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

FORM 8-K

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

Date of report (Date of earliest event reported): September 27, 2021 (September 22, 2021)

LSB INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	1-7677	73-1015226
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

3503 NW 63rd Street, Suite 500, Oklahoma City, Oklahoma	73116
(Address of principal executive offices)	(Zip Code)

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

Not applicable
(Former name or former address, if changed since last report)

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value $.10	**LXU**	**New York Stock Exchange**
Preferred Stock Purchase Rights	**N/A**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01 Entry into a Material Definitive Agreement.

Revolver Amendment

On September 22, 2021, LSB Industries, Inc. (the "Company") and each of the Company's subsidiaries signatory thereto entered into the Consent and Fourth Amendment to the Third Amended and Restated Loan and Security Agreement (the "Revolver Amendment"), with the lender identified on the signature pages thereto and Wells Fargo Capital Finance, LLC ("Wells Fargo"), as the arranger and administrative agent. The Revolver Amendment amends the Company's existing Working Capital Revolver to expressly permit the indebtedness contemplated to be incurred under the senior notes described in Item 7.01 below and the liens related thereto, among other things. In addition, the Revolver Amendment provides for the consent of the agent and the required lenders thereunder to (i) the consummation of the Company's previously announced exchange of its existing Series E-1 and Series F-1 Redeemable Preferred Stock into shares of the Company's common stock and (ii) the payment of a dividend to holders of the Company's Series B 12% Cumulative Convertible Preferred Stock and Series D 6% Cumulative Convertible Preferred Stock, in an aggregate amount not to exceed $2,000,000.

A copy of the Revolver Amendment is attached hereto as Exhibit 10.1 and is incorporated herein by reference. The above summary of the Revolver Amendment does not purport to be complete and is qualified in its entirety by reference to the complete text of the Revolver Amendment.

Securities Exchange Agreement Waiver

On September 22, 2021, the Company received a written consent (the "Written Consent") from LSB Funding LLC ("LSB Funding") under the Securities Exchange Agreement, dated as of July 19, 2021, by and between the Company and LSB Funding. Under the terms of the Written Consent, LSB Funding consented to the incurrence by the Company and its subsidiaries of up to $500,000,000 of indebtedness in the form of secured bonds and related liens to refinance the Company's existing 9.625% Senior Secured Notes due 2023, subject to certain conditions.

A copy of the Written Consent will be filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarterly period ending September 30, 2021.

Item 7.01 Regulation FD Disclosures

On September 27, 2021, the Company issued a press release announcing that it intends to offer, pursuant to Rule 144A and Regulation S under the Securities Act of 1933, as amended (the "Securities Act"), up to $500 million aggregate principal amount of Senior Secured Notes due 2028, subject to market and other conditions (the "144A Offering"). Copies of the press release announcing the 144A Offering is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

In connection with the 144A Offering, the Company disclosed certain information to prospective investors in a preliminary offering circular, dated September 27, 2021. The preliminary offering circular included information that supplements or updates certain prior disclosures of the Company. Such information is attached hereto as Exhibit 99.2 and is being furnished under Item 7.01 of this Current Report on Form 8-K.

The information contained in this Current Report on Form 8-K, including the Exhibits hereto, is neither an offer to sell nor a solicitation of an offer to purchase any of the securities to be offered. The securities to be offered will not be registered under the Securities Act or applicable state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state securities laws.

Forward-Looking Statements

This Current Report on Form 8-K, including the Exhibits attached hereto, includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company makes these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995.

All statements, other than statements of historical fact, included in this Current Report on Form 8-K, including the Exhibits hereto, may constitute forward-looking statements. Forward-looking statements include statements about the Company's expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause actual results to differ include, but are not limited to, (i) the Company's business plans may change as circumstances warrant and the 144A Offering may not ultimately be completed because of general market conditions or other factors or (ii) any of the risk factors discussed from time to time in each of our documents and reports filed with the Securities and Exchange Commission. Unless required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statement to reflect circumstances or events after the date of this Current Report on Form 8-K.

The information contained in this Item 7.01 and Item 9.01 of this Current Report on Form 8-K and the Exhibits attached hereto is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of such section, nor shall it be deemed incorporated by reference into any filing under the Securities Act, regardless of any incorporation by reference language in any such filing, except as shall be expressly set forth by specific reference to this Item 7.01 or Item 9.01 in such filing.

Item 9.01 Exhibits.

(d) Exhibits.

Exhibit Number	Description
10.1	Consent and Fourth Amendment to Third Amended and Restated Loan and Security Agreement, dated as of September 22, 2021, by and among Wells Fargo Capital Finance, LLC, as the arranger and administrative agent, the lenders party thereto, LSB Industries, Inc. and its subsidiaries identified on the signature pages thereto as borrowers and the Company's subsidiaries identified on the signature pages thereto as guarantors.
99.1	Press Release, dated September 27, 2021, announcing the 144A Offering.
99.2	Excerpts from preliminary offering circular for the 144A Offering, dated September 27, 2021.
104	Cover Page Interactive Data File (embedded within the XBRL document)

Exhibit Index

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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: September 27, 2021

LSB INDUSTRIES, INC.

By: /s/ Michael J. Foster

Name: Michael J. Foster

Title: Executive Vice President and General Counsel

Exhibit 10.1

EXECUTION DRAFT

CONSENT AND FOURTH AMENDMENT TO THIRD AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS CONSENT AND FOURTH AMENDMENT TO THIRD AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "Amendment") is entered into as of September 22, 2021 (the "Effective Date"), by and among WELLS FARGO CAPITAL FINANCE, LLC, a Delaware limited liability company, as the arranger and administrative agent ("Agent") for the Lenders (as defined in the Credit Agreement referred to below), the Lenders party hereto, LSB INDUSTRIES, INC., a Delaware corporation ("Parent"), certain Subsidiaries of Parent designated on the signature pages hereto as borrowers (together with Parent, such Subsidiaries are collectively referred as the "Borrowers") and certain Subsidiaries of Parent designated on the signature pages hereto as guarantors (such Subsidiaries are collectively referred to as the "Guarantors" and together with the Borrowers, such Guarantors are collectively referred to as the "Loan Parties").

WHEREAS, the Borrowers, Agent, and the Lenders are parties to that certain Third Amended and Restated Loan and Security Agreement dated as of January 17, 2017 (as amended, restated, modified or supplemented from time to time, the "Credit Agreement"); and

WHEREAS, the Parent and the Borrowers have advised the Agent and the Lenders that the Parent has entered into that certain Securities Exchange Agreement, dated as of July 19, 2021 (the "Exchange Agreement"), between the Parent and LSB Funding LLC ("LSB Funding") pursuant to which LSB Funding will exchange shares of the Parent's Series E-1 and Series F-1 Redeemable Preferred Stock for shares of the Parent's common stock (the "Equity Exchange"), the consummation of which will result in a Change of Control under clause (a) of the definition of such term as defined in Section 1.1 of the Loan Agreement;

WHEREAS, the Borrowers have requested that the Lenders agree to amend the Credit Agreement in certain respects as set forth herein, and the Lenders have agreed to the foregoing, on the terms and conditions set forth herein.

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

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement.

2. Consent to Certain Transactions. In reliance upon the representations and warranties of the Borrowers set forth in Section 7 below, and subject to the satisfaction of the conditions set forth in Section 6 below, Agent and Required Lenders hereby consent to (a) the consummation of the Equity Exchange pursuant to the terms of the Exchange Agreement and (b) the payment of a dividends to holders of the Parent's Series B 12% Cumulative Convertible Preferred Stock and Series D 6% Cumulative Convertible Preferred Stock, in an aggregate amount not to exceed $2,000,000. This consent is a limited consent and shall be effective only in the specific instances and for the specific purposes set forth herein and does not allow for any other or further departure from the terms and conditions of the Loan Agreement or any other Loan Document, which terms and conditions shall remain in full force and effect.

3. Amendments to Credit Agreement. In reliance upon the representations and warranties of the Borrowers set forth in Section 7 below, and subject to the satisfaction of the conditions set forth in Section 6 below, the Credit Agreement is hereby amended, which amendments shall first take effect of the date the conditions set forth in Section 6 below as satisfied, as follows:

(a) The definitions of the term “Change of Control” and “LSB Notes” set forth in Section 1.1 of the Credit Agreement are hereby amended and restated in their entirety as follows:

> “Change of Control” means (a) with the exception of the Permitted Holders, any “person” or “group” (within the meaning of Sections 13(d) and 14(d) of the Exchange Act) becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of 35% or more of the issued and outstanding shares of Parent’s Stock having the right to vote for the election of members of the Board of Directors, (b) a majority of the members of the Board of Directors do not constitute Continuing Directors, or (c) the Parent ceases to directly or indirectly own and control 100% of the outstanding voting Stock of each Loan Party (other than Parent), except, in the case of this subclause (c), as otherwise permitted by this Agreement.
>
> “LSB Notes” means (a) the general senior secured notes of Parent maturing not earlier than 2023 in the aggregate principal amount not to exceed $500,000,000 (the “2023 LSB Notes”) and (b) upon and after any refinancing of the 2023 LSB Notes, general senior secured notes of Parent maturing not earlier than 2026 in the aggregate principal amount not to exceed $600,000,000.

(b) Section 1.1 of the Credit Agreement is hereby further amended to add the definition of the term “Permitted Holders” thereto, in appropriate alphabetical order, as follows:

> “Permitted Holders” means Eldridge Industries LLC, together with any funds, limited partnerships and investment vehicles controlled, managed or advised, directly or indirectly or by contract or otherwise, by, or under common control with, Eldridge Industries LLC, including, for the avoidance of doubt, LSB Funding LLC.

(c) The parties hereto agree that the section of the Credit Agreement entitled “CARES Debt” that was added to the Credit Agreement as Section 5.23 pursuant to that certain Third Amendment to Third Amended and Restated Loan and Security Agreement dated as of April 20, 2020 (the “Third Amendment”), was intended to, and is deemed added to the Credit Agreement as Section 5.25 thereof, and Section 5.23 of the Loan Agreement, as in effect immediately prior to the Third Amendment Date, was not amended by the Third Amendment and is still in effective, without amendment, as of the date hereof.

4. Continuing Effect. Except as expressly set forth in Section 2 and Section 3 of this Amendment, nothing in this Amendment shall constitute a modification or alteration of the terms, conditions or covenants of the Credit Agreement or any other Loan Document, or a waiver of any other terms or provisions thereof, and the Credit Agreement and the other Loan Documents shall remain unchanged and shall continue in full force and effect, in each case as amended hereby.

5. Reaffirmation and Confirmation. Each Loan Party hereby ratifies, affirms, acknowledges and agrees that the Credit Agreement and the other Loan Documents to which it is a party represent the valid, enforceable and collectible obligations of such Loan Party, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other Loan Document. Each Loan Party hereby agrees that this Amendment in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by each Loan Party in all respects.

6. Conditions to Effectiveness. This Amendment shall become effective, and the consent set forth in Section 2 above and the amendments to the Credit Agreement set forth in Section 3 above shall, in each case, become operative, as of the date hereof upon Agent's receipt of a copy of this Amendment executed and delivered by Agent, the Lenders and the Loan Parties.

7. Representations and Warranties. In order to induce Agent and the Lenders to enter into this Amendment, each Loan Party hereby represents and warrants to Agent and the Lenders that:

(a) after giving effect to this Amendment, all representations and warranties contained in the Loan Documents to which such Loan Party is a party are true, correct and complete in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date of this Amendment, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall be true, correct and complete in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of such earlier date);

(b) no Default or Event of Default has occurred and is continuing or will exist after this Amendment becomes effective; and

(c) this Amendment and the Loan Documents, as amended hereby, constitute legal, valid and binding obligations of such Loan Party and are enforceable against such Loan Party in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally.

8. Miscellaneous.

(a) Expenses. The Borrowers jointly and severally agree to pay, promptly after demand therefor is made by Agent, all reasonable and documented out-of-pocket costs and expenses of Agent (including reasonable attorneys' fees of a single firm of counsel to Agent) incurred in connection with the preparation, negotiation, execution, delivery and administration of this Amendment and all other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith. All obligations provided herein shall survive any termination of this Amendment and the Credit Agreement as amended hereby.

(b) Choice of Law and Venue; Jury Trial Waiver; Reference Provision. Without limiting the applicability of any other provision of the Credit Agreement or any other Loan Document, the terms and provisions set forth in Section 13 of the Credit Agreement are expressly incorporated herein by reference.

(c) Counterparts. This Amendment may be executed in any number of counterparts, and by the parties hereto on the same or separate counterparts, and each such counterpart, when executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized and delivered as of the date first above written.

BORROWERS:

LSB INDUSTRIES, INC.
CHEMEX I CORP.
CHEROKEE NITROGEN LLC
EDC AG PRODUCTS COMPANY L.L.C.
EL DORADO AMMONIA L.L.C.
EL DORADO CHEMICAL COMPANY
EL DORADO NITROGEN, L.L.C.
LSB CHEMICAL L.L.C.
PRYOR CHEMICAL COMPANY
TRISON CONSTRUCTION, INC.

By: /s/ Kristy Carver
Name: Kristy Carver
Title: Senior Vice President, Treasurer and Assistant Secretary

AGENT AND LENDERS:

WELLS FARGO CAPITAL FINANCE, LLC, as Agent

By: /s/ Becky Rountree
Name: Becky Rountree
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Becky Rountree
Name: Becky Rountree
Title: Vice President

Exhibit 99.1

FOR IMMEDIATE RELEASE

LSB INDUSTRIES, INC. ANNOUNCES PROPOSED PRIVATE OFFERING OF SENIOR NOTES

OKLAHOMA CITY, OK – September 27, 2021 – LSB Industries, Inc. (NYSE: LXU) ("LSB") today announced that it intends to offer, subject to market and other conditions, $500 million in aggregate principal amount of senior secured notes due 2028 (the "Notes") for sale in a private placement to eligible purchasers. The Notes will be guaranteed on a senior secured basis by all of LSB's existing subsidiaries and by certain of LSB's future domestic wholly owned subsidiaries.

LSB intends to use the net proceeds from this offering to redeem all of its outstanding $435 million aggregate principal amount of 9.625% Senior Secured Notes due 2023 (the "Existing Notes"), to pay related transaction fees, expenses and premiums, and, to the extent of any remaining net proceeds, for general corporate purposes. Pending such application of the net proceeds of this offering, they may be invested in highly rated money market funds, U.S. government securities, treasury bills or short-term commercial paper.

This press release is neither an offer to sell nor a solicitation of an offer to buy the Notes or any other securities and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful. The Notes and the guarantees thereof have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements under the Securities Act and applicable state securities laws. The Notes are expected to be offered and sold only to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to non-U.S. persons outside of the United States pursuant to Regulation S under the Securities Act. This press release is being issued in accordance with Rule 135c under the Securities Act. This press release is not an offer to purchase, a solicitation of an offer to sell or a notice of redemption with respect to the Existing Notes.

About LSB Industries, Inc.

LSB Industries, Inc., headquartered in Oklahoma City, Oklahoma, manufactures and sells chemical products for the agricultural, mining, and industrial markets. The Company owns and operates facilities in Cherokee, Alabama, El Dorado, Arkansas and Pryor, Oklahoma, and operates a facility for a global chemical company in Baytown, Texas. LSB's products are sold through distributors and directly to end customers primarily throughout the United States.

Forward-Looking Statements

Statements in this release that are not historical are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance including the effects of the COVID-19 pandemic and anticipated performance based on our growth and other strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or actual achievements to differ materially from the results, level of activity, performance or anticipated achievements expressed or implied by the forward-looking statements. Significant risks and uncertainties may relate to, but are not limited to, our ability to consummate the exchange transaction on the terms described herein and in the definitive proxy statement referred to herein or at all, the offering of the Notes may not ultimately be completed because of general market conditions or other factors, business and market disruptions related to the COVID-19 pandemic, market conditions and price volatility for our products and feedstocks, as well as global and regional economic downturns, including as a result of the COVID-19 pandemic, that adversely affect the demand for our end-use products; disruptions in production at our manufacturing facilities; and other financial, economic, competitive, environmental, political, legal and regulatory factors. These and other risk factors are discussed in the Company's filings with the Securities and Exchange Commission ("SEC"), including its Annual Report on Form 10-K for the year ended December 31, 2020.

Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Unless otherwise required by applicable laws, we undertake no obligation to update or revise any forward-looking statements, whether because of new information or future developments.

Company Contact:

Cheryl Maguire, Executive Vice President & CFO
(405) 510-3524

Fred Buonocore, CFA, Vice President of Investor Relations
(405) 510-3550
fbuonocore@lsbindustries.com

**Excerpts from the Preliminary Offering Circular of LSB Industries, Inc.,
dated September 27, 2021**

Our Strategy

We pursue a strategy of maximizing the utilization our assets to provide the best financial return by balancing the sale of product as fertilizer into the agriculture markets at spot prices or short duration pre-sales and developing industrial and mining customers that purchase substantial quantities of products, primarily under contractual obligations or pricing arrangements that generally provide for the pass through of some raw material and other manufacturing costs. We believe this product and market diversification strategy allows us to have more consistent levels of production compared to some of our competitors and helps reduce the volatility risk inherent in the prices of our raw material feedstock and/or the changes in demand for our products.

The strategy of developing industrial and mining customers helps to moderate the risk inherent in the agricultural markets where spot sales prices of our agricultural products may not have a correlation to the natural gas feedstock costs but rather reflect market conditions for like and competing nitrogen sources.

Looking forward, we remain focused on upgrading margins by maximizing downstream production which generally tend to have improved margins and further developing sales with industrial customers who assume the volatility risk associated with the raw material costs and mitigate the effects of seasonality in the agricultural sector. Additionally, it is our belief that the production of low carbon or no carbon ammonia and derivative products represents a compelling growth opportunity for us, given their potential uses for reducing global carbon emissions. We believe our existing knowledge in ammonia manufacturing, handling, storage and logistics position us extremely well to become a significant player in this arena and to help create a more sustainable, environmentally friendly world in a way that we believe can create long-term value, both financially and socially. We intend to pursue opportunities to produce low carbon or no carbon ammonia and derivative products.

Our strategy also includes evaluating acquisitions of strategic assets or companies, mergers with other companies and investment in additional production capacity where we believe those acquisitions, mergers or expansion of production capacity will enhance our value and provide appropriate returns.

Our Competitive Strengths

Advantaged Raw Material Cost Position

We produce ammonia at our facilities in Cherokee, Alabama (the “Cherokee Facility”), El Dorado, Arkansas (the “El Dorado Facility”) and Pryor, Oklahoma (the “Pryor Facility”), which allows us to take advantage of the spread between producing and purchasing ammonia at those facilities.

Strategically Located Chemical Assets and Long-Standing Customer Relationships

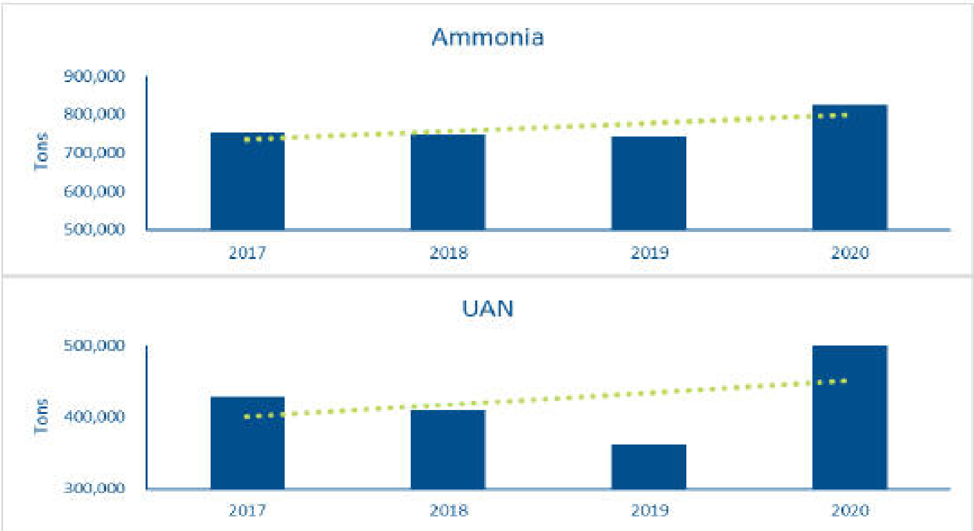
Our business benefits from highly advantageous locations with logistical and distribution benefits. We have access to the Nustar ammonia pipeline from the U.S. Gulf at our El Dorado Facility, which provides low-cost transportation to distribution points. The El Dorado Facility also has rail access providing favorable freight logistics to our industrial and agricultural customers and cost advantaged when selling a number of our products west of the Mississippi River. Our Cherokee Facility is located east of the Mississippi River, allowing it to reach customers that are not freight logical for others. Our Cherokee Facility sits adjacent to the Tennessee River, providing barge receipt and shipping access, in addition to truck and rail delivery access. Our Pryor Facility is located in the heart of the Southern Plains with close proximity to the Port of Catoosa along with strategic rail and truck delivery access.

Diversified Sources of Revenue

Our business serves a broad range of end markets, which we believe diminishes the cyclicality of our financial performance. Our business serves the agricultural, industrial and mining markets. The flexible nature of our production process and storage capability allows us the ability to shift our product mix based on end market demand.

Operation of Multiple Facilities and High Production Capacity with Impressive Safety Record

We operate our business through several facilities. Our employees are dedicated to our "Goal Zero" initiative (zero employees, contractors, community or environment being injured, harmed or adversely impacted by our manufacturing processes or assets) and have embraced a cultural change that has enabled us to produce these results. Also, the improved operational results, as evidenced by the record production in sales volumes we generated in 2020, and the strong safety and operational performance are particularly impressive when considering the added complications associated with COVID-19. Operating multiple facilities diversifies the risk and impact of operational issues that may occur at a single plant, which gives us a strategic advantage over competitors that operate their company through a single facility. The year-over-year volume growth in 2020 represents a return on the investments we made in plant reliability and product upgrading capabilities over the last several years, as well as our focus on continuous improvement in our manufacturing operations. Additionally, our competitive production capacity of our combined plants allows us to decrease manufacturing costs, helping us to achieve enhanced margins. Our total recordable injury rate (measured in accordance with the Occupational Safety and Health Administration guidelines) for the full year of 2020 was a record low of 1.06, with our Pryor Facility and the Baytown Facility we operate for a partner having operated without a recordable safety incident for the entire year.

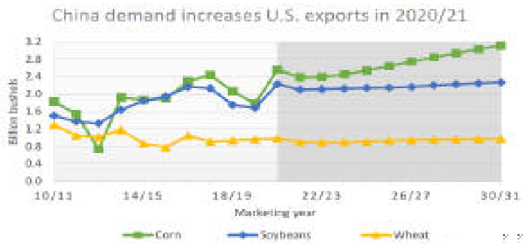


Exposed to attractive end markets with favorable long-term dynamics

<u>Agricultural Market Conditions</u>

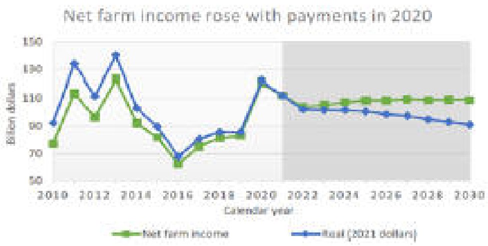
The price at which our agricultural products are ultimately sold depends on numerous factors, including the supply and demand for nitrogen fertilizers which, in turn, depends upon world grain demand and production levels, the cost and availability of transportation and storage, weather conditions, competitive pricing and the availability of imports. Pricing for our agricultural products remains strong and has not reset the way it typically does in the third quarter, which we expect will have a positive impact on our results of operations for the third quarter of 2021. Given our forward order book for urea ammonia nitrate ("UAN"), we sold almost all of our production for the third quarter of 2021 at prices above $300 a ton compared to our average third quarter of 2020 UAN selling price of $130 per ton. The market factors that came together in late 2020 and early 2021 to ignite a surge in demand for the products we produce and sell currently remain stable. For the second half of 2021, these favorable market fundamentals are resulting not only in a favorable outlook for the second half of 2021 but also strong optimism for 2022.

Additionally, as a result of the increased demand, the price of corn also reflects global supply concerns, caused from drought conditions in Brazil, resulting in significant yield losses as well as the current worsening drought in the Western United States that appears likely to negatively affect corn production for the upcoming harvest, potentially reducing stock to use ratios. Prices of other agricultural commodities have also seen steep increases, including beans, wheat and cotton, all creating a competitive environment for a finite number of acres we have available for planting in the U.S. Approximately 91 million acres of corn were planted in the U.S. during the 2020 fertilizer year, which is a slight increase over the 2019 fertilizer year. The U.S. Department of Agriculture's ("USDA") most recent forecast for the 2021 fertilizer year indicates nearly 93 million acres were planted, which has translated into very healthy demand for fertilizers along with the strong corn market fundamentals that have driven robust demand for fertilizers as farmers seek to maximize yields, global shortages caused by production curtailments due to the February deep freeze in the Central U.S. as well as unplanned downtime at several producers facilities, coupled with reduced imports, have driven nitrogen prices to levels not seen in more than 7 years.



We have sold agricultural ammonia during the third quarter of 2021 at prices above $500 a ton, which compares favorably to our average third quarter of 2020 agricultural ammonia selling price of approximately $180 a ton. Partially offsetting some of the improved pricing is the impact from higher natural gas cost, which we expect will average over $3.50 per MMBtu for the third quarter of 2021 or more than $1.50 higher per MMBtu versus the third quarter of 2020. Furthermore, expansions or upgrades of competitors' facilities and international and domestic political and economic developments continue to play an important role in the global nitrogen fertilizer industry economics. These factors can affect, in addition to selling prices, the level of inventories in the market which can cause price volatility and affect product margins.

In 2021, favorable dynamics for U.S. agriculture have translated into higher prices to date for a variety of crops, including corn, which has prompted an increase in demand for fertilizers by farmers seeking to maximize yields in the coming spring planting season. Favorable grower income in 2020, coupled with significant increase in Chinese imports of agricultural commodities, lower ending U.S. corn inventory levels, and drought conditions in South America have pushed commodity prices, including corn, to their highest level in over seven years. As noted above, the USDA's most recent forecast for the 2021 fertilizer year indicates nearly 93 million acres of corn were planted, which has translated into very healthy demand for fertilizers. These factors have resulted in a price rally for fertilizers over the last several months which we expect will continue through the spring planting season.



Industrial and Mining Market Conditions

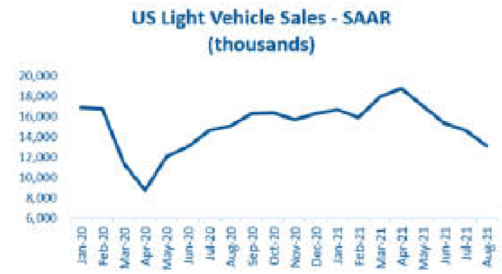
In our industrial markets, our sales volumes are typically driven by changes in general economic conditions, energy prices, metals market prices and our contractual arrangements with certain large customers. In our mining markets, our sales volumes are typically driven by changes in the overall North American consumption levels of mining products that can be impacted by weather. Additionally, changes in natural gas prices and demand in renewable power sources, such as wind and solar in the electrical generation sector, will impact demand for our mining products and impact competition within the other sectors of this market.

In the second quarter of 2021, our key industrial end markets have been beneficiaries of the economic rebound as evidenced by the greater than 100% year-over-year growth in industrial product sales. The auto industry is also a large consumer of nitric acid. Following the halt in production that occurred as a result of the pandemic shutdowns in mid-March of 2020, U.S. light vehicle sales rebounded strongly through April 2021 to levels that exceeded pre-pandemic levels. Over the past several months, due to price inflation as well as the shortage of new car inventory that has occurred due to a shortage of automotive microchips, vehicle sales have receded, although they remain above 2020 levels.

We have also benefited from strong trends in our mining end markets where we sell a variety of products, including ammonium nitrate solution and low-density ammonium nitrate. This is evidenced by our 30% year-over-year growth in mining-related sales in the second quarter of 2021, which reached the highest level for LSB in several years. Our increasing mining sales are being driven by a variety of factors, including the North American copper market where prices for this metal currently stand at 10-year highs even after a recent pullback driven in part by growing production of electric vehicles. Additionally, with residential construction booming throughout many regions in the U.S., production of aggregates has been at peak levels. Importantly, with respect to the future of our mining business over the past 5 years, we have reduced our exposure to coal mining from 33% of our total mining sales volume to what we anticipate will be less than 1% in 2021, a mix shift that is serving us well.

We believe that the current demand trends we are seeing across our key end markets are pointing towards continued increases in sales and prices of our industrial and mining products for the second half of 2021 and into 2022. Over the last eighteen months, our commercial team has worked hard to put us in a sold-out position, and we now seek ways to maximize our margins by optimizing our product balance and customer mix.

For the second half of 2021, we expect continued recovery in these end markets. As COVID-19 vaccines are increasingly distributed, demand for our products from sectors like automotive manufacturing and power generation is expected to recover to pre-pandemic levels. We expect strong metals mining prices will drive strong demand for our mining products as producers push to extract as much as possible. As it relates to the coal mining, the U.S. Energy Information Administration ("EIA") is projecting an increase in production driven by a forecasted increase in natural gas prices for electricity generators, making coal more competitive in the electric power sector.



Ongoing Operating Initiatives

We believe our future results of operations and financial condition will depend significantly on our ability to successfully implement the following key initiatives:

- *Continue Focusing on Becoming a "Best in Class" Chemical Plant Operator with Respect to Safe, Reliable Operations that Produce the Highest Quality Products.*
  - We believe that high safety standards are critical and a precursor to improved plant performance. With that in mind, we have implemented and are currently managing enhanced safety programs at our facilities that focus on improving our safety culture, which will reduce risks and improve our safety performance.

- We have several initiatives underway that we believe will improve the overall reliability of our plants and allow us to produce more products for sale while lowering our cost of production. Those initiatives are focused on operations excellence through enhancements in the operating procedure program, asset health monitoring optimization and asset care excellence maintenance programs, and product quality programs focused on providing products to the customer that meet the highest quality standards.

- *Continue Broadening the Distribution of our Products.* To further leverage our plants current production capacity, we are continuing to expand the distribution of our industrial and mining products by partnering with customers to take product into different markets both within and outside the U.S.

    - In October 2020, we announced a new long-term nitric acid supply contract with a customer. Under the agreement, we agreed to supply between 70,000 to 100,000 tons of nitric acid per year, with sales beginning in January 2021. This contract advances our focus to leverage underutilized nitric acid production capacity at our El Dorado Facility.

    - We also executed a new contract to capture and sell carbon dioxide out of our El Dorado Facility, where our customer is building a guest plant. We expect to begin sales under this agreement in the fourth quarter of 2021.

    - Additionally, early in the second quarter of 2020, we completed a key storage project that is allowing us to further maximize our production of fertilizer grade ammonium nitrate (“HDAN”) at our El Dorado Facility, which has, and we expect will continue to enable us to achieve higher production, a lower cost per ton and increased sales of that product during periods of more attractive pricing.

- *Development of a Strategy to Capitalize on Ammonia Opportunities in a Renewable Energy-Focused Economy*. As there is a heightened global focus on significantly increasing the use of renewable energy to reduce carbon emissions, we are currently developing a strategy to enter the market for low-carbon or no carbon ammonia, a rapidly emerging trend referred to as “blue-green ammonia.” Many studies have shown that ammonia is the best carrier for hydrogen, given higher energy content and relative ease of storage via hydrogen gas. Ammonia can also be used as zero carbon fuel in the maritime sector, a carbon free fertilizer and as a coal substitute in energy constrained countries. If ammonia were to be used for energy consumption globally, this would equate to five times the amount of current global annual production of ammonia, or approximately 50 times the current seaborne trade. We believe we are well-placed to partake in this opportunity given our ability to retrofit our existing plants rather than investing in greenfield projects, thereby reducing the time to market and the upfront capital expenditures, which will help the overall economics.

We may not successfully implement any or all of these initiatives. Even if we successfully implement the initiatives, they may not achieve the results that we expect or desire.

Focus Over the Next 12 Months

- Seek new projects to drive further improvement in the reliability of our plants and our operating performance and expand production, storage, and logistic capabilities.

- Progress on “blue-green ammonia strategy.”

- Evaluate Acquisitions of Strategic Assets or Companies: Mergers with other companies and investment in additional production capacity where we believe those acquisitions, mergers or expansion of production capacity will enhance the value of the Company and provide appropriate returns.

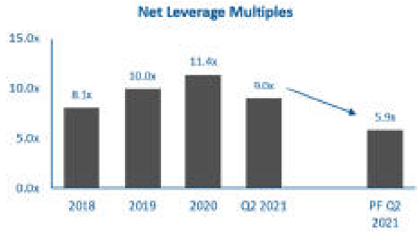
- Deliver improved financial results through our ongoing operating initiatives and other projects that will continue to bolster the Company’s credit metrics and achieve target leverage of less than 4.0 to 1.0.

Recent Developments

The Exchange Transactions

On July 19, 2021, we entered into a securities exchange agreement (the “Exchange Agreement”) with LSB Funding LLC (the “Holder”), an unrelated third party and an affiliate of Eldridge Industries, LLC, pursuant to which the Holder agreed to exchange all of the shares of our Series E-1 and Series F-1 Redeemable Preferred Stock (“Series E-1 Preferred” and “Series F-1 Preferred”, respectively) held by the Holder (approximately $310 million) for shares of our common stock based on an exchange price of $6.16, which is equal to the 30-day volume weighted average price of our shares as of July 16, 2021, subject to, among other things, the receipt of stockholder approval from our stockholders, other than Eldridge and its affiliates.

The following tables show our total debt and preferred stock balance and net leverage multiples over the periods presented:



Total debt is calculated as long-term debt, including current portion and excluding OID and debt issuance costs. Preferred Stock balance represents liquidation preference and includes approximately $2.0 million as of June 30, 2021 of participation rights value based on the 30-day volume weighted average price of $6.16 as of July 16, 2021, and excludes the Company's Series B 12% Cumulative Convertible Preferred Stock and Series D 6% Cumulative Convertible Preferred Stock of $3.0mm.

Net Leverage is defined as Total Debt plus Preferred Stock net of Cash divided by Adjusted EBITDA on a trailing twelve month basis.

At a special meeting of the stockholders of the Company held on September 22, 2021, the stockholders of the Company approved certain proposals necessary to effectuate the exchange with the Holder and related transactions (as described below). We expect to consummate the exchange on September 27, 2021, and issue 49,066,005 shares of our common stock to the Holder. In addition, in connection with the foregoing exchange, our existing common stockholders, and holders of the Series B 12% Cumulative Convertible Preferred Stock and the Series D 6% Cumulative Convertible Preferred Stock, in each case, on an as converted basis, became entitled to receive a special dividend of 0.30 shares of our common stock for every 1 share of common stock owned (or owned on an as converted basis, as applicable), with any shares of common stock payable to the Holder or its affiliates on account of the above-mentioned dividend reducing, on a share for share basis, the consideration payable to the Holder on account of the exchange. The dividend is expected to be paid on October 8, 2021.

The Refinancing Transactions

Concurrently with the pricing of this offering, we expect to deliver a conditional notice of optional redemption through Wilmington Trust, National Association, as trustee under the indenture (the "Existing Notes Indenture") governing our 9.625% Senior Secured Notes due 2023 (the "Existing Notes"), to the holders of the Existing Notes of our election to redeem all of the Existing Notes, conditional on the consummation of this offering, and to effect a satisfaction and discharge of the Existing Notes Indenture concurrently with the consummation of this offering. The Existing Notes are currently redeemable at a price equal to 103.609% of the principal amount thereof, together with accrued and unpaid interest to but excluding the redemption date, or an aggregate of $471.3 million. While the Existing Notes will remain outstanding during the 30-day notice period following the delivery of the notice of redemption, the Existing Notes Indenture will be satisfied and discharged, and the guarantees of the Existing Notes and liens securing the Existing Notes will be released, following delivery of such notice and the deposit of necessary funds, which we currently expect to effect concurrently with the consummation of this offering. We intend to fund the redemption with the net proceeds from this offering.