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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of report (Date of earliest event reported): November 6, 2013**

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**LSB INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**1-7677**  
(Commission  
File Number)

**73-1015226**  
(IRS Employer  
Identification No.)

**16 South Pennsylvania Avenue, Oklahoma City, Oklahoma**  
(Address of principal executive offices)

**73107**  
(Zip Code)

**Registrant's telephone number, including area code (405) 235-4546**

**Not applicable**

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 1.01 Entry into a Material Definitive Agreement**

### El Dorado Facility

On November 6, 2013, El Dorado Chemical Company (“EDCC”), a subsidiary of LSB Industries, Inc. (the “Company”), entered into separate Construction Agreements (the “EDCC Agreements”) with SAIC Constructors, LLC (“Constructors”), a subsidiary of Science Applications International Corporation (“SAIC”), to construct a 360,000 ton per year nitric acid plant and a 40,000 ton per year nitric acid concentrator plant at the Company’s chemical production facility located in El Dorado, Arkansas. The obligations of EDCC and Constructors under the EDCC Agreements are guaranteed by the Company and SAIC, respectively. Construction is expected to be completed by mid-2015, subject to timely receipt of environmental permits and assuming no unexpected delays.

The total cost of the plants is expected to be \$120 million, including approximately \$5 million of fees to be paid to Constructors under the EDCC Agreements.

Mr. Lance Benham, who was appointed as a member of the Company’s Board of Directors in March 2013, retired as Senior Vice President of SAIC Energy, Environment & Infrastructure, LLC (“SAIC Energy”), a subsidiary of SAIC, in January 2013. During the first nine months of 2013, the Company has incurred approximately \$5.7 million with another subsidiary of SAIC for engineering services and deconstruction services relating to the Company’s chemical facilities. There are no arrangements or understandings between Mr. Benham and any other person pursuant to which Mr. Benham was appointed as a director of LSB.

### Amendment to Working Capital Revolver Loan

On November 6, 2013, the Company, ThermaClime L.L.C., a wholly owned subsidiary of the Company (“ThermaClime”), certain subsidiaries of ThermaClime, and Consolidated Industries Corp., a subsidiary of the Company (“Consolidated Industries”), entered into the Ninth Amendment to the Amended and Restated Loan and Security Agreement (the “Amendment”), with the lenders identified on the signature pages thereof and Wells Fargo Capital Finance, Inc. (“Wells Fargo”), as the arranger and administrative agent, which amends ThermaClime’s existing \$100 million working capital revolver (the “Working Capital Revolver”). The Amendment provides that, in addition to the collateral securing the Working Capital Revolver on a first priority basis, the Working Capital Revolver shall be secured on a second-priority basis by certain collateral which secures the Company’s Senior Secured Notes on a first priority basis. The Working Capital Revolver Loan will mature on April 13, 2018.

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**Item 2.03. Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant**

The information set forth under Item 1.01 of this Current Report on Form 8-K is hereby incorporated in this Item 2.03 by reference.

**Item 9.01. Financial Statements and Exhibits.*****(d) Exhibits.***

- 99.1 Construction Agreement-DMW2, dated November 6, 2013, between El Dorado Chemical Company and SAIC Constructors, LLC.
- 99.2 Construction Agreement-NACSAC, dated November 6, 2013, between El Dorado Chemical Company and SAIC Constructors, LLC.
- 99.3 Ninth Amendment to the Amended and Restated Loan and Security Agreement, dated effective as of November 6, 2013, by and among the Company, ThermaClime, Inc., certain subsidiaries of ThermaClime, and Consolidated Industries, the Lenders signatory thereto, and Wells Fargo Capital Finance, Inc, as the arranger and administrative agent for the Lenders.
- 99.4 Press Release dated November 12, 2013.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 12, 2013

LSB INDUSTRIES, INC.

By: /s/ Tony M. Shelby

Tony M. Shelby,  
Executive Vice President of Finance,  
Chief Financial Officer

**CONSTRUCTION AGREEMENT – DMW2**

THIS AGREEMENT (“Agreement”) is made and entered into as of the 6th day of November, 2013 (“Effective Date”) between El Dorado Chemical Company, an Oklahoma Corporation (“Owner”) and SAIC Constructors, LLC, an Oklahoma limited liability company (“Contractor”).

**RECITALS**

- A. WHEREAS, Owner desires Contractor to construct, from the complete designs of others, the nitric acid plant (“Plant”) known as the 533-DMW2 ISBL (the “Project”), which is more particularly described in Exhibit A;
- B. WHEREAS, the Owner desires the Plant to be constructed upon Owner’s real property located near El Dorado, Arkansas (“Site”);
- C. WHEREAS, Owner desires Contractor to provide for the entire Project all General Conditions in one fixed cost;
- D. WHEREAS, Owner desires Contractor to provide for the entire Project on an open-book basis, all Work other than General Conditions on a pass-through basis, plus 4.5% for overhead and profit;
- E. WHEREAS, Contractor desires to enter into this Agreement as an independent contractor and is ready, willing and able to construct a complete and operating Project in accordance with this Agreement; and
- F. WHEREAS, Payments by Owner under this Agreement are guaranteed by Owner’s ultimate parent company, LSB Industries, Inc. (“LSB”). Performance by Contractor of this Agreement is guaranteed by Contractor’s ultimate parent company, Science Applications International Corporation.

NOW, THEREFORE, in consideration of good and valuable consideration, received or to be received, the sufficiency of which the parties acknowledge, the parties agree as follows:

**ARTICLE 1**  
**SUMMARY AND CERTAIN DEFINITIONS**

1.1. Summary and Certain Definitions. Contractor shall provide all necessary General Conditions for the Project under the fixed price as set forth in Exhibit B. Contractor shall provide all labor, materials, supplies, tools, equipment (except for the Owner-Furnished Equipment), products, and facilities necessary for the construction of the Project upon real property at the Site on a pass-through basis, plus 4.5%, as set forth in Exhibit B. All pass-through Work shall be performed by Contractor on an open-book basis that allows Owner or its agent to examine actual costs and expenses of Contractor in connection with the Project.

1.2. The output, capabilities and characteristics of the Project will comply with the requirements of this Agreement and shall also include all required activities up to and including accomplishment of Mechanical Completion and Final Completion, and including participation as reasonably necessary in Process Safety Management (“PSM”), Pre-Startup Safety Review (“PSSR”) and other commissioning support in compliance with this Agreement and its exhibits (hereinafter, the “Work”). The term “Work” includes, but is not limited to all supervision, labor, materials, tools, equipment (except for Owner-Furnished Equipment), supplies and services necessary to construct the Project as defined in Exhibit A, whether or not such labor, materials, tools, equipment, supplies and services are incorporated in the Project. Work also includes the installation by Contractor of Owner-Furnished Equipment into a fully integrated and functioning Project.

1.3. Certain Definitions.

(a) “Contract Documents” include this Agreement, and all Exhibits thereto, and the plans and specifications approved by Owner. The Contract Documents include any modifications to any of them whether such modifications upon mutual agreement are made prior to or after the execution of this Agreement. Contract Documents further define the scope of the Project and the Work.

(b) “Designer of Record” shall be Weatherly Inc., which shall be responsible for all engineering and design of the Plant, including all design documentation O&M manuals and other documentation necessary for Contractor to construct the Plant.

(c) “Estimated Contract Price” means the estimated total installed cost prepared by Contractor and includes costs for installation of all related equipment and materials, including catalyst and chemicals if so designated by the Owner and any approved change orders. The Estimated Contract Price specifically excludes Owner costs, including but not limited to labor and materials for Owner oversight, management, permitting, engineering and design, site preparation, pre-project award costs, and other similar costs incurred directly by the Owner. The Estimated Contract Price as set forth in Exhibit C, is an estimate only, and should not be construed to be a total fixed price for the Project.

(d) “Final Completion” means that (i) all of the items on the punch list signed by Contractor and Owner have been corrected to Owner’s reasonable satisfaction; (ii) if applicable, all lien waivers required under this Agreement have been delivered; (iii) all warranties and other documents identified for delivery to the Owner have been delivered; and (iv) Contractor has completed its other obligations under this Agreement.

(e) “General Conditions” is a category of costs often referred to as indirect costs that include budgets for various costs required to support project execution. General Conditions costs include but are not limited to staffing cost, both field and home office staff, such as field supervision, inspection, management, safety, home office

support, procurement and project controls. General Conditions also include living and travel expenses for field staff and Project-related travel, temporary facilities such as trailers, portable toilets, communications, printing, mailing and distribution, safety equipment and supplies, protective equipment, etc. General Conditions further include for the Project: (i) Payroll costs, salaries and all other compensation of Contractor's officers, executives, principals, general managers, project managers, engineers, accountants, purchasing and contracting agents, schedulers, expeditors, clerks and other personnel whether stationed at Contractor's principal office or offices or the Site office, except payments made by Contractor directly to Subcontractors, vendors, consultants or suppliers for labor, equipment and materials, including any per diem, payroll taxes, transportation charges and sales tax required by law to be paid in connection therewith, furnished by Contractor and to be incorporated into the Project; (ii) Expenses of Contractor's principal office and branch offices, including the Site office; (iii) Overhead, general and administrative expenses; (iv) Contractor's capital expenses, including interest on Contractor's capital employed for the Work; (v) Rental costs of machinery, equipment, and tools not required to specifically perform the Work; (vi) Costs incurred as a result of the replacement of Contractor's representative; (vii) Certain premiums for insurance, unless specifically provided in the Agreement as provided at additional cost; and (viii) Any cost or expense not described in Exhibit C, unless approved in advance in writing by Owner.

(f) "Mechanical Completion" or "Mechanically Complete" shall mean the achievement of the following: Acceptance in writing by Owner of a certificate issued by Contractor certifying that i) the physical completion of the Work relating to the Project in accordance with the terms of this Agreement such that the Work is ready to undergo Start-Up, including, setting of the applicable equipment on foundations; connecting such equipment to other applicable equipment with piping, wiring, controls, and safety systems; ensuring that such equipment and such related operating systems are, as applicable, individually cleaned, pressure tested, leak checked, lubricated, and point-to-point checked to verify that such equipment and such related operating systems have been correctly installed so as to respond to simulated test signals equivalent to actual signals received during operation; and ensuring that such equipment and related operating systems are ready for initial operation, adjustment and testing and may be so operated, adjusted and tested without damage thereto or to any other property and without injury to any person; ii) compliance of the Work and the Project with the agreed to standards where applicable; and iii) completion of the Work so that commissioning of the plant or the applicable portion of the facility may commence. Should Owner achieve 72 hours continuous operation of the Facility at full designed capacity, or less if reduction is not caused by Work of Contractor, then the Facility shall be deemed to be Mechanically Complete.

(g) "Modification" or "modification" is either a written and signed amendment to this Agreement or a Change Order authorized in writing and signed by Owner and Contractor.

(h) "Owner-Furnished Equipment" means the items of equipment listed on Exhibit A, Section E, Equipment List. This list is expected to change and shall be updated from time to time.

1.4. List of Exhibits

- A Scope of Work
- B Compensation & Payment
- C Cost Breakdown/Schedule of Values
- D Project Schedule
- E Change Order Form
- F SAIC Guaranty
- G LSB Guaranty
- H Certain Security, Safety and Regulatory Requirements
- I Responsibility Matrix

ARTICLE 2

CONTRACTOR'S SERVICES

2.1. Contractor's Services. Contractor shall furnish and deliver to Owner a nitric acid plant, fully constructed, Mechanically Complete and ready for operation, with all ISBL associated and ancillary work and connections, and shall also include start-up and commissioning support, all in compliance with Exhibit A. Contractor's Services are further described below.

2.1.1. Perform the Work as appropriate to complete the Work in accordance with the Estimated Contract Price (Exhibit C) and the Project Schedule (Exhibit D);

2.1.2. Enter into direct contracts with Subcontractors and material suppliers and be fully responsible for their work, including the timeliness, quality and price of their Work. Contractor shall consult with Owner and keep Owner informed on an ongoing basis regarding the selection of Subcontractors whose cumulative budgeted work is over \$100,000. In the event that any such Subcontractor's actual quote or estimate is over ten percent (10%) in excess of the budgeted amount under the Estimated Contract Price, Contractor shall notify Owner for Owner to determine whether Designer of Record need to redesign.



2.1.3. Review and process all applications for payment by Subcontractors and material suppliers for monthly progress and final payments; pay all Subcontractors and material suppliers directly; require that the Subcontractors and material suppliers furnish an acknowledgement of payment/waiver of lien in a form approved by Owner with each application for payment certifying that money has been received for performance of their subcontract during the previous payment period, and to the extent legally permitted, waiving to the extent of payments received any right to file or assert a mechanic's and materialmen's lien therefor;

2.1.4. Maintain a competent full-time staff at the Site including a full time construction manager, as provided in Section 11.1, to supervise and confirm that the Work and progress of the Subcontractors is in full compliance with the plans and specifications and completion dates set forth in this Agreement. Contractor shall be solely responsible for the means, methods, techniques, sequences, and procedures for all portions of the Work;

2.1.5. Perform all necessary preparation for designated laydown areas, storage areas or areas needed for access of materials and equipment;

2.1.6. Secure, monitor and coordinate Subcontractor activity to complete the Work in a coordinated, integrated and functional manner. Construction services shall be performed by qualified construction contractors and Subcontractors. Security checks and management of personnel for access to the Site shall be performed in accordance with all legal and regulatory requirements and in coordination with Owner;

2.1.7. Keep Owner informed of the procedures, sequencing, progress, problems and scheduling of the Project;

2.1.8. Provide, update and maintain the Project Schedule (Exhibit D);

2.1.9. Provide a Project payment schedule on a monthly basis, invoicing separately on a separated contract basis for pass-through labor, services, materials, equipment and construction equipment, invoicing separately for all equipment and components that Owner advises Contractor are exempt from Arkansas sales tax and invoicing separately for General Conditions. This monthly report will also include on a rolling updated basis a forecast of all expected invoice amounts from Contractor and its subcontractors performing or to perform Work on the Project.

2.1.10. Manage the Project in accordance with the technical, environmental, security, safety, OSHA and industrial hygiene standards applicable in Arkansas and consistent with Owner's standards, rules and requirements for the Site;

2.1.11. Provide quality control and inspect the Work for defects and deficiencies in the Work to confirm that the Work is in full compliance with the plans, specifications and this Agreement. In conjunction with Owner, coordinate review during construction of Project components not included in the Work. Establish procedures to promptly correct any non-conformity with appropriate notice to vendors, manufacturers, Subcontractors, suppliers and Owner. Implement a written control program to provide notice to the Owner of any non-conforming work, materials or equipment, develop and implement remedial measures;

2.1.12. Record the progress of the Project and submit a monthly comprehensive progress report to Owner. Keep and maintain an accurate and comprehensive daily log on the Site and available to Owner upon request.

2.1.13. Maintain at the Project site on a current basis records of all necessary Contract Documents, samples, purchases, materials, equipment, and other construction-related documents, including all Contractor red-line revisions; obtain data from Subcontractors and maintain a current set of issued for construction drawings and specifications, and at the completion of the Project, deliver to Owner all such records, and all hard copies and in electronic format (original Word or Office document or scan);

2.1.14. Be responsible at all times for enforcing reasonable discipline and good order among its employees and/or the employees of the Subcontractors. If any person on the site of the Work shall appear to be incompetent, disorderly or intemperate, in any way disrupts or interferes with the Work, presents a security risk, or is in any other way disqualified for or unfaithful to the job entrusted to him, such person shall be promptly reassigned to tasks unrelated to this Project and he shall not again be employed on the Work or allowed access to the Site without the prior written consent of Owner;

2.1.15. Be solely responsible for all Project site-specific safety orientation, safety orders, rules, precautions and programs necessary for the safety and security of the Work; take precautions to secure the safety of all of Contractor's employees and others for which it has direct supervision and control and which are involved in the Work, all equipment and materials incorporated in the Work, all property on the site of the Work and adjacent to it, and remain cognizant of Owner's affiliates operations which are on the Site of the Work or in the vicinity of it. Contractor will maintain pro-active safety and security program, in fulfillment of and in compliance with all legal and regulatory requirements, as provided in Exhibit H. Contractor shall maintain a qualified Safety Manager on site at all times during construction of the Project;

2.1.16. Give all notices and comply with all laws, ordinances, rules, regulations and permits and orders of any local, state or federal authority having jurisdiction over the Work, or which have any bearing on the execution of the Work. If Contractor observes that any of the Contract Documents are at variance in any respect with any such laws, ordinances, rules, regulations and orders, it shall promptly notify Owner in writing and any necessary changes shall be promptly made. If Contractor fails to give such notice or executes any of the Work in a manner contrary to any such laws, ordinances, rules, regulations or orders, it shall bear the resulting costs to correct said Work to comply with such laws and regulations;

2.1.17. Perform testing, including PMI (positive materials identification) on materials and equipment in accordance with applicable codes and laws, and the Baker Risk provided program. Contractor shall provide to Owner the results of all such testing;

2.1.18. Correct Work which does not conform to the Agreement at no cost to Owner;

2.1.19. Procure and provide materials and equipment to be incorporated in the Work that are new and warrant that the Work will be of good quality, and in conformance with the Contract Documents. Owner shall provide the Owner-Furnished Equipment at its costs and responsibility.

2.1.20. Retain only first quality, competent and qualified Subcontractors;

2.1.21. Be responsible for and pay all duties and taxes on all Contractor supplied materials and equipment for the Project, such costs to be considered as pass-through costs to Owner's account except as such costs may relate to General Conditions;

2.1.22. Maintain the Project site reasonably free from accumulation of waste materials or rubbish caused by Contractor's operations. At the completion of the Work, Contractor shall remove from the Site Contractor's temporary objects and facilities, tools, construction equipment, machinery, surplus materials, waste materials and rubbish;

2.1.23. Prepare Change Orders for Owner's approval and execution in accordance with the Agreement and submit them for Owner's approval prior to beginning any work on such Change Order. Contractor shall have authority, subject to notice to Owner, to make such minor changes in design prior to supply of the delivered facility and within the intent of the Agreement that will not affect the quality, performance, extend the date of completion or require review or action under any applicable rules, regulations, statutes, ordinances or codes;

2.1.24. Obtain and keep current its operating permits as well as the documents proving legal ability to execute the Work. Copies of such documents shall be provided to Owner by Contractor upon request.

2.1.25. Manage and complete the Work in a manner that substantially conforms with Exhibit I.

ARTICLE 3  
OWNER'S SERVICES AND RESPONSIBILITIES

3.1 Timely Performance. Owner shall throughout the performance of this Agreement reasonably cooperate with Contractor. Owner shall perform its responsibilities, obligations and services, including its reviews and approvals of Contractor's submissions, in a reasonably timely manner so as not to delay or interfere with Contractor's performance of its obligations under this Agreement.

3.2 Owner Provided Information and Equipment. Owner shall provide, at its own cost and expense, for Contractor's information and use, the following, all of which Contractor is entitled to rely upon (absent manifest error) in performing its obligations hereunder:

3.2.1 Surveys describing the property, boundaries, topography and reference points for use during construction, including existing service and utility lines;

3.2.2 Geotechnical studies describing subsurface conditions, and other surveys describing other latent or concealed physical conditions at the Site;

3.2.3 Temporary and permanent easements, zoning and other requirements and encumbrances affecting land use or necessary to permit the proper design and construction of the Project;

3.2.4 A legal description of the Site;

3.2.5 To the extent available, as-built and record drawings of any existing structures at the Site; and

3.2.6 To the extent available, environmental studies, reports and impact statements describing the environmental conditions, including, but not limited to, hazardous conditions, in existence at the Site.

3.2.7 Owner shall provide all Owner-Furnished Equipment, and vendor support, in accordance with the schedule. Owner shall cooperate with Contractor in the coordination of the delivery and receipt on Site of the Owner-Furnished Equipment.

3.2.8 Owner shall provide a means of disposal for all hydro test water.

3.2.9 Owner shall be responsible for development and implementation of the Facility PSM and PSSR programs. Contractor will cooperate with Owner in its development of said programs.

3.2.10 Owner shall be responsible for timely provision of all engineering and design documents from the Designer of Record to Contractor.

3.2.11 Owner shall be responsible for providing the process to Contractor, and shall be responsible for the performance of the Plant, except to the extent this Agreement places responsibility on Contractor for any Work,

3.2.12 Provide support for Contractor's performance of the Work substantially in conformity to Exhibit I.

3.3 Owner shall be responsible for start-up and commissioning of the Plant, subject to assistance by Contractor as provided in this Agreement.

ARTICLE 4  
PROGRESS OF THE WORK

4.1 Commencement and Completion. Contractor shall commence the Work immediately and shall achieve Final Completion, including without limitation Mechanical Completion, all Project construction and commissioning support services not later than June 1, 2015 (the "Completion Date"), All 533-DMW2 ISBL facilities necessary to produce nitric acid and control associated emissions, shall be completed and ready for operations by the Completion Date. The Completion Date may be altered only as provided in this Agreement and any liability for Contractor thereto is limited as further set forth in Article 20 herein.

4.2 Scheduling.

4.2.1 Scheduling and Time Extensions. Attached as Exhibit E to this Agreement is a progress schedule ("Project Schedule") setting forth the durations for all the major items of Work to be performed; the start and finish date of all such activities; the performance tests; and the Completion Date of the Project. Contractor shall submit to Owner updated Progress Schedules each month to reflect the actual progress made and to forecast future progress of the Work. The Completion Date shall be extended only for such number of calendar days as the Work is actually delayed by acts of God, acts or omissions of Owner or the Designer of Record, delays in the issuance of required permits occurring after November 1, 2013, the presence of any undisclosed hazardous substances (including, but not limited to Hazardous Materials) affecting the Work, a casualty, change in law, flood, fire, or a change order, plus a reasonable number of additional days to allow Contractor to resume Work following such delay, and only then if it is not feasible for Contractor to avoid or to mitigate the impact of the delay ("Unavoidable Excusable Delay"). No extensions to the Completion Date shall be granted due to the negligence or fault of Contractor or its Subcontractors or untimely delivery of equipment or the non-availability of materials or labor, not including the Owner-Furnished Equipment and materials. In order to obtain a time extension due to an Unavoidable Excusable Delay, Contractor must give written notice to Owner within five (5) working days after the commencement of each Unavoidable Excusable Delay, including a description of actions taken to avoid or mitigate the delay and a proposed action plan or re-sequencing to minimize the impact on the Project.

4.3 Liquidated Damages. It is mutually agreed that if Contractor does not complete the Work to the point of Final Completion by the Completion Date, Owner will sustain damage, the precise amount of which is difficult to determine at the time of making this Agreement.

4.3.1 Up to a maximum total amount of \$200,000, Contractor shall pay to Owner as liquidated damages and not as a penalty the sum of \$3,000 per day for each full day of delay if Contractor fails to achieve Mechanical Completion by August 1, 2015 (subject to automatic extension for Unavoidable Excusable Delay), provided such delay is due to a) failure by Contractor to prosecute the Work with diligence, or b) Contractor's or Subcontractor's negligence.

Contractor further agrees that any assessment by Owner of liquidated damages or payment by Contractor to Owner of liquidated damages is to compensate Owner only for the damages arising out of Contractor's delay in achieving the Completion Date, and is not a release of any of Owner's other rights or claims against Contractor, including claims of Owner for defective or improper workmanship of Contractor.

## ARTICLE 5 PAYMENT

5.1 Fixed Price Portion of Work. Owner and Contractor agree that Contractor shall be paid for all General Conditions for a fixed price, as provided in Exhibit B.

5.2 Variable Cost Portion of Work. Owner and Contractor agree that Contractor shall be paid in accordance with Exhibit C for all Construction Work, excluding General Conditions included in Exhibit B.

5.3 Payment Procedure. During the course of the Project, progress payments shall be made by Owner to Contractor as follows:

(a) On or before the twenty-fifth day of each calendar month during the performance of the Work or the preceding working day if the last day is a Saturday, Sunday or holiday, Contractor shall submit to Owner an application and certificate for payment, based on the Work completed during the preceding month, using a form approved by Owner.

(b) Each application and certificate for payment shall be accompanied by: (1) copies of all vendors and Subcontractors invoices; (2) a separation of construction materials, services, labor, equipment and manufacturing equipment materials; (3) releases and lien waivers from Contractor and all Subcontractors and vendors; and (4) other documentation as may be requested by Owner for its proper review of the application and certificate of payment.

(c) Payments by Owner shall be made on or about the 25th day of the following month in which an approved Application and Certificate for Payment properly certified and verified has been submitted or the next working day if the 25th day of the month is a Saturday, Sunday or holiday. Contractor shall be entitled to 1% interest per month on any late payments. Owner reserves the right to verify the accuracy of any such payments both during the Project and upon completion. Contractor shall within a reasonable time period reimburse Owner for any overpayments made during the course of the Project or upon completion. If Owner disputes any portion of Contractor's Application, Owner shall pay the undisputed portion as set forth in this Section 4.3(c), and any disputed portion of the Application shall be subject to the Dispute Resolution provision in Section 23.13 of this Agreement. If Owner fails to make payment to Contractor when due, Contractor shall, after fifteen (15) days notice to Owner to cure, stop all Work until such time as Owner pays amounts not in dispute and due Contractor. If after Contractor stops work, Owner cures such failure to pay, Contractor shall remobilize to the Site and be entitled to seek a Change Order for additional costs or fees associated with Contractor's demobilization and remobilization to the Site, as well as for any extension of the Completion Date. If Owner's failure to pay continues for a period of sixty (60) additional days, Contractor may terminate this Agreement.

5.4 Use of Payments. Contractor shall use all sums paid to it pursuant to this Agreement for the performance of the Work in accordance with the Contract Documents. Upon the request of Owner, Contractor shall furnish satisfactory proof as to the disposition of any monies paid to Contractor by Owner; provided that no provision shall be construed to require Owner to see to the proper distribution, disposition or application of the monies paid to Contractor.

5.5 Payment Not a Waiver. Neither the approval or making of any payment to Contractor, nor the partial or entire use or occupancy of the Project by Owner shall be an acceptance of any portion of Work.

#### 5.6 Final Payment.

(a) Final payment by Owner is due upon Final Completion but shall not constitute a waiver of claims by Owner arising from terms of warranties unsettled liens, incomplete or defective workmanship, defective materials, or for failure of the Work to comply with requirements of the Contract Documents provided by Contractor under this Agreement.

(b) Final Completion and final acceptance of the Work shall occur only after all Work (including punch list items) provided for in the Contract Documents has been finally completed and accepted in writing by Owner.

(c) Thereafter final payment shall become due upon Contractor delivery to Owner the following:

(i) written statement that all payrolls, bills for materials and equipment, and other indebtedness connected with the Work for which Owner or its interest in the property, or the Site or the Project might in any way be responsible, have been paid, or will be paid with funds received from final payment, or otherwise satisfied, along with any documentary evidence requested by Owner, including without limitation, lien waivers;

(ii) other data establishing payment or satisfaction of all such obligations, such as receipts, releases and waivers of liens, arising out of the Work, to the extent and in such form as may be designated by Owner;

(iii) Warranties assigned to the Owner; and

(iv) Vendor supplied Operating manuals set forth in Exhibit A.

5.7 The Right of Owner to Withhold Payment. Owner may, on account of subsequently discovered evidence, withhold or nullify the whole or part of any payment, including Final Payment, to such extent as may be necessary to reasonably protect itself from any of the following:

(a) defective Work not remedied;

(b) third-party claims for payment or liens filed or reasonable evidence indicating the probable filing of such claims or liens;

(c) failure of Contractor to make payments properly due to Subcontractors pursuant to applicable subcontracts or purchase orders or failure of the Subcontractors to make payment properly due for any portion of the Work or failure of Contractor or its Subcontractors to make payment properly due for equipment, materials or labor;

(d) evidence of fraud, over-billing or overpayment discovered upon audit or otherwise;

(e) failure of Contractor to prosecute the Work in accordance with the Contract Documents; or

(f) damage to Owner or Owner's affiliates caused by Contractor, or any entity for whom Contractor is responsible.

## ARTICLE 6 EQUIPMENT AND MATERIALS

6.1 Materials Provided by Contractor.

(a) Contractor shall provide and pay as a cost of the Work for all equipment, materials, labor, tools, equipment, light, transportation, and other facilities necessary for the performance of the Work, excluding Owner-Furnished Equipment. Water and power is to be provided by Owner.



(b) All equipment, machinery, material, and articles incorporated in the Work shall be of good quality and new.

## 6.2 Contractor Equipment Procurement.

6.2.1 Except for the Owner-Furnished Equipment, Contractor shall procure and pay for all construction equipment and materials to be incorporated in the Work or necessary for operation or continued operation of the Project as set forth in Exhibit A. Owner shall provide to the Project for installation by Contractor all Owner-Furnished Equipment.

6.2.2 Contractor shall be solely responsible for verifying that all utilities and services are adequate for operation and are connected properly and ready for operation. Contractor shall take reasonable steps or actions necessary to coordinate with Owner to allow Owner to cause the Owner-Furnished Equipment to arrive at the Site at such time that they are required to support the Project Schedule and Completion Date.

6.2.3 Contractor shall be fully responsible for the care, custody, and control of all manufacturing equipment, equipment and materials and security of site until Mechanical Completion of the Project or turnover to Owner, whichever occurs earlier.

## ARTICLE 7

### DATA

7.1 As-Built Drawings. Contractor shall coordinate with the Designer of Record and provide red-line markups of the design documents to the Designer of Record for the Designer of Record's inclusion in and creation of "as-built" drawings.

## 7.2 Operation and Maintenance Data.

(a) Installation information for all machinery and equipment also shall be kept on the site of the Work during construction. All such information shall be provided in electronic form (original Word or Office document or scan).

7.3 Information from Suppliers. Contractor shall make it a requirement or condition of purchase from its suppliers of equipment and/or materials, if any, that each supplier (1) furnish complete and adequate operating and maintenance data pertaining to their equipment, (2) assign to Owner any warranty, express or implied, furnished by the manufacturer of the equipment, and (3) to assign to Owner any customary maintenance or repair service, spare parts supply service, or personnel support service furnished by the manufacturer of the equipment.

ARTICLE 8  
SUBCONTRACTS

8.1 Definition. As used in the Contract Documents, a “Subcontractor” is a person or organization that has a contract with Contractor, or any other entity working under Contractor’s contractual chain of privity, to perform any portion of the Work, to furnish any product, furnish any technology license, technical assistance or advice, or to furnish any article, machinery, equipment or materials to the Work.

8.2 No Contractual Relationship with Owner. Except as expressly provided by this Agreement, Article 22—Right to Terminate of Owner, nothing contained in the Contract Documents or otherwise shall create any contractual relationship between Owner and any Subcontractor, except that it is understood and agreed that Owner is an intended third party beneficiary of all (i) contracts with design professionals; (ii) subcontracts; (iii) purchase orders; and (iv) other agreements between Contractor and third parties. Contractor shall incorporate the obligations of this contract with Owner in its respective contracts with design professionals, subcontracts, supply agreements, purchase orders and other agreements. No subcontract shall relieve the Subcontractor of its responsibilities and obligations should any Subcontractor fail to perform the Work in a satisfactory manner. Contractor is fully responsible to Owner for the acts and omissions of its Subcontractors and of persons either directly or indirectly employed by them.

8.3 Approval of Subcontractors. Based on substantial and/or material reasons, Owner reserves the right to reject any unsatisfactory Subcontractor on the basis of safety record, financial status, insufficient resources, security risk, or other criteria which could negatively impact the successful on-time completion of the Project. Good faith and reasonableness will govern any such decision. Owner’s approval of Subcontractors does not relieve or release Contractor from full responsibility for the adequate, conforming and timely performance of the Work. Contractor is solely responsible for ensuring that all Subcontractors are qualified to perform their work timely and in accordance with the plans, specifications and this Agreement.

8.4 Subcontract Terms and Conditions. All portions of the Work performed by a Subcontractor shall be pursuant to a written agreement acceptable to Owner and which shall contain provisions that:

- (a) preserve and protect the rights of Owner under the Contract Documents with respect to the portion of the Work to be performed under the subcontract so that the subcontracting will not prejudice such rights;
- (b) require that all Work be performed in accordance with the requirements of the Contract Documents;
- (c) require that all Work comply with the requirements of OSHA and all other applicable government regulations construction codes, and other applicable codes or applicable trade or legal regulations.

(d) require that all Work comply with all federal, state and local environmental statutes, regulations and ordinances, including without limitation, environmental statutes, regulations and ordinances;

(e) require the Subcontractor to meet standard on-site contractor requirements as established by Owner and by the El Dorado Chemical Company plant.

(f) require submission to Contractor of periodic applications for payment accompanied by a release and lien waiver to the extent of each payment;

(g) require that all requests for change order, additional compensation or extensions of time be submitted to Contractor in sufficient time so that Contractor may comply in the manner provided in the Contract Documents for like requests by Contractor upon Owner; and

(h) establish that the Owner is an intended third-party beneficiary of the subcontract, agreement or purchase order, provided that if any Subcontractor refuses to agree that the Owner is a third-party beneficiary of the subcontract, Contractor shall so advise Owner, and Owner shall consider the circumstances and alternatives and may reasonably waive this requirement on a case by case basis.

## ARTICLE 9 CHANGES

### 9.1 Changes in the Work.

(a) Either Party, without invalidating the Agreement, may order or seek extra Work or make changes by altering, adding to or deducting from the Work by executing a Change Order in the form provided by Owner, attached as Exhibit E. All work performed pursuant to a Change Order shall be performed under the terms and conditions of the Contract Documents.

(b) Owner shall have authority to make changes in the Work not involving extra cost, and not inconsistent with the purposes of the Project, but otherwise, no extra work or change in the Work shall be made unless pursuant to a written Change Order. No claim by Contractor for additional compensation, cost or fee or any extension of the Completion Date shall be valid unless provided in a Change Order.

9.2 Change Order Procedure. Upon receipt of a request from Owner, or upon its own request, for extra work or changes in the Work, or for deletions or reductions in scope, Contractor shall furnish to Owner, within five (5) calendar days, a statement setting forth in detail the proposal of Contractor for performing the extra work or changes or for deleting the work or reducing the scope and the effect of the extra work or changes, of the deletions or reductions, if any, on the contract price and Completion Date. If Owner approves in writing the

proposal of Contractor, a Change Order in the form provided by Owner shall be executed by the parties and the contract price and the Completion Date shall be adjusted. All Change Orders must be executed by Owner's authorized representative or such other individual designated in writing by an officer of Owner, subject to any limitations set forth in such written designation, in order to be valid.

### 9.3 Change Order Pricing.

(a) Increases in the Scope. Any increase in the contract price attributable to a Change Order performed by Contractor or any of its Subcontractors shall not exceed the sum of the following:

(i) the actual costs to Contractor to perform the Change Order, as calculated from the Rate Schedule attached to Exhibit F, Change Order form; and

(ii) the actual cost of Subcontractors to perform the Change Order, with a 4.5% mark-up;

(b) Decreases in the Scope. The decrease in the contract price attributable to a Change Order deleting or modifying a portion of the scope of Work shall equal all costs incurred to execute such deductive change order less the sum of the following:

(i) the actual labor cost that Contractor would have incurred to perform the scope of Work deleted in the Change Order;

(ii) the actual cost of Subcontractors or materials that Contractor would have incurred in performing the scope of Work deleted in the Change Order;

9.4 Unconditional Obligation to Proceed. Notwithstanding anything herein to the contrary, Contractor will proceed with the Work when so directed by Owner in writing and attempt in good faith to comply with the Completion Date as amended by Owner's directed change, even if it has a dispute with Owner concerning the amount to be paid under Section 8.3 or any extension of time which is or could be due to Contractor pursuant to a Change Order.

## ARTICLE 10

### THE UNDERSTANDING OF CONTRACTOR

10.1 Unforeseen Work Site Conditions. If concealed or unknown conditions, including, but not limited to, surface, subsurface and/or site environmental conditions, which affect in whole or in part the performance of the Work are encountered, then Contractor shall stop work and give written notice thereof to Owner before conditions are further disturbed and promptly after first observing such changed conditions by Contractor. The Agreement (e.g., costs, prices, schedule, etc.) shall be adjusted in accordance with the changes clause.

ARTICLE 11  
THE REPRESENTATIVE OF OWNER

11.1 The Representative of Owner. Representative of Owner shall have full authority to stop the Work whenever in the best judgment of the Representative of Owner, such stoppage may be necessary to insure the proper execution of the Work and the Agreement shall be equitably adjusted as a result of any wrongful stoppage. The Representative of Owner shall have authority to reject any Work and materials which do not conform to the Contract Documents, and to decide questions which arise during the execution of the Work. The Representative of Owner shall also designate in writing all persons affiliated with Owner who are authorized to have access to the Work. Owner shall have the right to replace the Representative of Owner at any time with or without cause, following written notice to Contractor.

ARTICLE 12  
SUPERVISION OF THE WORK

12.1 The Construction Manager of Contractor. Contractor shall designate in writing to Owner, and keep assigned to the Work during its progress, a competent Construction Manager satisfactory to Owner. The Construction Manager shall be Bob Andersen. The Construction Manager shall be changed upon written request of Owner, but shall not be changed by Contractor except with the consent of Owner (which consent shall not be arbitrarily withheld), unless the Construction Manager ceases to be in its employ. The Construction Manager shall represent Contractor and all directions given to him by Owner shall be binding as if given to Contractor directly. The Construction Manager shall devote full time to the Work and shall maintain his office on the site of the Work. He shall direct, coordinate and supervise all Work, inspect all materials, excluding Owner Furnished Equipment, delivered to the Project to ascertain whether or not they comply with the requirements of the Contract Documents, and reject all non-conforming materials or workmanship.

12.2 Owner's Right to Review the Work.

(a) Owner and persons designated by Owner shall at all times have access to the Work whenever it is in preparation or progress and Contractor shall provide proper facilities for such access and for a detailed review of the Work by Owner. If Owner discovers any Defective Work in connection with any review, it shall report such Defective Work to Contractor and Contractor shall, at no cost to Owner, immediately correct the defective work.

(b) If the Contract Documents, the written instructions of Owner, laws, ordinances, rules or regulations, or any public authority require any of the Work to be specifically tested or inspected, Contractor shall give Owner timely notice of its readiness for inspection and testing, and if the test or inspection is performed by an authority other than Owner, of the date set for such test or inspection. Inspections by Owner shall be promptly made and, where practicable, at the source of supply. If any of the Work should be covered up without the approval or consent of Owner or any necessary authority, it shall be uncovered for examination, if required by Owner or such other authority, at the sole expense of Contractor.

(c) Re-examination of questioned work that has been previously inspected by Owner may be ordered by Owner and, if so ordered, the questioned work shall be uncovered by Contractor. If such work is found to be in compliance with the Contract Documents, Owner shall pay the actual documented and verified cost of the re-examination and if such re-examination causes the Completion Date to be extended, grant a time extension and shall pay all costs incurred as a result of such extension via the contract change procedure accordingly. If such work is found not to be in compliance with the Contract Documents, Contractor shall bear the costs of the re-examination, and the costs to correct.

ARTICLE 13  
THE RIGHT OF OWNER TO AUDIT

13.1 Owner shall have the right, but not the obligation, to audit or examine all cost documents, cost records, pertaining to the Project through the Project and for one year after Final Completion, excluding Contractor's documentation to support any fixed price portion of the Work.

ARTICLE 14  
SEPARATE CONTRACTS

14.1 The Right of Owner to Award Separate Contracts. Owner reserves the right to award other contracts in connection with the Project (but not within Contractor's scope of Work under this Agreement) at or in the vicinity of the Project and Contractor agrees to cooperate fully and not to unreasonably interfere with the work of such other contractors. Notwithstanding anything to the contrary, in the event that Owner reasonably believes that Contractor is not sufficiently skilled or lacks required expertise or does not provide a reasonable value to Owner for particular portions of the Work or areas subject to Change Orders, then Owner may award such work to third party contractors.

14.2 Responsibility for Damage. Should Contractor cause damage to the Work, the Owner's property, the property of third parties or to any person, Contractor shall reimburse the Owner or such other damaged or injured person for all associated costs and expenses for the repair or replacement of the damaged property, excluding any consequential loss as set forth in Section 19.4. If such damaged person sues or arbitrates with Owner or Owner affiliates on account of any damage alleged to have been caused in whole or in part by Contractor or anyone for whom Contractor is responsible, Owner shall notify Contractor who shall indemnify and hold Owner or Owner affiliates harmless and continuously defend such suit or arbitration at the expense of Contractor, and if any judgment or award against Owner or Owner affiliates results, Contractor shall pay or satisfy the award.

ARTICLE 15  
WARRANTIES OF CONTRACTOR

15.1 Warranty of Title. Contractor agrees that title to all Work, materials, products and equipment that has been incorporated into the Facility will pass to Owner, free and clear of all liens, security interests or encumbrances (herein "Liens") upon full payment due to Contractor for such portions of the Work, being made by Owner and that none of the Work, materials, products or equipment covered by an application and certificate for payment will have been acquired by Contractor, or by any other person performing any part of the Work or furnishing materials and equipment for the Work, subject to an agreement under which a Lien is retained by the seller or supplier.

15.2 Assignment of Warranties. Contractor hereby assigns to Owner any and all existing assignable warranties of manufacturers of equipment or items purchased by or through Contractor, and incorporated in the Work. The Contractor shall deliver all warranties, to the Owner prior to Final Completion. Upon the request of Owner, Contractor shall give Owner assistance in enforcing the rights of Owner arising under such warranties. Without request of Owner, Contractor shall give notice (with copies to Owner) to any such manufacturers of the assignment to Owner and its successors or assignees to the Project of such warranties.

15.3 General Warranty and Correction of Work.

(a) In addition to any other warranties contained in the Contract Documents, Contractor warrants to Owner and its successors or assigns to the Project that all materials and equipment furnished by Contractor in performance of the Work will be new, that all Work will be of good quality, free from faults and defects and in conformance with the Contract Documents. All Work not so conforming to these standards shall be considered defective and corrected by Contractor at no cost to Owner ("Defective Work").

(b) Contractor shall promptly correct all Defective Work to the standards of this Agreement and the Contract Documents whether observed before or after the Completion Date and whether or not fabricated, installed or completed. Contractor shall bear all costs of correcting such Defective Work.

(c) If, within one (1) year from Mechanical Completion of the Work any of the Work is found to be defective and not in accordance with the Contract Documents, Contractor shall correct it promptly upon receipt of a written notice to do so from Owner or any successor or assign of Owner.

(d) If Contractor fails to correct Defective Work in accordance herewith and the Contract Documents, Owner or its successor or assign may correct it and hold Contractor liable for all costs, expenses and damages, including redesign fees, attorney's fees and litigation costs incurred by any of them in correcting it.

(e) In addition to the foregoing warranty, if any Defective Work in material or workmanship is discovered during the warranty period, a warranty period of one (1) additional year shall apply to workmanship, material and equipment under the same terms and conditions as the original warranty, to any work, supplied in correction of the Defective Work under warranty pursuant to the provisions of this Section 14.3 and Contractor shall assign to Owner or its successor or assign any warranties, including extended warranties, as to materials or designs furnished in the performance of such correction of Defective Work. Such warranty period shall commence on the date Owner or its successors or assigns accepts the corrective work of Contractor.

ARTICLE 16  
RIGHT OF OWNER TO DO WORK

16.1 Right of Owner to Do Work. If Contractor should neglect to prosecute the Work properly or fail to do anything required by the Contract Documents, and Owner does not receive acceptable assurances from Contractor or Contractor does not undertake reasonable steps for due performance satisfactory to Owner within ten (10) days after written demand is made, then Owner may, without prejudice to any other remedy it may have under this Agreement or at law or in equity, make good any deficiencies in the Work.

16.2 Deduction for Uncorrected Work. If Owner reasonably and in good faith deems it inexpedient to correct deficiencies in the Work pursuant to Section 15.1, Owner may deduct the reasonable cost of doing so from the payment then due, any retainage held by Owner, or any payment thereafter due Contractor, but the making of such a deduction shall in no way be deemed an election or limitation of remedies by Owner.

ARTICLE 17  
INSURANCE

17.1 Liability Insurance. Prior to the commencement of any operations by or on behalf of Contractor relating to the Project, and with respect to any and all such operations, Contractor shall procure and provide to Owner the insurance described in this Article 17 from insurers with a rating by A.M. Best of A-VIII or better, and further obtain endorsements on all policies where possible to name Owner and other identified entities as additional insureds.

17.1.1 Commercial General and Umbrella Liability Insurance. Contractor shall maintain commercial general liability (CGL) and commercial umbrella insurance with a limit of not less than \$1,000,000 for each occurrence and aggregate.

(a) CGL insurance shall cover liability arising from premises, operations, independent contractors, products-completed operations, sudden and accidental pollution, personal injury and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).



(b) Contractor shall maintain CGL and commercial umbrella liability insurance with a limit of not less than \$10,000,000 for each occurrence and aggregate, for at least 1 year following completion of the Work. Unless otherwise set forth below, the continuing CGL insurance shall meet all of the requirements set forth above in Paragraphs (i) and (ii). Continuing CGL insurance shall, at minimum, cover liability arising from products-completed operations and liability assumed under an insured contract. Continuing commercial umbrella coverage, if any, shall include liability coverage for damage to the insured's completed work equivalent to that provided under ISO form CG 00 01 10.

17.1.2 Business Auto and Umbrella Liability Insurance. Contractor shall maintain business auto liability and, if necessary, commercial umbrella liability insurance with a limit of not less than \$10,000,000 per occurrence, with no aggregate limit. Such insurance shall cover liability arising out of any auto (including owned, hired and non-owned autos).

17.1.3 Workers Compensation Insurance. Contractor shall maintain workers compensation and employers liability insurance.

(a) the employers liability and/or commercial umbrella limits shall not be less than \$10,000,000 each accident for personal injury by accident or \$10,000,000 each employee for personal injury by disease.

17.1.4 Umbrella Excess Insurance. Contractor shall maintain umbrella excess insurance (over automobile, CGL and employers liability) in the amount of \$10,000,000 aggregate.

17.2 Contractor's Pollution Liability Insurance. Contractor shall maintain contractor's pollution liability insurance [claims made form] in the amount of \$5,000,000 each occurrence and in the aggregate.

17.3 Builder's Risk Insurance.

(a) Owner shall purchase and maintain in force builder's risk insurance for the entire Work. Such insurance shall be written in an amount at least equal to \$100 million as well as subsequent modifications of that sum. The insurance shall apply on a replacement cost basis.

(b) The insurance as provided in this paragraph shall name Contractor as additional insured. The insurance as required in this Paragraph shall cover the entire Work at the Project site, and shall also cover portions of the Work located away from the site but intended for use at the site, and shall also cover portions of the Work in transit.

(c) The insurance as provided in this paragraph shall include business interruption coverage from a delay due to an insured peril.

(d) The deductible or self-insured retention applicable to the insurance purchased in compliance with this Paragraph shall be paid by Owner. Provided however, if Contractor causes loss covered by this Paragraph, Contractor shall pay the first one hundred thousand dollars (\$100,000.00) of the deductible or self-insured retention.

17.4 No Representation of Coverage Adequacy. By requiring the insurance as set out in this Article 17, Owner does not represent that coverage and limits will necessarily be adequate to protect Contractor, and such coverage and limits shall not be deemed as a limitation on Contractor's liability under the indemnities provided to Owner in this Agreement, or any other provision of the Contract Documents.

17.5 Additional Insureds. Any insurance required to be maintained by Contractor pursuant to this Article 17 shall include Owner, including its affiliates, agents, officers, directors, employees, successors and assigns as "Additional Insureds", but solely with respect to liability arising out of the Work

17.6 Primary Insurance. Any insurance required to be maintained by Contractor pursuant to this Article 17 shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to, or maintained by, Owner or any of the other Additional Insureds.

17.7 Cross-Liability Coverage. If Contractor's liability policies do not contain the standard ISO separation of insureds provision, or a substantially similar clause, they shall be endorsed to provide cross-liability coverage.

17.8 Evidence of Insurance. Prior to commencing the Work, Contractor shall furnish evidence of its insurance showing compliance with the insurance requirements set forth above.

(a) All certificates shall provide for 30 days written notice to Owner prior to the cancellation or material change of any insurance referred to therein.

(b) Failure of Owner to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Owner to identify a deficiency from evidence that is provided shall not be construed as a waiver of Contractor's obligation to maintain such insurance.

(c) Owner shall have the right, but not the obligation, to prohibit Contractor or any Subcontractor from entering the Project site until such certificates or other evidence that insurance has been placed in complete compliance with these requirements is received and approved by Owner.

(d) Failure to maintain the insurance required in this Article 17 may result in termination of this Agreement at Owner's option. If Contractor fails to maintain the insurance as set forth herein, Owner shall have the right, but not the obligation, to purchase said insurance at Contractor's expense, after a reasonable period in which the Contractor has failed to comply.

(e) With respect to insurance maintained after final payment in compliance with a requirement above, an additional certificate(s) evidencing such coverage shall be promptly provided to Owner when requested.

17.9 Subcontractors' Insurance. Contractor shall cause each Subcontractor employed by Contractor to purchase and maintain applicable insurance of the type specified in this Article 16. Unless otherwise agreed to in writing by Owner, Contractor will require Subcontractors to obtain the insurance specified in this Article consistent with their work obligations with minimum limits of \$5,000,000 per occurrence and in the aggregate, unless an exception is approved in writing by the Owner. When requested by Owner, Contractor shall furnish to Owner copies of certificates of insurance evidencing coverage for each Subcontractor.

17.10 Professional Liability Insurance. Contractor shall maintain professional liability coverage, including pollution coverage, insuring Contractor and its Subcontractors for negligent acts, errors or omissions arising out of the performance of any design services or functions under the Agreement. The limits of liability under this professional liability coverage shall be \$20 million. The coverage or policy shall be maintained for five years after completion of the contract. Coverage shall include a professional services contractual liability coverage endorsement. Coverage shall be primary, and shall be non-contributing with any insurance which may be maintained by Owner or any affiliated companies.

17.11 Costs of Insurance. Any costs relative to the insurance to be provided under this Agreement shall be borne by Contractor, except for Builder's Risk insurance which, if provided by Contractor, shall be provided on a pass-through basis at Owner's cost with no markup.

17.12 Owner's Purchase of Insurance. Contractor shall cooperate with Owner and any and all of Owner's insurance carriers or providers or proposed insurance carriers or providers to provide such information, documentation and assistance necessary to obtain, maintain or collect under any policy of insurance. Any costs incurred by Contractor herein shall be pass-throughs to Owner's account, including but not limited to efficacy insurance.

17.13 Owner-Controlled Insurance Program ("OCIP"). Owner may elect to implement an Owner Controlled Insurance Program ("OCIP"). An OCIP may include general liability, workers compensation and umbrella coverage for the entire Project and all Subcontractors. If Owner elects to implement an OCIP, Contractor and all Subcontractors agree to be included under the OCIP coverage and exclude their own General Liability, Workers Compensation and Umbrella costs from their bids.

ARTICLE 18  
PARENT COMPANY GUARANTY

18.1 Contractor will provide a guarantee from its parent corporation Science Applications International Corporation, in the form as provided in Exhibit E.

18.2 LSB Industries, Inc. will provide a guaranty to Contractor, in the form as provided in Exhibit G.

ARTICLE 19  
INDEMNIFICATION AND WAIVER OF CONSEQUENTIAL DAMAGES

19.1 Indemnification by Contractor. Contractor, on behalf of itself, its Subcontractors, their agents, their employees or any entity or person for which Contractor is responsible (collectively "Contractor Indemnitors"), shall fully indemnify, defend, save and hold Owner, Owner's affiliates, the Additional Insureds, their agents, successors, assigns, employees, officers, directors, partners and related entities, (collectively "Owner Indemnitees") harmless from and against all liability, damage, loss, claims, demands, actions and expenses of any nature whatsoever, including, but not limited to reasonable attorney's fees which arise out of or are connected with: (i) any negligent act, error or omission by any Contractor Indemnitor in the performance of this Agreement; (ii) any breach of this Agreement or failure to comply with the Contract Documents; or (iii) the failure of the Contractor Indemnitor to comply with the laws, statutes, ordinances or regulations of any governmental authority; provided, Contractor, on behalf of itself, its Subcontractors, their agents, their employees or any entity or person for which Contractor is or may be responsible shall have no liability to indemnify, defend, save and hold harmless the Owner Indemnitees or any individual constituent thereof from any liability, damage, loss, claims, demands, actions and expenses of any nature whatsoever, including reasonable attorneys' fees, which arise from the negligence or willful misconduct by the Owner Indemnitees collectively or any constituent member of the Owner Indemnitees individually.

19.2 Indemnification by Owner. Owner, on behalf of itself, its contractors, subcontractors, their agents, their employees or any entity or person for which Owner is responsible (collectively "Owner Indemnitors"), shall fully indemnify, defend, save and hold Owner, Owner's affiliates, the Additional Insureds, their agents, successors, assigns, employees, officers, directors, partners and related entities, (collectively "Contractor Indemnitees") harmless from and against all liability, damage, loss, claims, demands, actions and expenses of any nature whatsoever, including, but not limited to reasonable attorney's fees which arise out of or are connected with: (i) any negligent act, error or omission by any Owner Indemnitor in the performance of this Agreement; (ii) any breach of this Agreement or failure to comply with the Contract Documents; or (iii) the failure of the Owner Indemnitor to comply with the laws, statutes, ordinances or regulations of any governmental authority; provided, Owner, on behalf of itself, its contractors, subcontractors, their agents, their employees or any entity or person for which Owner is or may be responsible shall have no liability to indemnify, defend, save and hold harmless the Contractor Indemnitees or any individual constituent thereof from any liability,

damage, loss, claims, demands, actions and expenses of any nature whatsoever, including reasonable attorneys' fees, which arise from the negligence or willful misconduct by the Contractor Indemnitees collectively or any constituent member of the Contractor Indemnitees individually.

19.3 Notwithstanding and superseding anything in this Agreement to the contrary, Owner shall indemnify, defend and hold harmless Contractor from any and all environment liabilities (e.g., Hazardous Materials, waste or substance, etc.) arising out of preexisting conditions at the worksite, and shall be responsible for any environmental remediation on the Site arising out of said preexisting conditions, and any costs and liabilities related thereto, provided Contractor promptly advises Owner if and when the Contractor becomes aware of any such environmental condition.

19.4 Neither party shall be liable to the other for indirect, special, punitive, incidental or consequential damages.

19.5 The obligations set forth in this Article 19 shall survive any termination of this Agreement

ARTICLE 20  
LIMITATION OF LIABILITY

20.1 Limitation of Liability. The total collective liability of Contractor and Contractor's officers, directors, managers, partners, employees, agents and consultants arising under, in connection with or out of this Agreement, whether in breach of contract, breach of express or implied warranty, negligence, professional errors or omissions, strict liability, or any other legal theory of recovery, shall not exceed \$1.0 million. This limitation of liability amount was mutually negotiated. Owner acknowledges that without its inclusion, Contractor's Fee would have been greater. Contractor is not liable for damages arising from its reliance upon any data, information, specification or other documents pertaining to the Work that are provided by the Owner or third parties providing information on behalf of Owner.

ARTICLE 21  
RIGHT TO OCCUPY BY OWNER

21.1 Early Occupancy by Owner. Owner has the right to occupy or use ahead of schedule all or any substantially completed or partially completed portion of the Project or Work when such occupancy and use are in its best interest, notwithstanding the time of completion for all of the Work provided Owner shall be solely responsible for all risk of loss resulting from any occupancy or use of the Project or Work. Owner shall provide general liability and builders risk insurances to cover its occupancy and use and shall be responsible for any losses, claims, expenses or damages incurred by Contractor arising out of Owner's partial occupancy or use. Contractor shall be entitled to an extension of time to the extent Contractor is delayed as a result of any such early occupancy or use.

ARTICLE 22  
DEFAULT; RIGHT TO TERMINATE OF OWNER

22.1 Event of Default.

(a) For the purposes of this Agreement, an Event of Default shall be if:

(i) at any time there shall be filed by or against Contractor in any court a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of the property of Contractor, and within twenty (20) days from the filing date Contractor fails to secure a discharge; or

(ii) Contractor makes an assignment for the benefit of creditors or petitions for or enters into an agreement or arrangement with its creditors; or

(iii) Contractor fails to prosecute the Work properly or safely, or fails to complete the Work entirely on or before the Completion Date; or

(iv) Contractor fails to make prompt payment to its Subcontractors or for materials or labor used in the Work; or

(v) Contractor fails to supply sufficient qualified labor, material and/or equipment so as to complete the Work timely and in accordance with the Contract Documents including, but not limited to the Progress Schedule; or

(vi) without limitation, Contractor fails to perform any term, condition or obligation of this Agreement or the Contract Documents.

(b) Upon occurrence of an Event of Default, Owner shall give written notice to Contractor. Contractor shall within ten (10) days from receipt of such written notice cure or undertake all reasonable steps to cure such Event of Default and, failing to do so, then Owner shall be permitted to terminate the Agreement and complete the Work by such means as it deems fit. In such case, Contractor shall not be entitled to receive any further payment until the Work is completed. If the unpaid balance of the Fixed Price portion of the Contract Price exceeds the aggregate of (1) the expense of Owner of completing the Fixed Price portion of the Work, including compensation for additional managerial, architectural and administrative services, and (2) the loss and damage of Owner, including attorney's fees and litigation expense associated with the Fixed Price portion of the Work, such excess shall be paid to Contractor. If such expense, loss and damage of Owner exceeds the unpaid balance of the Fixed Price portion of the Contract Price, Contractor shall pay the difference to Owner promptly on demand. Any costs to Owner to complete the Variable Cost portion of the Contract Price shall be to Owner's account and shall not be due from Contractor.

22.2 Termination for Convenience. Owner may terminate this Agreement for its convenience without cause by giving ten (10) days' prior written notice to Contractor. In the event this Agreement is terminated for convenience by Owner, Owner will pay Contractor for that portion of the Contract Price, less the aggregate of previous payments, allocable to the Work completed by Contractor as of the date of termination. Owner will also reimburse Contractor for all documented costs, including reasonable actual cancellation and demobilization charges, but not including unexpended General Conditions, any loss of its own profits, or profits from its Subcontractors, suppliers, vendors or materialmen, necessarily incurred by Contractor for organizing and carrying out the stoppage of the Work and paid directly by Contractor.

22.3 Assignment of Contracts. In the event of termination by Owner pursuant to this Article, Contractor shall promptly upon request assign to Owner all or some subcontracts, materials, tools, equipment to be installed under this Agreement, or rental agreements, and any other commitments which Owner, in its sole discretion, chooses to take by assignment. In such event, Contractor shall promptly execute and deliver to Owner written assignments of such commitments and contracts. Contractor shall ensure all agreements with its Subcontractors and suppliers permit such assignment.

22.4 An Event of Default set forth in Section 21.1(a)(iii-vi) shall not be grounds for default of Contractor under any other contracts with Owner.

ARTICLE 23  
OWNER DEFAULT

23.1 If Owner fails to make payment to Contractor when due, or fails to perform its obligations set forth in Article 3, above, Contractor shall, after fifteen (15) days notice to Owner to cure, stop all Work until such time as Owner pays all amounts due Contractor, or cures its obligations (all an "Event of Owner Default"). If such failure to pay continues for a period of sixty (60) additional days, or if Owner fails to cure its Article 3 obligations within the cure period, Contractor may terminate this Agreement.

23.2 If Contractor terminates this Agreement due to an Event of Owner Default, Contractor, if not already done so, shall immediately demobilize from the site. Owner shall be responsible to pay Contractor all amounts due under the Agreement for Work performed up to and including the day of termination, plus all reasonable demobilization costs of Contractor, its Subcontractors and vendors, as well as any costs owed by Contractor to its Subcontractors and vendors for termination of agreements of such Subcontractors and vendors.

ARTICLE 24  
HAZARDOUS MATERIALS COVENANTS

24.1 Hazardous Materials Covenants.

(a) Contractor hereby represents to and for the benefit of Owner that the Project or Project site will not be used or operated in any manner that will result in the storage, use, treatment, manufacture and disposal of any Hazardous Materials (hereinafter defined) upon the Project or Project site or any portion thereof or which will result in Hazardous Materials contamination (hereinafter defined). For purposes hereof, the term "Hazardous Materials" shall mean and refer to (i) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. ' 6901 et. seq.), as amended from time to time, and regulations promulgated thereunder; (ii) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. ' 9601 et. seq.) ("CERCLA"), as amended from time to time, and regulations promulgated thereunder; (iii) asbestos; (iv) polychlorinated biphenyls; (v) urea formaldehyde; (vi) any substance the presence of which on the premises is prohibited by any applicable environmental laws or regulations including but not limited to, the Hazardous Material Transportation Act, as amended (49 U.S.C. ' 1801, et. seq.), the Toxic Substance Control Act, as amended (15 U.S.C. ' 2601, et. seq.), (hereinafter referred to as "Laws") or by any other legal requirements affecting the Work or the Work site; (vii) petroleum based materials (with the exception of tires affixed to vehicles); (viii) lead, including lead based paints; and (ix) any other substance which is defined as hazardous, toxic, infectious or radioactive by any Laws or by any other legal requirements affecting the Project or Project site. The term "Hazardous Materials Contamination" shall mean and refer to the contamination of the Project or Project site, soil, surface water, ground water, air, or other elements on, or of, the buildings, facilities, soil, surface water, ground water, air, or other elements on, or of, any other property as a result of Hazardous Materials at any time emanating from the Project or Project site.

(b) In addition to and without limiting the generality of any other provision of this Contract, Contractor shall and hereby does agree to defend, indemnify and hold Owner, its agents, employees, officers, directors, partners and related entities, harmless from and against any and all losses, damages, expenses, fees, claims, demands, causes of action, judgments, costs and liabilities, including, but not limited to, reasonable attorney's fees and costs of litigation, and costs and expenses of response, remedial and corrective work and other clean up activities, arising out of or in the manner connected with (i) the "release" or "threatened release" (as those terms are defined in CERCLA and the rules and regulations promulgated thereunder, as from time to time amended) by Contractor or Contractor's employees, agents, delegees, invitees, licensees, concessionaires, Subcontractors or representatives, of any Hazardous Materials, or (ii) any occurrence of Hazardous Materials Contamination caused by Contractor affecting the Project or Project site. The provisions of this Section shall survive any payment or satisfaction of this Agreement and such provisions shall remain in full force and effect.



ARTICLE 25  
MISCELLANEOUS

25.1 No Waiver. No consent or waiver, express or implied, by either party to or of any breach or default by the other in the performance of any of its obligations shall be deemed or construed to be a consent or waiver to or of any other breach or default by such party. Neither the silence of Owner nor Owner's failure to complain of any act or failure to act of Contractor or to declare Contractor in default, irrespective of how long such failure continues, shall constitute a waiver of any right of Owner.

25.2 Conflicts. In the event of any conflict between the terms, conditions, obligations or provisions expressed in this Agreement and any term, condition, obligation or provision in any of the other Contract Documents, the term, condition, obligation or provision of this Agreement shall govern to the extent of the conflict.

25.3 Assignment. This Agreement shall not be assigned, delegated or transferred in whole or in part by Contractor nor shall Contractor assign any monies due or to become due to it without the prior written consent of Owner. Owner shall be free to assign this Agreement without consent of Contractor, and upon notice thereof and assumption of that Agreement by any such Assignee, Contractor shall perform all of its obligations for such Assignee and Owner shall be released from liability hereunder. Nothing within this Section 25.3, and no assignment by Owner, shall relieve LSB Industries, Inc. from its responsibilities contained within its Parent Guaranty, attached hereto as Exhibit H.

25.4 Governing Law and Forum. This Agreement is entered into in Arkansas and shall be governed by and construed according to the laws of Arkansas, without regard to Arkansas' law on choice of law or conflict of laws. Any and all disputes arising from or out of this Agreement and/or the Project shall be resolved in a federal or state court of competent jurisdiction in Union County, Arkansas.

25.5 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

25.6 Article and Section Headings. Article and Section headings and the Table of Contents contained in this Agreement are for ease of reference only and shall not affect the interpretation or meaning of this Agreement.

25.7 Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the parties, the sureties and their respective successors, assigns and legal representatives.

25.8 Severability. If any one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but it shall be construed as if such invalid, illegal or unenforceable provision had never been contained in it.

25.9 Subcontractor Relations Requirements. By appropriate written agreement, Contractor shall require each Subcontractor, to the extent of the Work to be performed by the Subcontractor to be bound to Contractor by the obligations, terms and conditions of this Agreement and the Contract Documents, and to assume toward Contractor all the obligations, terms, conditions and responsibilities which Contractor, by this Agreement and these Contract Documents, assumes toward Owner. Each Subcontractor agreement shall preserve and protect the rights of Owner under this Agreement and the Contract Documents with respect to the Work to be performed by the Subcontractor so that subcontracting thereof will not prejudice the rights of Owner. Contractor shall require each Subcontractor to enter into similar agreements with its Subcontractor. Contractor shall make available to each proposed Subcontractor, prior to the execution of the subcontract agreement, copies of appropriate portions of this Agreement and the Contract Documents to which the Subcontractor will be bound. Subcontractors shall similarly make copies of appropriate portions of this Agreement and the Contract Documents available to their respective sub-Subcontractors.

25.10 Press releases and other public announcements by Contractor or its Subcontractors concerning this Project shall be reviewed and approved by Owner, in writing, prior to their issuance. Written approval shall be a prerequisite to any release or announcement, although approval shall not be unreasonably withheld.

25.11 Notices. All notices, requests, consents and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if hand-delivered, or delivered by any nationally recognized overnight delivery service, or mailed by certified or registered mail, return receipt requested, postage prepaid;

25.12 Dispute Resolution. If a dispute arises out of or relates to this Agreement or its breach, and if the dispute cannot be settled through direct discussions by management representatives of both Parties, the Parties agree that prior to the filing of any legal action, they will first try to settle the dispute by non-binding mediation, using a certified mediator or certified mediation service. The parties shall share the mediation costs including the mediator's fee equally. Failure of the Parties to resolve the dispute through mediation shall in no way remove the right of either Party to pursue any legal action or recourse after the mediation has occurred. Notwithstanding the foregoing, either Party may seek injunctive relief from any court of competent jurisdiction at any time in case of a breach of any term of this Agreement or other cause of action involving risk of imminent and irreparable injury or harm.

(a) If to Owner, addressed to:

Mr. Larry Fitzwater  
SVP of Operations  
El Dorado Chemical Company  
4500 N. West Avenue  
El Dorado, AR 71730

With a copy to:

David Shear  
General Counsel  
El Dorado Chemical Company  
16 South Pennsylvania Avenue  
Oklahoma City OK 73107

(b) If to Contractor, addressed to:

SAIC Constructors, LLC  
Mr. Richard Mitchell  
Vice President  
9400 N. Broadway, Ste. 300  
Oklahoma City, OK 73114

With a copy to:

Jeffrey W. Miller  
Associate Counsel  
SAIC Constructors, LLC  
9400 N. Broadway, Ste. 300  
Oklahoma City, OK 73114

Owner or Contractor may at any time change the addresses to which copies of notices must be mailed by sending written notice to the other of such change in the manner provided.

25.13 Exhibits. Any Exhibits described in this Agreement shall be deemed to be incorporated and made a part of this Agreement, except that if there is any inconsistency between this Agreement and the provisions of any Exhibit, the provisions of this Agreement shall control to the extent of the inconsistency.

25.14 Entire Agreement. This Agreement, together with any Exhibits, the other Documents and the Contract Documents, constitutes the entire agreement between Owner and Contractor and supersedes all prior written or oral agreements, understandings, representations, negotiations and correspondence between the parties. Contractor and Owner agree and stipulate conclusively that both parties received the benefit of counsel before signing this Agreement, and that both parties participated equally in drafting this Agreement.

25.15 Joint Negotiation. This Agreement has been negotiated by Owner and Contractor, and this Agreement shall not be deemed to have been negotiated and prepared by Owner or Contractor, but by both equally.

IN WITNESS WHEREOF, the parties have made and executed this Agreement as of the day and year first above written.

EL DORADO CHEMICAL COMPANY

By: /s/ Brian Lewis

Name: Brian Lewis

Title: General Manager

SAIC CONSTRUCTORS, LLC

By: /s/ Michael B. Gwyn

Name: Michael B. Gwyn

Title: President

**Exhibit B**  
**Compensation & Payment**

This Contract contains both Cost Reimbursable with a fee and Fixed Price scopes of work as further detailed below:

1. **Fixed Price Portion.**

- 1.1 The Fixed Price will include those costs associated with the personnel and indirect support facilities required to manage the execution of the project which are detailed in Exhibit A and further defined as General Conditions.
- 1.2 Contractor shall be paid a fixed lump sum amount for the above (the "Fixed Price") which represents the General Conditions cost of \$2,910,392 (two million nine hundred ten thousand three hundred ninety two dollars). Said Fixed Price shall only be increased through the change order process as detailed in Section 10 of this Agreement. Both categories will be billed monthly based on progress of the associated activity.
- 1.3 The lump sum amounts listed in 1.2 are contingent upon Contractor being awarded the work at the El Dorado facility, commonly referred to as the Ammonia Plant, Plinke Unit, Waste Steam Generation Unit and associated/supporting Outside Battery Limits infrastructure substantially within the schedule detailed in Exhibit D. Should the referenced work not proceed, not proceed on the substantially concurrent schedule as detailed in Exhibit D, not be awarded to Contractor or if awarded, suffer significant scope reduction, the above values may be subject to change as described in Section 10 of the agreement.

2. **Variable Cost Portion.**

- 2.1 **Contractor's Fee.** For the performance of the Construction Work, Contractor shall be paid the Cost of the Work plus a fee of four and one half percent (4.5%) of the Cost of the Work (the "Contractor's Fee").
- 2.2 **Cost of the Work.** As used herein, the term "Cost of the Work" shall mean the following actual costs necessarily and reasonably incurred by Contractor in the performance of the Construction Work.
  - (a) Payments made by Contractor directly to subcontractors, vendors, consultants or suppliers for labor, equipment and materials, including any per diem, payroll taxes, transportation charges and sales tax required by law to be paid in connection therewith, furnished by Contractor and to be incorporated into the Plant.

(b) Reasonable rental and transportation cost of construction machinery, equipment and tools (excluding hand tools customarily provided by workers) rented from third parties and used at the Facilities for the Construction Work, provided Contractor receives, where possible, competitive bids for such equipment; or the reasonable rental cost of such machinery, equipment and tools belonging to Contractor but only if approved in writing in advance by Owner. The rental of any such machinery, equipment and tools shall cease after the use thereof is no longer necessary for the Construction Work.

(c) Fees and assessments for permits, licenses and inspections for the Construction Work which Contractor is required to pay by the Contract Documents by reason of such Construction Work.

(d) Fees of testing laboratories for tests required by the Contract Documents for the Construction Work less amounts for testing expenses related to Defective Work.

(e) Certain premiums for the insurance required by Article 18 of this agreement.

2.3 Exclusions from Cost of the Work. The Cost of the Work shall not include:

(a) Payroll costs, salaries and other compensation of Contractor's officers, executives, principals, general managers, project managers, engineers, accountants, purchasing and contracting agents, schedulers, expeditors, clerks and other personnel except as specifically included in the job classifications referred to in Section 2.2(a), whether stationed at Contractor's principal office or offices or the Site office.

(b) Expenses of Contractor's principal office and branch offices, including the Site office.

(c) Overhead, general and administrative expenses.

(d) Contractor's capital expenses, including interest on Contractor's capital employed for the Work.

(e) Rental costs of machinery, equipment, and tools not required to specifically perform the Construction Work.

(f) Costs incurred as a result of the replacement of Contractor's Representative.

(g) Certain premiums for the insurance not required by Article 18 of this Agreement.

(h) Any cost or expense not specifically and expressly described in Section 2.2, unless approved in advance in writing by Owner.

**Exhibit F**  
**Leidos Guaranty**

This Parent Guaranty, dated as of November 6, 2013 (as amended, supplemented or otherwise modified from time to time, this "Guaranty"), is made and entered into by Leidos, Inc., formerly known as Science Applications International Corporation, a Delaware corporation ("Guarantor"), in favor of El Dorado Chemical L.L.C., an Oklahoma limited liability corporation ("Beneficiary").

**RECITALS**

A. Beneficiary and SAIC Constructors, LLC ("SAIC"), a subsidiary of Guarantor, have entered into that certain Construction Agreement dated November 6, 2013 (collectively, with all Attachments and Appendices and as amended, modified, supplemented, and otherwise in effect as of the date hereof, the "Contract"), pursuant to which SAIC and Beneficiary have agreed on the terms and conditions set forth therein for the provision of certain goods and services for the nitric acid project site in El Dorado, Arkansas (the "Project");

B. Guarantor is the ultimate parent of SAIC;

C. Guarantor is providing this Guaranty pursuant to the Contract; and

D. Guarantor acknowledges that it will benefit from the transactions contemplated under the Contract.

**AGREEMENT**

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor agrees as follows:

ARTICLE 1  
DEFINITIONS

SECTION 1.01 Definitions.

"Beneficiary" has the meaning given in the preamble hereof.

"Contract" has the meaning given in Recital A hereof.

"Guaranteed Obligations" has the meaning given in Section 2.01 hereof.

"Guarantor" has the meaning given in the preamble hereof.

"Guaranty" has the meaning given in the preamble hereof.

"Project" has the meaning given in Recital A hereof.

ARTICLE 2  
THE GUARANTY

SECTION 2.01 The Guaranty. Guarantor, as primary obligor and not merely as surety, hereby unconditionally, absolutely, and irrevocably guarantees to Beneficiary all obligations of SAIC under the Contract, including the full and timely performance to Beneficiary under the Contract (the "Guaranteed Obligations"). Beneficiary shall have no right to make a claim pursuant to this Guaranty unless and until an uncured default has occurred with respect to SAIC's obligations under the Contract.

SECTION 2.02 Performance of Guaranteed Obligations. Guarantor agrees, upon the failure of SAIC to perform any of the Guaranteed Obligations when they become due and after the expiration of any applicable cure periods set forth in the Contract, that Guarantor will pay, or cause to be paid, or perform, or cause to perform, any and all Guaranteed Obligations upon receipt of written notice from a duly authorized officer of Beneficiary specifying such failure of SAIC.

SECTION 2.03 Subsequent Recovery. If, in connection with any payment by Guarantor of the Guaranteed Obligations, Beneficiary shall finally recover any such amounts from any other source directly making payments with respect to the Guaranteed Obligations, or it shall be finally determined that such Guaranteed Obligations were not owed to Beneficiary, Beneficiary shall promptly remit such amounts to Guarantor.

SECTION 2.04 Exercise of Remedies. This Guaranty constitutes a guaranty of performance and payment and not of collection, and the obligations of Guarantor under this Guaranty are primary obligations of Guarantor, and a separate action or actions may be brought and prosecuted against Guarantor to enforce this Guaranty, irrespective of whether any action is brought against SAIC or any other guarantor or whether SAIC or any other guarantor is joined in such action or actions.

SECTION 2.05 Insolvency. The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, or other proceeding affecting SAIC or the disaffirmance of the Contract in any such proceeding shall not release or discharge Guarantor from this Guaranty.

SECTION 2.06 Waiver; Consent.

(a) Guarantor hereby unconditionally and irrevocably waives diligence, presentment, demand for payment, protest, the benefit of any discharge due to any disability of SAIC, and all notices whatsoever in respect of the Guaranteed Obligations, this Guaranty, and any and all rights to require Beneficiary to exhaust any right, power or remedy or proceed against SAIC under the Contract.



(b) Guarantor warrants and agrees that each of the waivers and consents set forth in this Guaranty are made voluntarily and unconditionally after consultation with legal counsel and with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which Guarantor otherwise may have against SAIC. If, notwithstanding the intent of the parties that the terms of this Guaranty shall control in any and all circumstances, any such waivers or consents are determined to be unenforceable under applicable law, such waivers and consents shall be effective to the maximum extent permitted by law.

SECTION 2.07 Defenses. Notwithstanding anything herein to the contrary, Guarantor specifically reserves to itself all rights, counterclaims and other defenses that SAIC is or may be entitled to arising from or out of the Contract, except for any defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of SAIC or the lack of power or authority of SAIC to enter into the Contract and to perform its obligations thereunder.

### ARTICLE 3 REPRESENTATIONS

SECTION 3.01 Representations and Warranties. Guarantor represents and warrants to Beneficiary that as of the date of this Guaranty:

(a) Organization; Corporate Authority. Guarantor (i) is a corporation duly organized, validly existing and in good standing under the laws of its state of formation, and (ii) has all requisite corporate power and authority to own its assets and to carry on the business in which it is engaged and to execute, deliver and perform its obligations under this Guaranty.

(b) Authorization; No Conflicts. The execution and delivery of this Guaranty and the performance of the obligations hereunder have been duly authorized by all necessary corporate action and do not violate, breach or contravene (i) Guarantor's organizational documents and agreements or (ii) any law or contractual restriction binding on or affecting Guarantor or its properties except where such violation, breach or contravention, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on Guarantor's ability to perform its obligations under this Guaranty.

(c) Enforceability. This Guaranty has been duly executed and delivered by Guarantor, and constitutes the legal, valid and binding obligation of Guarantor, enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) Required Consents. All authorizations, consents and approvals of any governmental authority or third party necessary for the execution, delivery or performance by Guarantor of this Guaranty have been obtained and are in full force and effect.

(e) No Actions. There are no actions, suits, proceedings or investigations pending or, to the Guarantor's knowledge, threatened in writing against it at law or in equity before any court or before any governmental authority, that individually or in the aggregate could reasonably be expected to have a material adverse effect on the business of the Guarantor or could reasonably be expected to result in an impairment of its ability to perform its obligations under this Guaranty.

#### ARTICLE 4 MISCELLANEOUS

SECTION 4.01 No Waiver. No failure or delay on the part of Beneficiary to exercise and no delay in exercising, and no course of dealing with respect to, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver of such right, remedy, power or privilege nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which Beneficiary would otherwise have.

SECTION 4.02 No Consequential or Punitive Damages. In no event shall Guarantor be liable hereunder to any party for any lost profits, special damages, indirect or consequential damages of any nature whatsoever, whether based on contract or tort, or for any punitive or exemplary damages.

SECTION 4.03 Notices. All notices and other communications provided for in this Guaranty shall be sent, if practicable, by confirmed telecopy (with hard copy sent on the same day by overnight courier) and, otherwise, by overnight courier service prepaid to a party at its address specified below and shall be deemed effective when received. A communication shall be addressed, until such time as a party shall have notified the other parties hereto of a change of address: (a) if to Beneficiary, 16 South Pennsylvania Avenue, Oklahoma City, Oklahoma 73107, Attention: David Shear, and (b) if to Guarantor, 9400 N. Broadway, Suite 300, Oklahoma City, OK 73114; Facsimile: (405) 478-3721, Attention: Legal.

SECTION 4.04 Amendments. No amendment of any provision of this Guaranty shall be effective unless the same shall be in writing and signed by Guarantor and Beneficiary, such consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 4.05 Benefit, Successors and Assigns. This Guaranty is for the benefit of and is enforceable by Beneficiary and not for the benefit of or enforceable by any other Person. This Guaranty shall be binding upon Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of Beneficiary. This Guaranty and all

obligations of Guarantor hereunder to Beneficiary shall be assignable by Guarantor only upon the prior written consent of Beneficiary. Any such assignee shall assume all of the obligations hereunder from and after the effective date of such assignment and in connection therewith, Guarantor shall be released from all obligations hereunder other than any obligations arising from acts or events that occurred prior to the date of such assignment.

SECTION 4.06 Headings. The Article and Section headings in this Guaranty are for convenience only and shall not affect the construction of this Guaranty.

SECTION 4.07 Counterparts. This Guaranty may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute the same instrument. Delivery of an executed counterpart of a signature page of this Guaranty by facsimile or "pdf" electronically imaged transmission shall be effective as delivery of a manually executed counterpart of this Guaranty.

SECTION 4.08 Severability. In case any one or more provisions contained in this Guaranty or obligation under this Guaranty shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions or obligations contained herein, and any other application thereof, shall not in any way be affected or impaired thereby.

SECTION 4.09 Agreements Superseded. This Guaranty supersedes all prior agreements and understandings, written or oral, between the parties with respect to the subject matter of this Guaranty.

SECTION 4.10 Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the Oklahoma.

SECTION 4.11 Consent to Jurisdiction. Guarantor hereby irrevocably consents to the non-exclusive personal jurisdiction of the state and federal courts located in Oklahoma City, Oklahoma, and any action, claim or other proceeding arising out of any dispute in connection with this Guaranty or any rights or obligations hereunder or thereunder or the performance of such rights and obligations. Guarantor hereby irrevocably consents to the service of a summons and complaint and other process in any action, claim or proceeding brought by Beneficiary in connection with this Guaranty or any rights or obligations hereunder or thereunder or the performance of such rights and obligations, on behalf of itself, in the manner specified in Section 4.03 above. Nothing in this Section 4.11 shall affect the right of Beneficiary to serve legal process in any other manner permitted by applicable law or affect the right of Beneficiary to bring any action or proceeding against Guarantor in the courts of any other jurisdiction.

SECTION 4.12 Termination. This Guaranty shall terminate and be of no force and effect upon the expiration or satisfaction of all Guaranteed Obligations.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered as of the day and year first above written.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION, a corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACCEPTED AND AGREED:

EL DORADO CHEMICAL COMPANY, an Oklahoma Corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Exhibit G**  
**LSB Guaranty**

This Parent Guaranty, dated as of November 6, 2013 (as amended, supplemented or otherwise modified from time to time, this "Guaranty"), is made and entered into by LSB Industries, Inc., a Delaware corporation ("Guarantor"), in favor of SAIC CONSTRUCTORS, LLC, an Oklahoma limited liability corporation ("Beneficiary").

**RECITALS**

A. El Dorado Ammonia, LLC ("Owner") and Beneficiary have entered into that certain Engineering, Procurement and Construction Contract dated November 6, 2013 (collectively, with all Attachments and Appendices and as amended, modified, supplemented, and otherwise in effect as of the date hereof, the "Contract"), pursuant to which Owner and Beneficiary have agreed on the terms and conditions set forth therein for the provision of certain goods and services for the nitric acid project site in El Dorado, Arkansas (the "Project");

B. Guarantor is the ultimate parent of Owner;

C. Owner is providing this Guaranty from Guarantor pursuant to the Contract; and

D. Guarantor acknowledges that it will benefit from the transactions contemplated under the Contract.

**AGREEMENT**

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor agrees as follows:

ARTICLE 1  
DEFINITIONS

SECTION 1.01 Definitions.

"Beneficiary" has the meaning given in the preamble hereof.

"Contract" has the meaning given in Recital A hereof.

"Guaranteed Obligations" has the meaning given in Section 2.01 hereof.

"Guarantor" has the meaning given in the preamble hereof.

"Guaranty" has the meaning given in the preamble hereof.

"Maximum Guaranteed Amount" has the meaning given in Section 2.01 hereof.

"Owner" has the meaning given in Recital A hereof.

"Project" has the meaning given in Recital A hereof.

ARTICLE 2  
THE GUARANTY

SECTION 2.01 The Guaranty. Guarantor, as primary obligor and not merely as surety, hereby unconditionally, absolutely, and irrevocably guarantees to Beneficiary all obligations of Owner under the Contract, including the full and timely payment to Beneficiary of all amounts due and payable by Owner to Beneficiary under the Contract (the “Guaranteed Obligations”), less all amounts paid to Beneficiary under the Contract (the “Maximum Guaranteed Amount”). Beneficiary shall have no right to make a claim pursuant to this Guaranty unless and until an uncured default has occurred with respect to Owner’s payments to Beneficiary under the Contract.

SECTION 2.02 Payment of Guaranteed Obligations. Guarantor agrees, upon the failure of Owner to pay any of the Guaranteed Obligations when they become due and after the expiration of any applicable cure periods set forth in the Contract, that Guarantor will pay, or cause to be paid, any and all such unpaid Guaranteed Obligations in full upon receipt of written notice from a duly authorized officer of Beneficiary specifying such failure of Owner.

SECTION 2.03 Subsequent Recovery. If, in connection with any payment by Guarantor of the Guaranteed Obligations, Beneficiary shall finally recover any such amounts from any other source directly making payments with respect to the Guaranteed Obligations, or it shall be finally determined that such Guaranteed Obligations were not owed to Beneficiary, Beneficiary shall promptly remit such amounts to Guarantor.

SECTION 2.04 Exercise of Remedies. This Guaranty constitutes a guaranty of payment and not of collection, and the obligations of Guarantor under this Guaranty are primary obligations of Guarantor, and a separate action or actions may be brought and prosecuted against Guarantor to enforce this Guaranty, irrespective of whether any action is brought against Owner or any other guarantor or whether Owner or any other guarantor is joined in such action or actions.

SECTION 2.05 Insolvency. The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, or other proceeding affecting Owner or the disaffirmance of the Contract in any such proceeding shall not release or discharge Guarantor from this Guaranty.

SECTION 2.06 Waiver; Consent.

(a) Guarantor hereby unconditionally and irrevocably waives diligence, presentment, demand for payment, protest, the benefit of any discharge due to any disability of Owner, and all notices whatsoever in respect of the Guaranteed Obligations, this Guaranty, and any and all rights to require Beneficiary to exhaust any right, power or remedy or proceed against Owner under the Contract.

(b) Guarantor warrants and agrees that each of the waivers and consents set forth in this Guaranty are made voluntarily and unconditionally after consultation with legal counsel and with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which Guarantor otherwise may have against Owner. If, notwithstanding the intent of the parties that the terms of this Guaranty shall control in any and all circumstances, any such waivers or consents are determined to be unenforceable under applicable law, such waivers and consents shall be effective to the maximum extent permitted by law.

SECTION 2.07 Other Credit Support. Guarantor shall have the right to terminate this Guaranty immediately after Guarantor provides Beneficiary with a letter of credit or other replacement security reasonably acceptable to Beneficiary for the Maximum Guaranteed Amount.

SECTION 2.08 Defenses. Notwithstanding anything herein to the contrary, Guarantor specifically reserves to itself all rights, counterclaims and other defenses that Owner is or may be entitled to arising from or out of the Contract, except for any defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Owner or the lack of power or authority of Owner to enter into the Contract and to perform its obligations thereunder.

### ARTICLE 3 REPRESENTATIONS

SECTION 3.01 Representations and Warranties. Guarantor represents and warrants to Beneficiary that as of the date of this Guaranty:

(a) Organization; Corporate Authority. Guarantor (i) is a corporation duly organized, validly existing and in good standing under the laws of its state of formation, and (ii) has all requisite corporate power and authority to own its assets and to carry on the business in which it is engaged and to execute, deliver and perform its obligations under this Guaranty.

(b) Authorization; No Conflicts. The execution and delivery of this Guaranty and the performance of the obligations hereunder have been duly authorized by all necessary corporate action and do not violate, breach or contravene (i) Guarantor's organizational documents and agreements or (ii) any law or contractual restriction binding on or affecting Guarantor or its properties except where such violation, breach or contravention, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on Guarantor's ability to perform its obligations under this Guaranty.

(c) Enforceability. This Guaranty has been duly executed and delivered by Guarantor, and constitutes the legal, valid and binding obligation of Guarantor, enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights

generally and by general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) Required Consents. All authorizations, consents and approvals of any governmental authority or third party necessary for the execution, delivery or performance by Guarantor of this Guaranty have been obtained and are in full force and effect.

(e) No Actions. There are no actions, suits, proceedings or investigations pending or, to the Guarantor's knowledge, threatened in writing against it at law or in equity before any court or before any governmental authority, that individually or in the aggregate could reasonably be expected to have a material adverse effect on the business of the Guarantor or could reasonably be expected to result in an impairment of its ability to perform its obligations under this Guaranty.

#### ARTICLE 4 MISCELLANEOUS

SECTION 4.01 No Waiver. No failure or delay on the part of Beneficiary to exercise and no delay in exercising, and no course of dealing with respect to, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver of such right, remedy, power or privilege nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which Beneficiary would otherwise have.

SECTION 4.02 No Consequential or Punitive Damages. In no event shall Guarantor be liable hereunder to any party for any lost profits, special damages, indirect or consequential damages of any nature whatsoever, whether based on contract or tort, or for any punitive or exemplary damages.

SECTION 4.03 Notices. All notices and other communications provided for in this Guaranty shall be sent, if practicable, by confirmed telecopy (with hard copy sent on the same day by overnight courier) and, otherwise, by overnight courier service prepaid to a party at its address specified below and shall be deemed effective when received. A communication shall be addressed, until such time as a party shall have notified the other parties hereto of a change of address: (a) if to Guarantor, 16 South Pennsylvania Avenue, Oklahoma City, Oklahoma 73107, Attention: David Shear, and (b) if to Beneficiary, 9400 N. Broadway, Suite 300, Oklahoma City, OK 73114; Facsimile: (405) 478-3721, Attention: Legal.

SECTION 4.04 Amendments. No amendment of any provision of this Guaranty shall be effective unless the same shall be in writing and signed by Guarantor and Beneficiary, such consent shall be effective only in the specific instance and for the specific purpose for which given.



SECTION 4.05 Benefit, Successors and Assigns. This Guaranty is for the benefit of and is enforceable by Beneficiary and not for the benefit of or enforceable by any other Person. This Guaranty shall be binding upon Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of Beneficiary. This Guaranty and all obligations of Guarantor hereunder to Beneficiary shall be assignable by Guarantor only upon the prior written consent of Beneficiary. Any such assignee shall assume all of the obligations hereunder from and after the effective date of such assignment and in connection therewith, Guarantor shall be released from all obligations hereunder other than any obligations arising from acts or events that occurred prior to the date of such assignment.

SECTION 4.06 Headings. The Article and Section headings in this Guaranty are for convenience only and shall not affect the construction of this Guaranty.

SECTION 4.07 Counterparts. This Guaranty may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute the same instrument. Delivery of an executed counterpart of a signature page of this Guaranty by facsimile or "pdf" electronically imaged transmission shall be effective as delivery of a manually executed counterpart of this Guaranty.

SECTION 4.08 Severability. In case any one or more provisions contained in this Guaranty or obligation under this Guaranty shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions or obligations contained herein, and any other application thereof, shall not in any way be affected or impaired thereby.

SECTION 4.09 Agreements Superseded. This Guaranty supersedes all prior agreements and understandings, written or oral, between the parties with respect to the subject matter of this Guaranty.

SECTION 4.10 Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the Oklahoma.

SECTION 4.11 Consent to Jurisdiction. Guarantor hereby irrevocably consents to the non-exclusive personal jurisdiction of the state and federal courts located in Oklahoma City, Oklahoma, and any action, claim or other proceeding arising out of any dispute in connection with this Guaranty or any rights or obligations hereunder or thereunder or the performance of such rights and obligations. Guarantor hereby irrevocably consents to the service of a summons and complaint and other process in any action, claim or proceeding brought by Beneficiary in connection with this Guaranty or any rights or obligations hereunder or thereunder or the performance of such rights and obligations, on behalf of itself, in the manner specified in Section 4.03 above. Nothing in this Section 4.11 shall affect the right of Beneficiary to serve legal process in any other manner permitted by applicable law or affect the right of Beneficiary to bring any action or proceeding against Guarantor in the courts of any other jurisdiction.

SECTION 4.12 Termination. This Guaranty shall terminate and be of no force and effect upon the expiration or satisfaction of all Guaranteed Obligations.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered as of the day and year first above written.

LSB INDUSTRIES, INC., a  
Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACCEPTED AND AGREED:

SAIC CONSTRUCTORS LLC, an  
Oklahoma limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## CONSTRUCTION AGREEMENT—NACSAC

THIS AGREEMENT (“Agreement”) is made and entered into as of the 6th day of November, 2013 (“Effective Date”) between El Dorado Chemical Company, an Oklahoma Corporation (“Owner”) and SAIC Constructors, LLC, an Oklahoma limited liability company (“Contractor”).

RECITALS

- A. WHEREAS, Owner desires Contractor to construct, from the complete designs of others, the concentrated nitric acid plant, otherwise known as the Plinke plant (“Plant”) further known as the 546-NACSAC Plinke plant (the “Project”), which is more particularly described in Exhibit A;
- B. WHEREAS, the Owner desires the Plant to be constructed upon Owner’s real property located near El Dorado, Arkansas (“Site”);
- C. WHEREAS, Owner desires Contractor to provide for the entire Project all General Conditions in one fixed cost;
- D. WHEREAS, Owner desires Contractor to provide for the entire Project on an open-book basis, all Work other than General Conditions on a pass-through basis, plus 4.5% for overhead and profit;
- E. WHEREAS, Contractor desires to enter into this Agreement as an independent contractor and is ready, willing and able to construct a complete and operating Project in accordance with this Agreement; and
- F. WHEREAS, Payments by Owner under this Agreement are guaranteed by Owner’s ultimate parent company, LSB Industries, Inc. (“LSB”). Performance by Contractor of this Agreement is guaranteed by Contractor’s ultimate parent company, Science Applications International Corporation.

NOW, THEREFORE, in consideration of good and valuable consideration, received or to be received, the sufficiency of which the parties acknowledge, the parties agree as follows:

ARTICLE 1  
SUMMARY AND CERTAIN DEFINITIONS

1.1. Summary and Certain Definitions. Contractor shall provide all necessary General Conditions for the Project under the fixed price as set forth in Exhibit B. Contractor shall provide all labor, materials, supplies, tools, equipment (except for the Owner-Furnished Equipment), products, and facilities necessary for the construction of the Project upon real

property at the Site on a pass-through basis, plus 4.5%, as set forth in Exhibit B. All pass-through Work shall be performed by Contractor on an open-book basis that allows Owner or its agent to examine actual costs and expenses of Contractor in connection with the Project.

1.2. The output, capabilities and characteristics of the Project will comply with the requirements of this Agreement and shall also include all required activities up to and including accomplishment of Mechanical Completion and Final Completion, and including participation as reasonably necessary in Process Safety Management (“PSM”), Pre-Startup Safety Review (“PSSR”) and other commissioning support in compliance with this Agreement and its exhibits (hereinafter, the “Work”). The term “Work” includes, but is not limited to all supervision, labor, materials, tools, equipment (except for Owner-Furnished Equipment), supplies and services necessary to construct the Project as defined in Exhibit A, whether or not such labor, materials, tools, equipment, supplies and services are incorporated in the Project. Work also includes the installation by Contractor of Owner-Furnished Equipment into a fully integrated and functioning Project.

### 1.3. Certain Definitions.

(a) “Contract Documents” include this Agreement, and all Exhibits thereto, and the plans and specifications approved by Owner. The Contract Documents include any modifications to any of them whether such modifications upon mutual agreement are made prior to or after the execution of this Agreement. Contract Documents further define the scope of the Project and the Work.

(b) “Designer of Record” shall be Weatherly Inc., which shall be responsible for all engineering and design of the Plant, including all design documentation O&M manuals and other documentation necessary for Contractor to construct the Plant.

(c) “Estimated Contract Price” means the estimated total installed cost prepared by Contractor and includes costs for installation of all related equipment and materials, including catalyst and chemicals if so designated by the Owner and any approved change orders. The Estimated Contract Price specifically excludes Owner costs, including but not limited to labor and materials for Owner oversight, management, permitting, engineering and design, site preparation, pre-project award costs, and other similar costs incurred directly by the Owner. The Estimated Contract Price as set forth in Exhibit C, is an estimate only, and should not be construed to be a total fixed price for the Project.

(d) “Final Completion” means that (i) all of the items on the punch list signed by Contractor and Owner have been corrected to Owner’s reasonable satisfaction; (ii) if applicable, all lien waivers required under this Agreement have been delivered; (iii) all warranties and other documents identified for delivery to the Owner have been delivered; and (iv) Contractor has completed its other obligations under this Agreement.

(e) "General Conditions" is a category of costs often referred to as indirect costs that include budgets for various costs required to support project execution. General Conditions costs include but are not limited to staffing cost, both field and home office staff, such as field supervision, inspection, management, safety, home office support, procurement and project controls. General Conditions also include living and travel expenses for field staff and Project-related travel, temporary facilities such as trailers, portable toilets, communications, printing, mailing and distribution, safety equipment and supplies, protective equipment, etc. General Conditions further include for the Project: (i) Payroll costs, salaries and all other compensation of Contractor's officers, executives, principals, general managers, project managers, engineers, accountants, purchasing and contracting agents, schedulers, expeditors, clerks and other personnel whether stationed at Contractor's principal office or offices or the Site office, except payments made by Contractor directly to Subcontractors, vendors, consultants or suppliers for labor, equipment and materials, including any per diem, payroll taxes, transportation charges and sales tax required by law to be paid in connection therewith, furnished by Contractor and to be incorporated into the Project; (ii) Expenses of Contractor's principal office and branch offices, including the Site office; (iii) Overhead, general and administrative expenses; (iv) Contractor's capital expenses, including interest on Contractor's capital employed for the Work; (v) Rental costs of machinery, equipment, and tools not required to specifically perform the Work; (vi) Costs incurred as a result of the replacement of Contractor's representative; (vii) Certain premiums for insurance, unless specifically provided in the Agreement as provided at additional cost; and (viii) Any cost or expense not described in Exhibit C, unless approved in advance in writing by Owner.

(f) "Mechanical Completion" or "Mechanically Complete" shall mean the achievement of the following: Acceptance in writing by Owner of a certificate issued by Contractor certifying that i) the physical completion of the Work relating to the Project in accordance with the terms of this Agreement such that the Work is ready to undergo Start-Up, including, setting of the applicable equipment on foundations; connecting such equipment to other applicable equipment with piping, wiring, controls, and safety systems; ensuring that such equipment and such related operating systems are, as applicable, individually cleaned, pressure tested, leak checked, lubricated, and point-to-point checked to verify that such equipment and such related operating systems have been correctly installed so as to respond to simulated test signals equivalent to actual signals received during operation; and ensuring that such equipment and related operating systems are ready for initial operation, adjustment and testing and may be so operated, adjusted and tested without damage thereto or to any other property and without injury to any person; ii) compliance of the Work and the Project with the agreed to standards where applicable; and iii) completion of the Work so that commissioning of the plant or the applicable portion of the facility may commence. Should Owner achieve 72 hours continuous operation of the Facility at full designed capacity, or less if reduction is not caused by Work of Contractor, then the Facility shall be deemed to be Mechanically Complete.

(g) "Modification" or "modification" is either a written and signed amendment to this Agreement or a Change Order authorized in writing and signed by Owner and Contractor.

(h) "Owner-Furnished Equipment" means the items of equipment listed on Exhibit A, Section E, Equipment List. This list is expected to change and shall be updated from time to time.

1.4. List of Exhibits

- A Scope of Work
- B Compensation & Payment
- C Cost Breakdown/Schedule of Values
- D Project Schedule
- E Change Order Form
- F SAIC Guaranty
- G LSB Guaranty
- H Certain Security, Safety and Regulatory Requirements
- I Responsibility Matrix

ARTICLE 2  
CONTRACTOR'S SERVICES

2.1. Contractor's Services. Contractor shall furnish and deliver to Owner a nitric acid plant, fully constructed, Mechanically Complete and ready for operation, with all ISBL associated and ancillary work and connections, and shall also include start-up and commissioning support, all in compliance with Exhibit A. Contractor's Services are further described below.

2.1.1. Perform the Work as appropriate to complete the Work in accordance with the Estimated Contract Price (Exhibit C) and the Project Schedule (Exhibit D);

2.1.2. Enter into direct contracts with Subcontractors and material suppliers and be fully responsible for their work, including the timeliness, quality and price of their Work. Contractor shall consult with Owner and keep Owner informed on an ongoing basis regarding the selection of Subcontractors whose cumulative budgeted work is over \$100,000. In the event that any such Subcontractor's actual quote or estimate is over ten percent (10%) in excess of the budgeted amount under the Estimated Contract Price, Contractor shall notify Owner for Owner to determine whether Designer of Record need to redesign.

2.1.3. Review and process all applications for payment by Subcontractors and material suppliers for monthly progress and final payments; pay all Subcontractors and material suppliers directly; require that the Subcontractors and material suppliers furnish an acknowledgement of payment/waiver of lien in a form approved by Owner with each application for payment certifying that money has been received for performance of their subcontract during the previous payment period, and to the extent legally permitted, waiving to the extent of payments received any right to file or assert a mechanic's and materialmen's lien therefor;

2.1.4. Maintain a competent full-time staff at the Site including a full time construction manager, as provided in Section 11.1, to supervise and confirm that the Work and progress of the Subcontractors is in full compliance with the plans and specifications and completion dates set forth in this Agreement. Contractor shall be solely responsible for the means, methods, techniques, sequences, and procedures for all portions of the Work;

2.1.5. Perform all necessary preparation for designated laydown areas, storage areas or areas needed for access of materials and equipment;

2.1.6. Secure, monitor and coordinate Subcontractor activity to complete the Work in a coordinated, integrated and functional manner. Construction services shall be performed by qualified construction contractors and Subcontractors. Security checks and management of personnel for access to the Site shall be performed in accordance with all legal and regulatory requirements and in coordination with Owner;

2.1.7. Keep Owner informed of the procedures, sequencing, progress, problems and scheduling of the Project;

2.1.8. Provide, update and maintain the Project Schedule (Exhibit D);

2.1.9. Provide a Project payment schedule on a monthly basis, invoicing separately on a separated contract basis for pass-through labor, services, materials, equipment and construction equipment, invoicing separately for all equipment and components that Owner advises Contractor are exempt from Arkansas sales tax and invoicing separately for General Conditions. This monthly report will also include on a rolling updated basis a forecast of all expected invoice amounts from Contractor and its subcontractors performing or to perform Work on the Project.

2.1.10. Manage the Project in accordance with the technical, environmental, security, safety, OSHA and industrial hygiene standards applicable in Arkansas and consistent with Owner's standards, rules and requirements for the Site;

2.1.11. Provide quality control and inspect the Work for defects and deficiencies in the Work to confirm that the Work is in full compliance with the plans, specifications and this Agreement. In conjunction with Owner, coordinate review during construction of Project components not included in the Work. Establish procedures to promptly correct any non-conformity with appropriate notice to vendors, manufacturers, Subcontractors, suppliers and Owner. Implement a written control program to provide notice to the Owner of any non-conforming work, materials or equipment, develop and implement remedial measures;

2.1.12. Record the progress of the Project and submit a monthly comprehensive progress report to Owner. Keep and maintain an accurate and comprehensive daily log on the Site and available to Owner upon request.

2.1.13. Maintain at the Project site on a current basis records of all necessary Contract Documents, samples, purchases, materials, equipment, and other construction-related documents, including all Contractor red-line revisions; obtain data from Subcontractors and maintain a current set of issued for construction drawings and specifications, and at the completion of the Project, deliver to Owner all such records, and all hard copies and in electronic format (original Word or Office document or scan);

2.1.14. Be responsible at all times for enforcing reasonable discipline and good order among its employees and/or the employees of the Subcontractors. If any person on the site of the Work shall appear to be incompetent, disorderly or intemperate, in any way disrupts or interferes with the Work, presents a security risk, or is in any other way disqualified for or unfaithful to the job entrusted to him, such person shall be promptly reassigned to tasks unrelated to this Project and he shall not again be employed on the Work or allowed access to the Site without the prior written consent of Owner;

2.1.15. Be solely responsible for all Project site-specific safety orientation, safety orders, rules, precautions and programs necessary for the safety and security of the Work; take precautions to secure the safety of all of Contractor's employees and others for which it has direct supervision and control and which are involved in the Work, all equipment and materials incorporated in the Work, all property on the site of the Work and adjacent to it, and remain cognizant of Owner's affiliates operations which are on the Site of the Work or in the vicinity of it. Contractor will maintain pro-active safety and security program, in fulfillment of and in compliance with all legal and regulatory requirements, as provided in Exhibit H. Contractor shall maintain a qualified Safety Manager on site at all times during construction of the Project;



2.1.16. Give all notices and comply with all laws, ordinances, rules, regulations and permits and orders of any local, state or federal authority having jurisdiction over the Work, or which have any bearing on the execution of the Work. If Contractor observes that any of the Contract Documents are at variance in any respect with any such laws, ordinances, rules, regulations and orders, it shall promptly notify Owner in writing and any necessary changes shall be promptly made. If Contractor fails to give such notice or executes any of the Work in a manner contrary to any such laws, ordinances, rules, regulations or orders, it shall bear the resulting costs to correct said Work to comply with such laws and regulations;

2.1.17. Perform testing, including PMI (positive materials identification) on materials and equipment in accordance with applicable codes and laws, and the Baker Risk provided program. Contractor shall provide to Owner the results of all such testing;

2.1.18. Correct Work which does not conform to the Agreement at no cost to Owner;

2.1.19. Procure and provide materials and equipment to be incorporated in the Work that are new and warrant that the Work will be of good quality, and in conformance with the Contract Documents. Owner shall provide the Owner-Furnished Equipment at its costs and responsibility.

2.1.20. Retain only first quality, competent and qualified Subcontractors;

2.1.21. Be responsible for and pay all duties and taxes on all Contractor supplied materials and equipment for the Project, such costs to be considered as pass-through costs to Owner's account except as such costs may relate to General Conditions;

2.1.22. Maintain the Project site reasonably free from accumulation of waste materials or rubbish caused by Contractor's operations. At the completion of the Work, Contractor shall remove from the Site Contractor's temporary objects and facilities, tools, construction equipment, machinery, surplus materials, waste materials and rubbish;

2.1.23. Prepare Change Orders for Owner's approval and execution in accordance with the Agreement and submit them for Owner's approval prior to beginning any work on such Change Order. Contractor shall have authority, subject to notice to Owner, to make such minor changes in design prior to supply of the delivered facility and within the intent of the Agreement that will not affect the quality, performance, extend the date of completion or require review or action under any applicable rules, regulations, statutes, ordinances or codes;

2.1.24. Obtain and keep current its operating permits as well as the documents proving legal ability to execute the Work. Copies of such documents shall be provided to Owner by Contractor upon request.

2.1.25. Manage and complete the Work in a manner that substantially conforms with Exhibit I.

ARTICLE 3  
OWNER'S SERVICES AND RESPONSIBILITIES

3.1 Timely Performance. Owner shall throughout the performance of this Agreement reasonably cooperate with Contractor. Owner shall perform its responsibilities, obligations and services, including its reviews and approvals of Contractor's submissions, in a reasonably timely manner so as not to delay or interfere with Contractor's performance of its obligations under this Agreement.

3.2 Owner Provided Information and Equipment. Owner shall provide, at its own cost and expense, for Contractor's information and use, the following, all of which Contractor is entitled to rely upon (absent manifest error) in performing its obligations hereunder:

3.2.1 Surveys describing the property, boundaries, topography and reference points for use during construction, including existing service and utility lines;

3.2.2 Geotechnical studies describing subsurface conditions, and other surveys describing other latent or concealed physical conditions at the Site;

3.2.3 Temporary and permanent easements, zoning and other requirements and encumbrances affecting land use or necessary to permit the proper design and construction of the Project;

3.2.4 A legal description of the Site;

3.2.5 To the extent available, as-built and record drawings of any existing structures at the Site; and

3.2.6 To the extent available, environmental studies, reports and impact statements describing the environmental conditions, including, but not limited to, hazardous conditions, in existence at the Site.

3.2.7 Owner shall provide all Owner-Furnished Equipment, and vendor support, in accordance with the schedule. Owner shall cooperate with Contractor in the coordination of the delivery and receipt on Site of the Owner-Furnished Equipment.

3.2.8 Owner shall provide a means of disposal for all hydro test water.

3.2.9 Owner shall be responsible for development and implementation of the Facility PSM and PSSR programs. Contractor will cooperate with Owner in its development of said programs.

3.2.10 Owner shall be responsible for timely provision of all engineering and design documents from the Designer of Record to Contractor.

3.2.11 Owner shall be responsible for providing the process to Contractor, and shall be responsible for the performance of the Plant, except to the extent this Agreement places responsibility on Contractor for any Work,

3.2.12 Provide support for Contractor's performance of the Work substantially in conformity to Exhibit I.

3.3 Owner shall be responsible for start-up and commissioning of the Plant, subject to assistance by Contractor as provided in this Agreement.

ARTICLE 4  
PROGRESS OF THE WORK

4.1 Commencement and Completion. Contractor shall commence the Work immediately and shall achieve Final Completion, including without limitation Mechanical Completion, all Project construction and commissioning support services not later than March 31, 2015 (the "Completion Date"), All 546-NACSAC Plinke facilities necessary to concentrate nitric acid and control associated emissions, shall be completed and ready for operations by the Completion Date. The Completion Date may be altered only as provided in this Agreement and any liability for Contractor thereto is limited as further set forth in Article 20 herein.

4.2 Scheduling.

4.2.1 Scheduling and Time Extensions. Attached as Exhibit E to this Agreement is a progress schedule ("Project Schedule") setting forth the durations for all the major items of Work to be performed; the start and finish date of all such activities; the performance tests; and the Completion Date of the Project. Contractor shall submit to Owner updated Progress Schedules each month to reflect the actual progress made and to forecast future progress of the Work. The Completion Date shall be extended only for such number of calendar days as the Work is actually delayed by acts of God, acts or omissions of Owner or the Designer of Record, delays in the issuance of required permits occurring after November 1, 2013, the presence of any undisclosed hazardous substances (including, but not limited to Hazardous Materials) affecting the Work, a casualty, change in law, flood, fire, or a change order, plus a reasonable number of additional days to allow Contractor to resume Work following such delay, and only then if it is not feasible for Contractor to avoid or to mitigate the impact of the delay ("Unavoidable Excusable Delay"). No extensions to the Completion Date shall be granted due to the negligence or fault of Contractor or its Subcontractors or untimely delivery of equipment or the non-availability of materials or labor, not including the Owner-Furnished Equipment and materials. In order to obtain a time extension due to an Unavoidable Excusable Delay, Contractor must give written notice to Owner within five (5) working days after the commencement of each Unavoidable Excusable Delay, including a description of actions taken to avoid or mitigate the delay and a proposed action plan or re-sequencing to minimize the impact on the Project.

4.3 Liquidated Damages. It is mutually agreed that if Contractor does not complete the Work to the point of Final Completion by the Completion Date, Owner will sustain damage, the precise amount of which is difficult to determine at the time of making this Agreement.

4.3.1 Up to a maximum total amount of \$200,000, Contractor shall pay to Owner as liquidated damages and not as a penalty the sum of \$3,000 per day for each full day of delay if Contractor fails to achieve Mechanical Completion by August 31, 2015 (subject to automatic extension for Unavoidable Excusable Delay), provided such delay is due to a) failure by Contractor to prosecute the Work with diligence, or b) Contractor's or Subcontractor's negligence.

Contractor further agrees that any assessment by Owner of liquidated damages or payment by Contractor to Owner of liquidated damages is to compensate Owner only for the damages arising out of Contractor's delay in achieving the Completion Date, and is not a release of any of Owner's other rights or claims against Contractor, including claims of Owner for defective or improper workmanship of Contractor.

## ARTICLE 5 PAYMENT

5.1 Fixed Price Portion of Work. Owner and Contractor agree that Contractor shall be paid for all General Conditions for a fixed price, as provided in Exhibit B.

5.2 Variable Cost Portion of Work. Owner and Contractor agree that Contractor shall be paid in accordance with Exhibit C for all Construction Work, excluding General Conditions included in Exhibit B.

5.3 Payment Procedure. During the course of the Project, progress payments shall be made by Owner to Contractor as follows:

(a) On or before the twenty-fifth day of each calendar month during the performance of the Work or the preceding working day if the last day is a Saturday, Sunday or holiday, Contractor shall submit to Owner an application and certificate for payment, based on the Work completed during the preceding month, using a form approved by Owner.

(b) Each application and certificate for payment shall be accompanied by: (1) copies of all vendors and Subcontractors invoices; (2) a separation of construction materials, services, labor, equipment and manufacturing equipment materials; (3) releases and lien waivers from Contractor and all Subcontractors and vendors; and (4) other documentation as may be requested by Owner for its proper review of the application and certificate of payment.

(c) Payments by Owner shall be made on or about the 25th day of the following month in which an approved Application and Certificate for Payment properly certified and verified has been submitted or the next working day if the 25th day of the month is a Saturday, Sunday or holiday. Contractor shall be entitled to 1% interest per month on any late payments. Owner reserves the right to verify the accuracy of any such payments both during the Project and upon completion. Contractor shall within a reasonable time period reimburse Owner for any overpayments made during the course of the Project or upon completion. If Owner disputes any portion of Contractor's Application, Owner shall pay the undisputed portion as set forth in this Section 4.3(c), and any disputed portion of the Application shall be subject to the Dispute Resolution provision in Section 23.13 of this Agreement. If Owner fails to make payment to Contractor when due, Contractor shall, after fifteen (15) days notice to Owner to cure, stop all Work until such time as Owner pays amounts not in dispute and due Contractor. If after Contractor stops work, Owner cures such failure to pay, Contractor shall remobilize to the Site and be entitled to seek a Change Order for additional costs or fees associated with Contractor's demobilization and remobilization to the Site, as well as for any extension of the Completion Date. If Owner's failure to pay continues for a period of sixty (60) additional days, Contractor may terminate this Agreement.

5.4 Use of Payments. Contractor shall use all sums paid to it pursuant to this Agreement for the performance of the Work in accordance with the Contract Documents. Upon the request of Owner, Contractor shall furnish satisfactory proof as to the disposition of any monies paid to Contractor by Owner; provided that no provision shall be construed to require Owner to see to the proper distribution, disposition or application of the monies paid to Contractor.

5.5 Payment Not a Waiver. Neither the approval or making of any payment to Contractor, nor the partial or entire use or occupancy of the Project by Owner shall be an acceptance of any portion of Work.

#### 5.6 Final Payment.

(a) Final payment by Owner is due upon Final Completion but shall not constitute a waiver of claims by Owner arising from terms of warranties unsettled liens, incomplete or defective workmanship, defective materials, or for failure of the Work to comply with requirements of the Contract Documents provided by Contractor under this Agreement.

(b) Final Completion and final acceptance of the Work shall occur only after all Work (including punch list items) provided for in the Contract Documents has been finally completed and accepted in writing by Owner.

(c) Thereafter final payment shall become due upon Contractor delivery to Owner the following:

(i) written statement that all payrolls, bills for materials and equipment, and other indebtedness connected with the Work for which Owner or its interest in the property, or the Site or the Project might in any way be responsible, have been paid, or will be paid with funds received from final payment, or otherwise satisfied, along with any documentary evidence requested by Owner, including without limitation, lien waivers;

(ii) other data establishing payment or satisfaction of all such obligations, such as receipts, releases and waivers of liens, arising out of the Work, to the extent and in such form as may be designated by Owner;

(iii) Warranties assigned to the Owner; and

(iv) Vendor supplied Operating manuals set forth in Exhibit A.

5.7 The Right of Owner to Withhold Payment. Owner may, on account of subsequently discovered evidence, withhold or nullify the whole or part of any payment, including Final Payment, to such extent as may be necessary to reasonably protect itself from any of the following:

(a) defective Work not remedied;

(b) third-party claims for payment or liens filed or reasonable evidence indicating the probable filing of such claims or liens;

(c) failure of Contractor to make payments properly due to Subcontractors pursuant to applicable subcontracts or purchase orders or failure of the Subcontractors to make payment properly due for any portion of the Work or failure of Contractor or its Subcontractors to make payment properly due for equipment, materials or labor;

(d) evidence of fraud, over-billing or overpayment discovered upon audit or otherwise;

(e) failure of Contractor to prosecute the Work in accordance with the Contract Documents; or

(f) damage to Owner or Owner's affiliates caused by Contractor, or any entity for whom Contractor is responsible.

## ARTICLE 6 EQUIPMENT AND MATERIALS

6.1 Materials Provided by Contractor.

(a) Contractor shall provide and pay as a cost of the Work for all equipment, materials, labor, tools, equipment, light, transportation, and other facilities necessary for the performance of the Work, excluding Owner-Furnished Equipment. Water and power is to be provided by Owner.

(b) All equipment, machinery, material, and articles incorporated in the Work shall be of good quality and new.

## 6.2 Contractor Equipment Procurement.

6.2.1 Except for the Owner-Furnished Equipment, Contractor shall procure and pay for all construction equipment and materials to be incorporated in the Work or necessary for operation or continued operation of the Project as set forth in Exhibit A. Owner shall provide to the Project for installation by Contractor all Owner-Furnished Equipment.

6.2.2 Contractor shall be solely responsible for verifying that all utilities and services are adequate for operation and are connected properly and ready for operation. Contractor shall take reasonable steps or actions necessary to coordinate with Owner to allow Owner to cause the Owner-Furnished Equipment to arrive at the Site at such time that they are required to support the Project Schedule and Completion Date.

6.2.3 Contractor shall be fully responsible for the care, custody, and control of all manufacturing equipment, equipment and materials and security of site until Mechanical Completion of the Project or turnover to Owner, whichever occurs earlier.

## ARTICLE 7

### DATA

7.1 As-Built Drawings. Contractor shall coordinate with the Designer of Record and provide red-line markups of the design documents to the Designer of Record for the Designer of Record's inclusion in and creation of "as-built" drawings.

## 7.2 Operation and Maintenance Data.

(a) Installation information for all machinery and equipment also shall be kept on the site of the Work during construction. All such information shall be provided in electronic form (original Word or Office document or scan).

7.3 Information from Suppliers. Contractor shall make it a requirement or condition of purchase from its suppliers of equipment and/or materials, if any, that each supplier (1) furnish complete and adequate operating and maintenance data pertaining to their equipment, (2) assign to Owner any warranty, express or implied, furnished by the manufacturer of the equipment, and (3) to assign to Owner any customary maintenance or repair service, spare parts supply service, or personnel support service furnished by the manufacturer of the equipment.

ARTICLE 8  
SUBCONTRACTS

8.1 Definition. As used in the Contract Documents, a “Subcontractor” is a person or organization that has a contract with Contractor, or any other entity working under Contractor’s contractual chain of privity, to perform any portion of the Work, to furnish any product, furnish any technology license, technical assistance or advice, or to furnish any article, machinery, equipment or materials to the Work.

8.2 No Contractual Relationship with Owner. Except as expressly provided by this Agreement, Article 22—Right to Terminate of Owner, nothing contained in the Contract Documents or otherwise shall create any contractual relationship between Owner and any Subcontractor, except that it is understood and agreed that Owner is an intended third party beneficiary of all (i) contracts with design professionals; (ii) subcontracts; (iii) purchase orders; and (iv) other agreements between Contractor and third parties. Contractor shall incorporate the obligations of this contract with Owner in its respective contracts with design professionals, subcontracts, supply agreements, purchase orders and other agreements. No subcontract shall relieve the Subcontractor of its responsibilities and obligations should any Subcontractor fail to perform the Work in a satisfactory manner. Contractor is fully responsible to Owner for the acts and omissions of its Subcontractors and of persons either directly or indirectly employed by them.

8.3 Approval of Subcontractors. Based on substantial and/or material reasons, Owner reserves the right to reject any unsatisfactory Subcontractor on the basis of safety record, financial status, insufficient resources, security risk, or other criteria which could negatively impact the successful on-time completion of the Project. Good faith and reasonableness will govern any such decision. Owner’s approval of Subcontractors does not relieve or release Contractor from full responsibility for the adequate, conforming and timely performance of the Work. Contractor is solely responsible for ensuring that all Subcontractors are qualified to perform their work timely and in accordance with the plans, specifications and this Agreement.

8.4 Subcontract Terms and Conditions. All portions of the Work performed by a Subcontractor shall be pursuant to a written agreement acceptable to Owner and which shall contain provisions that:

- (a) preserve and protect the rights of Owner under the Contract Documents with respect to the portion of the Work to be performed under the subcontract so that the subcontracting will not prejudice such rights;
- (b) require that all Work be performed in accordance with the requirements of the Contract Documents;
- (c) require that all Work comply with the requirements of OSHA and all other applicable government regulations construction codes, and other applicable codes or applicable trade or legal regulations.



(d) require that all Work comply with all federal, state and local environmental statutes, regulations and ordinances, including without limitation, environmental statutes, regulations and ordinances;

(e) require the Subcontractor to meet standard on-site contractor requirements as established by Owner and by the El Dorado Chemical Company plant.

(f) require submission to Contractor of periodic applications for payment accompanied by a release and lien waiver to the extent of each payment;

(g) require that all requests for change order, additional compensation or extensions of time be submitted to Contractor in sufficient time so that Contractor may comply in the manner provided in the Contract Documents for like requests by Contractor upon Owner; and

(h) establish that the Owner is an intended third-party beneficiary of the subcontract, agreement or purchase order, provided that if any Subcontractor refuses to agree that the Owner is a third-party beneficiary of the subcontract, Contractor shall so advise Owner, and Owner shall consider the circumstances and alternatives and may reasonably waive this requirement on a case by case basis.

## ARTICLE 9 CHANGES

### 9.1 Changes in the Work.

(a) Either Party, without invalidating the Agreement, may order or seek extra Work or make changes by altering, adding to or deducting from the Work by executing a Change Order in the form provided by Owner, attached as Exhibit E. All work performed pursuant to a Change Order shall be performed under the terms and conditions of the Contract Documents.

(b) Owner shall have authority to make changes in the Work not involving extra cost, and not inconsistent with the purposes of the Project, but otherwise, no extra work or change in the Work shall be made unless pursuant to a written Change Order. No claim by Contractor for additional compensation, cost or fee or any extension of the Completion Date shall be valid unless provided in a Change Order.

9.2 Change Order Procedure. Upon receipt of a request from Owner, or upon its own request, for extra work or changes in the Work, or for deletions or reductions in scope, Contractor shall furnish to Owner, within five (5) calendar days, a statement setting forth in detail the proposal of Contractor for performing the extra work or changes or for deleting the work or reducing the scope and the effect of the extra work or changes, of the deletions or reductions, if any, on the contract price and Completion Date. If Owner approves in writing the

proposal of Contractor, a Change Order in the form provided by Owner shall be executed by the parties and the contract price and the Completion Date shall be adjusted. All Change Orders must be executed by Owner's authorized representative or such other individual designated in writing by an officer of Owner, subject to any limitations set forth in such written designation, in order to be valid.

### 9.3 Change Order Pricing.

(a) Increases in the Scope. Any increase in the contract price attributable to a Change Order performed by Contractor or any of its Subcontractors shall not exceed the sum of the following:

(i) the actual costs to Contractor to perform the Change Order, as calculated from the Rate Schedule attached to Exhibit F, Change Order form; and

(ii) the actual cost of Subcontractors to perform the Change Order, with a 4.5% mark-up;

(b) Decreases in the Scope. The decrease in the contract price attributable to a Change Order deleting or modifying a portion of the scope of Work shall equal all costs incurred to execute such deductive change order less the sum of the following:

(i) the actual labor cost that Contractor would have incurred to perform the scope of Work deleted in the Change Order;

(ii) the actual cost of Subcontractors or materials that Contractor would have incurred in performing the scope of Work deleted in the Change Order;

9.4 Unconditional Obligation to Proceed. Notwithstanding anything herein to the contrary, Contractor will proceed with the Work when so directed by Owner in writing and attempt in good faith to comply with the Completion Date as amended by Owner's directed change, even if it has a dispute with Owner concerning the amount to be paid under Section 8.3 or any extension of time which is or could be due to Contractor pursuant to a Change Order.

## ARTICLE 10

### THE UNDERSTANDING OF CONTRACTOR

10.1 Unforeseen Work Site Conditions. If concealed or unknown conditions, including, but not limited to, surface, subsurface and/or site environmental conditions, which affect in whole or in part the performance of the Work are encountered, then Contractor shall stop work and give written notice thereof to Owner before conditions are further disturbed and promptly after first observing such changed conditions by Contractor. The Agreement (e.g., costs, prices, schedule, etc.) shall be adjusted in accordance with the changes clause.

ARTICLE 11  
THE REPRESENTATIVE OF OWNER

11.1 The Representative of Owner. Representative of Owner shall have full authority to stop the Work whenever in the best judgment of the Representative of Owner, such stoppage may be necessary to insure the proper execution of the Work and the Agreement shall be equitably adjusted as a result of any wrongful stoppage. The Representative of Owner shall have authority to reject any Work and materials which do not conform to the Contract Documents, and to decide questions which arise during the execution of the Work. The Representative of Owner shall also designate in writing all persons affiliated with Owner who are authorized to have access to the Work. Owner shall have the right to replace the Representative of Owner at any time with or without cause, following written notice to Contractor.

ARTICLE 12  
SUPERVISION OF THE WORK

12.1 The Construction Manager of Contractor. Contractor shall designate in writing to Owner, and keep assigned to the Work during its progress, a competent Construction Manager satisfactory to Owner. The Construction Manager shall be Bob Andersen. The Construction Manager shall be changed upon written request of Owner, but shall not be changed by Contractor except with the consent of Owner (which consent shall not be arbitrarily withheld), unless the Construction Manager ceases to be in its employ. The Construction Manager shall represent Contractor and all directions given to him by Owner shall be binding as if given to Contractor directly. The Construction Manager shall devote full time to the Work and shall maintain his office on the site of the Work. He shall direct, coordinate and supervise all Work, inspect all materials, excluding Owner Furnished Equipment, delivered to the Project to ascertain whether or not they comply with the requirements of the Contract Documents, and reject all non-conforming materials or workmanship.

12.2 Owner's Right to Review the Work.

(a) Owner and persons designated by Owner shall at all times have access to the Work whenever it is in preparation or progress and Contractor shall provide proper facilities for such access and for a detailed review of the Work by Owner. If Owner discovers any Defective Work in connection with any review, it shall report such Defective Work to Contractor and Contractor shall, at no cost to Owner, immediately correct the defective work.

(b) If the Contract Documents, the written instructions of Owner, laws, ordinances, rules or regulations, or any public authority require any of the Work to be specifically tested or inspected, Contractor shall give Owner timely notice of its readiness for inspection and testing, and if the test or inspection is performed by an authority other than Owner, of the date set for such test or inspection. Inspections by Owner shall be promptly made and, where practicable, at the source of supply. If any of the Work should be covered up without the approval or consent of Owner or any necessary authority, it shall be uncovered for examination, if required by Owner or such other authority, at the sole expense of Contractor.

(c) Re-examination of questioned work that has been previously inspected by Owner may be ordered by Owner and, if so ordered, the questioned work shall be uncovered by Contractor. If such work is found to be in compliance with the Contract Documents, Owner shall pay the actual documented and verified cost of the re-examination and if such re-examination causes the Completion Date to be extended, grant a time extension and shall pay all costs incurred as a result of such extension via the contract change procedure accordingly. If such work is found not to be in compliance with the Contract Documents, Contractor shall bear the costs of the re-examination, and the costs to correct.

ARTICLE 13  
THE RIGHT OF OWNER TO AUDIT

13.1 Owner shall have the right, but not the obligation, to audit or examine all cost documents, cost records, pertaining to the Project through the Project and for one year after Final Completion, excluding Contractor's documentation to support any fixed price portion of the Work.

ARTICLE 14  
SEPARATE CONTRACTS

14.1 The Right of Owner to Award Separate Contracts. Owner reserves the right to award other contracts in connection with the Project (but not within Contractor's scope of Work under this Agreement) at or in the vicinity of the Project and Contractor agrees to cooperate fully and not to unreasonably interfere with the work of such other contractors. Notwithstanding anything to the contrary, in the event that Owner reasonably believes that Contractor is not sufficiently skilled or lacks required expertise or does not provide a reasonable value to Owner for particular portions of the Work or areas subject to Change Orders, then Owner may award such work to third party contractors.

14.2 Responsibility for Damage. Should Contractor cause damage to the Work, the Owner's property, the property of third parties or to any person, Contractor shall reimburse the Owner or such other damaged or injured person for all associated costs and expenses for the repair or replacement of the damaged property, excluding any consequential loss as set forth in Section 19.4. If such damaged person sues or arbitrates with Owner or Owner affiliates on account of any damage alleged to have been caused in whole or in part by Contractor or anyone for whom Contractor is responsible, Owner shall notify Contractor who shall indemnify and hold Owner or Owner affiliates harmless and continuously defend such suit or arbitration at the expense of Contractor, and if any judgment or award against Owner or Owner affiliates results, Contractor shall pay or satisfy the award.

ARTICLE 15  
WARRANTIES OF CONTRACTOR

15.1 Warranty of Title. Contractor agrees that title to all Work, materials, products and equipment that has been incorporated into the Facility will pass to Owner, free and clear of all liens, security interests or encumbrances (herein "Liens") upon full payment due to Contractor for such portions of the Work, being made by Owner and that none of the Work, materials, products or equipment covered by an application and certificate for payment will have been acquired by Contractor, or by any other person performing any part of the Work or furnishing materials and equipment for the Work, subject to an agreement under which a Lien is retained by the seller or supplier.

15.2 Assignment of Warranties. Contractor hereby assigns to Owner any and all existing assignable warranties of manufacturers of equipment or items purchased by or through Contractor, and incorporated in the Work. The Contractor shall deliver all warranties, to the Owner prior to Final Completion. Upon the request of Owner, Contractor shall give Owner assistance in enforcing the rights of Owner arising under such warranties. Without request of Owner, Contractor shall give notice (with copies to Owner) to any such manufacturers of the assignment to Owner and its successors or assignees to the Project of such warranties.

15.3 General Warranty and Correction of Work.

(a) In addition to any other warranties contained in the Contract Documents, Contractor warrants to Owner and its successors or assigns to the Project that all materials and equipment furnished by Contractor in performance of the Work will be new, that all Work will be of good quality, free from faults and defects and in conformance with the Contract Documents. All Work not so conforming to these standards shall be considered defective and corrected by Contractor at no cost to Owner ("Defective Work").

(b) Contractor shall promptly correct all Defective Work to the standards of this Agreement and the Contract Documents whether observed before or after the Completion Date and whether or not fabricated, installed or completed. Contractor shall bear all costs of correcting such Defective Work.

(c) If, within one (1) year from Mechanical Completion of the Work any of the Work is found to be defective and not in accordance with the Contract Documents, Contractor shall correct it promptly upon receipt of a written notice to do so from Owner or any successor or assign of Owner.

(d) If Contractor fails to correct Defective Work in accordance herewith and the Contract Documents, Owner or its successor or assign may correct it and hold Contractor liable for all costs, expenses and damages, including redesign fees, attorney's fees and litigation costs incurred by any of them in correcting it.

(e) In addition to the foregoing warranty, if any Defective Work in material or workmanship is discovered during the warranty period, a warranty period of one (1) additional year shall apply to workmanship, material and equipment under the same terms and conditions as the original warranty, to any work, supplied in correction of the Defective Work under warranty pursuant to the provisions of this Section 14.3 and Contractor shall assign to Owner or its successor or assign any warranties, including extended warranties, as to materials or designs furnished in the performance of such correction of Defective Work. Such warranty period shall commence on the date Owner or its successors or assigns accepts the corrective work of Contractor.

ARTICLE 16  
RIGHT OF OWNER TO DO WORK

16.1 Right of Owner to Do Work. If Contractor should neglect to prosecute the Work properly or fail to do anything required by the Contract Documents, and Owner does not receive acceptable assurances from Contractor or Contractor does not undertake reasonable steps for due performance satisfactory to Owner within ten (10) days after written demand is made, then Owner may, without prejudice to any other remedy it may have under this Agreement or at law or in equity, make good any deficiencies in the Work.

16.2 Deduction for Uncorrected Work. If Owner reasonably and in good faith deems it inexpedient to correct deficiencies in the Work pursuant to Section 15.1, Owner may deduct the reasonable cost of doing so from the payment then due, any retainage held by Owner, or any payment thereafter due Contractor, but the making of such a deduction shall in no way be deemed an election or limitation of remedies by Owner.

ARTICLE 17  
INSURANCE

17.1 Liability Insurance. Prior to the commencement of any operations by or on behalf of Contractor relating to the Project, and with respect to any and all such operations, Contractor shall procure and provide to Owner the insurance described in this Article 17 from insurers with a rating by A.M. Best of A-VIII or better, and further obtain endorsements on all policies where possible to name Owner and other identified entities as additional insureds.

17.1.1 Commercial General and Umbrella Liability Insurance. Contractor shall maintain commercial general liability (CGL) and commercial umbrella insurance with a limit of not less than \$1,000,000 for each occurrence and aggregate.

(a) CGL insurance shall cover liability arising from premises, operations, independent contractors, products-completed operations, sudden and accidental pollution, personal injury and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

(b) Contractor shall maintain CGL and commercial umbrella liability insurance with a limit of not less than \$10,000,000 for each occurrence and aggregate, for at least 1 year following completion of the Work. Unless otherwise set forth below, the continuing CGL insurance shall meet all of the requirements set forth above in Paragraphs (i) and (ii). Continuing CGL insurance shall, at minimum, cover liability arising from products-completed operations and liability assumed under an insured contract. Continuing commercial umbrella coverage, if any, shall include liability coverage for damage to the insured's completed work equivalent to that provided under ISO form CG 00 01 10.

17.1.2 Business Auto and Umbrella Liability Insurance. Contractor shall maintain business auto liability and, if necessary, commercial umbrella liability insurance with a limit of not less than \$10,000,000 per occurrence, with no aggregate limit. Such insurance shall cover liability arising out of any auto (including owned, hired and non-owned autos).

17.1.3 Workers Compensation Insurance. Contractor shall maintain workers compensation and employers liability insurance.

(a) the employers liability and/or commercial umbrella limits shall not be less than \$10,000,000 each accident for personal injury by accident or \$10,000,000 each employee for personal injury by disease.

17.1.4 Umbrella Excess Insurance. Contractor shall maintain umbrella excess insurance (over automobile, CGL and employers liability) in the amount of \$10,000,000 aggregate.

17.2 Contractor's Pollution Liability Insurance. Contractor shall maintain contractor's pollution liability insurance [claims made form] in the amount of \$5,000,000 each occurrence and in the aggregate.

17.3 Builder's Risk Insurance.

(a) Owner shall purchase and maintain in force builder's risk insurance for the entire Work. Such insurance shall be written in an amount at least equal to \$20 million as well as subsequent modifications of that sum. The insurance shall apply on a replacement cost basis.

(b) The insurance as provided in this paragraph shall name Contractor as additional insured. The insurance as required in this Paragraph shall cover the entire Work at the Project site, and shall also cover portions of the Work located away from the site but intended for use at the site, and shall also cover portions of the Work in transit.

(c) The insurance as provided in this paragraph shall include business interruption coverage from a delay due to an insured peril.

(d) The deductible or self-insured retention applicable to the insurance purchased in compliance with this Paragraph shall be paid by Owner. Provided however, if Contractor causes loss covered by this Paragraph, Contractor shall pay the first one hundred thousand dollars (\$100,000.00) of the deductible or self-insured retention.

17.4 No Representation of Coverage Adequacy. By requiring the insurance as set out in this Article 17, Owner does not represent that coverage and limits will necessarily be adequate to protect Contractor, and such coverage and limits shall not be deemed as a limitation on Contractor's liability under the indemnities provided to Owner in this Agreement, or any other provision of the Contract Documents.

17.5 Additional Insureds. Any insurance required to be maintained by Contractor pursuant to this Article 17 shall include Owner, including its affiliates, agents, officers, directors, employees, successors and assigns as "Additional Insureds", but solely with respect to liability arising out of the Work

17.6 Primary Insurance. Any insurance required to be maintained by Contractor pursuant to this Article 17 shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to, or maintained by, Owner or any of the other Additional Insureds.

17.7 Cross-Liability Coverage. If Contractor's liability policies do not contain the standard ISO separation of insureds provision, or a substantially similar clause, they shall be endorsed to provide cross-liability coverage.

17.8 Evidence of Insurance. Prior to commencing the Work, Contractor shall furnish evidence of its insurance showing compliance with the insurance requirements set forth above.

(a) All certificates shall provide for 30 days written notice to Owner prior to the cancellation or material change of any insurance referred to therein.

(b) Failure of Owner to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Owner to identify a deficiency from evidence that is provided shall not be construed as a waiver of Contractor's obligation to maintain such insurance.

(c) Owner shall have the right, but not the obligation, to prohibit Contractor or any Subcontractor from entering the Project site until such certificates or other evidence that insurance has been placed in complete compliance with these requirements is received and approved by Owner.



(d) Failure to maintain the insurance required in this Article 17 may result in termination of this Agreement at Owner's option. If Contractor fails to maintain the insurance as set forth herein, Owner shall have the right, but not the obligation, to purchase said insurance at Contractor's expense, after a reasonable period in which the Contractor has failed to comply.

(e) With respect to insurance maintained after final payment in compliance with a requirement above, an additional certificate(s) evidencing such coverage shall be promptly provided to Owner when requested.

17.9 Subcontractors' Insurance. Contractor shall cause each Subcontractor employed by Contractor to purchase and maintain applicable insurance of the type specified in this Article 16. Unless otherwise agreed to in writing by Owner, Contractor will require Subcontractors to obtain the insurance specified in this Article consistent with their work obligations with minimum limits of \$5,000,000 per occurrence and in the aggregate, unless an exception is approved in writing by the Owner. When requested by Owner, Contractor shall furnish to Owner copies of certificates of insurance evidencing coverage for each Subcontractor.

17.10 Professional Liability Insurance. Contractor shall maintain professional liability coverage, including pollution coverage, insuring Contractor and its Subcontractors for negligent acts, errors or omissions arising out of the performance of any design services or functions under the Agreement. The limits of liability under this professional liability coverage shall be \$20 million. The coverage or policy shall be maintained for five years after completion of the contract. Coverage shall include a professional services contractual liability coverage endorsement. Coverage shall be primary, and shall be non-contributing with any insurance which may be maintained by Owner or any affiliated companies.

17.11 Costs of Insurance. Any costs relative to the insurance to be provided under this Agreement shall be borne by Contractor, except for Builder's Risk insurance which, if provided by Contractor, shall be provided on a pass-through basis at Owner's cost with no markup.

17.12 Owner's Purchase of Insurance. Contractor shall cooperate with Owner and any and all of Owner's insurance carriers or providers or proposed insurance carriers or providers to provide such information, documentation and assistance necessary to obtain, maintain or collect under any policy of insurance. Any costs incurred by Contractor herein shall be pass-throughs to Owner's account, including but not limited to efficacy insurance.

17.13 Owner-Controlled Insurance Program ("OCIP"). Owner may elect to implement an Owner Controlled Insurance Program ("OCIP"). An OCIP may include general liability, workers compensation and umbrella coverage for the entire Project and all Subcontractors. If Owner elects to implement an OCIP, Contractor and all Subcontractors agree to be included under the OCIP coverage and exclude their own General Liability, Workers Compensation and Umbrella costs from their bids.

ARTICLE 18  
PARENT COMPANY GUARANTY

18.1 Contractor will provide a guarantee from its parent corporation Science Applications International Corporation, in the form as provided in Exhibit E.

18.2 LSB Industries, Inc. will provide a guaranty to Contractor, in the form as provided in Exhibit G.

ARTICLE 19  
INDEMNIFICATION AND WAIVER OF CONSEQUENTIAL DAMAGES

19.1 Indemnification by Contractor. Contractor, on behalf of itself, its Subcontractors, their agents, their employees or any entity or person for which Contractor is responsible (collectively "Contractor Indemnitors"), shall fully indemnify, defend, save and hold Owner, Owner's affiliates, the Additional Insureds, their agents, successors, assigns, employees, officers, directors, partners and related entities, (collectively "Owner Indemnitees") harmless from and against all liability, damage, loss, claims, demands, actions and expenses of any nature whatsoever, including, but not limited to reasonable attorney's fees which arise out of or are connected with: (i) any negligent act, error or omission by any Contractor Indemnitor in the performance of this Agreement; (ii) any breach of this Agreement or failure to comply with the Contract Documents; or (iii) the failure of the Contractor Indemnitor to comply with the laws, statutes, ordinances or regulations of any governmental authority; provided, Contractor, on behalf of itself, its Subcontractors, their agents, their employees or any entity or person for which Contractor is or may be responsible shall have no liability to indemnify, defend, save and hold harmless the Owner Indemnitees or any individual constituent thereof from any liability, damage, loss, claims, demands, actions and expenses of any nature whatsoever, including reasonable attorneys' fees, which arise from the negligence or willful misconduct by the Owner Indemnitees collectively or any constituent member of the Owner Indemnitees individually.

19.2 Indemnification by Owner. Owner, on behalf of itself, its contractors, subcontractors, their agents, their employees or any entity or person for which Owner is responsible (collectively "Owner Indemnitors"), shall fully indemnify, defend, save and hold Owner, Owner's affiliates, the Additional Insureds, their agents, successors, assigns, employees, officers, directors, partners and related entities, (collectively "Contractor Indemnitees") harmless from and against all liability, damage, loss, claims, demands, actions and expenses of any nature whatsoever, including, but not limited to reasonable attorney's fees which arise out of or are connected with: (i) any negligent act, error or omission by any Owner Indemnitor in the performance of this Agreement; (ii) any breach of this Agreement or failure to comply with the Contract Documents; or (iii) the failure of the Owner Indemnitor to comply with the laws, statutes, ordinances or regulations of any governmental authority; provided, Owner, on behalf of itself, its contractors, subcontractors, their agents, their employees or any entity or person for which Owner is or may be responsible shall have no liability to indemnify, defend, save and hold harmless the Contractor Indemnitees or any individual constituent thereof from any liability,

damage, loss, claims, demands, actions and expenses of any nature whatsoever, including reasonable attorneys' fees, which arise from the negligence or willful misconduct by the Contractor Indemnitees collectively or any constituent member of the Contractor Indemnitees individually.

19.3 Notwithstanding and superseding anything in this Agreement to the contrary, Owner shall indemnify, defend and hold harmless Contractor from any and all environment liabilities (e.g., Hazardous Materials, waste or substance, etc.) arising out of preexisting conditions at the worksite, and shall be responsible for any environmental remediation on the Site arising out of said preexisting conditions, and any costs and liabilities related thereto, provided Contractor promptly advises Owner if and when the Contractor becomes aware of any such environmental condition.

19.4 Neither party shall be liable to the other for indirect, special, punitive, incidental or consequential damages.

19.5 The obligations set forth in this Article 19 shall survive any termination of this Agreement

ARTICLE 20  
LIMITATION OF LIABILITY

20.1 Limitation of Liability. The total collective liability of Contractor and Contractor's officers, directors, managers, partners, employees, agents and consultants arising under, in connection with or out of this Agreement, whether in breach of contract, breach of express or implied warranty, negligence, professional errors or omissions, strict liability, or any other legal theory of recovery, shall not exceed \$1.0 million. This limitation of liability amount was mutually negotiated. Owner acknowledges that without its inclusion, Contractor's Fee would have been greater. Contractor is not liable for damages arising from its reliance upon any data, information, specification or other documents pertaining to the Work that are provided by the Owner or third parties providing information on behalf of Owner.

ARTICLE 21  
RIGHT TO OCCUPY BY OWNER

21.1 Early Occupancy by Owner. Owner has the right to occupy or use ahead of schedule all or any substantially completed or partially completed portion of the Project or Work when such occupancy and use are in its best interest, notwithstanding the time of completion for all of the Work provided Owner shall be solely responsible for all risk of loss resulting from any occupancy or use of the Project or Work. Owner shall provide general liability and builders risk insurances to cover its occupancy and use and shall be responsible for any losses, claims, expenses or damages incurred by Contractor arising out of Owner's partial occupancy or use. Contractor shall be entitled to an extension of time to the extent Contractor is delayed as a result of any such early occupancy or use.

ARTICLE 22  
DEFAULT; RIGHT TO TERMINATE OF OWNER

22.1 Event of Default.

(a) For the purposes of this Agreement, an Event of Default shall be if:

(i) at any time there shall be filed by or against Contractor in any court a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of the property of Contractor, and within twenty (20) days from the filing date Contractor fails to secure a discharge; or

(ii) Contractor makes an assignment for the benefit of creditors or petitions for or enters into an agreement or arrangement with its creditors; or

(iii) Contractor fails to prosecute the Work properly or safely, or fails to complete the Work entirely on or before the Completion Date; or

(iv) Contractor fails to make prompt payment to its Subcontractors or for materials or labor used in the Work; or

(v) Contractor fails to supply sufficient qualified labor, material and/or equipment so as to complete the Work timely and in accordance with the Contract Documents including, but not limited to the Progress Schedule; or

(vi) without limitation, Contractor fails to perform any term, condition or obligation of this Agreement or the Contract Documents.

(b) Upon occurrence of an Event of Default, Owner shall give written notice to Contractor. Contractor shall within ten (10) days from receipt of such written notice cure or undertake all reasonable steps to cure such Event of Default and, failing to do so, then Owner shall be permitted to terminate the Agreement and complete the Work by such means as it deems fit. In such case, Contractor shall not be entitled to receive any further payment until the Work is completed. If the unpaid balance of the Fixed Price portion of the Contract Price exceeds the aggregate of (1) the expense of Owner of completing the Fixed Price portion of the Work, including compensation for additional managerial, architectural and administrative services, and (2) the loss and damage of Owner, including attorney's fees and litigation expense associated with the Fixed Price portion of the Work, such excess shall be paid to Contractor. If such expense, loss and damage of Owner exceeds the unpaid balance of the Fixed Price portion of the Contract Price, Contractor shall pay the difference to Owner promptly on demand. Any costs to Owner to complete the Variable Cost portion of the Contract Price shall be to Owner's account and shall not be due from Contractor.

22.2 Termination for Convenience. Owner may terminate this Agreement for its convenience without cause by giving ten (10) days' prior written notice to Contractor. In the event this Agreement is terminated for convenience by Owner, Owner will pay Contractor for that portion of the Contract Price, less the aggregate of previous payments, allocable to the Work completed by Contractor as of the date of termination. Owner will also reimburse Contractor for all documented costs, including reasonable actual cancellation and demobilization charges, but not including unexpended General Conditions, any loss of its own profits, or profits from its Subcontractors, suppliers, vendors or materialmen, necessarily incurred by Contractor for organizing and carrying out the stoppage of the Work and paid directly by Contractor.

22.3 Assignment of Contracts. In the event of termination by Owner pursuant to this Article, Contractor shall promptly upon request assign to Owner all or some subcontracts, materials, tools, equipment to be installed under this Agreement, or rental agreements, and any other commitments which Owner, in its sole discretion, chooses to take by assignment. In such event, Contractor shall promptly execute and deliver to Owner written assignments of such commitments and contracts. Contractor shall ensure all agreements with its Subcontractors and suppliers permit such assignment.

22.4 An Event of Default set forth in Section 21.1(a)(iii-vi) shall not be grounds for default of Contractor under any other contracts with Owner.

ARTICLE 23  
OWNER DEFAULT

23.1 If Owner fails to make payment to Contractor when due, or fails to perform its obligations set forth in Article 3, above, Contractor shall, after fifteen (15) days notice to Owner to cure, stop all Work until such time as Owner pays all amounts due Contractor, or cures its obligations (all an "Event of Owner Default"). If such failure to pay continues for a period of sixty (60) additional days, or if Owner fails to cure its Article 3 obligations within the cure period, Contractor may terminate this Agreement.

23.2 If Contractor terminates this Agreement due to an Event of Owner Default, Contractor, if not already done so, shall immediately demobilize from the site. Owner shall be responsible to pay Contractor all amounts due under the Agreement for Work performed up to and including the day of termination, plus all reasonable demobilization costs of Contractor, its Subcontractors and vendors, as well as any costs owed by Contractor to its Subcontractors and vendors for termination of agreements of such Subcontractors and vendors.

ARTICLE 24  
HAZARDOUS MATERIALS COVENANTS

24.1 Hazardous Materials Covenants.

(a) Contractor hereby represents to and for the benefit of Owner that the Project or Project site will not be used or operated in any manner that will result in the storage, use, treatment, manufacture and disposal of any Hazardous Materials (hereinafter defined) upon the Project or Project site or any portion thereof or which will result in Hazardous Materials contamination (hereinafter defined). For purposes hereof, the term "Hazardous Materials" shall mean and refer to (i) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. ' 6901 et. seq.), as amended from time to time, and regulations promulgated thereunder; (ii) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. ' 9601 et. seq.) ("CERCLA"), as amended from time to time, and regulations promulgated thereunder; (iii) asbestos; (iv) polychlorinated biphenyls; (v) urea formaldehyde; (vi) any substance the presence of which on the premises is prohibited by any applicable environmental laws or regulations including but not limited to, the Hazardous Material Transportation Act, as amended (49 U.S.C. ' 1801, et. seq.), the Toxic Substance Control Act, as amended (15 U.S.C. ' 2601, et. seq.), (hereinafter referred to as "Laws") or by any other legal requirements affecting the Work or the Work site; (vii) petroleum based materials (with the exception of tires affixed to vehicles); (viii) lead, including lead based paints; and (ix) any other substance which is defined as hazardous, toxic, infectious or radioactive by any Laws or by any other legal requirements affecting the Project or Project site. The term "Hazardous Materials Contamination" shall mean and refer to the contamination of the Project or Project site, soil, surface water, ground water, air, or other elements on, or of, the buildings, facilities, soil, surface water, ground water, air, or other elements on, or of, any other property as a result of Hazardous Materials at any time emanating from the Project or Project site.

(b) In addition to and without limiting the generality of any other provision of this Contract, Contractor shall and hereby does agree to defend, indemnify and hold Owner, its agents, employees, officers, directors, partners and related entities, harmless from and against any and all losses, damages, expenses, fees, claims, demands, causes of action, judgments, costs and liabilities, including, but not limited to, reasonable attorney's fees and costs of litigation, and costs and expenses of response, remedial and corrective work and other clean up activities, arising out of or in the manner connected with (i) the "release" or "threatened release" (as those terms are defined in CERCLA and the rules and regulations promulgated thereunder, as from time to time amended) by Contractor or Contractor's employees, agents, delegees, invitees, licensees, concessionaires, Subcontractors or representatives, of any Hazardous Materials, or (ii) any occurrence of Hazardous Materials Contamination caused by Contractor affecting the Project or Project site. The provisions of this Section shall survive any payment or satisfaction of this Agreement and such provisions shall remain in full force and effect.

ARTICLE 25  
MISCELLANEOUS

25.1 No Waiver. No consent or waiver, express or implied, by either party to or of any breach or default by the other in the performance of any of its obligations shall be deemed or construed to be a consent or waiver to or of any other breach or default by such party. Neither the silence of Owner nor Owner's failure to complain of any act or failure to act of Contractor or to declare Contractor in default, irrespective of how long such failure continues, shall constitute a waiver of any right of Owner.

25.2 Conflicts. In the event of any conflict between the terms, conditions, obligations or provisions expressed in this Agreement and any term, condition, obligation or provision in any of the other Contract Documents, the term, condition, obligation or provision of this Agreement shall govern to the extent of the conflict.

25.3 Assignment. This Agreement shall not be assigned, delegated or transferred in whole or in part by Contractor nor shall Contractor assign any monies due or to become due to it without the prior written consent of Owner. Owner shall be free to assign this Agreement without consent of Contractor, and upon notice thereof and assumption of that Agreement by any such Assignee, Contractor shall perform all of its obligations for such Assignee and Owner shall be released from liability hereunder. Nothing within this Section 25.3, and no assignment by Owner, shall relieve LSB Industries, Inc. from its responsibilities contained within its Parent Guaranty, attached hereto as Exhibit H.

25.4 Governing Law and Forum. This Agreement is entered into in Arkansas and shall be governed by and construed according to the laws of Arkansas, without regard to Arkansas' law on choice of law or conflict of laws. Any and all disputes arising from or out of this Agreement and/or the Project shall be resolved in a federal or state court of competent jurisdiction in Union County, Arkansas.

25.5 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

25.6 Article and Section Headings. Article and Section headings and the Table of Contents contained in this Agreement are for ease of reference only and shall not affect the interpretation or meaning of this Agreement.

25.7 Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the parties, the sureties and their respective successors, assigns and legal representatives.

25.8 Severability. If any one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but it shall be construed as if such invalid, illegal or unenforceable provision had never been contained in it.

25.9 Subcontractor Relations Requirements. By appropriate written agreement, Contractor shall require each Subcontractor, to the extent of the Work to be performed by the Subcontractor to be bound to Contractor by the obligations, terms and conditions of this Agreement and the Contract Documents, and to assume toward Contractor all the obligations, terms, conditions and responsibilities which Contractor, by this Agreement and these Contract Documents, assumes toward Owner. Each Subcontractor agreement shall preserve and protect the rights of Owner under this Agreement and the Contract Documents with respect to the Work to be performed by the Subcontractor so that subcontracting thereof will not prejudice the rights of Owner. Contractor shall require each Subcontractor to enter into similar agreements with its Subcontractor. Contractor shall make available to each proposed Subcontractor, prior to the execution of the subcontract agreement, copies of appropriate portions of this Agreement and the Contract Documents to which the Subcontractor will be bound. Subcontractors shall similarly make copies of appropriate portions of this Agreement and the Contract Documents available to their respective sub-Subcontractors.

25.10 Press releases and other public announcements by Contractor or its Subcontractors concerning this Project shall be reviewed and approved by Owner, in writing, prior to their issuance. Written approval shall be a prerequisite to any release or announcement, although approval shall not be unreasonably withheld.

25.11 Notices. All notices, requests, consents and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if hand-delivered, or delivered by any nationally recognized overnight delivery service, or mailed by certified or registered mail, return receipt requested, postage prepaid;

25.12 Dispute Resolution. If a dispute arises out of or relates to this Agreement or its breach, and if the dispute cannot be settled through direct discussions by management representatives of both Parties, the Parties agree that prior to the filing of any legal action, they will first try to settle the dispute by non-binding mediation, using a certified mediator or certified mediation service. The parties shall share the mediation costs including the mediator's fee equally. Failure of the Parties to resolve the dispute through mediation shall in no way remove the right of either Party to pursue any legal action or recourse after the mediation has occurred. Notwithstanding the foregoing, either Party may seek injunctive relief from any court of competent jurisdiction at any time in case of a breach of any term of this Agreement or other cause of action involving risk of imminent and irreparable injury or harm.



(a) If to Owner, addressed to:

Mr. Larry Fitzwater  
SVP of Operations  
El Dorado Chemical Company  
4500 N. West Avenue  
El Dorado, AR 71730

With a copy to:

David Shear  
General Counsel  
El Dorado Chemical Company  
16 South Pennsylvania Avenue  
Oklahoma City OK 73107

(b) If to Contractor, addressed to:

SAIC Constructors, LLC  
Mr. Richard Mitchell  
Vice President  
9400 N. Broadway, Ste. 300  
Oklahoma City, OK 73114

With a copy to:

Jeffrey W. Miller  
Associate Counsel  
SAIC Constructors, LLC  
9400 N. Broadway, Ste. 300  
Oklahoma City, OK 73114

Owner or Contractor may at any time change the addresses to which copies of notices must be mailed by sending written notice to the other of such change in the manner provided.

25.13 Exhibits. Any Exhibits described in this Agreement shall be deemed to be incorporated and made a part of this Agreement, except that if there is any inconsistency between this Agreement and the provisions of any Exhibit, the provisions of this Agreement shall control to the extent of the inconsistency.

25.14 Entire Agreement. This Agreement, together with any Exhibits, the other Documents and the Contract Documents, constitutes the entire agreement between Owner and Contractor and supersedes all prior written or oral agreements, understandings, representations, negotiations and correspondence between the parties. Contractor and Owner agree and stipulate conclusively that both parties received the benefit of counsel before signing this Agreement, and that both parties participated equally in drafting this Agreement.

25.15 Joint Negotiation. This Agreement has been negotiated by Owner and Contractor, and this Agreement shall not be deemed to have been negotiated and prepared by Owner or Contractor, but by both equally.

IN WITNESS WHEREOF, the parties have made and executed this Agreement as of the day and year first above written.

EL DORADO CHEMICAL COMPANY

By: /s/ Brian Lewis

Name: Brian Lewis

Title: General Manager

SAIC CONSTRUCTORS, LLC

By: /s/ Michael B. Gwyn

Name: Michael B. Gwyn

Title: President

**Exhibit B**  
**Compensation & Payment**

This Contract contains both Cost Reimbursable with a fee and Fixed Price scopes of work as further detailed below:

1. **Fixed Price Portion.**

- 1.1 The Fixed Price will include those costs associated with the personnel and indirect support facilities required to manage the execution of the project which are detailed in Exhibit A and further defined as General Conditions.
- 1.2 Contractor shall be paid a fixed lump sum amount for the above (the "Fixed Price") which represents the General Conditions cost of \$786,459 (seven hundred eighty six thousand four hundred fifty nine dollars). Said Fixed Price shall only be increased through the change order process as detailed in Section 10 of this Agreement. Both categories will be billed monthly based on progress of the associated activity.
- 1.3 The lump sum amounts listed in 1.2 are contingent upon Contractor being awarded the work at the El Dorado facility, commonly referred to as the Ammonia Plant, DMW2, Waste Steam Generation Unit and associated/supporting Outside Battery Limits infrastructure substantially within the schedule detailed in exhibit D. Should the referenced work not proceed, not proceed on the substantially concurrent schedule as detailed in Exhibit D, not be awarded to Contractor or if awarded, suffer significant scope reduction, the above values may be subject to change as described in Section 10 of the agreement.

2. **Variable Cost Portion.**

- 2.1 **Contractor's Fee.** For the performance of the Construction Work, Contractor shall be paid the Cost of the Work plus a fee of four and one half percent (4.5%) of the Cost of the Work (the "Contractor's Fee").
- 2.2 **Cost of the Work.** As used herein, the term "Cost of the Work" shall mean the following actual costs necessarily and reasonably incurred by Contractor in the performance of the Construction Work.
  - (a) Payments made by Contractor directly to subcontractors, vendors, consultants or suppliers for labor, equipment and materials, including any per diem, payroll taxes, transportation charges and sales tax required by law to be paid in connection therewith, furnished by Contractor and to be incorporated into the Plant.

(b) Reasonable rental and transportation cost of construction machinery, equipment and tools (excluding hand tools customarily provided by workers) rented from third parties and used at the Facilities for the Construction Work, provided Contractor receives, where possible, competitive bids for such equipment; or the reasonable rental cost of such machinery, equipment and tools belonging to Contractor but only if approved in writing in advance by Owner. The rental of any such machinery, equipment and tools shall cease after the use thereof is no longer necessary for the Construction Work.

(c) Fees and assessments for permits, licenses and inspections for the Construction Work which Contractor is required to pay by the Contract Documents by reason of such Construction Work.

(d) Fees of testing laboratories for tests required by the Contract Documents for the Construction Work less amounts for testing expenses related to Defective Work.

(e) Certain premiums for the insurance required by Article 18 of this agreement.

2.3 Exclusions from Cost of the Work. The Cost of the Work shall not include:

(a) Payroll costs, salaries and other compensation of Contractor's officers, executives, principals, general managers, project managers, engineers, accountants, purchasing and contracting agents, schedulers, expeditors, clerks and other personnel except as specifically included in the job classifications referred to in Section 2.2(a), whether stationed at Contractor's principal office or offices or the Site office.

(b) Expenses of Contractor's principal office and branch offices, including the Site office.

(c) Overhead, general and administrative expenses.

(d) Contractor's capital expenses, including interest on Contractor's capital employed for the Work.

(e) Rental costs of machinery, equipment, and tools not required to specifically perform the Construction Work.

(f) Costs incurred as a result of the replacement of Contractor's representative.

(g) Certain premiums for the insurance not required by Article 18 of this agreement.

(h) Any cost or expense not specifically and expressly described in Section 2.2, unless approved in advance in writing by Owner.

**Exhibit F**  
**Leidos Guaranty**

This Parent Guaranty, dated as of November 6, 2013 (as amended, supplemented or otherwise modified from time to time, this "Guaranty"), is made and entered into by Leidos, Inc., formerly known as Science Applications International Corporation, a Delaware corporation ("Guarantor"), in favor of El Dorado Chemical L.L.C., an Oklahoma limited liability corporation ("Beneficiary").

**RECITALS**

A. Beneficiary and SAIC Constructors, LLC ("SAIC"), a subsidiary of Guarantor, have entered into that certain Construction Agreement dated November 6, 2013 (collectively, with all Attachments and Appendices and as amended, modified, supplemented, and otherwise in effect as of the date hereof, the "Contract"), pursuant to which SAIC and Beneficiary have agreed on the terms and conditions set forth therein for the provision of certain goods and services for the 546-NACSAC Plinke project site in El Dorado, Arkansas (the "Project");

B. Guarantor is the ultimate parent of SAIC;

C. Guarantor is providing this Guaranty pursuant to the Contract; and

D. Guarantor acknowledges that it will benefit from the transactions contemplated under the Contract.

**AGREEMENT**

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor agrees as follows:

ARTICLE 1  
DEFINITIONS

SECTION 1.01 Definitions.

"Beneficiary" has the meaning given in the preamble hereof.

"Contract" has the meaning given in Recital A hereof.

"Guaranteed Obligations" has the meaning given in Section 2.01 hereof.

"Guarantor" has the meaning given in the preamble hereof.

"Guaranty" has the meaning given in the preamble hereof.

"Project" has the meaning given in Recital A hereof.

ARTICLE 2  
THE GUARANTY

SECTION 2.01 The Guaranty. Guarantor, as primary obligor and not merely as surety, hereby unconditionally, absolutely, and irrevocably guarantees to Beneficiary all obligations of SAIC under the Contract, including the full and timely performance to Beneficiary under the Contract (the "Guaranteed Obligations"). Beneficiary shall have no right to make a claim pursuant to this Guaranty unless and until an uncured default has occurred with respect to SAIC's obligations under the Contract.

SECTION 2.02 Performance of Guaranteed Obligations. Guarantor agrees, upon the failure of SAIC to perform any of the Guaranteed Obligations when they become due and after the expiration of any applicable cure periods set forth in the Contract, that Guarantor will pay, or cause to be paid, or perform, or cause to perform, any and all Guaranteed Obligations upon receipt of written notice from a duly authorized officer of Beneficiary specifying such failure of SAIC.

SECTION 2.03 Subsequent Recovery. If, in connection with any payment by Guarantor of the Guaranteed Obligations, Beneficiary shall finally recover any such amounts from any other source directly making payments with respect to the Guaranteed Obligations, or it shall be finally determined that such Guaranteed Obligations were not owed to Beneficiary, Beneficiary shall promptly remit such amounts to Guarantor.

SECTION 2.04 Exercise of Remedies. This Guaranty constitutes a guaranty of performance and payment and not of collection, and the obligations of Guarantor under this Guaranty are primary obligations of Guarantor, and a separate action or actions may be brought and prosecuted against Guarantor to enforce this Guaranty, irrespective of whether any action is brought against SAIC or any other guarantor or whether SAIC or any other guarantor is joined in such action or actions.

SECTION 2.05 Insolvency. The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, or other proceeding affecting SAIC or the disaffirmance of the Contract in any such proceeding shall not release or discharge Guarantor from this Guaranty.

SECTION 2.06 Waiver; Consent.

(a) Guarantor hereby unconditionally and irrevocably waives diligence, presentment, demand for payment, protest, the benefit of any discharge due to any disability of SAIC, and all notices whatsoever in respect of the Guaranteed Obligations, this Guaranty, and any and all rights to require Beneficiary to exhaust any right, power or remedy or proceed against SAIC under the Contract.

(b) Guarantor warrants and agrees that each of the waivers and consents set forth in this Guaranty are made voluntarily and unconditionally after consultation with legal counsel and with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which Guarantor otherwise may have against SAIC. If, notwithstanding the intent of the parties that the terms of this Guaranty shall control in any and all circumstances, any such waivers or consents are determined to be unenforceable under applicable law, such waivers and consents shall be effective to the maximum extent permitted by law.

SECTION 2.07 Defenses. Notwithstanding anything herein to the contrary, Guarantor specifically reserves to itself all rights, counterclaims and other defenses that SAIC is or may be entitled to arising from or out of the Contract, except for any defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of SAIC or the lack of power or authority of SAIC to enter into the Contract and to perform its obligations thereunder.

### ARTICLE 3 REPRESENTATIONS

SECTION 3.01 Representations and Warranties. Guarantor represents and warrants to Beneficiary that as of the date of this Guaranty:

(a) Organization; Corporate Authority. Guarantor (i) is a corporation duly organized, validly existing and in good standing under the laws of its state of formation, and (ii) has all requisite corporate power and authority to own its assets and to carry on the business in which it is engaged and to execute, deliver and perform its obligations under this Guaranty.

(b) Authorization; No Conflicts. The execution and delivery of this Guaranty and the performance of the obligations hereunder have been duly authorized by all necessary corporate action and do not violate, breach or contravene (i) Guarantor's organizational documents and agreements or (ii) any law or contractual restriction binding on or affecting Guarantor or its properties except where such violation, breach or contravention, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on Guarantor's ability to perform its obligations under this Guaranty.

(c) Enforceability. This Guaranty has been duly executed and delivered by Guarantor, and constitutes the legal, valid and binding obligation of Guarantor, enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) Required Consents. All authorizations, consents and approvals of any governmental authority or third party necessary for the execution, delivery or performance by Guarantor of this Guaranty have been obtained and are in full force and effect.

(e) No Actions. There are no actions, suits, proceedings or investigations pending or, to the Guarantor's knowledge, threatened in writing against it at law or in equity before any court or before any governmental authority, that individually or in the aggregate could reasonably be expected to have a material adverse effect on the business of the Guarantor or could reasonably be expected to result in an impairment of its ability to perform its obligations under this Guaranty.

ARTICLE 4  
MISCELLANEOUS

SECTION 4.01 No Waiver. No failure or delay on the part of Beneficiary to exercise and no delay in exercising, and no course of dealing with respect to, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver of such right, remedy, power or privilege nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which Beneficiary would otherwise have.

SECTION 4.02 No Consequential or Punitive Damages. In no event shall Guarantor be liable hereunder to any party for any lost profits, special damages, indirect or consequential damages of any nature whatsoever, whether based on contract or tort, or for any punitive or exemplary damages.

SECTION 4.03 Notices. All notices and other communications provided for in this Guaranty shall be sent, if practicable, by confirmed telecopy (with hard copy sent on the same day by overnight courier) and, otherwise, by overnight courier service prepaid to a party at its address specified below and shall be deemed effective when received. A communication shall be addressed, until such time as a party shall have notified the other parties hereto of a change of address: (a) if to Beneficiary, 16 South Pennsylvania Avenue, Oklahoma City, Oklahoma 73107, Attention: David Shear, and (b) if to Guarantor, 9400 N. Broadway, Suite 300, Oklahoma City, OK 73114; Facsimile: (405) 478-3721, Attention: Legal.

SECTION 4.04 Amendments. No amendment of any provision of this Guaranty shall be effective unless the same shall be in writing and signed by Guarantor and Beneficiary, such consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 4.05 Benefit, Successors and Assigns. This Guaranty is for the benefit of and is enforceable by Beneficiary and not for the benefit of or enforceable by any other Person. This Guaranty shall be binding upon Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of Beneficiary. This Guaranty and all obligations of Guarantor hereunder to Beneficiary shall be assignable by Guarantor only upon the prior written consent of Beneficiary. Any such assignee shall assume all of the obligations hereunder from and after the effective date of such assignment and in connection therewith, Guarantor shall be released from all obligations hereunder other than any obligations arising from acts or events that occurred prior to the date of such assignment.

SECTION 4.06 Headings. The Article and Section headings in this Guaranty are for convenience only and shall not affect the construction of this Guaranty.



SECTION 4.07 Counterparts. This Guaranty may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute the same instrument. Delivery of an executed counterpart of a signature page of this Guaranty by facsimile or "pdf" electronically imaged transmission shall be effective as delivery of a manually executed counterpart of this Guaranty.

SECTION 4.08 Severability. In case any one or more provisions contained in this Guaranty or obligation under this Guaranty shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions or obligations contained herein, and any other application thereof, shall not in any way be affected or impaired thereby.

SECTION 4.09 Agreements Superseded. This Guaranty supersedes all prior agreements and understandings, written or oral, between the parties with respect to the subject matter of this Guaranty.

SECTION 4.10 Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the Oklahoma.

SECTION 4.11 Consent to Jurisdiction. Guarantor hereby irrevocably consents to the non-exclusive personal jurisdiction of the state and federal courts located in Oklahoma City, Oklahoma, and any action, claim or other proceeding arising out of any dispute in connection with this Guaranty or any rights or obligations hereunder or thereunder or the performance of such rights and obligations. Guarantor hereby irrevocably consents to the service of a summons and complaint and other process in any action, claim or proceeding brought by Beneficiary in connection with this Guaranty or any rights or obligations hereunder or thereunder or the performance of such rights and obligations, on behalf of itself, in the manner specified in Section 4.03 above. Nothing in this Section 4.11 shall affect the right of Beneficiary to serve legal process in any other manner permitted by applicable law or affect the right of Beneficiary to bring any action or proceeding against Guarantor in the courts of any other jurisdiction.

SECTION 4.12 Termination. This Guaranty shall terminate and be of no force and effect upon the expiration or satisfaction of all Guaranteed Obligations.

[Remainder of page intentionally blank.]

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered as of the day and year first above written.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION,  
a corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACCEPTED AND AGREED:

EL DORADO CHEMICAL COMPANY, an  
Oklahoma Corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Exhibit G**  
**LSB Guaranty**

This Parent Guaranty, dated as of November 6, 2013 (as amended, supplemented or otherwise modified from time to time, this "Guaranty"), is made and entered into by LSB Industries, Inc., a Delaware corporation ("Guarantor"), in favor of SAIC CONSTRUCTORS, LLC, an Oklahoma limited liability corporation ("Beneficiary").

**RECITALS**

A. El Dorado Ammonia, LLC ("Owner") and Beneficiary have entered into that certain Engineering, Procurement and Construction Contract dated November 6, 2013 (collectively, with all Attachments and Appendices and as amended, modified, supplemented, and otherwise in effect as of the date hereof, the "Contract"), pursuant to which Owner and Beneficiary have agreed on the terms and conditions set forth therein for the provision of certain goods and services for the NACSAC project site in El Dorado, Arkansas (the "Project");

B. Guarantor is the ultimate parent of Owner;

C. Owner is providing this Guaranty from Guarantor pursuant to the Contract; and

D. Guarantor acknowledges that it will benefit from the transactions contemplated under the Contract.

**AGREEMENT**

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor agrees as follows:

ARTICLE 1  
DEFINITIONS

SECTION 1.01 Definitions.

"Beneficiary" has the meaning given in the preamble hereof.

"Contract" has the meaning given in Recital A hereof.

"Guaranteed Obligations" has the meaning given in Section 2.01 hereof.

"Guarantor" has the meaning given in the preamble hereof.

"Guaranty" has the meaning given in the preamble hereof.

"Maximum Guaranteed Amount" has the meaning given in Section 2.01 hereof.

“Owner” has the meaning given in Recital A hereof.

“Project” has the meaning given in Recital A hereof.

ARTICLE 2  
THE GUARANTY

SECTION 2.01 The Guaranty. Guarantor, as primary obligor and not merely as surety, hereby unconditionally, absolutely, and irrevocably guarantees to Beneficiary all obligations of Owner under the Contract, including the full and timely payment to Beneficiary of all amounts due and payable by Owner to Beneficiary under the Contract (the “Guaranteed Obligations”), less all amounts paid to Beneficiary under the Contract (the “Maximum Guaranteed Amount”). Beneficiary shall have no right to make a claim pursuant to this Guaranty unless and until an uncured default has occurred with respect to Owner’s payments to Beneficiary under the Contract.

SECTION 2.02 Payment of Guaranteed Obligations. Guarantor agrees, upon the failure of Owner to pay any of the Guaranteed Obligations when they become due and after the expiration of any applicable cure periods set forth in the Contract, that Guarantor will pay, or cause to be paid, any and all such unpaid Guaranteed Obligations in full upon receipt of written notice from a duly authorized officer of Beneficiary specifying such failure of Owner.

SECTION 2.03 Subsequent Recovery. If, in connection with any payment by Guarantor of the Guaranteed Obligations, Beneficiary shall finally recover any such amounts from any other source directly making payments with respect to the Guaranteed Obligations, or it shall be finally determined that such Guaranteed Obligations were not owed to Beneficiary, Beneficiary shall promptly remit such amounts to Guarantor.

SECTION 2.04 Exercise of Remedies. This Guaranty constitutes a guaranty of payment and not of collection, and the obligations of Guarantor under this Guaranty are primary obligations of Guarantor, and a separate action or actions may be brought and prosecuted against Guarantor to enforce this Guaranty, irrespective of whether any action is brought against Owner or any other guarantor or whether Owner or any other guarantor is joined in such action or actions.

SECTION 2.05 Insolvency. The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, or other proceeding affecting Owner or the disaffirmance of the Contract in any such proceeding shall not release or discharge Guarantor from this Guaranty.

SECTION 2.06 Waiver; Consent.

(a) Guarantor hereby unconditionally and irrevocably waives diligence, presentment, demand for payment, protest, the benefit of any discharge due to any disability of Owner, and all notices whatsoever in respect of the Guaranteed Obligations, this Guaranty, and any and all rights to require Beneficiary to exhaust any right, power or remedy or proceed against Owner under the Contract.

(b) Guarantor warrants and agrees that each of the waivers and consents set forth in this Guaranty are made voluntarily and unconditionally after consultation with legal counsel and with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which Guarantor otherwise may have against Owner. If, notwithstanding the intent of the parties that the terms of this Guaranty shall control in any and all circumstances, any such waivers or consents are determined to be unenforceable under applicable law, such waivers and consents shall be effective to the maximum extent permitted by law.

SECTION 2.07 Other Credit Support. Guarantor shall have the right to terminate this Guaranty immediately after Guarantor provides Beneficiary with a letter of credit or other replacement security reasonably acceptable to Beneficiary for the Maximum Guaranteed Amount.

SECTION 2.08 Defenses. Notwithstanding anything herein to the contrary, Guarantor specifically reserves to itself all rights, counterclaims and other defenses that Owner is or may be entitled to arising from or out of the Contract, except for any defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Owner or the lack of power or authority of Owner to enter into the Contract and to perform its obligations thereunder.

### ARTICLE 3 REPRESENTATIONS

SECTION 3.01 Representations and Warranties. Guarantor represents and warrants to Beneficiary that as of the date of this Guaranty:

(a) Organization; Corporate Authority. Guarantor (i) is a corporation duly organized, validly existing and in good standing under the laws of its state of formation, and (ii) has all requisite corporate power and authority to own its assets and to carry on the business in which it is engaged and to execute, deliver and perform its obligations under this Guaranty.

(b) Authorization; No Conflicts. The execution and delivery of this Guaranty and the performance of the obligations hereunder have been duly authorized by all necessary corporate action and do not violate, breach or contravene (i) Guarantor's organizational documents and agreements or (ii) any law or contractual restriction binding on or affecting Guarantor or its properties except where such violation, breach or contravention, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on Guarantor's ability to perform its obligations under this Guaranty.

(c) Enforceability. This Guaranty has been duly executed and delivered by Guarantor, and constitutes the legal, valid and binding obligation of Guarantor, enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) Required Consents. All authorizations, consents and approvals of any governmental authority or third party necessary for the execution, delivery or performance by Guarantor of this Guaranty have been obtained and are in full force and effect.

(e) No Actions. There are no actions, suits, proceedings or investigations pending or, to the Guarantor's knowledge, threatened in writing against it at law or in equity before any court or before any governmental authority, that individually or in the aggregate could reasonably be expected to have a material adverse effect on the business of the Guarantor or could reasonably be expected to result in an impairment of its ability to perform its obligations under this Guaranty.

#### ARTICLE 4 MISCELLANEOUS

SECTION 4.01 No Waiver. No failure or delay on the part of Beneficiary to exercise and no delay in exercising, and no course of dealing with respect to, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver of such right, remedy, power or privilege nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which Beneficiary would otherwise have.

SECTION 4.02 No Consequential or Punitive Damages. In no event shall Guarantor be liable hereunder to any party for any lost profits, special damages, indirect or consequential damages of any nature whatsoever, whether based on contract or tort, or for any punitive or exemplary damages.

SECTION 4.03 Notices. All notices and other communications provided for in this Guaranty shall be sent, if practicable, by confirmed telecopy (with hard copy sent on the same day by overnight courier) and, otherwise, by overnight courier service prepaid to a party at its address specified below and shall be deemed effective when received. A communication shall be addressed, until such time as a party shall have notified the other parties hereto of a change of address: (a) if to Guarantor, 16 South Pennsylvania Avenue, Oklahoma City, Oklahoma 73107, Attention: David Shear, and (b) if to Beneficiary, 9400 N. Broadway, Suite 300, Oklahoma City, OK 73114; Facsimile: (405) 478-3721, Attention: Legal.

SECTION 4.04 Amendments. No amendment of any provision of this Guaranty shall be effective unless the same shall be in writing and signed by Guarantor and Beneficiary, such consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 4.05 Benefit, Successors and Assigns. This Guaranty is for the benefit of and is enforceable by Beneficiary and not for the benefit of or enforceable by any other Person. This Guaranty shall be binding upon Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of Beneficiary. This Guaranty and all obligations of Guarantor hereunder to Beneficiary shall be assignable by Guarantor only upon the prior written consent of Beneficiary. Any such assignee shall assume all of the obligations hereunder from and after the effective date of such assignment and in connection therewith, Guarantor shall be released from all obligations hereunder other than any obligations arising from acts or events that occurred prior to the date of such assignment.

SECTION 4.06 Headings. The Article and Section headings in this Guaranty are for convenience only and shall not affect the construction of this Guaranty.

SECTION 4.07 Counterparts. This Guaranty may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute the same instrument. Delivery of an executed counterpart of a signature page of this Guaranty by facsimile or "pdf" electronically imaged transmission shall be effective as delivery of a manually executed counterpart of this Guaranty.

SECTION 4.08 Severability. In case any one or more provisions contained in this Guaranty or obligation under this Guaranty shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions or obligations contained herein, and any other application thereof, shall not in any way be affected or impaired thereby.

SECTION 4.09 Agreements Superseded. This Guaranty supersedes all prior agreements and understandings, written or oral, between the parties with respect to the subject matter of this Guaranty.

SECTION 4.10 Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the Oklahoma.

SECTION 4.11 Consent to Jurisdiction. Guarantor hereby irrevocably consents to the non-exclusive personal jurisdiction of the state and federal courts located in Oklahoma City, Oklahoma, and any action, claim or other proceeding arising out of any dispute in connection with this Guaranty or any rights or obligations hereunder or thereunder or the performance of such rights and obligations. Guarantor hereby irrevocably consents to the service of a summons and complaint and other process in any action, claim or proceeding brought by Beneficiary in connection with this Guaranty or any rights or obligations hereunder or thereunder or the performance of such rights and obligations, on behalf of itself, in the manner specified in Section 4.03 above. Nothing in this Section 4.11 shall affect the right of Beneficiary to serve legal process in any other manner permitted by applicable law or affect the right of Beneficiary to bring any action or proceeding against Guarantor in the courts of any other jurisdiction.

SECTION 4.12 Termination. This Guaranty shall terminate and be of no force and effect upon the expiration or satisfaction of all Guaranteed Obligations.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered as of the day and year first above written.

LSB INDUSTRIES, INC., a  
Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACCEPTED AND AGREED:

SAIC CONSTRUCTORS LLC, an  
Oklahoma limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**NINTH AMENDMENT  
TO THE AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

NINTH AMENDMENT, dated as of November 7, 2013 (this "Amendment"), to the Amended and Restated Loan and Security Agreement dated as of November 5, 2007 (as amended prior to the date hereof, the "Loan Agreement"), by and among (i) LSB INDUSTRIES, INC., a Delaware corporation (the "Parent"), Consolidated Industries Corp., an Oklahoma corporation ("Consolidated Industries" and together with the Parent, each a "Guarantor" and collectively, the "Guarantors"), THERMACLIME, L.L.C., an Oklahoma limited liability company ("ThermaClime"), and each of the Subsidiaries of ThermaClime identified on the signature pages thereof (such Subsidiaries, together with ThermaClime, each a "Borrower", and collectively, the "Borrowers"), (ii) the lenders identified on the signature pages thereof (each a "Lender" and collectively the "Lenders"), and (iii) WELLS FARGO CAPITAL FINANCE, INC., a California corporation formerly known as Wells Fargo Foothill, Inc., as the arranger and administrative agent for the Lenders (the "Agent").

WHEREAS, the Agent had agreed to release its security interests in certain assets pursuant to a Partial Release dated as of November 5, 2007 (the "Partial Release") by and among the Parent, Northwest Financial Corporation, The Climate Control Group, Inc., Cepolk Holdings, Inc. f/k/a ThermalClime, Inc. and the Agent;

WHEREAS, the Agent and UMB Bank, N.A., in its capacity as collateral agent under the Notes Documents (as defined in the Intercreditor Agreement mentioned hereinafter) have entered into an Intercreditor Agreement dated on or about the date hereof (the "Intercreditor Agreement");

WHEREAS, pursuant to the Eighth Amendment (as defined in the Loan Agreement) and the Intercreditor Agreement, the Borrowers and the Guarantors have agreed to grant the Agent an additional security interest in all assets (other than the Excluded Property, as defined in the Intercreditor Agreement and the other excluded assets as described in this Amendment) of each Borrower and Guarantor, including but not limited to any assets previously released by the Agent pursuant to the Partial Release;

WHEREAS, the Ninth Amendment will become effective concurrently with the Eighth Amendment;

WHEREAS, the Borrowers, the Guarantors, the Lenders, and the Agent desire to enter into this Amendment so as to amend the Loan Agreement as set forth herein subject to the terms and conditions hereof; and

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the parties hereto hereby agree as follows:

1. Capitalized Terms. All capitalized terms used in this Amendment (including, without limitation, in the recitals hereto) and not otherwise defined shall have their respective meanings set forth in the Loan Agreement.

2. New Definitions. Section 1.1 of the Loan Agreement is hereby amended by adding the following defined terms in proper alphabetical order:

“Excluded LSB Accounts” means the Parent’s investment and bank accounts set forth on Annex I to the Ninth Amendment.”

“Intercreditor Agreement” means that certain Intercreditor Agreement dated as of August 7, 2013 by and between the Agent and UMB Bank, N.A., in its capacity as collateral agent under the Notes Documents (as defined therein).”

“Ninth Amendment” means that certain Ninth Amendment to the Amended and Restated Loan and Security Agreement, dated as of November , 2013 among the Parent, Consolidated Industries, the Borrowers, the Lenders and the Agent.”

“Ninth Amendment Effective Date” means the date that all of the conditions set forth in Section 12 of the Ninth Amendment shall be satisfied (or waived by the Agent in its sole discretion).”

“Notes Priority Collateral” has the meaning set forth in the Intercreditor Agreement.”

“Partial Release” means that certain Partial Release dated as of November 5, 2007 by and among the Parent, Northwest Financial Corporation, The Climate Control Group, Inc., Cepolk Holdings, Inc. f/k/a ThermaClime, Inc. and the Agent.”

3. Account Debtor. The definition of “Account Debtor” in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“Account Debtor” means any Person who is or who may become obligated under, with respect to, or on account of, an Account, chattel paper, or a General Intangible constituting Collateral.”

4. Collateral. The definition of “Collateral” in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“Collateral” means all of each Borrower’s and each Guarantor’s now owned or hereafter acquired right, title, and interest in and to each of the following:

- (a) Accounts,
- (b) Books,
- (c) General Intangibles,
- (d) Inventory,
- (e) Investment Property,
- (f) Negotiable Collateral,

(g) money or other assets of each such Borrower or such Guarantor that arise from or relate to Accounts, Books, General Intangibles and Inventory and that now or hereafter come into the possession, custody, or control of any member of the Lender Group,

(h) Equipment, and

(i) any other Notes Priority Collateral (other than Notes Priority Collateral consisting of Real Property), and

(j) the proceeds and products, whether tangible or intangible, of any of the foregoing, including proceeds of insurance covering any or all of the foregoing, and any and all Accounts, Books, General Intangibles, Inventory, Investment Property, Negotiable Collateral, money, deposit accounts, or other tangible or intangible property resulting from the sale, exchange, collection, or other disposition of any of the foregoing, or any portion thereof or interest therein, and the proceeds thereof.

Notwithstanding the foregoing or anything herein or in any Loan Document to the contrary, Collateral shall not include (x) any Excluded Property (as defined in the Intercreditor Agreement), (y) the proceeds of the LSB Notes and (z) any Excluded LSB Accounts, so long as such accounts are used solely to hold such proceeds of the LSB Notes.”

5. Collections. The definition of “Collections” in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

““Collections” means all cash, checks, notes, instruments, and other items of payment (including insurance proceeds, proceeds of cash sales, rental proceeds, and tax refunds) of Borrowers, in each case either constituting Collateral or in respect of Collateral.”

6. Investment Property. The definition of “Investment Property” in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

““Investment Property” means all of Borrowers’ now owned or hereafter acquired right, title, and interest with respect to “investment property” as that term is defined in the Code (but excluding the Stock and ownership interests of EDN and its Subsidiaries), and any and all supporting obligations in respect thereof.”

7. Section 2.4(b)(vii). Section 2.4(b)(vii) of the Loan Agreement is hereby added as a new section immediately following Section 2.4(b)(vi), to read as follows:

“(vii) Notwithstanding anything to the contrary contained in this Agreement or any other Loan Document, all proceeds from the sale or other disposition of, or in connection with any casualty or loss of, any Notes Priority Collateral shall be applied, first, by the Borrowers and Guarantors in accordance with the terms of the Notes Documents and the Indenture (as such terms are defined in the Intercreditor Agreement), second, upon the payment in full of the LSB Notes, to the Obligations in accordance with Section 2.4(b)(i), subject to the terms of the Intercreditor Agreement.”

8. Section 4. Section 4 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

**“4. CREATION OF SECURITY INTEREST.**

**4.1 Grant of Security Interest.**

(a) Each Borrower and Guarantor hereby grants to Agent, for the benefit of the Lender Group, a continuing security interest in all of its right, title, and interest in all currently existing and hereafter acquired or arising Collateral in order to secure prompt repayment of any and all of the Obligations in accordance with the terms and conditions of the Loan Documents and in order to secure prompt performance by the Borrowers and the Guarantors of each of their covenants and duties under the Loan Documents. The Agent’s Liens in and to the Collateral shall attach to all Collateral without further act on the part of Agent, the Borrowers or the Guarantors. Anything contained in this Agreement or any other Loan Document to the contrary notwithstanding, except for Permitted Dispositions and as otherwise permitted in Sections 7.3 and 7.4 of this Agreement, the Borrowers and the Guarantors have no authority, express or implied, to dispose of any item or portion of the Collateral.

(b) Each of the Borrowers hereby confirms, ratifies and reaffirms that the Liens granted to the Agent immediately prior to the Ninth Amendment Effective Date pursuant to the Original Loan Agreement (as amended hereby), in all of its right, title, and interest in all then existing and thereafter acquired or arising Collateral in order to secure prompt repayment of any and all of the Obligations in accordance with the terms and conditions of the Loan Documents and in order to secure prompt performance by the Borrowers of each of their covenants and duties under the Loan Documents are continuing and are and shall remain unimpaired and continue to constitute fully perfected, first priority Liens in favor of Agent (subject only to (i) Permitted Liens, (ii) Liens on the Notes Priority Collateral securing the LSB Notes and (iii) the filing of financing statements and other recordings with the United States Patent and Trademark Office), for the benefit of the Lender Group, with the same force, effect and priority (except as stated herein) in effect both immediately prior to and after entering into this Agreement and the other Loan Documents entered into on or as of the Closing Date. Each of the Borrowers and Guarantors hereby confirms and agrees that such Liens attach to all currently existing and hereafter acquired or arising Collateral in order to secure the prompt repayment of any and all of the Obligations in accordance with the terms and conditions of the Loan Documents (as defined herein) and in order to secure the prompt performance by the Borrowers and the Guarantors of each of their covenants and duties under the Loan Documents. The Agent’s Liens in and to the Collateral have attached and continue to attach to all such Collateral without further act on the part of Agent, the Borrowers or the Guarantors. Anything contained in this Agreement or any other Loan Document to the contrary notwithstanding, except for Permitted Dispositions or as otherwise permitted in Sections 7.3 and 7.4 of this Agreement, the Borrowers and the Guarantors have no authority, express or implied, to dispose of any item or portion of the Collateral.

(c) Notwithstanding the Partial Release, each of the Borrowers and the applicable Guarantors hereby confirms, ratifies and affirms that a continuing security interest in all of its right, title, and interest in all currently existing and hereafter acquired or arising Collateral is granted again to the Agent, for the benefit of the Lender Group.

(d) Any grant of security interest in favor of the Agent pursuant to this Section 4.1 is a supplement to, and not a novation of, any existing security interests granted by any Borrower or any Guarantor in favor of the Agent, which remain in full force and effect.

(e) Upon payment in full of all outstanding obligations (including all principal and interest) under the LSB Notes, the Agent hereby agrees to release its security interest in and Liens on the Collateral constituting Notes Priority Collateral and Agent will, at the Borrowers' expense, execute and deliver any lien releases, mortgage releases, UCC termination statements and other similar discharge and release documents deemed necessary by the Borrowers to effect or evidence such release of any such Liens on the Notes Priority Collateral.

**4.2 Negotiable Collateral.** In the event that any Collateral, including proceeds, is evidenced by or consists of Negotiable Collateral, and if and to the extent that perfection or priority of Agent's security interest is dependent on or enhanced by possession, the applicable Borrower or applicable Guarantor, immediately upon the request of Agent, shall endorse and deliver physical possession of such Negotiable Collateral to Agent.

**4.3 Collection of Accounts, General Intangibles, and Negotiable Collateral.** At any time after the occurrence and during the continuation of an Event of Default, Agent or Agent's designee may (a) notify Account Debtors of the Borrowers or the Guarantors that the Accounts, chattel paper, or General Intangibles constituting Collateral have been assigned to Agent or that Agent has a security interest therein, or (b) collect the Accounts, chattel paper, or General Intangibles constituting Collateral directly and charge the collection costs and expenses to the Loan Account. Each Borrower and each Guarantor agrees that it will hold in trust for the Lender Group, as the Lender Group's trustee, any Collections that it receives and immediately will deliver said Collections to Agent or a Cash Management Bank in their original form as received by the applicable Borrower or applicable Guarantor.

**4.4 Filing of Financing Statements; Delivery of Additional Documentation Required.**

(a) Each Borrower and each Guarantor authorizes Agent to file any financing statement required hereunder, and any continuation statement or amendment with respect thereto, in any appropriate filing office without the signature of such Borrower or such Guarantor where permitted by applicable law. Each Borrower and each Guarantor hereby ratifies the filing of any financing statement, and any continuation statement or amendment with respect thereto, filed without the signature of such Borrower or such Guarantor prior to the date hereof. Agent shall endeavor to promptly deliver to Administrative Borrower a copy of each such financing statement so filed by Agent.

(b) [Intentionally omitted].

(c) At any time upon the request of Agent, the Borrowers and the Guarantors shall execute and deliver to Agent any and all financing statements, original financing statements in lieu of continuation statements, amendments to financing statements, fixture filings, security agreements, pledges, assignments, endorsements of certificates of title, and all other documents (collectively, the “Additional Documents”) that Agent may request in its Permitted Discretion, in form and substance satisfactory to Agent, to create and perfect and continue perfected or better perfect the Agent’s Liens in the Collateral (whether now owned or hereafter arising or acquired, tangible or intangible, real or personal), and in order to fully consummate all of the transactions contemplated hereby and under the other Loan Documents. To the maximum extent permitted by applicable law, each Borrower and each Guarantor authorizes Agent to execute any such Additional Documents in the applicable Borrower’s or Guarantor’s name and authorizes Agent to file such executed Additional Documents in any appropriate filing office. To the maximum extent permitted by applicable law, each Borrower and each Guarantor authorizes the filing of any such Additional Documents without the signature of such Borrower or such Guarantor in any appropriate filing office. In addition, on such periodic basis as Agent shall require, the Borrowers and the Guarantors shall (i) provide Agent with a report of all new patentable, copyrightable, or trademarkable materials acquired or generated by the Borrowers or the Guarantors during the prior period, (ii) cause all patents, copyrights, and trademarks acquired or generated by the Borrowers or the Guarantors that are not already the subject of a registration with the appropriate filing office (or an application therefor diligently prosecuted) to be registered with such appropriate filing office in a manner sufficient to impart constructive notice of such Borrower’s or such Guarantor’s ownership thereof, and (iii) cause to be prepared, executed, and delivered to Agent supplemental schedules to the applicable Loan Documents to identify such patents, copyrights, and trademarks as being subject to the security interests created thereunder.

**4.5 Power of Attorney.** Each Borrower and each Guarantor hereby irrevocably makes, constitutes, and appoints Agent (and any of Agent’s officers, employees, or agents designated by Agent) as such Borrower’s or such Guarantor’s true and lawful attorney, with power to (a) if such Borrower or such Guarantor refuses to, or fails timely to execute and deliver any of the documents described in Section 4.4, sign the name of such Borrower or such Guarantor on any of the documents described in Section 4.4, (b) at any time that an Event of Default has occurred and is continuing, sign such Borrower’s or such Guarantor’s name on any invoice or bill of lading relating to the Collateral, drafts against Account Debtors, or notices to Account Debtors, (c) send requests for verification of Accounts, (d) endorse such Borrower’s or such Guarantor’s name on any Collection item that may come into the Lender Group’s possession, (e) at any time that an Event of Default has occurred and is continuing, make, settle, and adjust all claims under such Borrower’s or such Guarantor’s policies of property insurance and make all determinations and decisions with respect to such policies of insurance, and (f) at any time that an Event of Default has occurred and is continuing, settle and adjust disputes and claims respecting the Accounts, chattel paper, or General Intangibles constituting Collateral directly with Account Debtors, for amounts and upon terms that Agent determines to be reasonable, and Agent may cause to be executed and delivered any documents and releases that Agent determines to be necessary. The appointment of Agent as each Borrower’s and each Guarantor’s attorney, and each and every one of its rights and powers, being coupled with an interest, is irrevocable until all of the Obligations have been fully and finally repaid and performed and the Lender Group’s obligations to extend credit hereunder are terminated.

**4.6 Right to Inspect.** Agent and each Lender (through any of their respective officers, employees, or agents) shall have the right, from time to time hereafter to inspect the Books and to check, test, and appraise the Collateral in order to verify Borrowers' and Guarantors' financial condition or the amount, quality, value, condition of, or any other matter relating to, the Collateral.

**4.7 Control Agreements.** Each Borrower and each Guarantor agrees that it will not transfer any Collateral out of any Securities Accounts or deposit accounts subject to a Cash Management Agreement to another securities intermediary or depository, unless each of the applicable Borrower, applicable Guarantor, Agent, and the substitute securities intermediary or depository have entered into a Control Agreement. Upon the occurrence and during the continuance of an Event of Default, Agent may notify any securities intermediary or depository to liquidate the applicable Securities Account or depository account subject to a Cash Management Agreement or any related Investment Property constituting Collateral maintained or held thereby and remit the proceeds thereof to the Agent's Account for application to the Obligations in accordance with the terms of the Loan Documents. Each Borrower and each Guarantor hereby agrees to take any or all action that Agent requests in order for Agent to obtain control in accordance with Sections 9-104, 9-105, 9-106 and 9-107 of the Code with respect to any Collateral constituting Securities Accounts, deposit accounts, electronic chattel paper and Investment Property. No arrangement contemplated hereby or by a Control Agreement in respect of any Collateral constituting Securities Accounts, Investment Property, deposit accounts or electronic paper shall be modified by any Borrower or Guarantor without the prior written consent of Agent."

9. Section 5.9(e). Section 5.9(e) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(e) The Agent's Liens granted by ThermaClime and its applicable Subsidiaries are validly created, perfected, and first priority Liens (subject only to (i) Permitted Liens, (ii) Liens on the Notes Priority Collateral securing the LSB Notes and (iii) the filing of financing statements and other recordings with the United States Patent and Trademark Office)."

10. Section 7.4(b). Section 7.4(b) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(b) notwithstanding anything to the contrary contained herein, any Borrower and any of its respective Subsidiaries, any Guarantor and Cherokee may sell, transfer or otherwise dispose of any Notes Priority Collateral owned by such Person so long as such disposition is permitted under the Notes Documents or the Indenture (as such terms are defined in the Intercreditor Agreement) or if the requisite holders of the LSB Notes otherwise consents to such sale or disposition; and"

11. Priority of Liens. Notwithstanding anything to the contrary in any Loan Document, it is understood and agreed that, in accordance with the Intercreditor Agreement, the Agent's Liens granted by ThermaClime and its applicable Subsidiaries are first priority liens with respect to the ABL Priority Collateral (as defined in the Intercreditor Agreement) and second priority liens with respect to the Notes Priority Collateral, in each case subject to Permitted Liens.

12. Conditions Precedent. The effectiveness of this Amendment is subject to the fulfillment, in a manner satisfactory to the Agent, of each of the following conditions precedent (the first date upon which all such conditions shall have been satisfied being herein called the “Ninth Amendment Effective Date”):

(a) Representations and Warranties; No Event of Default. The representations and warranties contained herein, in Section 5 of the Loan Agreement and in each other Loan Document and certificate or other writing delivered to the Agent or any Lender pursuant hereto on or prior to the Ninth Amendment Effective Date (as updated prior to the date hereof in accordance with the Loan Agreement) shall be correct in all material respects on and as of the Ninth Amendment Effective Date as though made on and as of such date, except to the extent that such representations and warranties (or any schedules related thereto) expressly relate solely to an earlier date (in which case such representations and warranties shall be true and correct in all material respects on and as of such date); and after giving effect to the amendments, consents and waivers set forth herein, no Default or Event of Default shall have occurred and be continuing on the Ninth Amendment Effective Date or would result from this Amendment becoming effective in accordance with its terms.

(b) Delivery of Documents. The Agent shall have received on or before the Ninth Amendment Effective Date the following, each in form and substance satisfactory to the Agent and, unless indicated otherwise, dated the Ninth Amendment Effective Date:

(i) counterparts of this Amendment duly executed by the Borrowers, the Guarantors, the Agent and the Lenders.

13. Representations and Warranties. Each Borrower, and only with respect to parts (b) and (c) below, Parent and Consolidated Industries, hereby represents and warrants to the Agent and the Lenders as follows:

(a) Representations and Warranties; No Event of Default. The representations and warranties herein, in Section 5 of the Loan Agreement (as updated prior to the date hereof in accordance with the Loan Agreement), and in each other Loan Document and certificate or other writing delivered to the Agent or any Lender pursuant hereto on or prior to the Ninth Amendment Effective Date are correct in all material respects on and as of the Ninth Amendment Effective Date as though made on and as of such date, except to the extent that such representations and warranties (or any schedules related thereto) expressly relate solely to an earlier date (in which case such representations and warranties are true and correct in all material respects on and as of such date); and after giving effect to the amendments, consents and waivers set forth herein, no Default or Event of Default has occurred and is continuing on the Ninth Amendment Effective Date or would result from this Amendment becoming effective in accordance with its terms.



(b) Organization, Good Standing, Etc. Parent, Consolidated Industries and each Borrower (i) is a corporation duly organized, validly existing and in good standing under the laws of the state of its organization, (ii) has all requisite power and authority to execute, deliver and perform this Amendment and the other Loan Documents to which it is a party being executed in connection with this Amendment, and to perform its respective obligations under the Loan Agreement, as amended hereby, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary except where the failure to be so qualified reasonably could not be expected to have a Material Adverse Change.

(c) Authorization, Etc. The execution, delivery and performance by each Borrower, Parent and Consolidated Industries of this Amendment, and the performance by each Borrower, Parent and Consolidated Industries of the Loan Agreement and the other Loan Documents to which it is a party, each as amended hereby, (i) have been duly authorized by all necessary action on the part of such Borrower, Parent or Consolidated Industries, (ii) do not and will not contravene such Borrower's, Parent's or Consolidated Industries' charter or by-laws, any applicable law or any material contractual restriction binding on it or any of its properties, (iii) do not and will not result in or require the creation of any Lien (other than pursuant to any Loan Document) upon or with respect to any of its properties, and (iv) do not and will not result in any suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to its operations or any of its properties.

#### 14. Miscellaneous.

(a) Continued Effectiveness of the Loan Agreement. Except as otherwise expressly provided herein, the Loan Agreement and the other Loan Documents are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, except that on and after the Ninth Amendment Effective Date (i) all references in the Loan Agreement to "this Agreement", "hereto", "hereof", "hereunder" or words of like import referring to the Loan Agreement shall mean the Loan Agreement as amended by this Amendment, and (ii) all references in the other Loan Documents to which any Borrower is a party to the "Loan Agreement", "thereto", "thereof", "thereunder" or words of like import referring to the Loan Agreement shall mean the Loan Agreement as amended by this Amendment. Except as expressly provided herein, the execution, delivery and effectiveness of this Amendment shall not operate as an amendment, modification or waiver of any right, power or remedy of the Lender under the Loan Agreement or any other Loan Document, nor constitute an amendment of any provision of the Loan Agreement or any other Loan Document.

(b) Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

(c) Headings. Section headings herein are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

(d) Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York.

(e) Costs and Expenses. The Borrowers jointly and severally agree to pay on demand all reasonable fees, costs and expenses of the Agent and each Lender in connection with the preparation, execution and delivery of this Amendment and the other related agreements, instruments and documents.

(f) Amendment as Loan Document. Each Borrower hereby acknowledges and agrees that this Amendment constitutes a "Loan Document" under the Loan Agreement. Accordingly, it shall be an Event of Default under the Loan Agreement (i) if any representation or warranty made by a Borrower under or in connection with this Amendment shall have been untrue, false or misleading in any material respect when made or (ii) if Borrowers fail to perform, keep, or observe any term, provision, condition, covenant, or agreement contained in this Amendment.

(g) General Release. Each Borrower and Guarantor hereby acknowledges and agrees that no Borrower or Guarantor has, as of the date of this Amendment, any defense, counterclaim, offset, cross-complaint, claim or demand of any kind or nature whatsoever that can be asserted to reduce or eliminate all or any part of its liability to repay the obligations or to seek affirmative relief or damages of any kind or nature from the Agent, any member of the Lender Group or any other Lender-Related Persons. Each Borrower and Guarantor hereby voluntarily and knowingly releases and forever discharges the Agent, each member of the Lender Group, the other Lender-Related Persons and each of their respective predecessors, agents, employees, attorneys, successors and assigns (collectively, the "Released Parties") from all possible claims, demands, actions, causes of action, damages, costs, expenses and liabilities whatsoever, whether known or unknown, anticipated or unanticipated, suspected or unsuspected, fixed, contingent or conditional, or at law or in equity, in any case originating in whole or in part on or before the date this Amendment is executed that any Borrower or Guarantor may now or hereafter have against the Released Parties, if any, irrespective of whether any such claims arise out of contract, tort, violation of law or regulations, or otherwise, and that arise from any Loans, the exercise of any rights and remedies under the Loan Agreement or other Loan Documents, and/or negotiation for and execution of this Amendment, including, without limitation, any contracting for, charging, taking, reserving, collecting or receiving interest in excess of the highest lawful rate applicable.

(h) Waiver of Jury Trial. EACH BORROWER, THE AGENT AND THE LENDERS HEREBY IRREVOCABLY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AMENDMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered as of the date first above written.

Parent:

**LSB INDUSTRIES, INC.,**  
a Delaware corporation

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

Consolidated Industries:

**CONSOLIDATED INDUSTRIES CORP.,**  
an Oklahoma corporation

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

Borrowers:

**THERMACLIME, L.L.C.,**  
an Oklahoma limited liability company

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

**CHEROKEE NITROGEN COMPANY,**  
an Oklahoma corporation

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

[Ninth Amendment]

**CLIMATE MASTER, INC.,**  
a Delaware corporation

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

**CLIMATECRAFT, INC.,**  
an Oklahoma corporation

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

**CLIMACOOOL, CORP.,**  
an Oklahoma corporation

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

**INTERNATIONAL ENVIRONMENTAL CORPORATION,**  
an Oklahoma corporation

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

**THERMACLIME TECHNOLOGIES, INC.,**  
an Oklahoma corporation

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

[Ninth Amendment]

**KOAX CORP.,**  
an Oklahoma corporation

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

**LSB CHEMICAL CORP.,**  
an Oklahoma corporation

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

**XPEDIAIR, INC.,**  
an Oklahoma corporation.

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

**EL DORADO CHEMICAL COMPANY,**  
an Oklahoma corporation

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

**CHEMEX I CORP.,**  
an Oklahoma corporation

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

[Ninth Amendment]

**TRISON CONSTRUCTION, INC.,**  
an Oklahoma corporation

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

**EDC AG PRODUCTS COMPANY L.L.C.,**  
an Oklahoma limited liability company

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

**EL DORADO AMMONIA L.L.C.,**  
an Oklahoma limited liability company

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

[Ninth Amendment]

Guarantors:

**NORTHWEST FINANCIAL CORPORATION,**  
an Oklahoma corporation

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

**THE CLIMATE CONTROL GROUP, INC.,**  
an Oklahoma corporation

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

**CEPOLK HOLDINGS INC.,**  
an Oklahoma corporation

By: /s/ Tony M. Shelby  
Name: Tony M. Shelby  
Title: Executive Vice President

[Ninth Amendment]

Agent and Lender:

**WELLS FARGO CAPITAL FINANCE, INC.,**  
a California corporation, as Agent and Lender

By: /s/ Matt Mouledous \_\_\_\_\_

Name: Matt Mouledous

Title: VP

[Ninth Amendment]



Annex I

**LSB INDUSTRIES, INC.  
EXEMPT INVESTMENT/BANK ACCOUNTS**

<u>Account #</u>	<u>Account Name</u>	<u>Account Location</u>
5S4-01030-1-9-EMT	LSB Industries, Inc.	Merrill Lynch, Pierce, Fenner & Smith Incorporated P O Box 2010 Lakewood, NJ 08701
5S4-04K92-1-8-EMT	LSB Industries, Inc. EDC Ammonia Plant Construction Funds	Merrill Lynch, Pierce, Fenner & Smith Incorporated P O Box 2010 Lakewood, NJ 08701
422310	LSB Industries, Inc. EDC Ammonia Plant Construction Funds	Bank of America, NA Mail Code NC1-004-03-06 200 N College St Charlotte, NC 28255
1BA12393	LSB Industries, Inc.	Wells Fargo Securities, LLC 608 Second Avenue South, 10th Floor Minneapolis, MN 55479
250679250	LSB Industries, Inc.	JPMorgan Chase Bank, N.A. PO Box 25848 Oklahoma City, OK 73125



COMPANY CONTACT:  
Tony M. Shelby, Chief Financial Officer  
(405) 235-4546

INVESTOR RELATIONS CONTACT:  
Fred Buonocore (212) 836-9607  
Linda Latman (212) 836-9609  
The Equity Group Inc.

**FOR IMMEDIATE RELEASE**

**LSB INDUSTRIES, INC. ANNOUNCES AGREEMENTS  
TO CONSTRUCT A NITRIC ACID PLANT AND A NITRIC ACID  
CONCENTRATOR AT ITS EL DORADO, ARKANSAS SITE**

Oklahoma City, Oklahoma . . . November 12, 2013 . . . LSB Industries, Inc. (NYSE:LXU) (“LSB”), today announced that a subsidiary in its Chemical Business entered into agreements (“Agreements”) with SAIC Constructors, LLC (“SAIC”) to construct a 360,000 ton per year nitric acid plant and a 40,000 ton per year nitric acid concentrator plant (collectively, “Plants”) at an LSB subsidiary’s site in El Dorado, Arkansas. The Agreements provide for SAIC to manage the construction of the Plants. The obligations under the Agreements are guaranteed by each party’s parent company.

The total cost of the Plants is estimated to be approximately \$120 million. The Plants are expected to be completed by mid-2015, subject to timely receipt of environmental permits and assuming no unexpected delays.

## Forward-Looking Statements

*This press release includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identified by use of the words “believes”, “expects”, “intends”, “anticipates”, “plans to”, “estimates”, “projects”, or similar expressions, including, without limitation, the cost to construct the Plants, the completion dates of the Plants, and funding of construction of the Plants. Actual results may differ materially from the forward-looking statements as a result of various future events, including without limitation, general economic conditions, weather conditions, receipt of permits and materials in a timely manner, and ability to comply with federal or state governmental regulatory requirements. These forward looking statements speak only as of the date of this press release, and LSB expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in LSB’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Please refer to the publicly filed documents of LSB, including the most recent Form 10-K and Forms 10-Q for quarters ended March 31, June 30, 2013 and September 30, 2013 for additional information about LSB and about the risks and uncertainties related to LSB’s business which may affect the statements made in this press release.*

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