE _____</p>

ADDITIONAL PROVISIONS

UNDERSIGNED EXPRESSLY WARRANTS, COVENANTS AND AGREES:

WARRANTIES AND COVENANTS

A. RECORDS AND INFORMATION

1. Financial Information. All loan applications, balance sheets, earnings statements, other financial information and other representations which have been, or may hereafter be, furnished Lender to induce it to enter into or continue a financial transaction with Debtor fairly represent the financial condition of Debtor as of the date and for the period shown therein, and all other information, reports, documents, papers and data furnished to Lender are or shall be, at the time furnished, accurate and correct in all material respects and complete insofar as completeness may be necessary to give Lender a true and accurate knowledge of the subject matter. There has been no material change in the financial condition of Debtor since the effective date of the last furnished financial information which has not been reported to Lender in writing. (The provisions of this paragraph do not apply to Pledgors who are different parties from Debtor.)

2. Furnishing of Information on Collateral. Undersigned will furnish Lender information adequate to identify with accuracy all Collateral in a form and substance and at all times as may be requested by Lender. Undersigned will also upon request deliver to Lender true copies of purchase orders, shipping and delivery receipts and invoices evidencing and describing the Collateral. Undersigned will execute such documents as Lender may from time to time require to enable Lender to perfect the security interest granted hereby and to receive proceeds of and distribution from or interests in the Collateral.

3. Inspection and Records. Undersigned will at all times maintain accurate books and records covering the Collateral. Lender is hereby given the right and privilege of making such

inspections of the records as it deems necessary and of auditing or causing an audit for verification of the books and records of the Undersigned and relating to the Collateral at any time and from time to time. Undersigned agrees to assist Lender in every way necessary to facilitate such audits and verifications.

#### B. LIEN STATUS, INSURANCE AND ORDINARY COURSE DISPOSITION

1. Ownership Free of Encumbrances. Except for the security interest granted hereby, Undersigned now owns or will use the proceeds of the advances hereunder to become the owner of, the Collateral free from any prior liens, security interests or encumbrances, and Undersigned warrants title to and will defend the Collateral against all claims and demands of persons claiming any interest therein adverse to the Lender. Undersigned will not permit any liens or security interests other than the Lender's security interest to attach to any of the Collateral, will not permit the Collateral to be levied upon, garnished or attached under any legal process, or permit any other thing to be done that may impair the value of the Collateral or the security interest afforded hereby.

2. Sale, Lease or Disposition of Collateral Prohibited. Undersigned shall not sell, transfer, exchange, lease, or otherwise dispose of the Collateral or any part thereof or the Undersigned's rights therein without first obtaining the prior written consent of Lender. The consent of Lender may be conditioned upon any requirements which the Lender deems to be for its protection; and, it is understood and agreed that such consent will not be deemed to be effective unless and until such requirements and conditions have been fulfilled.

3. Financing Statement. No Financing Statement covering Collateral is on file in any public office. Undersigned agrees to join with Lender in executing one or more Financing Statements, or other instrument of encumbrance, in form satisfactory to Lender, in order to perfect, or to continue perfection of, the security interest of Lender which may arise hereunder.

4. Taxes. Undersigned shall promptly pay any and all taxes, assessments and license fees with respect to the Collateral or the use of the Collateral.

5. Adequate Insurance. Undersigned at own expense, if required by Lender, shall insure Collateral with companies acceptable to Lender against such casualties and in such amounts as prudent and adequate to protect Lender or as Lender shall require. All insurance policies shall be written for benefit of Undersigned and Lender as their interests appear and such policies or certified copies thereof evidencing same shall be furnished to Lender within ten days of date of this agreement. All policies of insurance shall provide for at least ten days prior written notice of cancellation to Lender. Lender may act as attorney for Undersigned in the procuring of insurance, in making, adjusting, and settling claims under or cancelling such insurance and in endorsing Undersigned's name on any drafts or checks drawn by insurers of Collateral.

#### EVENTS OF DEFAULT

Pledgor shall be in default under this Agreement upon the happening of any of the following events or conditions, herein called "Events of Default":

1. Any warranty, covenant, agreement, representation, financial information or statement made or furnished to Lender by or in behalf of Debtor or Pledgor to induce Lender to enter into this Agreement, or in conjunction therewith, is violated or proves to have been false in any material respect when made or furnished.

2. Any payment required hereunder or under any note or obligation of Debtor or Pledgor to this Lender or to others is not made when due or in accordance with terms of the applicable contract.

3. Debtor or Pledgor defaults in the performance of any covenant, obligation, warranty or provision contained in any Loan Agreement or in any other note or obligation of Debtor or Pledgor to Lender or to others.



4. The occurrence of any event or condition which results in acceleration of the maturity of any obligation of Debtor or Pledgor to Lender or to others under any note, indenture, agreement or undertaking.
5. Loss, theft, substantial damage to or destruction of Collateral.
6. The making any levy against or seizure, garnishment or attachment of any Collateral, the consensual encumbrance thereof, or the sale, lease or other disposition of Collateral without the prior written consent of Lender as required elsewhere in this Agreement.
7. When in the judgment of Lender the Collateral becomes unsatisfactory or insufficient in character or value, and upon request Debtor fails to provide additional Collateral as required by Lender.
8. Any time Lender in its sole discretion believes the prospect of payment or performance of any liability, covenant, warranty or obligation of Debtor or Pledgor is impaired.
9. The death, dissolution, termination of existence or insolvency of Debtor or Pledgor, the appointment of a receiver over any part of Debtor's property or any part of the Collateral, an assignment for the benefit of creditors or the commencement of any proceeding under any bankruptcy or insolvency law levied against Debtor or Pledgor or any guarantor or surety for Debtor or Pledgor.

#### REMEDIES

Upon the occurrence of an Event of Default, and at any time thereafter, Lender may at its option and without notice or demand to Debtor or Pledgor except as otherwise provided by law, exercise any and all rights and remedies provided by the Uniform Commercial Code of the state in which Lender is organized and holds its certificate of authority, as well as all other rights and remedies possessed by Lender, including, but not limited to:

1. Declare all liabilities secured hereby immediately due and payable, and/or proceed to enforce payment and performance of all liabilities secured hereby.
2. Possess all books and records evidencing or pertaining to the Collateral, and for this purpose Lender is hereby given authority to enter into and upon any premises at which such books and records or any part of them may be situated, and to remove them.
3. Apply that portion of the Collateral consisting of cash or cash equivalent items such as checks, drafts, or deposited funds against any liabilities of Debtor or Pledgor selected by Lender, and for this purpose, Undersigned agrees that cash or equivalents will be considered identical to cash proceeds. Lender shall have the right immediately and without further action by it to set off against the liabilities of Debtor secured hereby all money owned by Lender to Debtor, whether due or not due, and Lender shall be deemed to have exercised the right to set off and to have made a charge against such money at the time of any acceleration upon default even though such charges made are entered on the Lender's books subsequent thereto.
4. Transfer any of the Collateral or evidence thereof in to its own name or that of a nominee and receive all proceeds therefrom and hold the same as security for the liabilities secured hereby to Lender or apply it on or against any such liability. Lender may also demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, release or realize upon Collateral in its own name or in the name of the Pledgor as Lender may determine.
5. Sell or otherwise dispose of the Collateral. Unless Collateral is whole or part is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Debtor and Pledgor reasonable notice of the time and place of any public sale or of the time after which any private sale or other disposition is to be made. Any requirement of notice shall be met if notice is mailed, postage prepaid, to the address provided for herein at least ten days before sale or other disposition or action. Lender shall be

entitled to, and Undersigned shall be liable for, all reasonable costs and expenditures incurred in realizing on its security interest, including without limitation, court costs, fees for replevin bonds, storage, repossession costs, repair and preparation costs for sale, selling costs, and reasonable attorneys' fees as set forth in any promissory note. All such costs shall be secured by the security interest in the Collateral covered herein.

6. Lender shall not be liable for failure to collect any account, enforce any contract right, or for any other act or omission on the part of Lender, its officers, agents or employees, except as the same constitutes a lack of good faith or failure to act in a commercially reasonable manner. Lender shall have acted in a commercially reasonable manner if its action or non-action is consistent with the general usage of lenders in the area of Lender's location at the same time the action or non-action occurs, but this standard shall not constitute disapproval of any procedures which may be otherwise reasonable not require Lender to take necessary steps to preserve rights against prior parties in an instrument or chattel paper.

#### GENERAL

1. Expenditures of Lender. At its option and after any written notice to Undersigned required by law, such notice Undersigned hereby agrees is sufficient if mailed, postage prepaid, to the address of Undersigned provided for herein at least ten days before the commencement of the performance of the duties specified therein, it is agreed Lender may discharge taxes, liens, security interests or other encumbrances on Collateral and may pay for the repair of any damage to the Collateral, for the maintenance and preservation thereof and for insurance thereon. Undersigned shall be liable for and agrees to pay Lender for expenditures of Lender for taxes on Collateral, for the discharge of liens, security interests, or other encumbrances on the Collateral, for the repair of any damage to Collateral, and for all costs, attorneys' fees or other disbursements of Lender in connection with the foregoing. Undersigned agrees promptly to reimburse Lender for all such expenditures and until such reimbursement the amounts of such expenditures shall be considered a liability of Undersigned to Lender which is secured by this Agreement. In addition, Undersigned shall be liable for and agrees to pay Lender for all costs, attorneys' fees and other disbursements by Lender as allowed by law or provided for herein in the enforcement or collection of any note, warranty or duty of Undersigned to Lender, or in the realization upon or the enforcement or collection of any account, receivable, contract right, promissory note, chattel paper, instrument, document or other Collateral in which Lender has a security interest. Undersigned agrees promptly to reimburse Lender for all such expenditures, and until such reimbursement the amounts of such expenditures shall be considered a liability of Undersigned to Lender which is secured by this Agreement.

2. Right of Offset. Any property, tangible or intangible of Undersigned in possession of Lender at any time during the term hereof, or any indebtedness due from Lender to Undersigned and any deposit or credit balances due from Lender to Undersigned, or any of the foregoing of any party hereto, is pledged to secure payment hereof and may at any time while the whole or any part of Undersigned's indebtedness to Lender remains unpaid, whether before or after maturity thereof, be appropriated, held or applied toward payment of any obligation of Undersigned to Lender.

3. Applicable Law. The law of the jurisdiction where Lender is organized or holds its certificate of authority the Undersigned who was entitled thereto shall control this Agreement.

4. Waivers. No act, delay or omission, including Lender's waiver of remedy because of any default hereunder, shall constitute a waiver of any of Lender's rights and remedies under this Agreement or any other agreement between the parties. All rights and remedies of Lender are cumulative and may be exercised singularly or concurrently, and the exercise of any one or more remedy will not be a waiver of any other. No waiver, change, modification or discharge of any of Lender's rights or of Undersigned's duties as so specified or allowed will be effective unless in writing and signed by a duly authorized officer of Lender, and any such waiver will not be a bar to the exercise of

any right or remedy or any subsequent default. Undersigned hereby waives: (a) all demands and notices of any action taken by Lender under the Agreement or any other agreement between the parties or in connection with any notes; (b) an indulgence of Lender; and (c) any substitution for, exchange of, or release of all or any part of the Collateral or of other Collateral securing obligations of Debtor to Lender. Undersigned also consents to the addition or release of any person liable on any obligation of Debtor or Undersigned to Lender.

5. Agreement Binding on Assigns. This agreement shall inure to the benefit of the successors and assigns of Lender and shall be binding upon the heirs, executors, administrators, successors and assigns of Undersigned.

6. Rights of Lender Assignable. Lender at any time and at its option may pledge, transfer or assign its rights under this Agreement in whole or in part, and any pledgee, transferee, or assignee shall have all the rights of Lender to the rights or parts thereof so pledged, transferred or assigned. The rights of the Undersigned hereunder may not be assigned.

7. Joint and Several Responsibility of Pledgor. If more than one Undersigned executes the Agreement, their responsibility hereunder shall be joint and several and the reference to undersigned herein shall be deemed to refer to each Undersigned signing this Agreement.

8. Separability of Provisions. If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

9. Copies. A carbon, photographic, or other reproduction of this Security Agreement or of any financing statement prepaid or filed with respect hereto is sufficient as a financing statement.

10. Notice of Name Change, etc. Undersigned will immediately notify Lender of any change in his, her, its or their name, identity, or organizational or corporate structure.

GUARANTY AGREEMENT

Date of Agreement  
October 16, 1997

DEBTOR NAME AND ADDRESS:  
"LORI R. RAPPAPORT #J-1 TRUST"  
P. O. BOX 705  
OKLAHOMA CITY, OK 73101-0705

LENDER NAME AND ADDRESS:  
STILLWATER NATIONAL BANK  
AND TRUST COMPANY  
6305 WATERFORD BLVD., SUITE 205  
OKLAHOMA CITY, OK 73118

- A. To induce the Lender to extend credit to the Debtor and for other good and valuable consideration, the receipt of which is acknowledged, and for the purpose of enabling the Debtor to obtain or renew loans, credit or other financial accommodation from the Lender named above, each of the undersigned as a primary obligor, jointly and severally and unconditionally: (1) guarantees to the Lender that Debtor will fully and promptly pay or otherwise discharge all indebtedness and other obligations ("indebtedness") upon which Debtor now is or may later, from time to time, become obligated to Lender as principal, guarantor, endorser, or in any other capacity, and whether joint or several liability or liability created by direct dealing with Lender or through transfer from others, and regardless of the nature and form of indebtedness and whether due or not due; (2) agrees, without the Lender first having to proceed against Debtor or any other party liable or to liquidate any security, to pay on demand all sums due and to become due to Lender from Debtor, and all losses, costs, reasonable attorney fees or expenses which may be suffered or incurred by Lender by reason of Debtor's default or the default of the undersigned; (3) except as setoff is waived, agrees to be bound by and on demand to pay any deficiency or difference between all indebtedness of the Debtor and the proceeds of any private or public sale (including a sheriff's sale) of the security held by Lender, with or without notice to the undersigned; (4) agrees that liability under this Agreement will not be affected or impaired by any failure, neglect or omission, including a failure or delay to perfect or maintain perfection of a security interest, either in relation to the collection of the indebtedness or the protection of the security given, and regardless of whether the Lender fails or omits to seek or is precluded from seeking a judgment against Debtor; and (5) further agrees that the liability of the undersigned shall not be affected by any lack of validity or enforceability due to defense, claim, discharge or otherwise of any indebtedness guaranteed by this Agreement or of the security of the indebtedness.
- B. Lender may at any time and from time to time without the further consent of or notice to the undersigned, without incurring responsibility to the undersigned and without impairing or releasing the obligations of the undersigned, and upon any terms and conditions the Lender may elect: (1) change the manner, place or terms of payment or extend the time of payment of any indebtedness of Debtor to Lender; (2) renew, increase or alter any indebtedness of Debtor to Lender; (3) raise or lower the interest rate or rates charged Debtor; (4) sell, exchange, release, surrender, realize upon or otherwise deal or not deal with in any manner and in any order any property at any time pledged to secure or securing the indebtedness of Debtor to Lender or any liabilities incurred directly or indirectly under this Agreement, or any offsets against any such indebtedness or liabilities; (5) exercise or refrain from exercising any rights against Debtor to others, or otherwise act or refrain from acting; (6) settle or compromise any indebtedness guaranteed or incurred; (7) subordinate the payment of all or part of any indebtedness of Debtor to Lender to the payment of any liabilities which may be due Lender or others; (8) apply any sums paid by or for account of debtor to any indebtedness of Debtor to Lender

regardless of what indebtedness or liability of Debtor to Lender remains unpaid and regardless of to which indebtedness such sums were intended to be applied unless debtor directs the application of such payment; (9) release any one or more of the undersigned, any other guarantor or any other party liable upon or for any indebtedness or other obligation guaranteed, and such release will not affect the liability under this Agreement of any of the undersigned or any other party not so released; (10) add or release the primary or secondary liability of principals, guarantors or other parties; and/or (11) obtain additional collateral security.

- C. The undersigned waives: (1) any and all acceptance of this Guaranty Agreement; (2) notice of the creation of any indebtedness; (3) any presentment, demand for payment, notice of default or non-payment, notice of acceleration, notice of disposition of security, notice of dishonor or protest to or upon any party and all other notices whatsoever whether required or permitted by this Guaranty Agreement, any other agreement, course of dealing, usage of trade, course of performance and, to the extent allowed, the law; (4) any exercise of any remedy which the Lender now has or later acquires against the Debtor and any other party; (5) any impairment of collateral, including, but not limited to, the failure to perfect, or maintain perfection of, a security interest in collateral; and (6) any event, or any act or omission of the Lender (except acts or omissions in bad faith) which materially increases the scope of the undersigned's risk as guarantor, including the manner of administration of the loan and changes in the form or manner in which any party does business or in their financial condition and any notice of any such change.
- D. This Guaranty Agreement shall be absolute, unconditional and continuing guaranty of payment and not of collection of the indebtedness and shall be binding upon the undersigned, heirs or successors of the undersigned, and the estate or estates of the undersigned: (1) regardless of the death or cessation of existence of any of the undersigned or of any guarantor or any other party liable upon any indebtedness or other obligation hereby guaranteed; (2) irrespective of any defenses, claim or discharge available to the Debtor under law or under any agreement with the Lender; and (3) irrespective of any failure or delay by the Lender to perfect or keep perfected any lien or security interest in any collateral. This Guaranty Agreement is an independent obligation which is separately enforceable from the obligation of the Debtor.
- E. All rights of the Lender are cumulative and not alternative to other rights. Suit may be brought against the undersigned or other parties liable, jointly and severally, and against any one or more of them, and against all or less than all, without impairing the rights of the Lender, its successors or assigns, against others of the undersigned. The Lender may settle with any one of the undersigned or any other party for such sum or sums as it may see fit and release such of the undersigned or other parties from all further liability to the Lender for such indebtedness without impairing the right of the Lender to demand and collect the balance of such indebtedness from others of the undersigned not so released.
- F. The Lender may assign this Agreement or any of its rights and powers under it, with all or any part of the indebtedness guaranteed, and may assign to any such assignee any of the security for the indebtedness. In the event of such assignment, the assignee shall have the same rights and remedies as if originally named in this Agreement in place of Lender, and the Lender shall thereafter be fully discharged from all responsibility with respect to any such indebtedness so assigned.
- G. Unless expressly limited by specific writing as set forth in this Guaranty Agreement, it is understood to be unlimited in amount. If limited, it is understood the limit means a fixed amount or percentage of any indebtedness remaining after application of the actual proceeds of the disposition of any security to any unguaranteed portion of the indebtedness. NOTWITHSTANDING ANY PROVISION CONTAINED IN THIS GUARANTY TO THE CONTRARY, THIS GUARANTY IS LIMITED TO DEBTORS INDEBTEDNESS TO LENDER ARISING UNDER THAT PROMISSORY NOTE DATED OCTOBER \_\_\_\_, 1997, IN THE PRINCIPAL AMOUNT OF \$\_\_.

- H. Until the indebtedness of the Debtor have been paid in full, the undersigned agrees to provide to the Lender from time to time upon demand such financial statements, copies of tax returns, and other information as to the undersigned as the Lender may reasonably require.
- I. Any deposits or other sums credited by or due from the Lender to the undersigned may be set off against any and all liabilities of the undersigned to the Lender arising under the terms of this Guaranty Agreement. The rights granted by this paragraph shall be in addition to the rights of the Lender under any statutory banker's lien or common law right of offset.
- J. Until the obligations of the Debtor have been paid in full, the undersigned specifically waives all rights of subrogation to the rights of the Lender, any claim to any security or its value to which the Lender has recourse, and all rights of reimbursement or contribution from other parties, whether principals or sureties, accommodation parties or guarantors.
- K. The undersigned may, only by written notice given to and received by Lender, withdraw only from liability for additional indebtedness of Debtor accepted by or incurred to Lender after the time of receipt of such notice by Lender. The liability and other agreements of the undersigned shall not be otherwise affected but shall continue until all indebtedness, including loan commitments, existing at the time of the receipt of such notice, and renewals or extensions of indebtedness to which the undersigned consents, is fully paid. After any such revocation, Lender may exercise any rights granted in this Agreement without releasing the undersigned from liability.
- L. Notwithstanding the provisions of any note or obligation to which this Guaranty Agreement applies, it is the intention of the parties, and it is here provided, that a Guarantor shall not be liable for interest charges in excess of the maximum amount permitted under the law applicable to this Guaranty Agreement.
- M. The undersigned specifically waives any right to setoff under 12 O.S. Sec. 686, 150.S sec. 341, or any like statutes.
- N. The undersigned waive, as of the date of this Guaranty Agreement, any claim, as that term is defined in the Federal Bankruptcy Code, which the undersigned might have or acquire against the Debtor arising from the existence or performance of the undersigned's obligations under this Guaranty Agreement, and to that extent that the undersigned is not a creditor of the Debtor. In addition to the waiver of the status of creditor, it is agreed that the indebtedness guaranteed under this Guaranty Agreement excludes all portions of the indebtedness paid by the Debtor during the period of time within one year prior to the filing of any bankruptcy, reorganization or insolvency proceedings by or against the Debtor. If any payment made by the Debtor to the Lender is determined to be avoidable under applicable state law or the Federal Bankruptcy Code, to that extent, if demanded by the Lender, this Guaranty Agreement is deemed to be reinstated to include the amount within the indebtedness under this Guaranty Agreement.
- O. The undersigned, by signing below, acknowledge having read this Guaranty Agreement, having reviewed it to the extent desired with their legal counsel, and receiving a copy of it and also receiving an explanation of any questions. The undersigned also have read any cosigner notice provided by Lender. The undersigned understand that the undersigned may have to pay any indebtedness or obligation covered by this Guaranty Agreement in the event the Debtor fails or refuses to do so. The undersigned also represent that they are aware of the financial condition of Debtor and acknowledge a responsibility to maintain a close watch on that financial condition as long as this Guaranty Agreement is outstanding and that they are not relying on the Lender to provide information on the Debtor's financial condition, now or in the future.
- P. This Guaranty and the obligations evidenced in it are to be

construed and governed by the laws of the state indicated in the address of Lender shown above.

- Q. This Guaranty Agreement constitutes the entire agreement between the parties with respect to the obligations of the undersigned and the rights of the Lender under this Guaranty Agreement. This Guaranty Agreement cannot be amended except by an agreement in writing signed by both the undersigned and the Lender. No condition as to the effectiveness or enforcement of this Guaranty Agreement exists except as stated in this Guaranty Agreement. Regardless of any other provision of this Guaranty Agreement to the contrary, and unless otherwise specifically released or modified by this Guaranty Agreement, all other obligations of the undersigned to Lender evidenced by a note, loan agreement, guaranty or any other written agreement remain in force and effect.

WITNESSES SIGNATURES:

Signed and sworn to before me on

By

Notary Public  
My commission expires:

GUARANTOR SIGNATURES:

Jack E. Golsen