SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 27)

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)

November 8, 2001
(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

Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	374,452
	(8)	Shared Voting Power	3,221,014
	(9)	Sole Dispositive Power	374,452
	(10)	Shared Dispositive Power	3,221,014

(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	3,595,466
(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)	27.68%
(14)	Type of Reporting Person (See Instructions)	IN

CUSIP NO. 5021600-10-4

(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 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

Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	-
	(8)	Shared Voting Power	3,221,014
	(9)	Sole Dispositive Power	-
	(10)	Shared Dispositive Power	3,221,014

(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	3,221,014
(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)	25.27%
(14)	Type of Reporting Person (See Instructions)	IN

CUSIP NO. 5021600-10-4

(1)	Names of Reporting Persons, S.S. or I.R.S. Identification Nos. of Above Persons	SBL Corporation 73-1477865
(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)	SC, BK, AF
(5)	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)	
(6)	Citizenship or Place of Organization	Oklahoma

Number of Shares Beneficially Owned by Each Reporting Person With:	(7) Sole Voting Power	-
	(8) Shared Voting Power	2,219,309
	(9) Sole Dispositive Power	-
	(10) Shared Dispositive Power	2,219,309

(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	2,219,309
(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)	17.41%
(14)	Type of Reporting Person (See Instructions)	CO

CUSIP NO. 5021600-10-4

(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 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	Oklahoma

Number of Shares Beneficially Owned by Each Reporting Person With:	(7) Sole Voting Power	-
	(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)	1.61%
(14)	Type of Reporting Person (See Instructions)	CO

CUSIP NO. 5021600-10-4

(1)	Names of Reporting Persons, S.S. or I.R.S. Identification Nos. of Above Persons	Barry 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 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

Number of Shares Beneficially Owned by Each Reporting Person With:			
	(7)	Sole Voting Power	308,616
	(8)	Shared Voting Power	2,441,769
	(9)	Sole Dispositive Power	308,616
	(10)	Shared Dispositive Power	2,441,769

(11) Aggregate Amount Beneficially Owned by Each Reporting Person — 2,750,385

(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) — 21.47%

(14) Type of Reporting Person (See 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 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

Number of Shares Beneficially Owned by Each Reporting Person With:			
	(7)	Sole Voting Power	246,987
	(8)	Shared Voting Power	2,298,217
	(9)	Sole Dispositive Power	246,987

	(10)	Shared Dispositive Power	2,298,217

(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	2,545,204
(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)	19.91%
(14)	Type of Reporting Person (See Instructions)	IN

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(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

Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	82,552
	(8)	Shared Voting Power	2,441,769
	(9)	Sole Dispositive Power	82,552
	(10)	Shared Dispositive Power	2,441,769

(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	2,524,321
(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)	19.80%
(14)	Type of Reporting Person (See Instructions)	IN

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This statement constitutes Amendment No. 27 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. 27 is being filed as a result of a change in the facts contained in the Schedule 13D. The change is due to the acquisition by SBL of 1,000,000 shares of the Company's Series D 6% Cumulative, Convertible Class C Preferred Stock ("Series D Preferred") on November 8, 2001, which resulted in an increase in SBL's beneficial ownership of Common Stock by more than 1% of the outstanding Common Stock. In addition to the foregoing, reference is made to Item 5(c) of this Amendment No. 27 for discussion of certain other transactions in the Company's Common Stock that were effected by certain reporting persons during the past 60 days from the filing date of this Amendment No. 27.

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, except parts 5(b) and (c) relating to Steven J. Golsen are amended to read as follows:

(b) Business Address: 7300 S.W. 44th Street
Oklahoma City, OK 73179

(c) The principal occupation or employment of Steven J. Golsen is Chief Executive Officer and Co-Chairman of a subsidiary of the Company having the address set forth above.

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

On October 17, 1997, Prime Financial Corporation ("Prime"), a subsidiary of the Company, borrowed from SBL the principal amount of $3,000,000 (the "Prime Loan") on an unsecured basis and payable on demand. The purpose of the loan was to assist the Company

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by providing additional liquidity. As of October 15, 2001, the unpaid principal balance on the Prime Loan was $1,350,000.

In order to make the Prime Loan to Prime, SBL and certain of its affiliates borrowed the $3,000,000 from a bank (collectively, "SBL Borrowings"), and as part of the collateral pledged by SBL to the bank in connection with such loan, SBL pledged, among other things, its note from Prime. Effective April 21, 2000, Prime guaranteed

on a limited basis the obligations of SBL and its affiliates relating to the unpaid principal amount due to the bank in connection with the SBL Borrowings, and, in order to secure its obligations under the guarantees, it pledged to the bank 1,973,461 shares of the Company's Common Stock that it holds as treasury stock.

On October 18, 2001, the Company and Prime entered into an agreement (the "Agreement") to take in payment of $1,000,000 of the unpaid balance of the debt under the Prime Loan, 1,000,000 shares of Series D Preferred, with each share of Series D Preferred having, among other things,.875 votes and voting as a class with the Common Stock, a liquidation preference of $1.00 per share, cumulative dividends at the rate of 6%, and convertibility into Common Stock on the basis of four shares of Series D Preferred into one share of Common Stock. The rate of conversion is subject to increase or decrease pursuant to the antidilution provisions set forth in the Certificate of Designations of the Series D Preferred. In connection with the Agreement, the Company's limited guaranty to the bank has been reduced to $350,000, and the number of shares of Company Common Stock pledged by Prime to the lender to secure its guaranty has been reduced to 973,450 shares.

Item 4. Purpose of Transaction.

The purpose of the transaction giving rise to the filing of this Amendment No. 27 is described under Item 3 above. The reporting persons do not presently have any plans or proposals required to be reported under Item 4 of this Schedule 13D.

Item 5. Interest in Securities of the Issuer.

(a) The following table sets forth as of the filing date of this Amendment 27, 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(10)
Jack E. Golsen	3,595,466(1)(2)(6)(9)	27.68%
Sylvia H. Golsen	3,221,014(1)(6)(7)	25.27%
SBL	2,219,309(1)(9)	17.41%
GPC	193,933(8)(9)	1.61%
Barry H. Golsen	2,750,385(1)(3)(6)	21.47%
Steven J. Golsen	2,545,204(1)(4)(6)	19.91%
Linda Golsen Rappaport	2,524,321(1)(5)(6)	19.80%

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(1) The amount shown includes (i) 1,336,199 shares held directly by SBL; (ii) 250,000 shares that SBL has the right to acquire upon the conversion of 1,000,000 shares of the Company's Series D Preferred owned of record by SBL; (iii) 400,000 shares that SBL has the right to acquire upon the conversion of 12,000 shares of the Company's Series B Preferred owned of record by SBL; (iv) 39,177 shares that SBL has the right to acquire upon the conversion of 9,050 shares of Class C, Series 2 Preferred Stock owned of record by SBL; and (v) 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 Series B Preferred 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) 40,000 shares held directly by Jack E. Golsen; (ii) 69,029 shares held indirectly by the Jack E. Golsen 1992 Revocable Trust; (iii) 4,000 shares that Jack E. Golsen has the right to acquire upon conversion of a promissory

note; (iv) 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 the Jack E. Golsen 1992 Revocable Trust; (v) 35,400 shares that Jack E. Golsen may acquire upon the exercise of Company incentive stock options; (vi) 70,600 shares that Jack E. Golsen may acquire upon the exercise of Company nonqualified stock options; (vii) 1,001,705 shares owned of record by Sylvia H. Golsen, wife of Jack E. Golsen; (viii) 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; and (ix) 12,090 shares indirectly held by an estate of which Jack E. Golsen is executor and a beneficiary.

(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) 246,616 shares held directly by Barry H. Golsen; (b) 41,954 shares owned of record by the Amy G. Rappaport Trust No. J-1, of which Barry H. Golsen is a Co-Trustee; (c) 36,954 shares owned of record by the Joshua B. Golsen Trust No. J-1, of which Barry H. Golsen is a Co-Trustee; (d) 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; (e) 40,000 shares which Barry H. Golsen may acquire upon exercise of Company incentive stock options; and (f) 22,000 shares which Barry H. Golsen may acquire upon exercise of a nonqualified stock option.

(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 (i) 206,987 shares held directly by Steven J. Golsen; (ii) 41,954 shares owned of record by the Amy G. Rappaport Trust No. J-1, of which Steven J. Golsen is a Co-Trustee; (iii) 36,954 shares owned of record by the Joshua B. Golsen Trust No. J-1, of which Steven J. Golsen is a Co-Trustee; (iv) 26,000 shares which Steven J. Golsen may acquire upon exercise of Company incentive stock options; and

(v) 14,000 shares which Steven J. Golsen may acquire upon exercise of nonqualified stock options.

(5) The amount shown does not include 124,350 shares that Mrs. Rappaport's husband owns and 185,000 shares which Mrs. Rappaport's husband may acquire upon exercise of nonqualified 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 (i) 82,552 shares held directly by Linda F. Rappaport; (ii) 41,954 shares owned of record by the Amy G. Rappaport Trust No. J-1, of which Linda F. Rappaport is a Co-Trustee; (iii) 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 (iv) 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 (i) 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; (ii) 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 (iii) 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 the shares of Common Stock listed in footnote (2) above as beneficially owned by Jack E. Golsen,

except such amount does not include the 1,001,705 shares held directly by Sylvia H. Golsen.

(8) The amount shown includes 60,600 shares held directly by GPC and 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) Holders of the Series B Preferred are entitled to one vote per share, and holders of the Series D Preferred are entitled to .875 votes per share. Both vote together with holders of Common Stock. The amounts and percentages set forth in the table reflect only the voting power of Common Stock into which the Series B Preferred and the Series D Preferred are convertible.

(10) The percentage ownership of each reporting person is based on 11,924,203 shares of Common Stock outstanding, as reported in the Company's Form 10-Q for the quarter ended September 30, 2001. Shares of Common Stock of the Company not outstanding, but which may be acquired by a reporting person during the next 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 the filing date of this Amendment 27 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:

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Person or Entity	Sole Voting and Power of Disposition	Shared Voting and Power of Disposition
Jack E. Golsen	374,452(1)(5)(12)	3,221,014(2)(3)(13)
Sylvia H. Golsen	None	3,221,014(2)(11)
SBL	None	2,219,309(2)(12)
GPC	None	193,933(4)(12)
Barry H. Golsen	308,616(6)	2,441,769(2)(7)
Steven J. Golsen	246,987(8)	2,298,217(2)(9)
Linda Golsen Rappaport	82,552	2,441,769(2)(10)

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(1) The amount shown includes (a) 109,029 shares of Common Stock held directly by Jack E. Golsen; (b) 4,000 shares of Common Stock that Jack E. Golsen has the right to acquire upon conversion of a promissory note; (c) 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; (d) 35,400 shares that J. Golsen has the right to acquire under the Company's incentive stock options; (e) 70,600 shares that Jack E. Golsen may acquire upon the exercise of nonqualified stock options; (f) 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; and (g) 12,090 shares held by an estate of which Jack E. Golsen is executor and a beneficiary.

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

(3) The amount shown includes 1,001,705 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 (a) 246,616 shares of Common Stock held directly by Barry H. Golsen;

(b) 40,000 shares of Common Stock which Barry H. Golsen may acquire upon exercise of incentive stock options of the Company; and (c) 22,000 shares which Barry H. 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 (a) 206,987 shares of Common Stock held directly by Steven J. Golsen; (b) 26,000 shares which Steven J. Golsen may acquire upon exercise of incentive stock options of the Company; and (c) 14,000 shares which Steven J. Golsen may acquire upon exercise of nonqualified 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) The amount shown does not include 124,350 shares that Mrs. Rappaport's husband owns and 185,000 shares which Mrs. Rappaport's husband may acquire upon exercise of nonqualified 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 (i) 41,954 shares owned of record by the Amy G. Rappaport Trust No. J-1, of which Linda F. Rappaport is a Co-Trustee; (ii) 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

(iii) 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.

(11) See footnotes (6) and (7) under paragraph (a) of this Item 5.

(12) See footnote (9) under paragraph (a) of this Item 5.

(13) See footnote (6) 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). GPC is a wholly owned subsidiary of SBL. The directors and executive officers of SBL and 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 from the filing date of this report, the following transactions were effected in the Common Stock by a reporting person named in response to paragraph (a) of this Item 5. Sylvia H. Golsen made bona fide charitable gifts of the Company's Common Stock in the following amounts: (i) a gift of 10,000 shares on October 19, 2001 at a price of $2.85 per share; (ii) a gift of 20,000 shares on October 25, 2001 at a price of $2.98 per share; and (iii) a gift of 6,000 shares on November 1, 2001 at a price of $2.99 per share.

(d) See Item 6 below.

(e) Not applicable.

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

Item 6 of the Schedule 13D is unchanged, except as follows. Effective October 18, 2001, Prime pledged 973,450 shares of Common Stock, along with proceeds of such shares, to Stillwater National Bank, Stillwater, Oklahoma (the "Stillwater Bank") to secure repayment of the loan made by Stillwater Bank on October 16, 2001

to SBL Corporation. In addition to standard default and similar provisions contained in the Security Agreement, Stillwater Bank retains the right to all dividends paid in connection with the collateral. See Item 3 for a discussion of the purpose of such pledge.

Effective December 5, 2000, Sylvia H. Golsen pledged 370,000 shares of Common Stock, along with proceeds of such shares, to Bank of the West, Clinton, Oklahoma (the "Bank of the West") to secure repayment of the

loan made by Bank of the West on December 5, 2000. In addition to standard default and similar provisions contained in the Security Agreement, Bank of the West retains the right to all dividends paid in connection with the collateral.

Item 7. Materials to be Filed as Exhibits.

24.1 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.

99.1 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.

99.2 Convertible Note between the Company and Jack E. Golsen filed as Exhibit (a) to the original Schedule 13D and is incorporated herein by reference.

99.3 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.

99.4 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.

99.5 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.

99.6 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.

99.7 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.

99.8 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.

99.9 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.

99.10 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.

99.11 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.

99.12 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.

99.13 Security Agreement, dated October 16, 1997, between Stillwater National Bank ("SNB") and Sylvia H. Golsen is attached as Exhibit 22 to Amendment No. 25 and is incorporated herein by reference. 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.

99.14 Security Agreement, dated June 16, 1998, between The Bank of Union and Jack E. Golsen is attached as Exhibit 24 to Amendment No. 25 and is incorporated herein by reference. The (a) Security Agreement, dated June 16, 1998, between Bank of Union and Sylvia H. Golsen, (b) Security Agreement, dated February 5, 1999, between Bank of Union and Sylvia H. Golsen, Trustee of the Sylvia H. Golsen 1992 Trust dated 01-08-93, and (c) Security Agreement, dated December 9, 1997, between Bank of Union and each of Golsen Petroleum Corporation and Jack E. Golsen are substantially similar to the Security Agreement filed as Exhibit 24 to Amendment No. 25, except as to the number of shares subject to each

such Security Agreement, and a copy of the same will be supplied to the Commission upon request.

99.15 Guaranty Agreement, dated October 16, 1997, between SNB and Jack E. Golsen is attached as Exhibit 25 to Amendment No. 25 and is incorporated herein by reference. 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 Guaranty Agreement filed as Exhibit 25 to Amendment No. 25, and a copy of the same will be supplied to the Commission upon request.

99.16 Security Agreement, dated July 28, 1999, between The Bank of Union and Golsen Petroleum Corporation. The Security Agreement, dated July 28, 1999, between Bank of Union and SBL Corporation is substantially similar to the Security Agreement filed as Exhibit 19 to this Amendment No. 26, except as to the number of shares subject to such Security Agreement, and a copy of the same will be supplied to the Commission upon request.

99.17 Agreement, dated October 18, 2001, between the Company, Prime Financial Corporation, and SBL Corporation.

99.18 Certificate of Designations of LSB Industries, Inc., filed with the Delaware Secretary of State on November 15, 2001, designating the terms of the Company's Series D 6% Cumulative, Convertible Class C Preferred Stock.

99.19 Promissory Note, dated October 18, 2001, by Prime Financial Corporation in favor of SBL Corporation.

99.20 Amended Limited Guaranty, dated October 18, 2001, superseding the Limited Guaranty dated March 5, 1998.

99.21 Specimen Series D Preferred stock certificate.

99.22 Amended and Restated Guaranty Agreement, dated effective November 8, 2001, by Prime Financial Corporation in favor of Stillwater National Bank and Trust Company, N.A.

99.23 Security Agreement, dated effective November 8, 2001, between SBL Corporation and Stillwater National Bank and Trust Company, N.A.

99.24 Security Agreement, dated December 5, 2000, between Sylvia H. Golsen and Bank of the West.

99.25 Commercial Pledge Agreement, dated February 2, 2001, among SBL Corporation, Jack E. Golsen, Sylvia H. Golsen, and BancFirst. A substantially similar Commercial Pledge Agreement, dated February 2, 2001, was entered among Jack E. Golsen, Sylvia H. Golsen, and BancFirst, and will be supplied to the Commission upon request.

99.26 Commercial Security Agreement, dated August 27, 2001, between Jack E. Golsen and The Bank of Union.

CUSIP NO. 5021600-10-4

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: November 27, 2001.

/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/ Jack E. Golsen
Jack E. Golsen, President

AGREEMENT

THIS AGREEMENT is entered into this 18th day of October, 2001, by and between LSB INDUSTRIES, INC., a Delaware corporation (the "Company"); PRIME FINANCIAL CORPORATION, an Oklahoma corporation ("Prime") and a wholly owned subsidiary of the Company; and SBL CORPORATION, an Oklahoma corporation ("SBL").

W I T N E S S E T H

WHEREAS, all of the issued and outstanding stock of SBL is owned, directly or indirectly, by the following members of the immediate family of Jack E. Golsen ("J. Golsen"), Chairman of the Board of Directors and President of the Company: Sylvia H. Golsen (wife of J. Golsen); Barry H. Golsen (son of J. Golsen and Vice Chairman of the Board of Directors of the Company and President of the Company's Climate Control Business; Steven J. Golsen (son of J. Golsen and an executive officer within the Company's Climate Control Business); and Linda Golsen Rappaport (a daughter of J. Golsen) (collectively, the "Golsen Family");

WHEREAS, Prime is a wholly owned subsidiary of the Company;

WHEREAS, on or about October 16, 1997, SBL and affiliates borrowed from the Stillwater National Bank and Trust Company ("Stillwater Bank") the sum of $3,000,000 ("SBL Loan");

WHEREAS, on or about October 17, 1997, SBL loaned to Prime the $3,000,000 that SBL borrowed from Stillwater Bank, on an unsecured basis and payable on demand, with the annual interest rate payable monthly in arrears at a variable interest rate equal to the Wall Street Journal Prime Rate plus 2% per annum (the "Prime Loan");

WHEREAS, the Prime Loan was evidenced by a Promissory Note, dated October 17, 1997, which Promissory Note was amended and restated by that certain Promissory Note, dated March 5, 1998, bearing a fixed interest rate per annum of 10.75%, with Prime as the maker and payable to the order of SBL (the "Prime Note");

WHEREAS, SBL pledged to the Stillwater Bank certain of its assets, including, but not limited to, the Prime Note, to secure its payment obligations under the SBL Loan;

WHEREAS, in April, 2000, SBL and Prime agreed to modify the Prime Note from a demand note to a note with a payment date of April 1, 2001, except under limited circumstances ("Extension Agreement");

WHEREAS, in order to obtain the Extension Agreement from SBL, Prime was required to guarantee SBL's Loan to Stillwater Bank on a limited basis pursuant to the terms of a Guaranty Agreement, dated as of April 21, 2000 ("Guaranty Agreement"), as amended and modified by that certain Agreement, dated April 21, 2000, by and between Stillwater Bank, Prime and SBL ("Stillwater Agreement"), and pledged to the

Stillwater Bank 1,973,461 shares of the Company's common stock, par value $.10 per share (the "Prime Stock"), owned by Prime pursuant to the terms of that certain Security Agreement, effective as of April 21, 2000, between Prime and the Stillwater Bank ("Prime Security Agreement");

WHEREAS, during 2001, Prime and SBL agreed to extend the payment date of the Prime Note until April 1, 2002;

WHEREAS, as of the date of this Agreement, the outstanding principal balance due under the Prime Note is $1,350,000, and all accrued interest through October 15, 2001, has been paid in full;

WHEREAS, SBL has proposed to the Company and Prime to take in payment of $1,000,000 of the unpaid balance due under the Prime Note, one million (1,000,000) shares of a newly created series of Class C Preferred Stock of the Company ("Preferred Stock"), with each share of such new series of Preferred Stock having, among other things, .875 votes and voting as a class with the Company's common stock, par value $.10 per share ("Company's Common Stock"), a liquidation preference of $1.00 per share and cumulative dividends at the rate of six percent (6%) of the liquidation preference per annum;

WHEREAS, the Company's Board of Directors (the "Board") established a Special Committee ("Special Committee") of the Board comprised of three outside and independent members of the Board, none (i) of whom are related to J. Golsen or any members of the Golsen Family, (ii) have any business dealings with the Company or any of its subsidiaries (other than serving as a director of the Company and a subsidiary thereof) or any of the Golsen Family or entities controlled by the Golsen Family or persons related to any member of the Golsen Family;

WHEREAS, the Special Committee, with the advice of its own counsel and investment bankers, none of whom have had any previous dealings with the Company, any subsidiaries of the Company, the Golsen Family or any entities controlled by the Golsen Family, have negotiated with SBL an agreement, whereby SBL has agreed to accept in payment of $1,000,000 of the Prime Loan one million shares of a new created series of the Company's Class C Preferred Stock, no par value ("New Series of Preferred"), with such shares of the New Series of Preferred having a designation of "Series D 6% Cumulative, Convertible Class C Preferred Stock, no par value, a liquidation preference of $1.00 per share and containing such designations, preferences, voting, dividend and relative, participating, optional or other special rights and qualifications, limitations or restrictions as stated and expressed in the

Certificate of Designations attached hereto as Exhibit "A" ("New Series Preferred Certificate of Designations"), subject to the terms and conditions of this Agreement;

WHEREAS, upon completion of the transaction contemplated by this Agreement, Prime will owe to SBL under the Prime Note the remaining principal sum of $350,000;

WHEREAS, the New Series of Preferred is not, and will not in the future be, publicly traded and there is no, and there will not be in the future, any market for such stock;

WHEREAS, the Company's Common Stock is listed for trading on the Over-The-Counter Bulletin Board ("OTC-BB"), and the Company is subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and has been subject to such filing requirements for the past ninety (90) days;

WHEREAS, SBL is an "accredited investor" and all of the equity owners of SBL are "accredited investors", as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act");

WHEREAS, in reliance upon the representations made by SBL in this Agreement, the transactions contemplated by this Agreement are such that the offer and issuance of securities by the Company hereunder will be exempt from registration under the applicable U.S. federal securities laws since this is a private placement and intended to be a nonpublic offering pursuant to Section 4(2) of the Securities Act and/or Regulation D promulgated under the Securities Act; and

WHEREAS, the New Series of Preferred is not, and will not be in the future, quoted or listed for trading on any securities exchange, organized market or quotation system.

NOW THEREFORE, for and in consideration of the premises and mutual agreements contained herein, the parties hereto agree as follows:

1. **Payment of $1 million of Prime Note**. Subject to the terms and conditions of this Agreement, at the Closing (as defined below) Prime shall pay, and SBL shall accept, $1,000,000 as partial payment of the outstanding principal amount due under the Prime Note, with such payment not in cash but in the form of the issuance by the Company of one million shares of the New Series of Preferred, designated as Series D 6% Cumulative, Convertible Class C Preferred Stock, no par value, having a liquidation preference of $1.00 per share, with all such shares of the New Series of Preferred containing such other preferences and relative, voting, dividend, participating, optional or other special rights and qualifications, limitations or restrictions as expressed in the New Series Preferred Certificate of Designations.

2. **Outstanding Principal Balance**. Upon issuance by the Company of the one million shares of New Series of Preferred to SBL, the outstanding unpaid principal balance due under the Prime Note shall be $350,000. At the Closing, SBL shall deliver to Prime the original of the Prime Note and the original of any amended and restated Prime Note, all of which shall be marked "Canceled" by SBL and so executed by SBL, and Prime shall, at the Closing, execute a new amended and restated promissory note ("New Note") replacing in all respects the Prime Note, with the terms and provisions of the New Note to be substantially similar to the Prime Note, except that the principal amount of the New Note shall be $350,000, bear an annual rate of interest of 10 3/4%, be unsecured and shall provide that the principal of the New Note shall be payable on demand. A copy of the New Note to be executed by Prime at the Closing is attached hereto as Exhibit "B".

3. **Conditions Precedent**. The Company's and Prime's obligations under this Agreement is subject to all of the following conditions precedent being complied with:

3.1 The Stillwater Bank shall have delivered to SBL the original and all copies thereof of the Prime Note, so that SBL can mark "Canceled" and deliver such to Prime at the Closing, all in a manner satisfactory to the Company; and

3.2 The Stillwater Bank and Prime shall have amended the Prime Guaranty limiting Prime's obligations under the Prime Guaranty to an amount not to exceed $350,000. In addition, Stillwater Bank shall have returned to Prime 1,000,000 shares of Prime Stock pledged by Prime to the Stillwater Bank, and Prime and Stillwater Bank shall have amended the Prime Security Agreement so that the only collateral pledged or to be pledged by Prime under the Prime Security Agreement or any other security agreement relating to the Prime Guaranty or

any loans by the Stillwater Bank to SBL is 973,461 shares of the Company Common Stock. Further, Stillwater Bank shall amend the UCC-1 Financing Statement that may have been filed of record by the Stillwater Bank covering any and all collateral, including the Prime Stock, pledged by Prime to Stillwater Bank, to limit the collateral pledged by Prime to only 973,461 shares of the Prime Stock and terminating its lien in and to any and all other collateral. All of the above are to be in a manner satisfactory to the Company.

4. **Closing**. The consummation of this Agreement (the "Closing") will occur simultaneously with the conditions precedent set forth in Section 3 being met (the "Closing Date").

5. **Representations, Warranties and Covenants of SBL**. SBL hereby represents, warrants and covenants to the Company as follows:

5.1 **Investment Intent**. SBL represents and warrants that the shares of New Series of Preferred are being, and any underlying shares of Company Common Stock issuable upon conversion of the New Series of Preferred ("Conversion Shares") will be, purchased or acquired solely for SBL's own account, for investment purposes only and not with a view toward the distribution or resale to others. SBL acknowledges, understands and appreciates that the shares of New Series of Preferred and the Conversion Shares have not been registered under the Securities Act by reason of a claimed exemption under the provisions of the Securities Act which depends, in large part, upon SBL's representations as to investment intent, investor status, and related and other matters set forth herein. SBL understands that, in the view of the Securities Exchange Commission ("SEC"), among other things, a purchase now with an intent to distribute or resell would represent a purchase and acquisition with an intent inconsistent with its representation to the

Company, and the SEC might regard such a transfer as a deferred sale for which the registration exemption is not available.

5.2 **Certain Risk**. SBL recognizes that the acquisition of the New Series of Preferred involves a high degree of risk, and while the Conversion Shares are presently quoted and traded on the Over-The-Counter Bulletin Board, such (i) are not registered under applicable federal (U.S.) or state securities laws, and thus may bot be sold, conveyed, assigned or transferred unless registered under such laws or unless an exemption from registration is available under such laws, as more fully described herein and (ii) the New Series of Preferred subscribed for and that are to be acquired under this Agreement are not quoted, traded or listed for trading or quotation on any organized market or quotation system, and there is therefore no present public or other market for the New Series of Preferred, nor can there be any assurance that the Conversion Shares will continue to be quoted, traded or listed for trading or quotation on the Over-The-Counter Bulletin Board or on any other organized market or quotation system.

5.3 **Prior Investment Experience**. SBL acknowledges that it and/or the owners of its stock have prior investment experience, including investment in non-listed and non-registered securities, or has employed the services of an investment advisor, attorney or accountant to read all of the documents furnished or made available by the Company to it and to evaluate the merits and risks of such an investment on its behalf and that it recognizes the highly speculative nature of this investment.

5.4 **No Review by the SEC**. SBL hereby acknowledges that this offering of the New Series of Preferred has not been reviewed by the SEC because this private placement is intended to be an nonpublic offering pursuant to Section 4(2) of the Securities Act and/or Regulation D promulgated under the Securities Act.

5.5 **Not Registered**. SBL understands that the New Series of Preferred and the Conversion Shares have not been registered under the Securities Act by reason of a claimed exemption under the provisions of the Securities Act which depends, in part, upon SBL's investment intention. In this connection, SBL understands that it is the position of the SEC that the statutory basis for such exemption

would not be present if its representation merely meant that its present intention was to hold such securities for a short period, such as the capital gains period of tax statutes, for a deferred sale, or for any other reason or fixed period.

5.6 **No Public Market**. SBL understands that there is no public market for the New Series of Preferred. SBL understands that although there is presently a public market for the Company's Common Stock, including the Conversion Shares, Rule 144 (the "Rule") promulgated under the Securities Act requires, among other conditions, a one-year holding period following full payment of the consideration therefor prior to the resale (in limited amounts) of securities acquired in a nonpublic offering without having to satisfy the registration requirements under the Securities Act. SBL understands that the Company makes no representation or warranty regarding its fulfillment in the future of any reporting requirements under the Exchange Act, or its dissemination to the public of any current financial or other information concerning the Company, as is required by the Rule as one of the conditions of its availability. SBL understands and hereby acknowledges that the Company is under no obligation to register the New Series of Preferred or the Conversion Shares under the Securities Act.

5.7 **Sophisticated Investor**. That (a) SBL has adequate means of providing for its current financial needs and possible contingencies; (b) SBL is able to bear the economic risks inherent in an investment in the New Series of Preferred and that an important consideration bearing on its ability to bear the economic risk is whether SBL can afford a complete loss of its investment in the New Series of Preferred and SBL represents and warrants that SBL can afford such a complete loss; and (c) SBL has such knowledge and experience in business, financial, investment and banking matters (including, but not limited to, investments in restricted, non-listed and non-registered securities) that SBL is capable of evaluating the merits, risks and advisability of an investment in the New Series of Preferred.

5.8 **Tax Consequences**. SBL acknowledges that the Company has made no representation regarding the potential or actual tax consequences for SBL which will result from entering into the Agreement and from consummation of the transaction contemplated hereunder. SBL acknowledges that it bears complete responsibility for obtaining adequate tax advice regarding this Agreement.

5.9 **SEC Filing**. SBL acknowledges that it and its equity owners have been previously furnished with true and complete copies of the following documents which have been filed with the SEC pursuant to Sections 13(a), 14(a), 14(c) or 15(d) of the Exchange Act.

(i) Annual Report on Form 10-K for the year ended December 31, 2000 (the "Form 10-K"); (ii) Current Reports on Form 8-K, filed during 2001; (iii) Quarterly Reports on Form 10-Q for the quarter ended March 31, 2001

and June 30, 2001; (iv) the Company's Proxy Statement for the 2001 Annual Meeting of Shareholders; and (v) the information contained in any reports or documents required to be filed by the Company under Sections 13(a), 14(a), 14(c) or 15(d) of the Exchange Act since the distribution of the Form 10-K.

5.10 **Documents, Information and Access**. SBL's decision to acquire the New Series of Preferred in payment of $1,000, 000 of the Prime Note is not based on any promotional, marketing or sales materials, and SBL and its representatives have been afforded, prior to purchase thereof, the opportunity to ask questions of, and to receive answers from, the Company and its management, and has had access to all documents and information which SBL deems material to an

investment decision with respect to the purchase of New Series of Preferred hereunder.

5.11 **No Registration, Review or Approval**. SBL acknowledges and understands that the private offering and sale of securities pursuant to this Agreement has not been reviewed or approved by the SEC or by any state securities commission, authority or agency, and is not registered under the Securities Laws. SBL acknowledges, understands and agrees that the shares of New Series of Preferred are being offered and exchanged hereunder pursuant to (x) a private placement exemption to the registration provisions of the Securities Act pursuant to Section 4(2) of such Securities Act and/or Regulation D promulgated under the Securities Act and (y) a similar exemption to the registration provisions of applicable state securities law.

5.12 **Transfer Restrictions**. SBL will not transfer any New Series of Preferred purchased until this Agreement or any Conversion Shares required unless such are registered under the Securities Laws, or unless an exemption is available under such Securities Laws, and the Company may, if it chooses, where an exemption from registration is claimed by such Subscriber, condition any transfer of New Series of Preferred or Conversion Shares out of SBL's name on receipt of an opinion of the Company's counsel, to the effect that the proposed transfer is being effected in accordance with, and does not violate, an applicable exemption from registration under the Securities Laws, or an opinion of counsel to SBL, which opinion is satisfactory to the Company, to the effect that registration under the Securities Act is not required in connection with such sale or transfer and the reasons therefor.

5.13 **No Commission**. SBL agrees and acknowledges that no commissions or other remuneration is being paid or given directly or indirectly for soliciting the Exchange.

5.14 **Reliance**. SBL understands and acknowledges that the Company is relying upon all of the representations, warranties, covenants, understandings, acknowledgments and agreements contained in this Agreement in determining whether to accept this subscription and to issue the New Series of Preferred to SBL.

5.15 **Accuracy or Representations and Warrants**. All of the representations, warranties, understandings and acknowledgments that SBL has made herein are true and correct in all material respects as of the date of execution hereof. SBL will perform and comply fully in all material respects with all covenants and agreements set forth herein, and SBL covenants and agrees that until the acceptance of this Agreement by the Company, SBL shall inform the Company immediately in writing of any changes in any of the representations or warranties provided or contained herein.

5.16 **Indemnity**. SBL hereby agrees to indemnify, defend and hold harmless the Company, Prime and their respective successors and assigns, from and against any demands, claims, actions or causes of action, assessments, liabilities, losses, costs, damages, penalties, charges, fines or expenses (including, without limitation, interest, and attorney and accountants' fees, disbursements and expenses), arising out of or relating to or in connection with (i) any breach by SBL of any representation, warranty, covenant or agreement made by SBL in this Agreement or (ii) the $1,000,000 of the Prime Note being paid with the New Series of Preferred or (iii) any sale or distribution by SBL of the New Series of Preferred or Conversion Shares in violation of the Securities Act or any applicable state securities or blue sky laws (collectively, the "Securities Laws"). Such right to indemnification shall be in addition to any and all other rights of the Company or Prime under this Agreement or otherwise, at law or in equity.

5.17 **Survival**. SBL expressly acknowledges and agrees that all of its representations, warranties, agreements and covenants set forth in this Agreement shall be of the essence hereof and shall survive the execution, delivery and Closing of this Agreement, the sale, purchase, and conversion, if any, of the New Series of Preferred, and the sale of the Conversion Shares.

6. **Representations, Warranties and Covenants of the Company**. In order to induce SBL to enter into this Agreement and to consummate the transactions contemplated by this Agreement, the Company and Prime hereby represent, warrant, and covenant to SBL as follows:

6.1 **Organization, Authority, Qualification**. The Company is a corporation duly incorporated and in good standing under the laws of the State of Delaware. Prime

is a corporation duly incorporated and in good standing under the laws of the State of Oklahoma.

6.2 **Authorization**. The Company and Prime have full power and authority to execute and deliver this Agreement and to perform its obligations under and consummate the transactions contemplated by this Agreement.

6.3 **No Commission**. The Company and Prime agree and acknowledge that no commission is being paid or given directly or indirectly for soliciting this Agreement.

6.4 **Ownership of, and Title to, Securities**. The New Series of Preferred to be issued hereunder are, and all Conversion Shares, when issued, will be, duly authorized, validly issued, fully paid and nonassessable shares of the capital stock of the Company, free of personal liability.

7. **Securities, Legends and Notices**. SBL represents and warrants that it has read, considered and understood the following legends, and agrees that such legends, substantially in the form and substance set forth below, shall be placed on all of the certificates representing the New Series of Preferred:

New Series of Preferred Legends

NEITHER THIS PREFERRED STOCK NOR ANY SHARES OF COMMON STOCK ISSUABLE UPON THE CONVERSION OF THIS PREFERRED STOCK HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS. THIS PREFERRED STOCK AND THE COMMON STOCK ISSUABLE UPON CONVERSION OF THIS PREFERRED STOCK MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AND QUALIFICATION IN EFFECT WITH RESPECT THERETO UNDER THE SECURITIES ACT AND UNDER ANY APPLICABLE STATE SECURITIES LAW OR WITHOUT THE PRIOR WRITTEN CONSENT OF LSB INDUSTRIES, INC. AND AN OPINION OF LSB INDUSTRIES, INC.'S COUNSEL, OR AN OPINION FROM COUNSEL FOR THE HOLDER HEREOF, WHICH OPINION IS SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATION AND QUALIFICATION IS NOT REQUIRED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS OR AN EXEMPTION THEREFROM.

Conversion Shares Legends.

THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS. THIS COMMON STOCK MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AND QUALIFICATION IN EFFECT WITH RESPECT THERETO UNDER THE SECURITIES ACT AND UNDER ANY APPLICABLE STATE SECURITIES LAW OR WITHOUT THE PRIOR WRITTEN CONSENT OF LSB INDUSTRIES, INC. AND AN OPINION OF LSB INDUSTRIES, INC.'S COUNSEL, OR AN OPINION

FROM COUNSEL FOR THE HOLDER HEREOF, WHICH OPINION IS SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATION AND QUALIFICATION IS NOT REQUIRED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS OR AN EXEMPTION THEREFROM.

8. **Miscellaneous**.

8.1 **Amendment; Waiver**. This Agreement shall not be changed, modified or amended in any respect except by the mutual written agreement of the parties hereto. Any provision of this Agreement may be waived in writing by the party which is entitled to the benefits thereof. No waiver of any provision of this Agreement shall be deemed to, or shall constitute a waiver of, any other provision hereof or thereof (whether or not similar), nor shall any such waiver constitute a continuing waiver.

8.2 **Binding Effect; Assignment**. Neither this Agreement, nor any rights or obligations hereunder are assignable by SBL.

8.3 **Governing Law; Litigation Costs**. This Agreement and its validity, construction and performance shall be governed in all respects by the internal laws of the State of Oklahoma, except with respect to corporate law issues as to the Company relating to the authorization, issuance and validity of the New Series of Preferred and the Conversion Shares which shall be governed by the Delaware General Corporation Laws, without giving effect to such states' conflicts of laws provisions.

8.4 **Headings** The captions, headings and titles preceding the text of each or any Section, subsection or paragraph hereof are for convenience of reference only and shall not affect the construction, meaning or interpretation of this Agreement or the Warrants or any term or provisions hereof or thereof.

8.5 **Counterparts** This Agreement may be executed in one or more original or facsimile counterparts, each of which shall be deemed an original and all of which shall be

considered one and the same agreement, binding on all of the parties hereto, notwithstanding that all parties are not signatories to the same counterpart.

8.6 **Transfer Taxes**. Each party hereto shall pay all such sales, transfer, use, gross receipts, registration and similar taxes arising out of, or in connection with, the transactions contemplated by this Agreement (collectively, the "Transfer Taxes") as are payable by such party under applicable law.

8.7 **Entire Agreement**. This Agreement, along with the New Series Preferred Certificate of Designations, merges and supersedes any and all prior agreements, understandings, discussions, assurances, promises, representations or warranties among the parties with respect to the subject matter hereof, and contains the entire agreement among the parties with respect to the subject matter set forth herein and therein.

8.8 **Notices**. Except as otherwise specified herein to the contrary, all notices, requests, demands and other communications required or desired to be given hereunder shall only be effective if given in writing, by hand or by fax, by certified or registered mail, return receipt requested, postage prepaid, or by U.S. Express Mail service, or by private overnight mail service (e.g., Federal Express). Any such notice shall be deemed to have been given (i) on the business day actually received if given by hand or by fax, (ii) on the business day immediately subsequent to mailing, if sent by U.S. Express Mail service or private overnight mail service, or (iii) five (5) business days following the mailing thereof, if mailed by certified or registered mail, postage prepaid, return receipt requested, and all such notices shall be sent to the following address (or to such other address or addresses as a party may have advised the other in the manner provided in this Section 8.8):

If to the Company or Prime: Mr. Tony M. Shelby
LSB Industries, Inc.

16 South Pennsylvania
P. O. Box 754
Oklahoma City, Oklahoma 73102

If to SBL Corporation: Mr. Jack E. Golsen
President
SBL Corporation
16 South Pennsylvania Avenue
Oklahoma City, Oklahoma 73107

8.9 **No Third Party Beneficiaries**. This Agreement and the rights, benefits, privileges, interests, duties and obligations contained or referred to herein shall be solely for the benefit of the parties hereto and no third party shall have any rights or benefits hereunder as a third party beneficiary or otherwise hereunder.

IN WITNESS WHEREOF, the Company, Price and SBL have each duly executed this Agreement on the ___ day of October, 2001.

LSB INDUSTRIES, INC.,
a Delaware corporation

By: /s/ Tony M. Shelby
Tony M. Shelby
Senior Vice President

PRIME FINANCIAL CORPORATION,
an Oklahoma corporation

By: /s/ Tony M. Shelby
Tony M. Shelby
President

SBL CORPORATION,
an Oklahoma corporation

By: /s/ Jack E. Golsen
Jack E. Golsen
President

State of Delaware

Office of the Secretary of State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF DESIGNATION OF "LSB INDUSTRIES, INC.", FILED IN THIS OFFICE ON THE FIFTEENTH DAY OF NOVEMBER, A.D. 2001, AT 2:30 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE KENT COUNTY RECORDER OF DEEDS.

/s/ Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

0833781 8100 AUTHENTICATION: 1449949

010580186 DATE: 11-15-01

CERTIFICATE OF DESIGNATIONS
OF
LSB INDUSTRIES, INC.

LSB Industries, Inc. (the "Corporation" or "LSB"), a corporation organized and existing under the Delaware General Corporation Law, hereby certifies pursuant to Section 151(g) of the General Corporation Law of the State of Delaware, that the following resolutions relating to the issuance of a new series of Class C Preferred Stock, no par value, of the Corporation consisting of 1,000,000 shares were duly adopted by a Special Committee of the members of the Board of Directors of the Corporation at a meeting held on October 9, 2001, pursuant to resolutions of the whole Board of Directors of the Corporation.

RESOLVED, that pursuant to authority expressly granted to and vested in the Board of Directors of LSB Industries, Inc. ("LSB" or the "Corporation") by the provisions of the Restated Certificate of Incorporation of LSB, the Board of Directors of LSB does hereby create, and LSB may issue, pursuant to the terms of the Agreement, dated October 18, 2001, between LSB, Prime Financial Corporation, an Oklahoma corporation ("Prime") and a wholly owned subsidiary of LSB, and Stillwater National Bank and Trust Company ("Stillwater Bank") (the "Agreement"), from LSB's Class C Preferred Stock, no par value, a new series consisting of 1,000,000 shares designated as "Series D 6% Cumulative, Convertible Class C Preferred Stock,"

no par value, and hereby fixes the designations, preferences, rights and privileges of such Series D 6% Cumulative, Convertible Class C Preferred Stock and the qualifications, limitations or restrictions thereof, as follows:

1. **Designation**. The shares of this series of Class C Preferred Stock shall be designated as "Series D 6% Cumulative, Convertible Class C Preferred Stock" (hereinafter called "Series D Preferred Stock"), having no par value, with said Series D Preferred Stock to consist of one million (1,000,000) shares.

2. **Dividends; Cumulative**. The holders of shares of the Series D Preferred Stock shall be entitled to receive cash dividends, but only when, as and if declared by the Board of Directors of LSB, in a manner as permitted by law, at the rate of six percent

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 02:30 P.M. 11/15/2001
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(6%) per annum of the Liquidation Preference (as defined below) of such Series D Preferred Stock and no more, payable annually on such date in each year as shall be fixed by the Board of Directors of LSB ("Cash Dividends").

If Cash Dividends on the Series D Preferred Stock for any year shall not have been paid or set apart in full for the Series D Preferred Stock, the aggregate deficiency shall be cumulative and shall be paid or set apart for payment before any dividends shall be paid upon or set apart for payment for any class of common stock of LSB (other than a dividend payable in common stock of LSB).

Any accumulation of dividends on the Series D Preferred Stock shall not bear interest. The holders of Series D Preferred Stock shall not be entitled to receive any dividends thereon other than the dividends provided for in this paragraph 2.

Cash Dividends on Series D Preferred Stock shall be declared if, when and as the Board of Directors shall in their sole discretion deem advisable, and only from the net profits or surplus of the Corporation, in a manner as permitted by law as such shall be fixed and determined by the said Board of Directors. The determination of the Board of Directors at any time of the amount of net profits or surplus available for a Cash Dividend shall be binding and conclusive on the holders of all the Series D Preferred Stock of the Corporation at the time outstanding.

Except as otherwise provided in the last paragraph of this Section 2, when dividends are not paid in full upon the shares of this Series D Preferred Stock and any other preferred stock of LSB ranking on a parity as to dividends with this Series D Preferred Stock, all dividends declared upon shares of this Series D Preferred Stock and any other preferred stock of LSB ranking on a parity as to dividends with Series D Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on this Series D Preferred Stock and such other preferred stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of this Series D Preferred Stock and such other preferred stock bear to each other; provided, however, that dividends on preferred stock that provides for non-cumulative dividends shall be entitled to participate, and shall rank on a parity, to the extent of dividends due in the then current period for which such dividends are paid. Holders of share of Series D Preferred

Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of the full cumulative dividends, as herein provided, on this Series D Preferred Stock. No interest or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on this Series D Preferred Stock which may be in arrears.

Notwithstanding anything herein to the contrary, if at any time any dividend on LSB's then outstanding $3.25 Convertible Exchangeable Class C Preferred Stock, Series 2 ($3.25 Preferred") shall be in default, in whole or in part, then no dividend shall be paid or declared and set apart for payment on the Series D Preferred Stock unless and until all cumulative accrued and unpaid dividends with respect to such $3.25 Preferred shall have been paid or declared and set apart for payment.

3. No Preemptive Rights. No holder of the Series D Preferred Stock shall have any preemptive rights. No holder of the Series D Preferred Stock shall be entitled to purchase or subscribe for any part of the unissued stock of LSB or of any stock of LSB to be issued by reason of any increase of the authorized capital stock of LSB, or to purchase or subscribe for any bonds, certificates of indebtedness, debentures or other securities convertible into or carrying options or warrants to purchase stock or other securities of LSB or to purchase or subscribe for any stock of LSB purchased by LSB or by its nominee or nominees, or to have any other preemptive rights now or hereafter defined by the laws of the State of Delaware.

4. Preference on Liquidation, etc. In the event of any voluntary or involuntary liquidation, dissolution or winding up of LSB, or any reduction in its capital resulting in any distribution of assets to its stockholders, the holders of the Series D Preferred Stock shall be entitled to receive in cash out of the assets of LSB, whether from capital or from earnings, available for distribution to its stockholders, before any amount shall be paid to the holders of the common stock of LSB, the sum of One and No/100 Dollar ($1.00), per share ("Liquidation Preference"), plus an amount equal to all accumulated and unpaid Cash Dividends thereon as of the date fixed for payment of such distributive amount. The purchase or redemption by LSB of stock of any class, in any manner permitted by law, shall not for the purpose of this paragraph be regarded as a liquidation, dissolution or winding up of LSB or as a reduction of its capital. Neither the consolidation nor merger of LSB with or into any other corporation or

corporations, nor the sale or transfer by LSB of all or any part of its assets, shall be deemed to be a liquidation, dissolution or winding up of LSB for the purpose of this paragraph. A dividend or distribution to stockholders from net profits or surplus earned after the date of any reduction of capital shall not be deemed to be a distribution resulting from such reduction in capital. No holders of Series D Preferred Stock shall be entitled to receive or participate in any amounts with respect thereto upon any liquidation, dissolution or winding up of LSB other than the amounts provided for in this paragraph. If, in the event of any such liquidation, dissolution or winding up of LSB, there shall be shares of more than one class or series of preferred stock outstanding, and such other class or classes or series of preferred stock by their terms have a parity with the Series D Preferred Stock, and in such event there shall be assets distributable upon all shares of the Series D Preferred Stock and of such other classes or series of preferred stock in an amount less than the amount of which the holders thereof are entitled, then any amount available to be paid upon all such shares of preferred stock (including the Series D Preferred Stock) shall be divided among said classes or series of preferred stock in proportion to the aggregate amounts which would have been paid to the holders of the shares of each class or series had they received payment in the full amount to which they would be entitled in such event.

5. Voting Rights. Subject to the provisions of this paragraph 5, at every meeting of stockholders of LSB each holder of the Series D Preferred Stock shall be entitled to one (1) vote for each share of Series D Preferred Stock held of record in his, her or its name on all matters submitted to a vote of the stockholders of LSB. The Series D Preferred Stock, the Common Stock (as defined below) of LSB, LSB's Series B 12% Cumulative, Convertible Preferred Stock, par value $100.00 per share, and LSB's Series of Convertible Non-Cumulative Preferred Stock, par value $100.00 per share, shall vote together as one class.

6. Conversion Privileges. Subject to the terms of this paragraph 6, the holder of record of any share or shares of Series D Preferred Stock shall have the right at any time, at his, her or its option and election, to convert four (4) shares of Series D Preferred Stock into one (1) share of LSB common stock, par value $0.10 per share ("Common Stock"), (equivalent to a conversion price of $4.00 per share of LSB Common Stock) on the following terms and conditions:

(a) LSB shall at the time of such conversion pay to the holder of record of any share or shares of Series D Preferred Stock any accrued but unpaid dividends on said Series D Preferred Stock so surrendered for conversion, except: (i) as otherwise limited by law or by any agreement or instrument to which LSB is a party or may be bound by (including, but not limited to, this Certificate of Designations), and (ii) that the amount of the dividend paid for the then current annual dividend period in which such conversion occurs shall be pro-rated for that portion of such year that has elapsed prior to the time the holder of such share or shares of Series D Preferred Stock exercises his, her or its rights of conversion. If LSB is limited by law from paying such accrued but unpaid dividends, in whole or in part, on the share or shares of Series D Preferred Stock surrendered for conversion at the time such are surrendered for conversion, then LSB shall only be required to pay that amount of such accrued but unpaid dividends as allowed by such law at the time of such conversion and no more. If LSB is limited under any agreement (including, but not limited to, this Certificate of Designations) from paying such accrued but unpaid dividends, in whole or in part, on the share or shares of Series D Preferred Stock surrendered for conversion at the time such are surrendered for conversion, then LSB shall pay to the holder of record thereof that portion of such accrued but unpaid dividends that LSB is unable to pay on such share or shares of Series D Preferred Stock at the time such are surrendered for conversion due to said agreement ("Unpaid Dividends") when LSB is no longer prohibited from paying such Unpaid Dividends under an agreement and prior to any dividends being paid upon or set apart for payment for any class of Common Stock of LSB (other than a dividend payable in Common Stock of LSB); and in connection therewith, LSB and such holder shall, at the time of such conversion, enter into a separate contract, the terms of which are to be satisfactory to LSB and such holder, evidencing LSB's obligation to pay to the holder thereof the Unpaid Dividends (without interest) after such conversion when LSB is no longer prohibited from paying such under an agreement and prior to any dividends being paid upon or set apart for payment for any class of Common Stock of LSB (other than a dividend payable in Common Stock of LSB).

(b) In the event that LSB shall (i) pay to the holders of its Common Stock a stock dividend payable in its Common Stock, the number of shares of Common Stock issuable upon conversion of the Series D Preferred Stock shall be proportionately adjusted, effective as of the date of payment of such stock dividend; or (ii) have a stock split, reclassification,

recapitalization, combination of outstanding shares or similar corporate rearrangement (other than a stock dividend which is provided for in (i) above), without any consideration therefor being received by LSB, increasing or decreasing the number of shares of LSB's Common Stock, the number of shares of Common Stock issuable upon conversion of the Series D Preferred Stock shall be proportionately increased or decreased, effective as of the date of the payment of or happening of such event; or (iii) be consolidated with or merge into another corporation, in which LSB is the non-surviving corporation, or sell all or substantially all of LSB's assets as an entirety under one plan or arrangement to another corporation and such consolidation, merger or sale shall be effected in such a way that holders of LSB's Common Stock shall be entitled to receive stock, securities or assets with respect to or in exchange for such Common Stock, then after the effective date of such consolidation, merger or sale each share of Series D Preferred Stock shall be convertible into (in lieu of LSB Common Stock) the number of shares of stock or other securities or assets to which such holder of the Series D Preferred Stock would have been entitled to upon such consummation as if the holder of the Series D Preferred Stock had so exercised his, her or its right of conversion under such Series D Preferred Stock immediately prior to such consolidation, merger or sale, and LSB shall make lawful provision therefor as part of such consolidation, merger or sale.

(c) LSB shall not be required to issue any fraction of a share of Common Stock upon any conversion, but (i) may deliver scrip therefor, which shall not entitle the bearer thereof to vote, or to receive dividends or to any other or further right or interest, except to convert the same in amounts aggregating one or more whole shares of LSB Common

Stock at any time within a period, fixed by the Board of Directors of LSB, which shall be stated in the scrip, or (ii) may pay in cash therefor an amount equal to the same fraction of the fair market value of a full share of LSB Common Stock. For such purpose of determining the fair market value of LSB Common Stock, the fair market value of a share of LSB Common Stock, shall be the last recorded sale price of such a share of LSB Common Stock on a national securities exchange on the day immediately preceding the date upon which such Series D Preferred Stock is surrendered for conversion or, if there be no recorded sale price on such day, the last quoted bid price per share of LSB Common Stock on such exchange at the close of trading on such date. If LSB Common Stock shall not be at the time dealt in on a national security exchange, such fair market

value of LSB Common Stock shall be the prevailing market value of such Common Stock on any other securities exchange or in the open market, as determined by LSB, which determination shall be conclusive.

(d) Any holder of a share or shares of Series D Preferred Stock desiring to convert such Series D Preferred Stock into Common Stock of LSB shall surrender the certificate or certificate representing the share or shares of Series D Preferred Stock so to be converted, duly endorsed to LSB in blank, with the signature of said endorsement guaranteed by a national bank or investment banking firm, at the principal office of LSB (or such other place as may be designated by LSB), and shall give written notice to LSB at said office that he elects to convert the same, and setting forth the name or names (with the address or addresses) in which the shares of Common Stock are to be issued.

(e) The issuance of certificates for shares of Common Stock upon conversion of the Series D Preferred Stock shall be made without charge for tax in respect of such issuance; however, if any certificate is to be issued in any name other than that of the holder of record of the Series D Preferred Stock so converted, the person or persons requesting the issuance thereof shall pay to LSB the amount of any tax which may be payable in respect of any transfer involved in such issuance, or shall establish to the satisfaction of LSB that such tax has been paid or is not due and payable.

7. Redemption. There shall be no mandatory or optional redemption rights with respect to the Series D Preferred Stock.

8. Status of Reacquired Shares. Shares of the Series D Preferred Stock which have been issued and reacquired in any manner (until LSB elects to retire them) shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized and unissued shares of the class of Class C Preferred Stock of LSB undesignated as to series and may be redesignated and reissued.

9. Priority. (a) For purposes of this resolution, any stock of any class or series of LSB shall be deemed to rank:

(i) Prior or senior to the shares of this Series D Preferred Stock either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled

to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of LSB, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of this Series D Preferred Stock;

(ii) On a parity with or equal to shares of this Series D Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share or sinking fund provisions, if any, are different from those of this Series D Preferred Stock, if the holders of such stock are entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of LSB, whether voluntary or involuntary, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one

over the other, as between the holders of such stock and the holders of shares of this Series D Preferred Stock; and

(iii) Junior to shares of this Series D Preferred Stock, either as to dividends or upon liquidation, if such class or series shall be Common Stock or if the holders of shares of this Series D Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or involuntary, as the case may be, in preference or priority to the holders of shares of such class or series.

10. Miscellaneous. The shares of the Series D Preferred Stock shall not be subject to the operation of or to the benefit of any retirement or sinking fund. The shares of the Series D Preferred Stock shall not have any other relative, participating, optional or other rights and powers not set forth above.

IN WITNESS WHEREOF, this Corporation has caused this Certificate of Designations to be signed and attested by its duly authorized officers this 18th day of October, 2001.

LSB INDUSTRIES, INC.

By: /s/ Jack E. Golsen
Jack E. Golsen, President

/s/ David M. Shear
David M. Shear, Secretary

PROMISSORY NOTE - Fixed or Variable Rate - *Commerical*

DEBTOR(S) NAME AND ADDRESS	NOTE NUMBER	DATE OF NOTE	MATURITY DATE	PRINCIPAL AMOUNT
Prime Financial Corporation 16 South Pennsylvania Oklahoma City, Oklahoma 73107	3	10/18/01	On Demand	$350,000.00

	CUSTOMER NUMBER	[ ] NEW LOAN [X]RENEWAL OF LOAN(S) NUMBER: 2	OFFICER
	[X] FIXED INTEREST RATE PER ANNUM 10.75_____%	[ ]VARIABLE INTEREST RATE INDEX__________________	PRESENT INDEX RATE_________% MARGIN OVER INDEX__________% INITIAL PER ANNUM RATE_____%
	COLLATERAL CATEGORIES:		
PAYMENT TERMS	[ ] SINGLE PAYMENT INCLUDING UNPAID AND ACCRUED INTEREST PAYABLE:______________________ [X] INSTALLMENT PAYMENTS AS FOLLOWS: On demand with interest paid monthly in arrears on the 15th day of each month	This Note amends and restates that certain Promissory Note dated 03/05/98 in the principal amount of $3,000,000.00 made by Debtor in favor of Lender which is superseded herein.	

PROMISE TO PAY. For value received, the undersigned Debtor, whether one or more, and jointly and severally if more than one, agrees to the terms of this Note and promises to pay to the order of the Lender named below at its place of business as indicated in this Note or at such other place as may be designated in writing by the Lender, the Principal Amount of this Note together with interest on the unpaid Principal Amount until Maturity at the per annum interest rate or rates stated above and according to the Payment Terms stated in this Note. Interest on this Note is calculated on the actual number of days elapsed on a basis of a 360 day year unless otherwise indicated above. For purposes of computing interest and determining the date principal and interest payments are received, all payments will be deemed made only when received in collected funds. Payments are applied first to accrued and unpaid interest and other charges, and then to unpaid Principal Amount. In this Note, "Debtor" includes any party liable under this Note, including endorsers, co-makers, guarantors and otherwise, and "Lender" includes all subsequent holders.

VARIABLE RATE. If this is a Variable Rate transaction as indicated above, the interest rate shall vary from time to time with changes (whether increases or decreases) in the Index Rate shown above. The interest rate on this Note will be the Index Rate plus a Margin, if any, as indicated above. Each change will become effective on the same date the Index Rate changes unless a different effective date is indicated above. If the Index Rate is Lender's base or prime rate, it is determined by Lender in its sole discretion, primarily on a basis of its cost of funds, is not necessarily the lowest rate Lender is charging its customers, and is not necessarily a published rate.

PAYMENTS NOT MADE WHEN DUE. Any principal and/or interest amount not paid when due shall bear interest at a rate of 6 percent per annum greater than the per annum interest rate prevailing on this Note at the time the unpaid amount came due, but in no event at a rate less than 15 percent per annum. In addition or in the alternative to the interest rate provided for in this paragraph Lender may assess a charge of $10.00 times the number of days late to cover cost of past due notices and other added expenses. In no event shall the interest rate and related charges either before or after maturity be greater than permitted by law.

ALL PARTIES PRINCIPALS. All Debtors shall each be regarded as a principal and each Debtor agrees that any party to this Note, with Lender's approval and without notice to any other party, may from time to time renew this Note or consent to one or more extensions or deferrals of the Maturity Date for any term(s) or to any other modification(s), and all Debtors shall be liable in same manner as on the original note.

ADVANCES AND PAYMENTS. It is agreed that the sum of all advances under this Note may exceed the Principal Amount as shown above, but the unpaid balance shall never exceed said Principal Amount. Advances and payments on this Note shall be recorded on records of Lender and such records shall be prima facie evidence of such advances, payments and unpaid principal balance. Subsequent advances and the procedures described in this Note shall not be construed or interpreted as granting a continuing line of credit for Principal Amount. Lender reserves the right to apply any payment by Debtor, or for account of Debtor, toward this Note or any other obligation of Debtor to Lender.

PREPAYMENT. Except as otherwise provided in this Note, Debtor shall have the right to prepay all or any part of principal due under this Note at any time without penalty, subject to the following conditions: (a) all interest must be paid through the date of any prepayment; and (b) if this Note provides for monthly or other periodic payments, there will be no changes in the due dates or amounts following any partial prepayment unless Lender agrees to such changes in writing.

COLLATERAL. This Note and all other obligations of Debtor to Lender, including renewals and extensions, are secured by all collateral securing this Note and by all other security interests and mortgages previously or later granted to Lender and by all money, deposits and other property owned by any debtor and in Lender's possession or control.

ACCELERATION. At option of Lender, the unpaid balance of this Note and all other obligations of Debtor to Lender, whether direct or indirect, absolute or contingent, now existing or later arising, shall become immediately due and payable without notice or demand, upon or after the occurrence or existence of any of the following events or conditions: (a) any payment required by this Note or by any other note or obligation of Debtor to Lender or to others is not made when due, or any event or condition occurs or exists which results in acceleration of the maturity of any loan agreement or in any instrument or document securing or relating to this Note or any other note or obligation of Debtor to Lender or to others; (c) any warranty, representation, financial information or statement made or furnished to Lender by or on behalf of Debtor proves to have been false in any material respect when made or furnished; (d) any levy, seizure, garnishment or attachment is made against any asset of any Debtor; (e) Lender determines, at any time and in Lender's sole discretion, that the prospect of payment of this Note is impaired; (f) whenever, in Lender's sole judgment, the collateral for the debt evidenced by this Note becomes unsatisfactory or insufficient either in character or value and, upon request, Debtor fails to provide additional collateral as required by Lender; (g) all or any part of the collateral for the debt evidenced by this Note is lost, stolen, substantially damaged or destroyed; (h) death, incompetency, dissolution, change in ownership or senior management, or termination of existence of any Debtor; or (i) a receiver is appointed over all or any part of Debtor's property, or any Debtor makes an assignment to the benefit of creditors, files for relief under any bankruptcy or insolvency laws, or becomes subject to any involuntary proceeding under such laws.

RIGHT OF OFFSET. Except as otherwise restricted by law, any indebtedness due from Lender to Debtor, including, without limitation, any deposits or credit balances due from Lender, is pledged to secure payment of this Note and any other obligation to Lender of Debtor, and may at any time when the whole or any part of such obligation(s) remain(s) unpaid, either before or after Maturity of this Note, be set off, appropriated, held or applied toward the payment of this Note or any other obligation to Lender by any Debtor.

ADDITIONAL PROVISIONS. (1) Debtor agrees, if requested, to furnish to Lender copies of income tax returns as well as balance sheets and income statements for each fiscal year following the Date of Note and at more frequent intervals as Lender may require. (2) No waiver by Lender of any payment or other right under this Note or any related agreement or documentation shall operate as a waiver of any other payment or right. All Debtors waive presentment, notice of acceleration, notice of dishonor and protest and consent to substitutions, releases and failure to perfect as to collateral and to additions or releases of any Debtor. (3)This Note and the obligations evidenced by it are to be construed and governed by the laws of the state indicated in Lender's address shown in this Note. (4) All Debtors agree to pay costs of collection, including, as allowed by law, an attorney's fee equal to a minimum of 15% of all sums due upon default or such other maximum fee as allowed by law. (5) All parties signing below acknowledge receiving a completed copy of this Note and related documents, which contain the complete and entire agreement between Lender and any party liable for payment under this Note. No variation, condition, modification, change or amendment to this Note or related documents shall be binding unless in writing and signed by all parties. No legal relationship is created by the execution of this Note and related documents except that of debtor and creditor or as stated in writing.

LENDER NAME AND ADDRESS	DEBTOR(S) SIGNATURE(S)
SBL Corporation P.O. Box 705 Oklahoma City, Oklahoma 73101-0705	Prime Financial Corporation By:____ Vice President Exhibit B

AMENDED LIMITED GUARANTY

In consideration of SBL Corporation ("SBL"), an Oklahoma corporation, extending credit to Prime Financial Corporation ("PFC"), an Oklahoma corporation and subsidiary of LSB Industries, Inc. ("Guarantor"), a Delaware corporation, the Guarantor, on this 18th day of October, 2001, does hereby guarantee PFC's payment obligations to SBL and all renewals and extensions thereof arising under that certain Promissory Note dated October 18, 2001, in the principal amount of Three Hundred Fifty Thousand and No/100 Dollars ($350,000.00), made by PFC in favor of SBL. The obligations of the Guarantor under this Guaranty shall be enforceable by SBL only after PFC has defaulted in the performance of its payment obligations to SBL, and notice of such default has been given to the Guarantor by SBL.

This Guaranty supersedes that certain Limited Guaranty dated March 5, 1998 given by Guarantor in favor of SBL and will expire upon the full performance of the payment obligations of PFC to SBL.

The Guarantor acknowledges to SBL that PFC is a wholly owned subsidiary of the Guarantor and is therefore directly and financially interested in PFC and its business and the consideration for this Guaranty.

This Guaranty shall be binding upon the undersigned Guarantor, its heirs, legal representatives, successors, and assigns, and shall inure to the benefit of SBL and its successors and assigns.

In witness whereof, this Guaranty is executed and delivered as of the date above indicated.

Attest: LSB Industries, Inc.

/s/ David M. Shear
Secretary

By /s/ Tony M. Shelby
Title: V.P.

guarante\lsb\pfc_01.1018

INCORPORATED UNDER THE LAWS OF
DELAWARE

No. ****   Shares *****

LSB INDUSTRIES, INC.
The shares represented by this Certificate are subject to certain restrictions

No Par Value

THIS CERTIFIES THAT - - S P E C I M E N - - is the owner of ********** shares of Preferred Stock each of the Capital Stock of LSB Industries, Inc. designated as Series D 6% Cumulative Convertible Class C Preferred Stock transferable only on the books of the corporation by the holder hereof in person or by attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the Seal of the Corporation this ____ day of ____________________, _________.

______________________________________   ______________________________________
_____ Secretary   ______ President

SHARES EACH

NEITHER THIS PREFERRED STOCK NOR ANY SHARES OF COMMON STOCK ISSUABLE UPON THE CONVERSION OF THIS PREFERRED STOCK HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS. THIS PREFERRED STOCK AND THE COMMON STOCK ISSUABLE UPON CONVERSION OF THIS PREFERRED STOCK MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AND QUALIFICATION IN EFFECT WITH RESPECT THERETO UNDER THE SECURITIES ACT AND UNDER ANY APPLICABLE STATE SECURITIES LAW OR WITHOUT THE PRIOR WRITTEN CONSENT OF LSB INDUSTRIES, INC. AND AN OPINION OF LSB INDUSTRIES, INC.'S COUNSEL, OR AN OPINION FROM COUNSEL FOR THE HOLDER HEREOF, WHICH OPINION IS SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATION AND QUALIFICATION IS NOT REQUIRED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS OR AN EXEMPTION THEREFROM.

THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS. THIS COMMON STOCK MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AND QUALIFICATION IN EFFECT WITH RESPECT THERETO UNDER THE SECURITIES ACT AND UNDER ANY APPLICABLE STATE SECURITIES LAW OR WITHOUT THE PRIOR WRITTEN CONSENT OF LSB INDUSTRIES, INC. AND AN OPINION OF LSB INDUSTRIES, INC.'S COUNSEL OR AN OPINION FROM COUNSEL FOR THE HOLDER HEREOF, WHICH OPINION IS SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATION STATEMENT AND QUALIFICATION IS NOT REQUIRED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS OR AN EXEMPTION THEREFROM.

CERTIFICATE
FOR
*****
SHARES
of the
CAPITAL STOCK
designated as

Series D 6% Cumulative
Convertible Class C Preferred Stock
of
LSB Industries, Inc.

ISSUED TO
**** S P E C I M E N ****

DATED

____________________, _____

****

For Value Received, ____________________ hereby sell, assign and transfer unto _____________________________ Shares of the Capital Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint _____________________________ to transfer said Stock on the books of the within named Corporation with full power of substitution in the premises.

Dated ___________________________, XX_________.

In presence of ____

AMENDED AND RESTATED GUARANTY AGREEMENT

THIS AMENDED AND RESTATED GUARANTY AGREEMENT (this "Agreement") is executed effective the 8th day of November, 2001, by PRIME FINANCIAL CORPORATION, an Oklahoma corporation (the "Guarantor"), in favor of STILLWATER NATIONAL BANK AND TRUST COMPANY, N.A. (the "Lender").

W I T N E S S E T H :

WHEREAS, the Lender has extended certain loans (the "Loans") to the parties identified below (the "Borrowers"), which Loans are evidenced by the promissory notes described below (the "Notes"):

Borrower	Note No.	Note Date	Original Principal Amount
SBL Corporation	37516	10-16-97	$1,985,508
Sylvia H. Golsen 1992 Trust	37517	10-16-97	$140,532
Steven J. Golsen 1992 Trust	37518	10-16-97	$139,680
Lori R. Rappaport #J-1 Trust	37519	10-16-97	$71,776
Stacy L. Rappaport #J-1 Trust	37520	10-16-97	$71,776
Amy G. Rappaport #J-1 Trust	37521	10-16-97	$73,908
Adam Z. Golsen #J-1 Trust	37522	10-16-97	$71,776
Michelle L. Golsen #J-1 Trust	37523	10-16-97	$71,776
Barry H. Golsen 1992 Trust	37524	10-16-97	$149,680
Linda F. Rappaport 1992 Trust	37525	10-16-97	$149,680
Joshua B. Golsen #J-1 Trust	37526	10-16-97	$73,908

WHEREAS, the Guarantor has guaranteed payment of the Notes by previously executing and delivering to the Lender for each Loan a certain Guaranty Agreement dated April 21, 2000 (the "Prior Guaranties"); and

WHEREAS, this Agreement is executed by the Guarantor and delivered to the Lender to induce the Lender to make the Loans and in satisfaction of a material condition precedent to the Loans and to amend and restate the Prior Guaranties.

NOW, THEREFORE, in consideration of the Loans by the Lender to the Borrowers and the benefits to be derived by the Guarantor therefrom, it is agreed as follows:

1. Definition of Loan Documents. For purposes of this Agreement, "Loan Documents" will mean this Agreement, the Notes and all other instruments executed and delivered by the Borrowers, the Guarantor or any other person or entity in connection with the Loans, all instruments issued pursuant to the foregoing documents and all extensions, renewals, modifications and amendments thereof.

2. Guaranty. The Guarantor irrevocably and unconditionally guarantees to the Lender the payment of the obligations of the Borrowers contained in the Loan Documents including, without implied limitation, the payment of all principal, interest, attorneys' fees, expenses of collection and other sums now or hereafter owing by the Borrowers to the Lender thereunder. The obligation of the Guarantor hereunder is an absolute, unconditional, irrevocable and continuing guaranty of payment and performance and will not terminate until the Borrowers have paid in full all amounts owing to the Lender under the Loan Documents and have performed all of the Borrowers' obligations under the Loan Documents.

3. No Release. The Guarantor agrees that the Guarantor's liability hereunder will not be released, reduced, impaired or affected by the occurrence of any one or more of the following events: (a) the Lender obtaining collateral from the Borrowers or any other person to secure payment or performance under the Loan Documents; (b) the assumption of liability by any other person (whether as guarantor or otherwise) for payment or performance under the Loan Documents; (c) the release, surrender, exchange, loss, termination, waiver or other discharge of any collateral securing payment or performance under the Loan Documents; (d) the subordination, relinquishment or discharge of the Lender's rights relating to the Loan Documents or any collateral described

therein; (e) the dissolution, insolvency, bankruptcy or reorganization of the Borrowers, any other guarantor of any obligation of the Borrowers to the Lender or any other person now or hereafter liable for payment or performance under the Loan Documents; (f) the increase, renewal, consolidation, extension, modification, rearrangement or amendment from time to time of the Loans or of the terms of any one or more of the Loan Documents; (g) the sale, encumbrance, transfer or other modification of the ownership of the Borrowers or the Borrowers' assets or the change in the financial condition or management of the Borrowers; (h) the invalidity, unenforceability or insufficiency of any one or more of the Loan Documents or any collateral securing payment or performance thereunder; or (i) the release of any person from any personal liability with respect to all or part of the guaranteed obligations.

4. Enforcement. The Lender will not be required to pursue the Lender's remedies against the Borrowers or any other guarantor of the Loans prior to exercising the Lender's remedies under this Agreement.

5. Waiver of Rights. The Guarantor waives diligence, presentment, protest, notice of dishonor, notice of acceptance of this Agreement and all other notices of any nature except as provided in the Loan Documents or this Agreement. Performance by the Guarantor hereunder will not entitle the Guarantor to any payment by the Borrowers or any other guarantor of the obligations of the Borrowers whether under the Loan Documents or otherwise by reason of any claim for contribution, indemnification, reimbursement, subrogation or otherwise, until such time as the Borrowers and any other guarantor of the obligations of the Borrowers under the Loan Documents have paid in full all amounts owing to the Lender and have performed all of the Borrowers' obligations under the Loan Documents. Notwithstanding anything herein to the contrary, the Guarantor hereby waives all rights of subrogation, contribution, reimbursement or indemnity against the Borrowers in connection with this Agreement (but not against any other party) until such time as the obligations of the Borrowers under the Notes or the Loan Documents have been paid in full.

6. Expenses of Collection. The Guarantor agrees that in any action brought to enforce this Agreement, the Guarantor will pay to the Lender the reasonable attorneys' fees, court costs and other litigation expenses incurred by the Lender.

7. Cumulative Remedies. On the occurrence of any event of default under the Loan Documents or this Agreement, the Lender will be entitled to selectively and successively enforce any one or more of the rights held by the Lender, and such action will not be deemed a waiver of any other right held by the Lender. Except as provided herein or in the Loan Documents, all of the remedies of the Lender under this Agreement and the Loan Documents are cumulative and not alternative.

8. Miscellaneous. This Agreement has been negotiated, executed and delivered in Oklahoma City, Oklahoma County, Oklahoma, and is intended to be construed in accordance with the laws of the State of Oklahoma. All actions relating to or arising under this Agreement, whether filed by the Lender or the Guarantor, will be instituted only in a state court sitting in Oklahoma County, Oklahoma, or a federal court sitting in Oklahoma City, Oklahoma. If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect or application for any reason, such invalidity, illegality or unenforceability will not affect any other provisions herein contained and such other provisions will remain in full force and effect. This Agreement cannot be amended except by an agreement in writing signed by the Guarantor and the Lender.

9. Reinstatement. The obligations of the Guarantor under this Agreement will be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrowers in respect of all or any part of the guaranteed obligations is rescinded or must be otherwise restored by any holder of such guaranteed obligations, whether as a result of any proceedings in bankruptcy, reorganization or otherwise, and the Guarantor agrees that the Guarantor will indemnify the Lender on demand for all reasonable costs and expenses (including fees of counsel) incurred by the Lender in connection with such rescission or restoration.

10. Limitation of Liability. Notwithstanding anything to the contrary herein contained, the liability of the Guarantor hereunder will not exceed Three Hundred Fifty Thousand Dollars ($350,000.00).

11. Restatement. This Agreement amends, restates and replaces the Prior Guaranties in their entirety and the terms and provisions hereby will supersede the terms and provisions thereof.

IN WITNESS WHEREOF, the Guarantor and the Lender have executed this Agreement effective the date first above written.

PRIME FINANCIAL CORPORATION, an Oklahoma corporation

By /s/ Jack E. Golsen
Jack E. Golsen, President

(the "Guarantor")

STILLWATER NATIONAL BANK AND TRUST COMPANY, N.A.

By /s/ Sean Fuller
Sean Fuller, Senior Vice President

(the "Lender")

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is executed effective the 8th day of November, 2001, between SBL CORPORATION, an Oklahoma corporation, having a notice address at Post Office Box 705, Oklahoma City, Oklahoma 73101 (the "Debtor"), and STILLWATER NATIONAL BANK AND TRUST COMPANY, N.A., having a notice address at 6305 Waterford Boulevard, Suite 205, Oklahoma City, Oklahoma 73118 (the "Secured Party").

W I T N E S S E T H :

WHEREAS, the Debtor and the other parties identified below (together with the Debtor, the "Borrowers"), are currently indebted to the Secured Party as evidenced by the promissory notes described below (the "Notes"):

Borrower	Note No.	Note Date	Original Principal Amount
SBL Corporation	37516	10-16-97	$1,985,508
Sylvia H. Golsen 1992 Trust	37517	10-16-97	$140,532
Steven J. Golsen 1992 Trust	37518	10-16-97	$139,680
Lori R. Rappaport #J-1 Trust	37519	10-16-97	$71,776
Stacy L. Rappaport #J-1 Trust	37520	10-16-97	$71,776
Amy G. Rappaport #J-1 Trust	37521	10-16-97	$73,908
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Michelle L. Golsen #J-1 Trust	37523	10-16-97	$71,776
Barry H. Golsen 1992 Trust	37524	10-16-97	$149,680
Linda F. Rappaport 1992 Trust	37525	10-16-97	$149,680
Joshua B. Golsen #J-1 Trust	37526	10-16-97	$73,908

WHEREAS, the Debtor has agreed to secure payment of the Notes and other indebtedness described herein by granting the Secured Party a security interest covering certain assets of the Debtor.

NOW, THEREFORE, (i) for and in consideration of the premises and the agreements herein contained; and (ii) for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the Debtor hereby agrees with the Secured Party as follows:

1. Definitions. Unless otherwise defined herein, all terms used herein which are defined in the Oklahoma Uniform Commercial Code (the "UCC") will have the same meanings herein unless the context otherwise requires. The documents contemplated in this Agreement and the Notes are collectively referred to herein as the "Loan Documents."

2. Security Interest. The Debtor hereby grants to the Secured Party a first and prior security interest in, an assignment of, a general lien upon and a right of set-off against the following described property (the "Collateral"): (a) one million (1,000,000) shares of preferred stock, designated as Series D 6% Cumulative, Convertible Class C Preferred Stock (the "Stock"), of LSB Industries, Inc., a Delaware corporation ("LSB"), owned by the Debtor and represented by LSB Certificate No. 1, together with all additions and substitutions of shares of the Stock or certificates, together with all of the Debtor's interest and rights in the Stock, whether now owned or hereafter acquired, all cash and stock dividends attributable to the Stock, all increases relating to the Stock as a result of stock splits, mergers or any other reorganization, all monies and claims for monies due and to become due to the Debtor as dividends or arising under accounts, contracts, agreements and general intangibles relating to the Stock and all proceeds and products thereof; and (b) all of the Debtor's right, title and interest in and to that certain Promissory Note dated October 18, 2001, executed by Prime Financial Corporation, an Oklahoma corporation ("PFC"), in the original principal amount of Three

Hundred Fifty Thousand Dollars ($350,000.00) (the "PFC Note"), and all additions and accessions to, replacements of, substitutions for, payments thereon and proceeds therefrom. This Agreement is intended for security only and is to secure the obligations of the Borrowers owing to the Secured Party as herein described. It is understood that the Secured Party does not hereby assume any of the obligations of the Debtor in connection with the Collateral.

2.1 Voting Rights. Absent an event of default (hereinafter defined in paragraph 6) under this Agreement or the Loan Documents that has not been cured, the Debtor will retain all voting rights with respect to the Stock. On or after the occurrence of an event of default and without further notice to the Debtor, the Secured Party will have the right to exercise all voting rights, all conversion, exchange, subscription and other rights pertaining to the Stock, whether or not the Stock has been registered in the Secured Party's name. The Debtor hereby appoints the Secured Party as the Debtor's lawful attorney-in-fact and proxy to exercise the foregoing rights after the occurrence of an event of default. The Debtor agrees that the foregoing proxy is coupled with an interest and is irrevocable.

2.2 Cash Dividends. Absent an event of default that has not been cured, the Debtor will have the right to receive and retain for the Debtor's use all cash dividends paid

on the Stock. On or after the occurrence of an event of default and without further notice to the Debtor the Secured Party will have the right to receive such cash dividends and to apply the same toward satisfaction of the indebtedness hereby secured or hold the same as part of the Collateral under this Agreement.

2.3 Stock Dividends. In the event any stock dividends are paid on the Stock, or if any stock or other securities are delivered to the Debtor in connection with any stock split, merger or reorganization affecting the Stock, the Debtor will immediately deliver to the Secured Party the certificates representing such stock dividends, other stock or securities, together with executed endorsements or appropriate powers. Any such stock dividend, other stock or securities will be held by the Secured Party as part of the Collateral under the terms of this Agreement, provided that the Debtor will retain all rights with respect to the Collateral as provided in paragraphs 2.1 and 2.2 of this Agreement.

3. Secured Indebtedness. The security interest granted hereby in the Collateral is given to secure the Borrowers' payment of: (a) the Notes; (b) all extensions, renewals, amendments, modifications, substitutions and changes in form to the Notes; (c) all costs and expenses incurred in connection with the collection of the Notes and enforcement of the Secured Party's rights under the Loan Documents, including attorneys' fees and expenses; (d) all future advances by the Secured Party to the Borrowers under the Notes; (e) all other liabilities of the Borrowers to the Secured Party (whether primary, secondary, direct or indirect, absolute or contingent, sole, joint or several) due or to become due however evidenced or acquired; and (f) performance of the agreements herein set forth (the foregoing items (a) through (f) are collectively referred to herein as the "Secured Indebtedness").

4. Debtor's Agreements. Until payment in full of the Notes, the Debtor will perform or cause to be performed the following agreements:

4.1 Possession of Collateral. The Debtor agrees to deliver the Collateral to the Secured Party, appropriately endorsed to the Secured Party or with stock powers in form and substance satisfactory to the Secured Party in favor of the Secured Party. The Debtor will provide the name and address of the stock transfer agent to the Secured Party. Regardless of the form of any endorsement to the Secured Party, the Debtor waives presentment, demand, notice of dishonor, protest, notice of protest and all other notices with respect thereto.

4.2 Additional Documents. The Debtor agrees to execute and deliver any documents which are necessary in the judgment of the Secured Party to obtain, maintain and perfect a security interest under this Agreement and to enable the Secured Party to comply with any federal or state law to obtain or perfect the Secured Party's security interest in the Collateral.

4.3 Creation of Liens. The Debtor will not create, assume or suffer to exist any claim, pledge, security interest, encumbrance or other lien (including the lien of an attachment, judgment or execution) affecting any or all of the Collateral, excluding only liens held by the Secured Party.

5. Debtor's Representations and Covenants. The Debtor hereby warrants, represents and agrees as follows:

5.1 PFC Note. The unpaid principal balance of the PFC Note plus all accrued unpaid interest as of the effective date of this Agreement is $____________________.

5.2 Principal Place of Business. The Debtor's principal place of business is in the State of Oklahoma.

5.3 Title. The Debtor has absolute title to the Collateral free and clear of all liens, encumbrances and security interests except for the security interest hereby granted to the Secured Party and such other rights, if any, of the Secured Party, and the Debtor warrants and will defend the same unto the Secured Party against the claims and demands of all persons and parties whomsoever. The Debtor is not in default in the performance of any obligation or the payment of any sum owing with respect to the Collateral. On or after the occurrence of an uncured event of default, the Debtor will take all steps necessary to cause or permit the Secured Party to cause the Stock to be registered in the name of the Secured Party and new share certificates to be issued.

6. Default. The occurrence of default under the Loan Documents will constitute a default by the Debtor under this Agreement.

7. Remedies. On the occurrence of an event of default that has not been cured, the Secured Party may take the following actions:

7.1 Remedy. The Secured Party may (a) exercise in respect of the Collateral or any portion thereof all of the rights and remedies of a secured party under the UCC, or (b) at any time and from time to time sell, resell, assign and deliver, in the Secured Party's discretion, all or any part of the Collateral, in one or more parcels at the same or different times, and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale on commercially reasonable terms. In connection therewith, the Secured Party may bid on such Collateral for its own account and the Debtor hereby waives and releases any and all equity or right of redemption. To effect any sale, transfer or other disposal of any of the Collateral, the Secured Party has the right, for and in the name, place and stead of the Debtor, to execute endorsements, assignments or other instruments of conveyance or transfer with respect to all or any of the Collateral.

7.2 Sale Procedure. Except as expressly provided for herein, no demand or advertisement, all of which are hereby expressly waived by the Debtor, will be required in connection with any sale or other disposition of any part of the Collateral which threatens to decline speedily in value or which is of a type customarily sold on a recognized market. In all other events, the Secured Party will give the Debtor, at least ten (10) days prior notice of the time and place of any public sale and of the time after which any private sale or other disposition is to be made, which notice the Debtor agrees is reasonable, all other demands and advertisements being hereby waived. The Secured Party will not be obligated to make any sale of Collateral, regardless of the fact that notice of sale may have been given. The Secured Party may adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may be made at the time and place to which the same was so adjourned. Upon each public or private sale of Collateral, the Secured Party or any holder of the Notes, or any of their respective affiliates, may purchase all or any of the Collateral being sold, free from any equity or right of redemption, which is hereby waived and released by the Debtor, and may make payment therefor in cash or, at the Secured Party's or such holder's option (by endorsement without recourse), by tendering or releasing principal or accrued

and unpaid interest on the Notes, in lieu of cash, in a face amount equal to the amount of the purchase price. The Debtor agrees to pay all reasonable costs and expenses of every kind for sale or delivery, including brokers' and attorneys' fees, and after deducting such costs and expenses from the proceeds of sale, the Secured Party will apply any residue to the payment of the obligations under the Notes and the Debtor will continue to be liable for any deficiency in accordance with the Loan Documents. The balance, if any, remaining after payment in full of all of the obligations under the Notes will be paid to the Borrowers.

7.3 Private Sales. Other than may be provided by law, the Debtor will not be required to file a registration statement or otherwise register the Collateral under the Securities Act of 1933 or any state securities or blue sky laws. The Debtor recognizes that the Secured Party may be unable to effect a public sale of all or part of the Collateral by reason of certain prohibitions contained in the Securities Act of 1933, as amended, as now or hereafter in effect, or in applicable blue sky or other state securities laws, as now or hereafter in effect, but may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire such Collateral for their own account, for investment and not with a view to the distribution or resale thereof. The Debtor agrees that private sales so made may be at prices and other terms less favorable to the Debtor than if such Collateral were sold at public sales, and that the Secured Party has no obligation to delay sale of any such Collateral for the period of time necessary to permit the issuer of such Collateral, even if such issuer would agree, to register

such Collateral for public sale under such applicable securities laws. The Debtor agrees that private sales, absent other adverse circumstances, will not be deemed to have been made in a commercially unreasonable manner. In connection with the foregoing, the Secured Party may, at the Debtor's expense, consult with counsel to determine whether a public or private sale of Collateral is necessary or appropriate.

8. Miscellaneous. It is further agreed as follows:

8.1 Time. Time is of the essence of this Agreement and each provision of this Agreement.

8.2 Notices. Any notice required or permitted to be given by this Agreement will be deemed to have been given on the date such notice is delivered personally or by telefacsimile to the party designated to receive such notice, on the date sent by overnight courier or on the date deposited in the United States mail, postage prepaid, and directed to the notice address specified in the initial paragraph of this Agreement or otherwise provided to the Secured Party in writing.

8.3 Cumulative Remedies. No failure on the part of the Secured Party to exercise, and no delay in exercising any right under this Agreement will operate as a waiver thereof, nor will any single or partial exercise by the Secured Party of any right under this Agreement preclude any other or further right of exercise thereof or the exercise of any other right except as provided in the Loan Documents.

8.4 Construction. This Agreement is to be construed according to the internal laws of the State of Oklahoma. All actions with respect to this Agreement may be instituted in the Courts of the State of Oklahoma or the United States District Court sitting in Oklahoma County, Oklahoma.

8.5 Amendment. Neither this Agreement nor any of the provisions hereof can be changed, waived, discharged or terminated, except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

8.6 Severability. The provisions of this Agreement are severable, and if any clause or provision is held invalid, illegal or unenforceable in any respect in any jurisdiction,

the validity, legality and enforceability of the remaining provisions contained herein will not be in any way affected or impaired thereby.

8.7 Binding Effect. This Agreement will be binding on the Debtor and the Debtor's successors and permitted assigns, and will inure to the benefit of the Secured Party and the Secured Party's successors and assigns.

8.8 Continuing Agreement. This is a continuing Agreement and the grant of a security interest hereunder will remain in full force and effect and all the rights, powers and remedies of the Secured Party hereunder will continue to exist until all of the Secured Indebtedness is paid in full. In such event, the Secured Party will execute a written termination statement, reassign to the Debtor, without recourse, the Collateral and all rights conveyed hereby and return possession of any Collateral in the Secured Party's possession to the Debtor.

9. Restatement. This Agreement amends, restates and replaces in its entirety that certain assignment dated October 16, 1997, executed by the Debtor, pursuant to which the Debtor assigned and transferred to the Secured Party all of the Debtor's right, title and interest in and to that certain Promissory Note dated October 17, 1997, executed by PFC in the original principal amount of Three Million Dollars ($3,000,000.00), and the terms and provisions hereby will supersede the terms and provisions thereof.

IN WITNESS WHEREOF, the Debtor and the Secured Party have executed and delivered this Agreement effective the date first above written.

SBL CORPORATION, an Oklahoma corporation

By /s/ Jack E. Golsen
Jack E. Golsen, President

(the "Debtor")

STILLWATER NATIONAL BANK AND TRUST COMPANY, N.A.

By /s/ Sean Fuller
Sean Fuller, Senior Vice President

(the "Secured Party")

SECURITY AGREEMENT Stocks, Bonds and Possessory Collateral	DATE OF AGREEMENT 12/05/2000

DEBTOR NAME AND ADDRESS	PLEDGOR NAME AND ADDRESS	LENDER NAME AND ADDRESS
Golsen, Jack E. 16 South Pennsylvania Oklahoma City, OK 73103	Sylvia H. Golsen	Bank Of The West Clinton Branch P.O. Box 1207 Clinton, OK 73601

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 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**
370000 share(s) of L.S.B. Industries common/preferred stock evidenced by certificate number SEE ATTACHED EXHIBIT.

(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

(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.

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)
By:_______________________________ Ritchie Johnston, President	/s/ Sylvia Golsen______________________ ______________________________ Sylvia H. Golsen ______________________________ ______________________________ ______________________________ ______________________________

Form 0406764 FCHAR12052000120235P (C) Copyright 7/97 American Bank Systems

BancFirst

COMMERCIAL PLEDGE AGREEMENT

Principal	Loan Date	Maturity	Loan No.	Call / Coll	Account	Officer	Initials
$222,000.00	02-02-2001	09-02-2005	4000040429	20120 / 33		BKR	

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.
Any item above containing "***" has been omitted due to text length limitations.

Borrower:	**Jack E. Golsen (SSN: ###-##-####)** **Sylvia H. Golsen (SSN: ###-##-####)** **16 South Pennsylvania** **Oklahoma City, OK 73107**	**Lender:**	**BancFirst** **OKC - MAIN AND BROADWAY** **101 NORTH BROADWAY** **PO BOX 26788** **OKLAHOMA CITY, OK 73126-0788** **(405) 270-1000**
Grantor:	**SBL Corporation** **16 South Pennsylvania Ave.** **Oklahoma City, OK 73107**		

THIS COMMERCIAL PLEDGE AGREEMENT dated February 2, 2001, is made and executed among SBL Corporation ("Grantor"); Jack E. Golsen and Sylvia H. Golsen ("Borrower"); and BancFirst ("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.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means all of Grantor's property (however owned if more than one), in the possession of Lender (or in the possession of a third party subject to the control of Lender), whether existing now or later and whether tangible or intangible in character, including without limitation each and all of the following:

188,500 Shares of LSB Industries, Inc. Stock, Cusip No. 502160 10 4, Certificate Number OKC 11688 in the name of SBL Corporation

74,500 Shares of LSB Industries, Inc. Stock, Cusip No. 502160 10 4, Certificate Number OKC 11717, in the name of SBL Corporation

In addition, the word "Collateral" includes all of Grantor's property (however owned), 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 evidence 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.

(E) All Income and Proceeds from the Collateral as defined herein.

CROSS-COLLATERALIZATION. In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower or any one or more of them, owed to Lender, whether of a like nature to the Note Indebtedness or not, whether arising from a loan or a purchased obligation, whether incurred for a consumer or a business purpose, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, absolute or contingent, liquidated or unliquidated and whether Borrower may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

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 assumes 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 Borrower or Grantor, 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.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

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.

Authority; Binding Effect. Grantor has the full right, power and authority to enter into this Agreement and to grant a security interest in the Collateral to Lender. This Agreement is binding upon Grantor as well as Grantor's successors and assigns, and is legally enforceable in accordance with its terms. The foregoing representations and warranties, and all other representations and warranties contained in this Agreement are and shall be continuing in nature and shall remain in full force and effect until such time as this Agreement is terminated or cancelled as provided herein.

No Further Assignment. Grantor has not, and shall 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, if any, contained in the Collateral which are to be performed by Grantor.

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, and its certificate or articles of incorporation and bylaws do not prohibit any term or condition of this Agreement.

LENDER'S RIGHTS AND OBLIGATIONS WITH RESPECT TO THE COLLATERAL. Lender may hold the Collateral until all Indebtedness has been paid and satisfied. Thereafter Lender may deliver the Collateral to Grantor or to any other owner of the Colalteral. Lender shall have the following rights in addition to all other rights Lender 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 paying of any liens or claims against the Collateral. This may include such things as hiring other people, such as attorneys, appraisers or other experts. Lender may charge Grantor for any cost incurred in so doing. When applicable law provides more than one method of perfection of Lender's security interest, Lender may choose the method(s) to be used. If the Collateral consists of stock, bonds or other investment property for which no

certificate has been issued, Grantor agrees, at Lender's request, either to request issuance of an appropriate certificate or to give instructions on Lender's forms to the issuer, transfer agent, mutual fund company or broker, as the case may be, to record on its books or records Lender's security interest in the Collateral.

Income and Proceeds from the Collateral. Lender may receive all income and Proceeds and add it to the Collateral. Grantor agrees to deliver to Lender immediately upon receipt, in the exact form received and without commingling with other property, all Income and Proceeds from the Collateral which may be received by, paid, or delivered to Grantor or for Grantor's account, whether as an addition to, in discharge of, in substitution of, or in exchange for any of the Collateral.

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 of such portion thereof as Lender shall choose, whether or not matured.

Transactions with Others. Lender may (1) extend time for payment or other performance, (2) grant a renewal or change in terms or conditions, or (3) compromise, compound or release any obligation, with any one or more Obligors, 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. This will be the case whether or not the office or branch where Grantor obtained Grantor's loan knows about the Collateral or relies upon the Collateral as security. In the event Grantor comes into the possession of any Collateral, Grantor will deliver it immediately to Lender.

Collection of Collateral. Lender at Lender's option may, but need not, collect the Income and Proceeds directly from the Obligors. Grantor authorizes and directs the Obligors, if Lender decides to collect the Income and

Proceeds, to pay and deliver to Lender all Income and Proceeds from 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; 9d) 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 Lender's request, 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 Lender's request, Grantor will sign and deliver any writings necessary to perfect Lender's security interest. If any of 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.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such encumbrances incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note or at the highest rate authorized by law, from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will 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 (1) the term of any applicable Insurance policy; or (2) 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. The 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 Default. If Lender is required by law to give Grantor notice before or after Lender makes an expenditure, Grantor agrees that notice sent by regular mail at least five (5) days before the expenditure is made or notice delivered two (2) days before the expenditure is made is sufficient, and that notice within sixty (60) days after the expenditure is made is reasonable.

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.

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

Payment Default. Borrower fails to make any payment when due under the Indebtedness.

Other Defaults. Borrower or Grantor fails to comply with or to perform any other term, obligation,

Default in Favor of Third Parties. Should Borrower or any Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's or any Grantor's ability to repay the Indebtedness or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or Grantor or on Borrower's or Grantor's behalf 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 or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document 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's or Grantor's existence as a going business, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or Grantor's property, any assignment for the benefit 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 any collateral securing the Indebtedness. This includes a

garnishment of any of Borrower's or Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower or Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower or Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Insufficient Market Value of Securities. The Collateral to loan percentage falls below 200.00%; as a result of the deterioration of the market value of the Collateral , Grantor does not, by the close of business on the next business day after Grantor has received notice from Lender of the deterioration, either (1) reduce the amount of the Indebtedness in this loan as required by Lender or (2) pledge or grant an additional security interest to increase the value of the Collateral as required by Lender.

Events Affecting Guarantor. Any of the preceding events occurs with respect to guarantor, endorser, surety, or accommodation party of any of the Indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Borrower's or Grantor's financial condition, or Lender

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believes the prospect of payment or performance of the Indebtedness is impaired.

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

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment or failure to satisfy Lender's requirement in the Insufficient Market Value of Securities section is curable and if Grantor has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured (and no event of default will have occurred) if Grantor, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

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 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.

Sell Securities. Sell any securities included in the Collateral in a manner consistent with applicable federal and state securities laws. If, because of restrictions under such laws, Lender is unable, or believes Lender is unable, to sell the securities in an open market transaction, Grantor agrees that Lender will have no obligation to delay sale until the securities can be registered. Then Lender 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. Such a sale will 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 the rules of state securities departments under state "Blue Sky" laws, or if Grantor or any other owner of the Collateral is an affiliate of the issuer of the securities, Grantor agrees that neither Grantor, nor any member of Grantor's family, nor any other person signing this Agreement will sell or dispose of any securities of such issuer without obtaining Lender's prior written consent.

Rights and Remedies with Respect to Investment Property, Financial Assets and Related Collateral. In addition to other rights and remedies granted under this Agreement and under applicable law, Lender may exercise any or all of the following rights and remedies: (1) register with any issuer or broker or other securities Intermediary any of the Collateral consisting of investment property or financial assets (collectively herein, "Investment property") in Lender's sole name or in the name of Lender's broker, agent or nominee; ()2) cause any issuer, broker or other securities intermediary to deliver to Lender any of the Collateral consisting of securities, or investment property capable of being delivered; (3) enter into a control agreement or power of attorney with any issuer or securities intermediary with respect to any Collateral consisting of investment property, on such terms as Lender may deem appropriate, in its sole discretion, including, without limitation, an agreement granting to Lender any of the rights provided hereunder without further notice to or consent by Grantor; (4) execute any such control agreement on Grantor's behalf and in Grantor's name, and hereby irrevocably appoints Lender as agent and attorney-in-fact, coupled with an interest, for the purpose of executing such control agreement on Grantor's behalf; (5) exercise any and all rights of Lender under any such control agreement or power of attorney; (6) exercise any voting, conversion, registration, purchase, option, or other rights with respect to any Collateral; (7) collect, with or without legal action, and issue receipts concerning any notes, checks, drafts, remittances or distributions that are paid or payable with respect to any Collateral consisting of investment property. Any control agreement entered with respect to any investment property shall contain the following provisions, at Lender's discretion. Lender shall be authorized to instruct the issuer, broker or other securities intermediary to take or to refrain from taking such actions with respect to the investment property as Lender may instruct, without further notice to or consent by Grantor. Such actions may include without limitation the issuance of entitlement orders, account instructions, general trading or buy or sell orders, transfer and redemption orders, and stop loss orders. Lender shall be further entitled to instruct the issuer, broker or securities intermediary to sell or to liquidate any investment property, or to pay the cash surrender or account termination value with respect to any and all investment property, and to deliver all such payments and liquidation proceeds to Lender. Any such control agreement shall contain such authorizations as are necessary to place Lender in "control" of such investment collateral, as contemplated under the provisions of the Uniform Commercial Code, and shall fully authorize Lender to issue "entitlement orders" concerning the transfer, redemption, liquidation or disposition of investment collateral, in conformance with the provisions of the Uniform Commercial Code.

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 Grantor's 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, attorneys' fees 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.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, 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 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. All prior and contemporaneous representations and discussions concerning such matters either are included in this document or do not constitute an aspect of the agreement of the parties. Except as may be specifically set forth in this Agreement, no conditions precedent or subsequent, of any kind whatsoever, exist with respect to Grantor's obligations under 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.

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lenders' attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. 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.

Governing Law. This Agreement will be governed by, construed and enforced in accordance with federal law and the laws of the State of Oklahoma. This Agreement has been accepted by Lender in the State of Oklahoma.

Joint and Several Liability. All obligations of Borrower and Grantor under this Agreement shall be joint and

several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Borrower and Grantor signing below is responsible for all obligations in this Agreement. Where any one or more of the parties is a corporation, partnership, limited liability company or similar entity, it is not necessary for Lender to inquire into the powers of any of the officers, directors, partners, members, or other agents acting or purporting to act on the entity's behalf, and any obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Agreement.

No Waiver by Lender. 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.

Notices. To the extent permitted by applicable law, any notice required to give given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. 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. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. To the extent permitted by applicable law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement or transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such term in the Uniform Commercial Code.

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

Borrower. The word "Borrower" means Jack E. Golsen and Sylvia H. Golsen, and all other persons and entities signing the Notice in whatever capacity.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all of the Collateral as described in the Collateral Description section of this Agreement.

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means SBL Corporation.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Income and Proceeds. The words "Income and Proceeds" mean all present and future income, proceeds, earnings, increases, and substitutions from or for the Collateral of every kind and nature, including without limitation all payments, interest, profits, distributions, benefits, rights, options, warrants, dividends, stock dividends, stock splits, stock rights, regulatory dividends, subscriptions, monies, claims for money due and to become due, proceeds of any insurance on the Collateral, shares of stock of different par value or no par value issued in substitution or exchange for shares included in the Collateral, and all other property Grantor is entitled to receive on account of such Collateral, including accounts, documents, instruments, chattel paper, and general intangibles.

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

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

Note. The word "Note" means the Note executed by Borrower in the principal amount of $222,000.00 dated February 2, 2001, 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 without limitation any and all persons obligated to pay money or to perform some other act under the Collateral.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

BORROWER AND GRANTOR HAVE READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL PLEDGE AGREEMENT AND AGREE TO ITS TERMS. THIS AGREEMENT IS DATED FEBRUARY 2, 2001.

<table>
<tr><td>GRANTOR:

SBL CORPORATION

By: /s/ Jack E. Golsen
Jack E. Golsen, President of SBL Corporation</td><td></td></tr>
<tr><td>BORROWER:

X /s/ Jack E. Golsen
Jack E. Golsen, Individually</td><td>X /s/ Sylvia H. Golsen
Sylvia H. Golsen, Individually</td></tr>
</table>

COMMERCIAL SECURITY AGREEMENT

Principal	Loan Date	Maturity	Loan No.	Call / Coll	Account	Officer	Initials
$158,208.88	08-27-2001	08-27-2002	83827		013205213	JAS	

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.
Any item above containing "***" has been omitted due to text length limitations.

Borrower:	Jack E. Golsen (SSN: ###-##-####) 16 South Pennsylvania Oklahoma City, OK 73107	Lender:	THE BANK OF UNION THE BANK OF UNION, EL RENO 2000 S. COUNTRY CLUB RD. P.O. BOX 1010 EL RENO, OK 73036

THIS COMMERCIAL SECURITY AGREEMENT dated August 27, 2001, is made and executed between JACK E. GOLSEN ("Grantor") and THE BANK OF UNION ("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.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing now or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the Indebtedness and performance of all other obligations under the Note and this Agreement:

> **1,523,933 TOTAL SHARES OF LSB INDUSTRIES, INC. STOCK (533,333 SHARES OF PREFERRED "B" AND 990,600 SHARES OF COMMON) PLEDGED AS COLLATERAL ON JACK E. GOLSEN, GOLSEN PETROLEUM CORPORATION AND SBL CORPORATION NOTES; CASH VALUE LIFE INSURANCE; LOAN AGREEMENT**

In addition, the word "Collateral" also includes all of the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

(A) All accessions, attachments, accessories, replacements and additions to any of the collateral described herein, whether added now or later.

(B) All proceeds and produce of any of the property described in this Collateral section.

(C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, or other disposition of any of the property described in this Collateral section.

(D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.

(E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required tu utilize, create, maintain, and process any such records or data on electronic media.

Despite any other provision of this Agreement, Lender is not granted, and will not have, a nonpurchase money security interest in household goods, to the extent such a security interest would be prohibited by applicable law. In addition, if because of the type of any Property, Lender is required to give a notice of the right to cancel under Truth in Lending for the Indebtedness, then Lender will not have a security interest in such Collateral unless and until such a notice is given.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Perfection of Security Interest. Grantor agrees to execute financing statements and to take whatever other actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper if not delivered to Lender for possession by Lender.

Notices to Lender. Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the authorized signer(s); (4) change in Grantor's principal office address; (5) change in Grantor's principal residence; (6) conversion of Grantor to a new or different type of business entity; or (7) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name or principal residence will take effect until after Lender has received notice.

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.

Enforceability of Collateral. To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts maybe claimed concerning the Collateral except those disclosed to Lender in writing.

Location of the Collateral. Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral at Grantor's address shown above or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation, the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

Removal of the Collateral. Except in the ordinary course of Grantor's business, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

Transactions Involving Collateral. Except for Inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided, however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

Inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes, Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the Indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount

adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnity and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnity shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

Maintenance of Casualty Insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

Application of Insurance Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Collateral. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the Indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

Insurance Reports. Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the Insurer; (2) the risks incurred; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

GRANTOR'S RIGHT TO POSSESSION. Until default, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the collateral by Lender is required by law to perfect lender's security interest in such Collateral. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect or maintain any security interest given to secure the Indebtedness.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such encumbrances incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note or at the highest rate authorized by law, from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will 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 (1) the term of any applicable Insurance policy; or (2) 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. The 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 Default. If Lender is required by law to give Grantor notice before or after Lender makes an expenditure, Grantor agrees that notice sent by regular mail at least

five (5) days before the expenditure is made or notice delivered two (2) days before the expenditure is made is sufficient, and that notice within sixty (60) days after the expenditure is made is reasonable.

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

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails 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 to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf 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 or becomes false or misleading at any time thereafter.

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

Death or Insolvency. The death of Grantor or the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against 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 Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to guarantor, endorser, surety, or accommodation party of any of the Indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

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

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured (and no event of default will have occurred) if Grantor, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Oklahoma Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Lender may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

Sell the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise dispose of the Collateral. Unless the Collateral in whole or in part is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor 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. Notwithstanding any other provision of this Agreement, any requirement of notice for this purpose shall be met if notice is mailed, postage prepaid, to the address of Grantor provided for in this Agreement at least ten (10) days before sale or other disposition or action. Lender shall be entitled to, and Grantor shall be liable for, all reasonable costs and expenditures incurred in realizing on Lender's security interest, including without limitation, all court costs, fees for sale, selling costs and reasonable attorneys' fees as set forth in the Note or in this Agreement. All such costs shall be secured by the security interest in the Collateral covered by this Agreement.

Appoint Receiver. In any action by Lender for the foreclosure of this Agreement, whether by judicial foreclosure or power of sale, Lender shall be entitled to the appointment of a receiver upon any failure of Grantor to comply with any term, obligation, covenant, or condition contained in this Agreement, the Note, or any Related Documents.

Collect Revenues, Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender s hall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, 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 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. All prior and contemporaneous representations and discussions concerning such matters either are included in this document or do not constitute an aspect of the agreement of the parties. Except as may be specifically set forth in this Agreement, no conditions precedent or subsequent, of any kind whatsoever, exist with respect to Grantor's obligations under 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.

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lenders' attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. 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.

Governing Law. This Agreement will be governed by, construed and enforced in accordance with federal law and the laws of the State of Oklahoma. This Agreement has been accepted by Lender in the State of Oklahoma.

No Waiver by Lender. 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.

Notices. To the extent permitted by applicable law, any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. 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. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. To the extent permitted by applicable law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement or transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to

Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such term in the Uniform Commercial Code.

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

Borrower. The word "Borrower" means JACK E. GOLSEN, and all other persons and entities signing the Notice in whatever capacity.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all of the Collateral as described in the Collateral Description section of this Agreement.

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statues, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-4999 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means JACK E. GOLSEN.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

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

Lender. The word "Lender" means THE BANK OF UNION, its successors and assigns.

Note. The word "Note" means the Note executed by Grantor in the principal amount of $158,208.88 dated August 27, 2001, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED AUGUST 27, 2001.

GRANTOR:

X /s/ Jack E. Golsen
Jack E. Golsen, Individually

LENDER:

THE BANK OF UNION

X______________________________
Authorized Signer