

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): April 1, 2010

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.)

16 South Pennsylvania Avenue, Oklahoma City, Oklahoma

73107

(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))

Section 8 – Other Events

Item 8.01. Other Events

On April 1, 2010, LSB Industries, Inc. (the "Company") completed the realignment of certain of its direct and indirect wholly-owned entities. The realignment is intended to, among other things, (a) align the ownership of the subsidiaries of the Company by business group, (b) simplify the Company's corporate structure, (c) improve the effective management of the Company's lines of business, (d) facilitate the reporting responsibilities of the Company and its businesses, and (e) optimize the corporate structure of the Company and its subsidiaries for tax purposes. The Company's significant subsidiaries immediately following this realignment are as set forth in Exhibit 99.1 to this report, which is incorporated herein.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Exhibit Description

- | | |
|------|--|
| 99.1 | Revised list of all significant Subsidiaries of the Company, including the state of incorporation or organization of each and the names under which such subsidiaries do business. |
| 99.2 | Realignment Agreement, dated March 18, 2010, between LSB Industries, Inc., Consolidated Industries Corp., Prime Financial Corporation, Northwest Capital Corporation, ThermaClime, Inc., LSB Holdings, Inc., Summit Machine Tool Inc. Corp., Summit Machine Tool Manufacturing Corp., Summit Machinery Company, Hercules Energy Mfg. Corporation, LSB Chemical Corp., El Dorado Chemical Company, Chemex I Corp., DSN Corporation, The Climate Control Group, Inc., and Chemex II Corp. Certain exhibits listed in this document have been omitted. A copy of such exhibits will be provided to the Securities and Exchange Commission upon request. |
| 99.3 | Consent, Joinder and Second Amendment, dated as of April 1, 2010, by and among LSB Industries, Inc., ThermaClime, Inc., each of the Subsidiaries of ThermaClime identified on the signature pages thereof, the lenders identified on the signature pages thereof, Wells Fargo Capital finance, Inc., as the arranger and administrative agent, and Consolidated Industries Corp. |



99.4 Amendment and Waiver to the Term Loan, dated April 1, 2010, by and among ThermaClime, Inc., Cherokee Nitrogen Holdings, Inc., Northwest Financial Corporation, Chemex I Corp., Chemex II Corp., Cherokee Nitrogen Company, ClimaCool Corp., ClimateCraft, Inc., Climate Master, Inc., DSN Corporation, El Dorado Chemical Company, International Environmental Corporation, Koax Corp., LSB Chemical Corp., The Climate Control Group, Inc., Trison Construction, Inc., ThermaClime Technologies, Inc., XpediAir, Inc., LSB Industries, Inc., each lender party thereto, Banc of America Leasing & Capital, LLC, as Administrative Agent and as Collateral Agent, Bank of Utah, as Payment Agent, and Consolidated Industries Corp.

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: April 7, 2010

LSB INDUSTRIES, INC.

By: /s/Tony M. Shelby
Tony M. Shelby,
Executive Vice President and
Chief Financial Officer

LSB INDUSTRIES, INC.
SUBSIDIARY LISTING
Revised April 1, 2010

LSB INDUSTRIES, INC. (Direct subsidiaries in bold italics)

Consolidated Industries Corp.

Summit Machine Tool Manufacturing L.L.C. (f/k/a Summit Machine Tool Manufacturing Corp.)
LSB-Europa Limited
ClimateCraft Technologies, Inc.
Cherokee Nitrogen Holdings, Inc.
Pryor Chemical Company
Chemical Transport L.L.C.
ThermaClime, L.L.C. (f/k/a ThermaClime, Inc.)
 The Climate Control Group, Inc.
 XpediAir, Inc.
 International Environmental Corporation
 Climate Master, Inc.
 ClimateCraft, Inc.
 ThermaClime Technologies, Inc.
 CEPOLK Holdings, Inc.
 ClimaCool Corp.
 TRISON Construction, Inc.
 Koax Corp.
LSB Chemical Corp.
 Northwest Financial Corporation
 El Dorado Chemical Company
 Chemex I Corp.
 Cherokee Nitrogen Company
 El Dorado Nitric Company
 El Dorado Acid, L.L.C. (General Partner of El Dorado Nitrogen, L.P.)
 El Dorado Nitrogen, L.P. (1% ownership)
 El Dorado Acid II, L.L.C. (Limited Partner of El Dorado Nitrogen, L.P.)
 El Dorado Nitrogen, L.P. (99% ownership)

Prime Financial L.L.C. (f/k/a Prime Financial Corporation)

Prime Holdings Corporation

Note: All subsidiaries are Oklahoma corporations except for Climate Master, Inc., which is a Delaware corporation.

REALIGNMENT AGREEMENT
(LSB INDUSTRIES, INC.)

THIS REALIGNMENT AGREEMENT (the "Agreement") is executed this 18th day of March, 2010 by and among LSB INDUSTRIES, INC., a Delaware corporation ("LSB"), CONSOLIDATED INDUSTRIES CORP., an Oklahoma corporation ("CIC"), PRIME FINANCIAL CORPORATION, an Oklahoma corporation ("PFC"), NORTHWEST CAPITAL CORPORATION, an Oklahoma corporation ("NWC"), THERMACLIME, INC., an Oklahoma corporation ("TCI"), LSB HOLDINGS, INC., an Oklahoma corporation ("LSB Holdings"), SUMMIT MACHINE TOOL INC. CORP., an Oklahoma corporation ("SMTI"), SUMMIT MACHINE TOOL MANUFACTURING CORP., an Oklahoma corporation, ("SMTM"), SUMMIT MACHINERY COMPANY, an Oklahoma corporation ("SMC"), HERCULES ENERGY MFG. CORPORATION, an Oklahoma corporation ("HEC"), LSB CHEMICAL CORP., an Oklahoma corporation ("LSB Chemical"), EL DORADO CHEMICAL COMPANY, an Oklahoma corporation ("EDC"), CHEMEX I CORP., an Oklahoma corporation ("Chemex I"), DSN CORPORATION, an Oklahoma corporation ("DSN"), THE CLIMATE CONTROL GROUP, INC., an Oklahoma corporation ("TCCG") and CHEMEX II CORP., an Oklahoma corporation ("Chemex II"). CIC, PFC, NWC, TCI, LSB Holdings, SMTI, SMTM, SMC, HEC, LSB Chemical, EDC, TCCG, Chemex I, DSN and Chemex II are collectively, the "Subsidiaries". In consideration of the premises and mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Ownership and Background. LSB owns all of the issued and outstanding capital stock of PFC, LSB Holdings, SMTM and HEC and 95% of the capital stock of TCI and CIC, a newly formed subsidiary of LSB and PFC. PFC owns 5% of the issued and outstanding capital stock of TCI and CIC and all of the issued and outstanding capital stock of NWC. SMTM owns all of the issued and outstanding capital stock of SMC. LSB Holdings owns all of the issued and outstanding capital stock of SMTI. TCI owns all of the issued and outstanding capital stock of LSB Chemical and TCCG. LSB Chemical owns all of the issued and outstanding capital stock of DSN, EDC and Chemex II, and EDC owns all of the issued and outstanding capital stock of Chemex I. In accordance with the terms and conditions of this Agreement and following management's comprehensive review of the organizational structure of LSB and the Subsidiaries, LSB and the Subsidiaries desire to convert certain corporate Subsidiaries into limited liability companies, transfer ownership of various Subsidiaries to other direct or indirect subsidiaries of LSB, merge certain Subsidiaries into other direct or indirect subsidiaries of LSB, and form new direct or indirect subsidiaries of LSB to realign LSB's direct and indirect wholly-owned entities so that following such transactions, LSB's corporate structure, as currently reflected in Chart 1, will be substantially as reflected in Chart 2 attached hereto (collectively, the "Realignment"). The Realignment is intended to (a) align the ownership of the subsidiaries of LSB by business group, (b) simplify LSB's corporate structure, (c) improve the effective management of LSB's diverse lines of business, (d) facilitate the corporate governance and reporting responsibilities of LSB and its businesses, and (e) optimize the corporate structure of LSB and its subsidiaries for tax purposes.

2. Realignment. The Realignment and the transactions described below will be effective as of April 1, 2010, and will be conducted through a series of transactions, in the order and as described below. The terms of such transactions are set forth in the documents and agreements attached as exhibits to this Agreement, which are hereby incorporated into this Agreement by reference.

- a. LSB and PFC shall transfer to CIC all of LSB's and PFC's right, title and interest in the shares of capital stock of TCI in exchange for 9,000 shares of common stock of CIC. The transfers of TCI stock shall be evidenced by the Stock Assignments and Powers of Attorney to be executed by LSB and PFC in the forms attached hereto as Exhibits "A-1" and "A-2". After such transfers, LSB will continue to own 95% of the capital stock of CIC, and PFC will continue to own 5% of the stock in CIC.
- b. TCI shall convert from an Oklahoma corporation to an Oklahoma limited liability company ("LLC") to be known as ThermaClime, L.L.C. ("TCL"), with such conversion effective pursuant to the filing of the Articles of Conversion with the Oklahoma Secretary of State in substantially in the form of Exhibit "B". Pursuant to the conversion, the issued and outstanding capital stock of TCI held by CIC, representing all of the capital stock of TCI, shall be converted into membership interests of TCL so that 100% of the membership interests of TCL shall continue to be owned by CIC.
- c. PFC shall convert from an Oklahoma corporation to an Oklahoma LLC to be known as Prime Financial L.L.C. ("PFL"), with such conversion effective pursuant to the filing of the Articles of Conversion with the Oklahoma Secretary of State in substantially the form of Exhibit "C". Pursuant to the conversion, the issued and outstanding capital stock of PFC held by LSB, representing all of the capital stock of PFC, shall be converted into membership interests of PFL so that 100% of the membership interests of PFL shall continue to be owned by LSB.
- d. LSB shall cause PFL to distribute to LSB all of PFL's right, title and interest in the shares of capital stock of CIC, as evidenced by the Stock Assignment and Power of Attorney to be executed by PFL in substantially the form attached hereto as Exhibit "D".
- e. LSB shall contribute to CIC all of LSB's right, title and interest in the shares of capital stock of Climate Craft Technologies, Inc., an Oklahoma corporation, HEC, SMTM and LSB Holdings, as evidenced by the Stock Assignments and Powers of Attorney to be executed by LSB in substantially the forms attached hereto as Exhibits "E-1", "E-2", "E-3", "E-4" and "E-5".
- f. LSB shall cause PFL to merge with NWC, with PFL as the survivor of such merger, with such merger effective pursuant to the filing of the Articles of Merger with the Oklahoma Secretary of State in substantially the form of Exhibit "F".
- g. CIC shall form Chemical Transport L.L.C., an Oklahoma limited liability company ("CTL"), with CIC owning 100% of the initial outstanding membership interests in CTL,

with such formation effective pursuant to the filing of the Articles of Organization with the Oklahoma Secretary of State in substantially the form of Exhibit "G".

- h. LSB shall cause PFL to transfer to CTL certain railcars indentified on Exhibit "H" attached hereto and the real estate located at 244 Dison Road, El Dorado, Arkansas owned by PFL. This transfer shall be completed by the distribution of such assets by PFL to LSB followed by a capital contribution of such assets by LSB to CIC, and CIC shall thereafter make a capital contribution of such assets to CTL.
- i. SMC shall merge with and into SMTM, with SMTM as the survivor of such merger, with such merger effective pursuant to the filing of the Certificate of Merger with the Oklahoma Secretary of State in substantially the form of Exhibit "I".
- j. SMTM shall convert from an Oklahoma corporation to an Oklahoma limited liability company, to be known as Summit Machine Tool Manufacturing L.L.C. ("SMTL"), with such conversion effective pursuant to the filing of the Articles of Conversion with the Oklahoma Secretary of State in substantially the form of Exhibit "J". Pursuant to the conversion, the issued and outstanding capital stock of SMTM held by CIC, representing all of the issued and outstanding capital stock of SMTM, shall be converted into membership interests of SMTL so that 100% of the membership interests of SMTL shall continue to be owned by CIC.
- k. LSB shall cause SMTL to distribute to CIC all of SMTL's right, title and interest in the shares of capital stock of Pryor Chemical Company, an Oklahoma corporation, as evidenced by the Stock Assignment and Power of Attorney to be executed by SMTL in substantially the form attached hereto as Exhibit "K".
- l. SMTI shall merge with and into LSB Holdings, with LSB Holdings as the survivor of such merger, with such merger effective pursuant to the filing of the Certificate of Merger with the Oklahoma Secretary of State in substantially the form of Exhibit "L".
- m. LSB Holdings shall merge with and into CIC, with CIC as the survivor of such merger, with such merger effective pursuant to the filing of the Certificate of Merger with the Oklahoma Secretary of State in substantially the form of Exhibit "M".
- n. CIC shall cause TCL to contribute to LSB Chemical all of TCL's right, title and interest in the shares of capital stock of Cherokee Nitrogen Company, an Oklahoma corporation and Northwest Financial Corporation, an Oklahoma corporation, as evidenced by the Stock Assignments and Powers of Attorney to be executed by TCL in substantially the forms attached hereto as Exhibits "N-1" and "N-2".
- o. DSN shall merge with and into EDC, with EDC as the survivor of such merger, with such merger effective pursuant to the filing of the Certificate of Merger with the Oklahoma Secretary of State in substantially the form of Exhibit "O".

- p. LSB Chemical shall contribute to EDC all of LSB Chemical's right, title and interest in the shares of capital stock of Chemex II, as evidenced by the Stock Assignment and Power of Attorney to be executed by LSB Chemical in substantially the form attached hereto as Exhibit "P-1". EDC shall then contribute to Chemex I all of EDC's right, title and interest in the shares of capital stock of Chemex II, thereby making Chemex II a direct subsidiary of Chemex I, as evidenced by the Stock Assignment and Power of Attorney to be executed by EDC in substantially the form attached hereto as Exhibit "P-2".
- q. Chemex II shall merge with and into Chemex I, with Chemex I as the survivor of such merger, with such merger effective pursuant to the filing of the Certificate of Merger with the Oklahoma Secretary of State in substantially the form of Exhibit "Q".
- r. CIC shall cause TCL to contribute to TCCG all of TCL's right, title and interest in the shares of capital stock of Trison Construction, Inc., an Oklahoma corporation, ClimaCool Corp., an Oklahoma corporation, CEPOLK Holdings, Inc., an Oklahoma corporation, XpediAir, Inc., an Oklahoma corporation, ClimateCraft, Inc., an Oklahoma corporation, Koax Corp., an Oklahoma corporation, International Environmental Corporation, an Oklahoma corporation, Climate Master, Inc., a Delaware corporation, ThermaClime Technologies, Inc., an Oklahoma corporation, as evidenced by the Stock Assignments and Powers of Attorney to be executed by TCL in substantially the forms attached hereto as Exhibits "R-1", "R-2", "R-3", "R-4", "R-5", "R-6", "R-7", "R-8", "R-9" and "R-10".
- s. HEC shall merge with and into CIC, with CIC as the survivor of such merger, with such merger effective pursuant to the filing of the Certificate of Merger with the Oklahoma Secretary of State in substantially the form of Exhibit "S".

Notwithstanding the prior execution and delivery of the foregoing documents, each such document will be effective only upon the receipt of all necessary approvals, waivers or consents of any lender or governmental authority. The foregoing documents will be subject to such modifications, amendments and changes as agreed by LSB, each party to such amendment, modification, or change, and each party to this Agreement that is materially adversely affected by such amendment, modification, or change, if any.

3. Further Assurances. LSB and each of the Subsidiaries agree to execute and deliver and to cause the execution, delivery and as applicable, filing with appropriate governmental authorities, of such additional assignments, certificates, agreements and other instruments as are necessary and appropriate to effect the transactions contemplated by the Realignment.

4. Compliance With Code. Each of the transactions described in this Agreement is intended to be a tax free reorganization, contribution, or other exchange pursuant to the applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and shall be interpreted in accordance with such provisions of the Code. LSB and each Subsidiary agrees to execute and deliver any and all documents or statements complying with the requirements of the

Code regarding the tax-free exchanges and transfers intended by the transactions contemplated by the Realignment.

5. Binding Effect. This Agreement will inure to the benefit of and be binding upon the respective heirs, legal representatives, successors, and assigns of the parties hereto.
6. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the state of Oklahoma.
7. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

LSB INDUSTRIES, INC., a Delaware corporation

By: /s/ Jack E. Golsen
Name: Jack E. Golsen
Title: Chairman

CONSOLIDATED INDUSTRIES CORP.,
an Oklahoma corporation

By: /s/ Jack E. Golsen
Name: Jack E. Golsen
Title: Chairman

PRIME FINANCIAL CORPORATION,
an Oklahoma corporation

By: /s/ Jack E. Golsen
Name: Jack E. Golsen
Title: Chairman

NORTHWEST CAPITAL CORPORATION,
an Oklahoma corporation

By: /s/ Jack E. Golsen

Name: Jack E. Golsen
Title: Chairman

THERMACLIME, INC.,
an Oklahoma corporation

By: /s/ Jack E. Golsen

Name: Jack E. Golsen
Title: Chairman

LSB HOLDINGS, INC.,
an Oklahoma corporation

By: /s/ Jack E. Golsen

Name: Jack E. Golsen
Title: Chairman

SUMMIT MACHINE TOOL INC. CORP.,
an Oklahoma corporation

By: /s/ Jack E. Golsen

Name: Jack E. Golsen
Title: Chairman

SUMMIT MACHINE TOOL MANUFACTURING CORP.,
an Oklahoma corporation

By: /s/ Jack E. Golsen

Name: Jack E. Golsen
Title: Chairman

SUMMIT MACHINERY COMPANY,
an Oklahoma corporation

By: /s/ Jack E. Golsen
Name: Jack E. Golsen
Title: Chairman

HERCULES ENERGY MFG. CORPORATION,
an Oklahoma corporation

By: /s/ Jack E. Golsen

Name: Jack E. Golsen
Title: Chairman

LSB CHEMICAL CORP.,
an Oklahoma corporation

By: /s/ Jack E. Golsen

Name: Jack E. Golsen
Title: Chairman

EL DORADO CHEMICAL COMPANY,
an Oklahoma corporation

Name: Jack E. Golsen
Title: Chairman

By: /s/ Jack E. Golsen

CHEMEX I CORP., an Oklahoma corporation

Name: Jack E. Golsen
Title: Chairman

By: /s/ Jack E. Golsen

DSN CORPORATION, an Oklahoma corporation

Name: Jack E. Golsen
Title: Chairman

By: /s/ Jack E. Golsen

THE CLIMATE CONTROL GROUP, INC.,
an Oklahoma corporation

Name: Jack E. Golsen
Title: Chairman

By: /s/ Jack E. Golsen

By: /s/ Jack E. Golsen

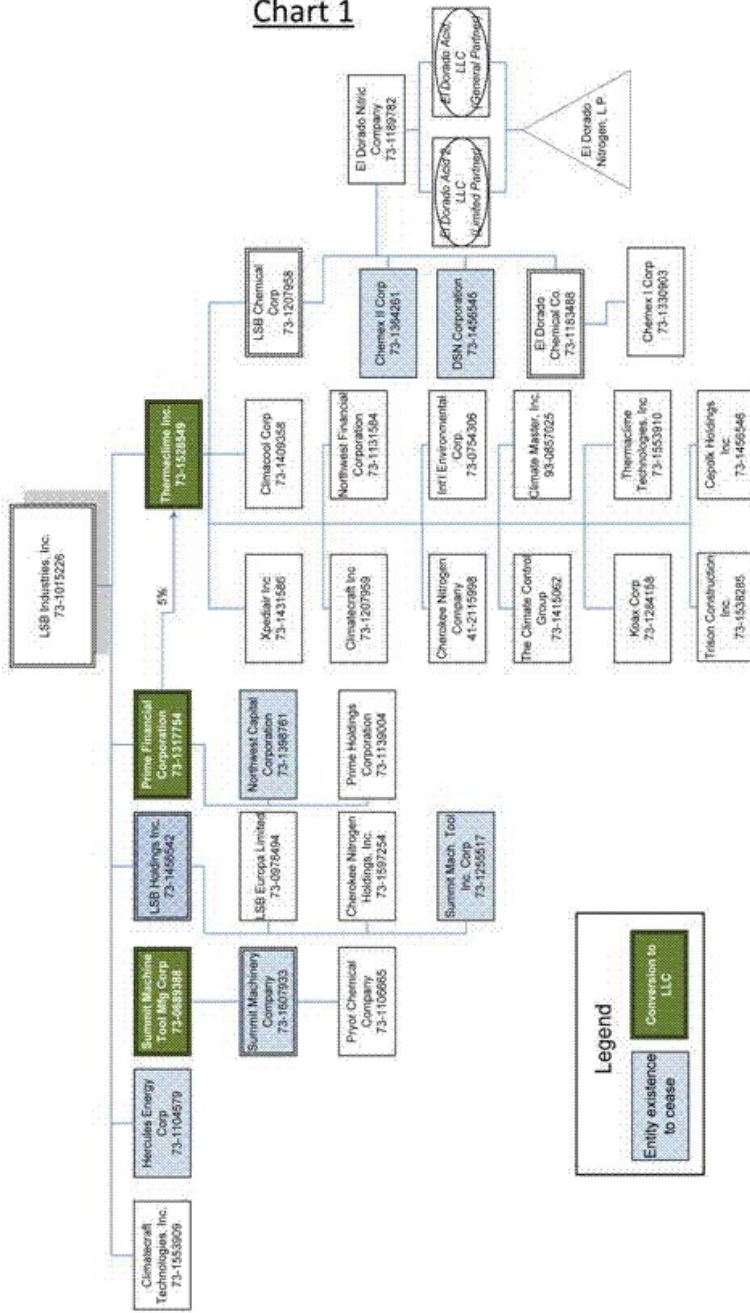
Name: Jack E. Golsen

Title: Chairman

LSB Current Structure

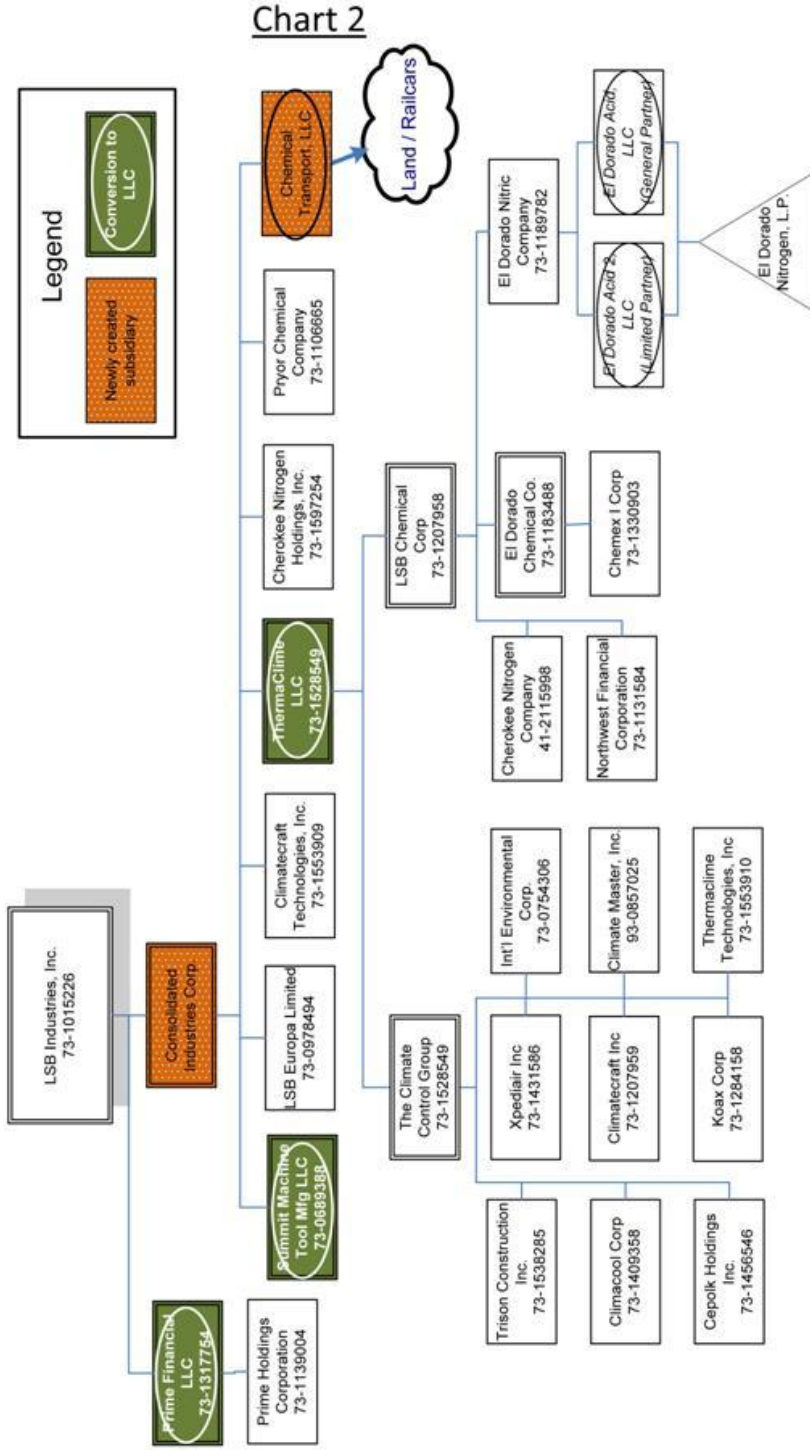
March 18, 2010

Chart 1



LSB Post-Realignment Structure

(pursuant to proposed Realignment Agreement)



CONSENT, JOINDER AND SECOND AMENDMENT

TO THE AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

CONSENT, JOINDER AND SECOND AMENDMENT, dated as of April 1, 2010 (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"), THERMACLIME, INC., an Oklahoma corporation formerly known as ClimaChem, Inc. ("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"), (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") and (iv) Consolidated Industries Corp., an Oklahoma corporation ("Consolidated Industries").

WHEREAS, the Parent and the Borrowers desire to realign their corporate structure for various business and tax purposes (the "Realignment"), as fully described in the documents attached hereto as Exhibit A (the "Realignment Steps");

WHEREAS, upon completion of the realignment described in the Realignment Steps, Consolidated Industries will be either the direct or indirect parent of each Borrower;

WHEREAS, Consolidated Industries intends to and, upon the effectiveness of this Amendment, will become a Guarantor and a Loan Party under the Loan Agreement;

WHEREAS, such realignment requires various amendments to the Loan Agreement and consents or waivers by the Lenders;

WHEREAS, the Borrowers, Consolidated Industries, the Parent, the Guarantors, the Lenders, and the Agent desire to enter into this Amendment so as to amend the Loan Agreement and other Loan Documents; and

WHEREAS, the Lenders are willing to grant such limited consents and waivers set forth herein subject to the terms and conditions hereof.

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. ThermaClime. Effective upon the conversion of ThermaClime to a limited liability company, the definition of "ThermaClime" in the introductory paragraph of the Loan Agreement and of each other Loan Document wherein it appears is hereby amended and restated in its entirety to read as follows:

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

""Consolidated Industries" means Consolidated Industries Corp., an Oklahoma corporation."

""Second Amendment" means that certain Consent, Joinder and Second Amendment to the Amended and Restated Loan and Security Agreement, dated as of April 1, 2010, among the Parent, Consolidated Holdings, the Borrowers, the Lenders and the Agent."

""Second Amendment Effective Date" means the date that all of the conditions set forth in Section 18 of the Second Amendment shall be satisfied (or waived by the Agent in its sole discretion)."

4. Amended Definitions. The following definitions in Section 1.1 of the Loan Agreement are hereby amended and restated in their entirety to read as follows:

""Guaranties" means, collectively, (i) the guaranties made by Parent and Consolidated Industries contained in Section 18 hereof and (ii) those certain general continuing guaranties executed and delivered by Guarantors (other than Parent and Consolidated Industries) in favor of Agent, for the benefit of the Lender Group, in form and substance satisfactory to Agent."

""Guarantors" means (i) the Parent, (ii) Consolidated Industries, (iii) each of ThermaClime's Subsidiaries extant as of the Closing Date (other than EDN, DSN, and their respective Subsidiaries) that are not Borrowers, and (iv) Cherokee."

5. Section 6.3(g). Section 6.3(g) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(g) as soon as available, but no later than Wednesday of each week, a report listing (i) all cash distributions and advances made by EDN to any Borrower and Guarantor (other than Parent, Consolidated Industries and Cherokee) during the preceding week and (ii) all cash distributions and advances made by any Borrower and Guarantor (other than Parent, Consolidated Industries and Cherokee) to EDN during the preceding week, and"

6. Section 7.1(h). Section 7.1(h) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(h) Indebtedness owing by any Borrower to any Subsidiary of Parent that is not also a Subsidiary of ThermaClime, provided that the aggregate principal amount of such Indebtedness shall not exceed \$500,000 at any time, except as set forth in Section 7.1(f);"

7. Section 7.11(a). Section 7.11(a) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(a) ThermaClime may make distributions and pay dividends to Consolidated Industries or to Parent, in repayment of the costs and expenses incurred by Parent that are directly allocable to the Borrowers for Parent's provision of the Services (as defined in the Services Agreement) on behalf of the Borrowers pursuant to the Services Agreement;"

8. Section 7.11(b). Section 7.11(b) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(b) each Borrower may make distributions and pay dividends to any Guarantor (other than Parent, Consolidated Industries and Cherokee), and each Guarantor may make distributions and pay dividends to any Borrower or Guarantor (other than Parent, Consolidated Industries and Cherokee);"

9. Section 7.11(c). Section 7.11(c) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(c) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, (i) ThermaClime may make distributions and pay dividends to Consolidated Industries or to Parent, in respect of the management fees payable by ThermaClime to Parent in accordance with the Management Agreement, provided that the aggregate amount of all such payments made by Borrowers pursuant to this clause (c)(i) shall not exceed \$2,500,000 during any fiscal year of ThermaClime or the maximum management fees payable to Parent each calendar quarter under the Management Agreement, and (ii) ThermaClime may make distributions and pay dividends to Consolidated Industries or to Parent, in an aggregate amount not to exceed, during each fiscal year, the sum of (A) 50% of the actual consolidated net income of the Borrowers for such fiscal year determined in accordance with GAAP, plus (B) the amounts paid to Parent and Consolidated Industries during such fiscal year in accordance with Section 7.11(d);"

10. Section 7.11(d). Section 7.11(d) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(d) so long as Agent has not exercised any of its rights or remedies following an Event of Default, ThermaClime may make distributions and pay dividends to Consolidated Industries or to Parent, in an aggregate amount not to exceed, during each fiscal year, the consolidated income tax liability of the Borrowers for such fiscal year calculated as if each of the Borrowers was a separate consolidated taxpayer;"

11. Section 7.11(e). Section 7.11(e) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(e) each Borrower may make distributions and pay dividends to any Subsidiary of Consolidated Industries that is not also a Subsidiary of ThermaClime, provided that the aggregate amount of such distributions and dividends shall not exceed \$100,000 during each fiscal year; and "

12. Section 8.7. Section 8.7 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"8.7

If a notice of Lien (other than (a) a Permitted Lien, (b) Liens on any property or assets of the Parent or Consolidated Industries and (c) Liens on any property or assets of Cherokee that are subordinate to the Agent's Liens), levy or assessment securing or otherwise with respect to Indebtedness or an obligation for the payment of money in an aggregate amount in excess of \$100,000 is filed of record with respect to any Borrower's, any Guarantor's or any of its Subsidiaries' assets by the United States, or any department, agency, or instrumentality thereof, or by any state, county, municipal, or governmental agency, or if any taxes or debts owing at any time hereafter to any one or more of such entities becomes a Lien (other than (a) a Permitted Lien, (b) Liens on any property or assets of the Parent or Consolidated Industries and (c) Liens on any property or assets of Cherokee that are subordinate to the Agent's Liens), whether choate or otherwise, upon any Borrower's, any Guarantor's or any of its Subsidiaries' assets and the same is not paid on the payment date thereof;"

13. Section 8.8. Section 8.8 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"8.8

If a judgment or other claim for an amount in excess of \$100,000 becomes a Lien (other than (a) Liens on any property or assets of the Parent or Consolidated Industries and (b) Liens on any property or assets of Cherokee that are subordinate to the Agent's Liens) or encumbrance upon any material portion of any Borrower's, any Guarantor's or any of its Subsidiaries' properties or assets;"

14. Section 8.9. Section 8.9 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"8.9

If there is a default in any material agreement to which any Borrower, any Guarantor (other than the Parent, Consolidated Industries and Cherokee) or any of its Subsidiaries is a party and such default (a)(i) occurs at the final maturity of the obligations thereunder, or (ii) results in a right by the other party thereto, irrespective of whether exercised, to accelerate the maturity of the applicable Borrower's, Guarantor's or its Subsidiaries' obligations thereunder, to terminate such agreement, or to refuse to renew such agreement pursuant to an automatic renewal right therein, and (b) involves Indebtedness or an obligation for the payment of money in an aggregate amount in excess of \$100,000;"

15. Section 8.10. Section 8.10 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"8.10 If any Borrower, any Guarantor (other than the Parent, Consolidated Industries and Cherokee) or any of its Subsidiaries makes any payment on account of Indebtedness that has been contractually subordinated in right of payment to the payment of the Obligations, except to the extent such payment is permitted by the terms of the subordination provisions applicable to such Indebtedness;"

16. Guaranty. Section 18 of the Loan Agreement is hereby amended and restated in its entirety to read as set forth in Schedule 2 to this Amendment.

17. Consent to Realignment.

(a) As of the Second Amendment Effective Date, the Lenders and the Agent hereby consent to the Realignment, provided that (i) the Realignment is consummated in accordance with the steps set forth in the Realignment Steps, without any material deviation therefrom, and (ii) within 5 Business Days after the consummation of the Realignment, the Borrowers shall have delivered to the Agent the documents set forth in Schedule 1 hereto, each in form and substance acceptable to the Agent.

(b) The consents and waivers in this Section 17 shall be effective only in the specific instances and for the specific purposes set forth herein and do 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.

18. 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 "Second 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 Second 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 Second 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 Second 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 Second Amendment Effective Date the following, each in form and substance satisfactory to the Agent and, unless indicated otherwise, dated the Second Amendment Effective Date:

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

(ii) such other agreements, instruments, approvals, opinions and other documents as the Agent may reasonably request from the Borrowers.

(c) Agent shall have received, for the benefit of the Lenders, an amendment fee in the amount of \$10,000 in immediately available funds, which shall be fully earned when payable and nonrefundable.

19. 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 Second Amendment Effective Date are correct in all material respects on and as of the Second 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 Second 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.

20. Joinder of Consolidated Industries. By its execution of this Agreement, Consolidated Industries hereby (i) confirms that, as of the Second Amendment Effective Date, each representation and warranty made by it and contained in this Amendment or in the Loan Agreement is true and correct in all material respects as they relate to Consolidated Industries as of the effective date of this Amendment, (ii) agrees that from and after the Second Amendment Effective Date it shall be a "Guarantor" within the meaning of, and subject to, the Loan Agreement and each other Loan Document as if it were a signatory thereto and shall be bound by

all of the provisions thereof and (iii) agrees that it shall comply with and be subject to all the terms, conditions, covenants, agreements and obligations set forth therein. Consolidated Industries hereby agrees that each reference to a "Guarantor" or "Guarantors" in the Loan Agreement or any other Loan Document shall include Consolidated Industries, except as provided therein. Consolidated Industries acknowledges that it has received a copy of the Loan Agreement and the other Loan Documents and that it has read and understands the terms thereof.

21. Reaffirmation, Confirmation, and Acknowledgement. Except as expressly amended by this Amendment, each of the Parent, Consolidated Industries, and each Borrower hereby expressly confirms and agrees that the remaining terms, conditions, and provisions of the Loan Agreement and the other Loan Documents shall be and remain in full force and effect. Each of the Parent, Consolidated Industries, and each Borrower hereby reaffirms and confirms its respective obligations under the Loan Agreement and the other Loan Documents as amended by this Amendment. Each of the Parent and Consolidated Industries hereby expressly confirms and agrees that the Guaranty made by it under Section 18 of the Loan Agreement as amended by this Amendment is, and shall continue to be, in full force and effect, and is hereby ratified and confirmed in all respects. The execution, delivery, and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any power, remedy, or right of the Agent or any Lender, or constitute a waiver of any provision of, or any past or future noncompliance with, any of the Loan Documents or any other documents, instruments, and agreements executed or delivered in connection therewith, and shall not operate as a consent to any further or other matter under the Loan Documents. Each of the Parent, Consolidated Industries, and each Borrower expressly agrees and understands that by entering into and performing its obligations hereunder, this Amendment, including the amendment made to Section 18 of the Loan Agreement, shall not constitute a novation, and shall in no way adversely affect or impair the priority of Liens of the Agent on the Collateral or Parent's obligations under Section 18.

22. 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 Second 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) 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.

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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.,
an Delaware corporation

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

Consolidated Industries:

CONSOLIDATED INDUSTRIES CORP.,
an Oklahoma corporation

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

Borrowers:

THERMACLIME, INC.,
an Oklahoma corporation

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

CHEROKEE NITROGEN COMPANY,
an Oklahoma corporation

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

CLIMATE MASTER, INC.,
a Delaware corporation

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

CLIMATECRAFT, INC.,
an Oklahoma corporation

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

CLIMACOOOL, CORP.,
an Oklahoma corporation

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

INTERNATIONAL ENVIRONMENTAL CORPORATION, an Oklahoma corporation

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

THERMACLIME TECHNOLOGIES, INC.,
an Oklahoma corporation

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

KOAX CORP., an Oklahoma corporation

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

LSB CHEMICAL CORP.,
an Oklahoma corporation

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

XPEDIAIR, INC., an Oklahoma corporation.

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

EL DORADO CHEMICAL COMPANY,
an Oklahoma corporation

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

CHEMEX I CORP., an Oklahoma corporation

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

TRISON CONSTRUCTION, INC.,
an Oklahoma corporation

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

CHEMEX II CORP.,
an Oklahoma corporation

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

Agent and Lender:

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

By: /s/ Matt Mouldous
Name: Matt Mouldous
Title: Vice President

EXHIBIT A

Realignment Steps

SCHEDULE 1

Required Documents

1. Certificates of conversion of ThermaClima to a limited liability company.
 2. Affirmation of ThermaClima, L.L.C.
-

18. GUARANTY

18.1 Guaranty; Limitation of Liability. Each of the Parent and Consolidated Industries hereby, unconditionally and irrevocably, guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all Obligations of the Borrowers now or hereafter existing under any Loan Document, whether for principal, interest (including, without limitation, all interest that accrues after the commencement of any case, proceeding or other action relating to bankruptcy, insolvency or reorganization of any Borrower), fees, expenses or otherwise (such obligations, to the extent not paid by the Borrowers, being the "Guaranteed Obligations"), and agrees to pay any and all expenses (including reasonable counsel fees and expenses) incurred by the Agents and the Lenders in enforcing any rights under the guaranty set forth in this Section 18. Without limiting the generality of the foregoing, the Parent's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by the Borrowers to the Agents and the Lenders under any Loan Document but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving any Borrower.

18.2 Guaranty Absolute. Each of the Parent and Consolidated Industries guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Loan Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agents or the Lenders with respect thereto. The obligations of the Parent and Consolidated Industries under this Section 18 are independent of the Guaranteed Obligations, and a separate action or actions may be brought and prosecuted against Parent and Consolidated Industries to enforce such obligations, irrespective of whether any action is brought against the Borrowers or whether the Borrowers are joined in any such action or actions. The liability of the Parent and Consolidated Industries under this Section 18 shall be irrevocable, absolute and unconditional irrespective of, and each of Parent and Consolidated Industries hereby irrevocably waives any defenses it may now or hereafter have in any way relating to, any or all of the following:

- (a) any lack of validity or enforceability of any Loan Document or any agreement or instrument relating thereto;
 - (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from any Loan Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to the Borrowers or otherwise;
 - (c) any taking, exchange, release or non-perfection of any Collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;
-

(d) any change, restructuring or termination of the corporate, limited liability company or partnership structure or existence of any Borrower; or

(e) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Agents or the Lenders that might otherwise constitute a defense available to, or a discharge of, Parent, Consolidated Industries, any Borrower or any other guarantor or surety.

This Section 18 shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by a Lender or any other Person upon the insolvency, bankruptcy or reorganization of any Borrower or otherwise, all as though such payment had not been made.

18.3. Waiver. Each of Parent and Consolidated Industries hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Guaranteed Obligations and this Section 18 and any requirement that the Agents or the Lenders exhaust any right or take any action against the Borrowers or any other Person or any collateral. Each of Parent and Consolidated Industries acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated herein and that the waiver set forth in this Section 18.3 is knowingly made in contemplation of such benefits. Each of Parent and Consolidated Industries hereby waives any right to revoke this Section 18, and acknowledges that this Section 18 is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

18.4. Continuing Guaranty; Assignments. This Section 18 is a continuing guaranty and shall (a) remain in full force and effect until the later of (i) the cash payment in full of the Guaranteed Obligations (other than indemnification obligations as to which no claim has been made) and all other amounts payable under this Section 18 and (ii) the Maturity Date, (b) be binding upon Parent and Consolidated Industries, and their successors and assigns and (c) inure to the benefit of and be enforceable by the Agents and the Lenders and their successors, pledgees, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender may pledge, assign or otherwise transfer all or any portion of its rights and obligations under this Agreement (including, without limitation, all or any portion of its Commitments and the Advances owing to it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted such Lender herein or otherwise, in each case as provided in Section 14.1.

18.5. Subrogation. Neither Parent nor Consolidated Industries will exercise any rights that they may now or hereafter acquire against any Borrower or any other insider guarantor that arise from the existence, payment, performance or enforcement of Parent's or Consolidated Industries' obligations under this Section 18, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Agents and the Lenders against any Borrower or any other insider guarantor or any collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Borrower or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security solely on account of

such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this Section 18 shall have been paid in full in cash and the Maturity Date shall have occurred. If any amount shall be paid to Parent or Consolidated Industries in violation of the immediately preceding sentence at any time prior to the later of the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Section 18 and the Maturity Date, such amount shall be held in trust for the benefit of the Agents and the Lenders and shall forthwith be paid to the Agents and the Lenders to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Section 18, whether matured or unmatured, in accordance with the terms of this Agreement, or to be held as collateral for any Guaranteed Obligations or other amounts payable under this Section 18 thereafter arising. If (i) Parent or Consolidated Industries shall make payment to the Agents and the Lenders of all or any part of the Guaranteed Obligations, (ii) all of the Guaranteed Obligations and all other amounts payable under this Section 18 shall be paid in full in cash and (iii) the Maturity Date shall have occurred, the Agents and the Lenders will, at Parent's or Consolidated Industries' request and expense, execute and deliver to Parent or Consolidated Industries appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to Parent or Consolidated Industries of an interest in the Guaranteed Obligations resulting from such payment by Parent or Consolidated Industries.

AMENDMENT AND WAIVER TO THE TERM LOAN AGREEMENT

This AMENDMENT AND WAIVER TO THE TERM LOAN AGREEMENT (this "*Amendment*") is made as of April 1, 2010, by and among ThermaClime, Inc., an Oklahoma corporation ("*TCT*"), Cherokee Nitrogen Holdings, Inc., an Oklahoma corporation, Northwest Financial Corporation, an Oklahoma corporation ("*NFC*"), Chemex I Corp., an Oklahoma corporation, Chemex II Corp., an Oklahoma corporation, Cherokee Nitrogen Company, an Oklahoma corporation, ClimaCool Corp., an Oklahoma corporation, ClimateCraft, Inc., an Oklahoma corporation, Climate Master, Inc., a Delaware corporation, DSN Corporation, an Oklahoma corporation ("*DSN*"), El Dorado Chemical Company, an Oklahoma corporation ("*EDCC*"), International Environmental Corporation, an Oklahoma corporation, Koax Corp., an Oklahoma corporation, LSB Chemical Corp., an Oklahoma corporation, The Climate Control Group, Inc., an Oklahoma corporation, Trison Construction, Inc., an Oklahoma corporation, ThermaClime Technologies, Inc., an Oklahoma corporation, XpediAir, Inc., an Oklahoma corporation (each of the foregoing, a "*Borrower*", and, collectively, the "*Borrowers*"), LSB Industries, Inc., a Delaware Corporation (the "*Parent*"), each lender party hereto (collectively, the "*Lenders*"), Banc of America Leasing & Capital, LLC, not in its individual capacity, but solely as Administrative Agent and as Collateral Agent, Bank of Utah, not in its individual capacity but solely as Payment Agent, and Consolidated Industries Corp., an Oklahoma corporation ("*Consolidated Industries*").

RECITALS

WHEREAS, the Borrowers, Parent, Lenders, Administrative Agent, Collateral Agent, and Payment Agent have entered into that certain Term Loan Agreement, dated as of November 2, 2007, as amended (the "*Loan Agreement*");

WHEREAS, the Parent and the Borrowers desire to realign their corporate structure for various business and tax purposes, as fully described in that certain statement of facts attached hereto as Exhibit A (the "*Statement of Facts*");

WHEREAS, upon completion of the realignment described in the Statement of Facts, Consolidated Industries will be either the direct or indirect parent of each Borrower;

WHEREAS, Consolidated Industries intends to and, upon the effectiveness of this Amendment, will become a Guarantor and a Loan Party under the Loan Agreement;

WHEREAS, such realignment requires various amendments to the Loan Agreement and consents or waivers by the Lenders;

WHEREAS, the Borrowers, Consolidated Industries, the Parent, the Lenders, the Administrative Agent, the Collateral Agent, and the Payment Agent desire to enter into this Amendment so as to amend the Loan Agreement and other Loan Documents; and

WHEREAS, the Lenders are willing to grant such limited consents and waivers set forth herein subject to the terms and conditions hereof.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION 1.

- (a) Definitions. Capitalized terms used, but not otherwise defined herein, have the meanings given to them in the Loan Agreement.
- (b) General Interpretation. The general interpretive provisions of Section 1.02 of the Loan Agreement are hereby incorporated by reference into this Amendment.

SECTION 2. Amendments to the Loan Documents. As of the date hereof or, solely in the case of the subsection (a) below, the date on which TCI is converted into an Oklahoma limited liability company, the Loan Agreement is hereby amended as follows:

- (a) The definition of “ThermaClime” in the introductory paragraph of the Loan Agreement and of each other Loan Document wherein it appears is hereby amended and restated in its entirety to read as follows:

THERMACLIME, L.L.C., an Oklahoma limited liability company (“ThermaClime”).

- (b) The following definition is hereby added to Section 1.01 of the Loan Agreement in the correct alphabetical order:

“Consolidated Industries” means Consolidated Industries Corp., an Oklahoma corporation.

- (c) The definition of “Guarantor” in Section 1.01 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“Guarantors” means, collectively, Parent, Consolidated Industries, and each subsidiary of ThermaClime that shall be required to execute and deliver a guaranty or guaranty supplement pursuant to Section 6.12; provided that in no event shall Excluded Subsidiaries be Guarantors.

- (d) The definition of “Guaranty” in Section 1.01 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“Guaranty” means, collectively, the Guaranty made by each of Parent and Consolidated Industries under Article X in favor of the Secured Parties, together with each other guaranty and guaranty supplement delivered pursuant to Section 6.12.

- (e) Section 7.02(g) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

(g) Indebtedness owing by any Borrower or any Subsidiary of any Borrower to any Subsidiary of Parent that is not also a Subsidiary of ThermaClime, provided that the aggregate principal amount of such Indebtedness shall not exceed \$500,000 at any time, except as provided in Section 7.02(d);

(f) Section 7.06(a) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

(a) any Borrower may make Restricted Payments to another Borrower or issue Equity Interests to another Borrower or to Parent or Consolidated Industries if no Change of Control would result therefrom;

(g) Section 7.06(b) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

(b) ThermaClime may make distributions and pay dividends to Parent or, if so directed by Parent, to Consolidated Industries in repayment of the costs and expenses incurred by Parent or that are directly allocable to the Borrowers for Parent's provision of the Services (as defined in the Services Agreement) on behalf of the Borrowers pursuant to the Services Agreement;

(h) Section 7.06(c) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

(c) each Borrower may make distributions and pay dividends to any Guarantor (other than Parent or Consolidated Industries), and each Guarantor may make distributions and pay dividends to any Borrower or Guarantor (other than Parent or Consolidated Industries); provided, however, that Consolidated Industries may make distributions and pay dividends to Parent, and Parent may make distributions to Consolidated Industries;

(i) Section 7.06(d) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

(d) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, (i) ThermaClime may make distributions and pay dividends to Parent or, if so directed by Parent, to Consolidated Industries in respect of the management fees payable by ThermaClime to Parent in accordance with the Management Agreement, provided that the aggregate amount of all such payments made by ThermaClime pursuant to this clause (d)(i) shall not exceed \$2,500,000 during any fiscal year of ThermaClime or the maximum management fees payable to Parent each calendar quarter under the Management Agreement, and (ii) ThermaClime may make distributions and pay dividends to Parent or, if so directed by Parent, to Consolidated Industries in an aggregate amount not to exceed, during each fiscal year, the sum of (A) 50% of the actual consolidated net income of the Borrowers for such fiscal year determined in accordance with GAAP, plus (B) the amounts paid to Parent and Consolidated Industries during such fiscal year in accordance with Section 7.06(e);

(j) Section 7.06(e) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

(e) so long as a Secured Party has not exercised any of its rights or remedies following an Event of Default, ThermaClime may make distributions and pay dividends to Parent or, if so directed by Parent, to Consolidated Industries in an aggregate amount not to exceed, during each fiscal year, the consolidated income tax liability of the Borrowers for such fiscal year calculated as if each of the Borrowers was a separate consolidated taxpayer;

(k) Section 7.06(f) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

(f) each Borrower may make distributions and pay dividends to any Subsidiary of Parent that is not also a Subsidiary of ThermaClime or that is a Subsidiary of ThermaClime but is not a Borrower or Guarantor, provided that the aggregate amount of such distributions and dividends shall not exceed \$100,000 during each fiscal year; provided, however, that the foregoing limitation on the amount of distributions and dividends made or paid under this Section 7.06(f) will not apply to distributions made or dividends paid to Consolidated Industries to the extent permitted pursuant to Sections 7.06(a), (b), (d), and (e); and

(l) Article X of the Loan Agreement is hereby amended and restated in its entirety to read as set forth in Schedule 1 to this Amendment.

(m) Schedule 5.13 to the Loan Agreement is hereby amended and restated in its entirety to read as set forth in Schedule 2 to this Amendment.

(n) Schedule 7.03 to the Loan Agreement is hereby amended by amending and restating clause 13 thereof in its entirety to read as follows:

13. Consolidated Industries Corp., a subsidiary of LSB Industries, Inc., is indebted to CCC in the principal amount of \$2,705,594.

SECTION 3. Limited Consents or Waivers. As of the date hereof, the Lenders agree to grant the Borrowers and the Parent the following limited consents or waivers relating to the Loan Agreement, pursuant to the terms and conditions set forth herein:

(a) The Lender's hereby consent to the conversion of TCI into ThermaClime, L.L.C., according to the facts and in the manner fully set forth in the Statement of Facts, and waive any violation of Section 7.12 of the Loan Agreement that results directly and solely therefrom; provided, however, that nothing herein shall be deemed a waiver with respect to any other or future failure of the Parent, Consolidated Industries, or any Borrower to comply fully with any of the provisions of the Loan Agreement or the other Loan Documents.

(b) The Lenders hereby consent to the merger of DSN into EDCC, according to the facts and in the manner fully set forth in the Statement of Facts, and waive any violation of Section 7.15 of the Loan Agreement that results directly and solely therefrom; provided,

however, that nothing herein shall be deemed a waiver with respect to any other or future failure of the Parent, Consolidated Industries, or any Borrower to comply fully with any of the provisions of the Loan Agreement or the other Loan Documents.

(c) The Lenders hereby consent to each of the Changes of Control fully described in the Statement of Facts, and waive any default under Section 8.01(k) of the Loan Agreement that results directly and solely therefrom; provided, however, that nothing herein shall be deemed a waiver with respect to any other or future failure of the Parent, Consolidated Industries, or any Borrower to comply fully with any of the provisions of the Loan Agreement or the other Loan Documents.

(d) The Lenders hereby consent to that certain First Amendment to Ground Lease Agreement and Termination of Ground Sublease Agreement, dated as of April 1, 2010, by and between NFC and EDCC, in substantially the form attached hereto as Exhibit B.

SECTION 4. Release; Covenant Not to Sue.

(a) Each of the Parent, Consolidated Industries, and each Borrower hereby absolutely and unconditionally releases and forever discharges the Administrative Agent, the Collateral Agent, the Payment Agent, and each Lender, and any and all participants, parents, subsidiaries, affiliates, insurers, indemnitors, successors, and assigns thereof, together with all of the present and former directors, officers, agents, attorneys, and employees of any of the foregoing (each, a "*Released Party*"), from any and all claims, demands, or causes of action of any kind, nature, or description, whether arising at law or in equity or upon contract or tort or under any state or federal law or otherwise, which the Parent, Consolidated Industries, or any Borrower has had, now has, or has made claim to have against any such Person for or by reason of any act, omission, matter, cause, or thing whatsoever arising from the beginning of time to and including the date of this Amendment, whether such claims, demands, or causes of action are matured or unmatured or known or unknown. It is the intention of the Parent, Consolidated Industries, and each Borrower in providing this release that the same will be effective as a bar to each and every claim, demand, and cause of action specified, and, in furtherance of this intention, it waives and relinquishes, to the extent permitted by applicable law, all rights and benefits under any provision of any applicable law that may provide that a general release does not extend to claims that the Person giving the release does not know or suspect to exist in its favor at the time of executing the release, which if known by it might have materially affected its settlement with the recipient of the release. Each of the Parent, Consolidated Industries, and each Borrower acknowledges that it may hereafter discover facts different from or in addition to those now known or believed to be true with respect to such claims, demands, or causes of action, and agrees that this instrument shall be and remain effective in all respects, notwithstanding any such differences or additional facts. Each of the Parent, Consolidated Industries, and each Borrower understands, acknowledges, and agrees that the release set forth above may be pleaded as a full and complete defense, and may be used as a basis for an injunction against any action, suit, or other proceeding that may be instituted, prosecuted, or attempted in breach of the provisions of such release.

(b) Each of the Parent, Consolidated Industries, and each Borrower, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally, and irrevocably covenants and agrees with and in favor of each Released Party

that it will not sue (at law, in equity, in any regulatory proceeding, or otherwise) any Released Party on the basis of any claim released, remised, or discharged by the Parent, Consolidated Industries, or any Borrower pursuant to the above stated release. If any of the Parent, Consolidated Industries, any Borrower, or any of their successors, assigns, or other legal representatives violates the foregoing covenant, such Person, for itself and its successors, assigns, and legal representatives, agrees to pay, in addition to such other damages as any Released Party may sustain because of such violations, all attorneys' fees and other costs incurred by such Released Party because of such violation.

SECTION 5. Representations and Warranties. Consolidated Industries hereby represents and warrants that the representations and warranties set forth in Sections 5.01, 5.02, 5.03 (other than Sections 5.03(b) and (c)), 5.04, 5.06, 5.07, 5.11, 5.12, 5.13, 5.15, and 5.16 of the Loan Agreement are, with respect to itself, true and correct in all material respects as of the date of this Amendment. Furthermore, each of the Parent, Consolidated Industries, and each Borrower hereby represents and warrants as follows:

(a) after giving effect to the amendments, consents, and waivers set forth herein, any amendments, consents, and waivers duly entered into or given, as applicable, prior to the date hereof in accordance with the provisions of the Loan Agreement, and any notices required to be given under the Loan Agreement so as to update any schedules thereto that were given prior to the date hereof, each of the representations and warranties made by it as set forth in Article V of the Loan Agreement are true and correct in all material respects as of the date of this Amendment, it being understood and agreed that any representation or warranty that, by its terms, is made as of a specified date will be required to be true and correct in all material respects only as of such specified date;

(b) after giving effect to the amendments, consents, and waivers set forth herein, no Event of Default exists or has occurred that has not been duly cured or waived in accordance with the provisions of each applicable Loan Document;

(c) this Amendment has been duly authorized by all necessary corporate proceedings of, and duly executed and delivered by the Parent, Consolidated Industries, and each Borrower;

(d) the Loan Agreement, as amended by this Amendment, is a legal, valid, and binding obligation of the Parent, Consolidated Industries, and each Borrower, respectively, enforceable against each such Person in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, other similar laws affecting creditors' rights generally, or general principles of equity, regardless of whether the application of such principles is considered in a proceeding in equity or at law;

(e) except in connection with the corporate filings necessary to accomplish the conversion of TCI into an Oklahoma limited liability company known as "ThermaClime, L.L.C." and the merger of DSN into EDCC as set forth in Section 3 of this Amendment, no further consent, approval authorization, order, registration, or qualification with any governmental authority is required for, and the absence of which would not adversely affect, the valid execution and delivery or performance by the Parent, Consolidated Industries, or any Borrower of this Amendment or the Loan Agreement, as amended by this Amendment; and

(f) the execution, delivery, and performance by the Parent, Consolidated Industries, and each Borrower of this Amendment and any documents related to the realignment described in Exhibit A (i) do not or, when executed, will not contravene or cause the Parent, Consolidated Industries, or any Borrower to be in default under (A) any provision of such Person's articles or certificate of incorporation, bylaws, or other organizational documents, (B) any contractual restriction contained in any material indenture, loan, or credit agreement, lease, mortgage, security agreement, bond, note, or other agreement or instrument binding on or affecting the Parent, Consolidated Industries, or any Borrower or the property of any such Person, including that certain Amended and Restated Loan and Security Agreement, dated as of November 5, 2007, as amended (the "WFF Loan Agreement"), by and among the Parent, TCI, certain subsidiaries of TCI party thereto, the persons party thereto, from time to time, as lenders, and Wells Fargo Foothill, and any Material Contract, or (C) any law, rule, regulation, order, license requirement, writ, judgment, award, injunction, or decree applicable to or binding on the Parent, Consolidated Industries, or any Borrower or the property of such Person, and (ii), when executed, will not result in the creation or imposition of any Lien upon the property of the Parent, Consolidated Industries, or any Borrower or any Subsidiary of any Borrower other than those in favor of the Administrative Agent or any other Beneficiary.

SECTION 6. Conditions Precedent. This Amendment shall become effective upon the satisfaction or waiver of the following conditions precedent:

(a) the receipt by the Payment Agent of (i) this Amendment, duly executed by the parties hereto, (ii) a fully executed copy of the amendment to the WFF Loan Agreement, dated as of April 1, 2010, along with evidence that any conditions precedent to the effectiveness of such amendment have been satisfied or duly waived, (iii) such other documents, instruments, certificates, fees, expenses, and agreements that the Administrative Agent, the Collateral Agent, or the Payment Agent may reasonably request in connection with the transactions contemplated by this Amendment, including the joinder described in Section 6(b);

(b) Consolidated Industries will have executed a joinder to the Intercompany Loan Subordination Agreement through which the Intercompany Loan Subordination Agreement shall become a legal, valid, and binding obligation of Consolidated Industries;

(c) Consolidated Industries will have furnished to the Payment Agent a description of its real and personal properties, in detail satisfactory to the Payment Agent;

(d) the Payment Agent's receipt of the following, each of which shall be originals or telecopies (followed promptly by originals) or, in the case of any document or certification issued by a Governmental Authority and required pursuant to clause (i) below, certified copies, unless otherwise specified, each properly executed by a Responsible Officer of the relevant Loan Party (except with respect to documents and certificates issued by a Governmental Authority), each dated the date hereof (or, in the case of government certificates, a recent date before or on the date hereof), and each in form and substance satisfactory to each Agent and each Lender:

(i) such documents and certifications as the Payment Agent may reasonably require to evidence that each of Consolidated Industries and ThermaClime, L.L.C., is duly organized or formed, validly existing, in good standing, and qualified to engage in business in each jurisdiction where its ownership, lease, or operation of properties or the

conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and

(ii) a legal opinion of the general counsel to the Parent, in form and substance satisfactory to each Agent and each Lender, as to this Amendment and the realignment described in the Statement of Facts;

(e) the payment of the Amendment Fee and all Amendment Costs (each as defined in Section 7 hereof); and

(f) the representations and warranties contained herein shall be true and correct in all material respects as of the date of this Amendment, it being understood and agreed that any representation or warranty that, by its terms, is made as of a specified date will be required to be true and correct in all material respects only as of such specified date.

SECTION 7. Fees and Costs.

(a) In order to induce the Lenders to enter into and execute this Amendment, the Borrowers hereby agree to pay, concurrently with the execution of this Amendment, an amendment fee in the amount of \$25,000 (the "*Amendment Fee*") to the Administrative Agent, for the benefit of the Lenders, pursuant to the wire instructions attached as Exhibit C hereto. Promptly upon receipt of the Amendment Fee, the Administrative Agent shall disburse a portion of such fee to each Lender in an amount equal to each such Lender's ratable share thereof, which share equals the product of (x) the Amendment Fee and (y) the quotient of (i) the amount of the outstanding Obligations owing to such Lender and (ii) the aggregate amount of the outstanding Obligations owing to all of the Lenders under the Loan Documents. Notwithstanding the foregoing, nothing in this paragraph shall (i) require any Lender or Agent to enter into any amendment or waiver, or (ii) affect any lender's ability to require a fee in connection with any amendment or waiver not covered by this Amendment. The Amendment Fee shall be paid in immediately available funds, and shall be fully earned when payable and nonrefundable.

(b) The Borrowers agree to reimburse the Agents and the Lenders, or pay directly to the extent not previously paid, promptly following demand for their costs and expenses incurred in connection with this Amendment, including, the fees and expenses of Sonnenschein Nath & Rosenthal LLP in connection with the preparation and execution of this Amendment (the "*Amendment Costs*").

SECTION 8. Reaffirmation, Confirmation, and Acknowledgement. Except as expressly amended by this Amendment, each of the Parent, Consolidated Industries, and each Borrower hereby expressly confirms and agrees that the remaining terms, conditions, and provisions of the Loan Agreement and the other Loan Documents shall be and remain in full force and effect. Each of the Parent, Consolidated Industries, and each Borrower hereby reaffirms and confirms its respective obligations under the Loan Agreement and the other Loan Documents as amended by this Amendment. The Parent hereby expressly confirms and agrees that the Guaranty made by it under Article X of the Loan Agreement as amended by this Amendment in favor of the Secured Parties is, and shall continue to be, in full force and effect, and is hereby ratified and confirmed in all respects. Although the Administrative Agent has informed the Parent, Consolidated Industries, and each Borrower of the matters set forth in this Amendment, and the

Parent, Consolidated Industries, and each Borrower have each acknowledged the same, each of the Parent, Consolidated Industries and each Borrower understands and agrees that the Administrative Agent has no duty under the Loan Agreement (including to the Parent or Consolidated Industries under Article X thereof) or any other agreement with the Parent, Consolidated Industries, or any Borrower to so notify the Parent, Consolidated Industries, or any Borrower or to seek an acknowledgment, and nothing contained herein is intended to or shall create such a duty as to any advances or transactions hereafter. The execution, delivery, and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any power, remedy, or right of any Agent or any Lender, or constitute a waiver of any provision of, or any past or future noncompliance with, any of the Loan Documents or any other documents, instruments, and agreements executed or delivered in connection therewith, and shall not operate as a consent to any further or other matter under the Loan Documents. Each of the Parent, Consolidated Industries, and each Borrower expressly agrees and understands that by entering into and performing its obligations hereunder, this Amendment, including the amendment made to Article X of the Loan Agreement, shall not constitute a novation, and shall in no way adversely affect or impair the priority of Liens of the Collateral Agent on the Collateral or Parent's obligations under Article X.

SECTION 9. Further Assurances. Each of the Parent, Consolidated Industries, and each Borrower hereby authorizes the Payment Agent to file one or more UCC financing or continuation statements, amendments thereto, assignments thereof, fixture filings, or other Collateral Documents that are necessary or appropriate for the continued perfection of the Collateral Agent's Lien on the Collateral.

SECTION 10. Governing Law; Jurisdiction.

(a) Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to the conflict of laws principles thereof that would permit or require the application of the law of any other jurisdiction.

(b) Submission to Jurisdiction. Each of the Parent, Consolidated Industries, and each Borrower irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in New York County and the United States District Court for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out or relating to this Amendment or any Loan Document, or for recognition or enforcement of any judgment; and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York state court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any action or proceeding shall be conclusive, and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Amendment or in any Loan Document shall affect any right that any Agent or any Lender may have to bring any action or proceeding relating to this Amendment or any Loan Document against any Loan Party or its properties in the courts of any jurisdiction.

SECTION 11. Counterparts. This Amendment may be executed simultaneously in any number of counterparts. Each counterpart shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument.

SECTION 12. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

SECTION 13. Severability. Any provision of this Amendment held to be invalid, illegal, or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality, or unenforceability without affecting the validity, legality, and enforceability of the remaining provisions thereof; and the invalidity, illegality, or unenforceability of a particular provision in a particular jurisdiction shall not affect the validity, legality, or enforceability of such provision in any other jurisdiction.

[Signature pages follow. The remainder of this page is intentionally left blank.]

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

LOAN PARTIES:

THERMACLIME, INC.,
an Oklahoma corporation

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

CHEROKEE NITROGEN HOLDINGS, INC.,
an Oklahoma corporation

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

NORTHWEST FINANCIAL CORPORATION,
an Oklahoma corporation

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

CHEMEX I CORP.,
an Oklahoma corporation

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

CHEMEX II CORP.,
an Oklahoma corporation

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

CHEROKEE NITROGEN COMPANY,
an Oklahoma corporation

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

CLIMACOOOL CORP.,
an Oklahoma corporation

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

CLIMATECRAFT, INC.,
an Oklahoma corporation

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

CLIMATE MASTER, INC.,
a Delaware corporation

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

DSN CORPORATION,
an Oklahoma corporation

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

EL DORADO CHEMICAL COMPANY,
an Oklahoma corporation

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

INTERNATIONAL ENVIRONMENTAL CORPORATION,
an Oklahoma corporation

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

KOAX CORP.,
an Oklahoma corporation

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

LSB CHEMICAL CORP.,
an Oklahoma corporation

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

THE CLIMATE CONTROL GROUP, INC.,
an Oklahoma corporation

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

TRISON CONSTRUCTION, INC.,
an Oklahoma corporation

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

THERMACLIME TECHNOLOGIES, INC.,
an Oklahoma corporation

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

XPEDIAIR,
an Oklahoma corporation

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

LSB INDUSTRIES, INC.,
a Delaware corporation

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

CONSOLIDATED INDUSTRIES CORP.,
an Oklahoma corporation,

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

AGENTS:

BANC OF AMERICA LEASING & CAPITAL, LLC,
not in its individual capacity but solely as Administrative Agent

By: /s/ Sonia T. Delen
Name: Sonia T. Delen
Title: Vice President

BANC OF AMERICA LEASING & CAPITAL, LLC,
not in its individual capacity but solely as Collateral Agent

By: /s/ Sonia T. Delen
Name: Sonia T. Delen
Title: Vice President

BANK OF UTAH,
not in its individual capacity but solely as Payment Agent

By: /s/ Michael Hoggan
Name: Michael Hoggan
Title: Vice President

REQUIRED LENDERS:

BANC OF AMERICA LEASING & CAPITAL, LLC,
as a Lender

By: /s/ Sonia T. Delen
Name: Sonia T. Delen
Title: Vice President

GE BUSINESS FINANCIAL SERVICES INC.,
formerly known as Merrill Lynch Capital,
a Division of Merrill Lynch Business Financial Services, Inc.,
as a Lender

By: /s/ John P. Tracey
Name: John P. Tracey
Title: _____

FIFTH THIRD BANK, as a Lender

By: /s/ Kenneth G. Sullivan
Name: Kenneth G. Sullivan
Title: Vice President

**ARTICLE X.
JOINT AND SEVERAL CONTINUING GUARANTY**

10.01 Guaranty. Each of Parent and Consolidated Industries (collectively, the “*Article X Guarantors*”, and each individually, an “*Article X Guarantor*”) hereby absolutely and unconditionally and jointly and severally guarantee, as a guaranty of payment and performance and not merely as a guaranty of collection, prompt payment when due, whether at stated maturity, by required prepayment, upon acceleration, demand, or otherwise, and at all times thereafter, of any and all Obligations (in each case, after all applicable grace periods, if any, provided for in the Loan Documents), whether for principal, interest, premiums, fees, indemnities, damages, costs, expenses, or otherwise, of the Borrowers to the Secured Parties, arising hereunder and under the other Loan Documents (including all renewals, extensions, amendments, refinancings, and other modifications thereof and all costs, attorneys’ fees, and expenses incurred by the Secured Parties in connection with the collection or enforcement thereof). The Payment Agent’s books and record showing the amount of the Obligations shall be admissible in evidence in any action or proceeding, and shall be binding upon each of the Article X Guarantors, and conclusive for the purpose of establishing the amount of the Obligations absent manifest error. This Guaranty shall not be affected by the genuineness, validity, regularity, or enforceability of the Obligations or any instrument or agreement evidencing any Obligations, by the existence, validity, enforceability, perfection, non-perfection, or extent of any collateral therefor, or by any fact or circumstance relating to the Obligations which might otherwise constitute a defense to the obligations of any Article X Guarantor under this Guaranty (other than Indefeasible Payment and Performance of All Obligations), and each of the Article X Guarantors irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the foregoing (other than Indefeasible Payment and Performance of All Obligations).

10.02 Rights of Lenders. Each of the Article X Guarantors consents and agrees that the Secured Parties may, at any time and from time to time, without notice or demand, and without affecting the enforceability or continuing effectiveness hereof: (a) amend, extend, renew, compromise, discharge, accelerate, or otherwise change the time for payment or the terms of the Obligations or any part thereof; (b) take, hold, exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any security for the payment of this Guaranty or any Obligations; (c) apply such security and direct the order or manner of sale thereof as the Collateral Agent and the Lenders in their sole discretion may determine in accordance with the provisions of the Loan Documents; and (d) release or substitute any Article X Guarantor, one or more of any endorsers or any other guarantors of any of the Obligations. Without limiting the generality of the foregoing, each of the Article X Guarantors consents to the taking of, or failure to take, any action which might in any manner or to any extent vary the risks of any Article X Guarantor under this Guaranty, or which, but for this provision, might operate as a discharge of any Article X Guarantor.

10.03 Certain Waivers. Each of the Article X Guarantors waives (a) any defense arising by reason of any disability or other defense of any Borrower or the other Article X Guarantor or any other guarantor, or the cessation from any cause whatsoever (including any act or omission of any Secured Party) of the liability of any Borrower, other than Indefeasible Payment and

Performance of All Obligations; (b) any defense based on any claim that obligations of any of the Article X Guarantors exceed or are more burdensome than those of the Borrowers; (c) the benefit of any statute of limitations affecting any Article X Guarantor's liability hereunder; (d) any right to proceed against any Borrower or the other Article X Guarantor, proceed against or exhaust any security for the Obligations, or pursue any other remedy in the power of any Secured Party whatsoever until such time as Indefeasible Payment and Performance of All Obligations; (e) any benefit of and any right to participate in any security now or hereafter held by any Secured Party until such time as Indefeasible Payment and Performance of All Obligations; and (f) to the fullest extent permitted by law, any and all other defenses or benefits that may be derived from or afforded by applicable law limiting the liability of or exonerating guarantors or sureties (other than Indefeasible Payment and Performance of All Obligations). Each of the Article X Guarantors expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protests, notices of dishonor, and all other notices or demands of any kind or nature whatsoever with respect to the Obligations, and all notices of acceptance of this Guaranty or of the existence, creation, or incurrence of new or additional Obligations.

10.04 Obligations Independent. The obligations of each of the Article X Guarantors hereunder are those of primary obligor, and not merely as surety, and are independent of the Obligations and the obligations of the other Article X Guarantor or of any other guarantor, and a separate action may be brought against the Article X Guarantors to enforce this Guaranty whether or not any Borrower or any other person or entity is joined as a party or against either Article X Guarantor to enforce this Guaranty whether or not any such action is brought against the other Article X Guarantor.

10.05 Subrogation. Neither Article X Guarantor shall exercise any right of subrogation, contribution, indemnity, reimbursement, or similar rights with respect to any payments it makes under this Guaranty until all of the Obligations and any amounts payable under this Guaranty have been indefeasibly paid and performed in full. If any amounts are paid to any Article X Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of the Secured Parties, and shall forthwith be paid to the Secured Parties to reduce the amount of the Obligations, whether matured or unmatured.

10.06 Termination; Reinstatement. This Guaranty is a continuing and irrevocable guaranty of all Obligations now or hereafter existing and shall remain in full force and effect until Indefeasible Payment and Performance of All Obligations has occurred. Notwithstanding the foregoing, this Guaranty shall continue in full force and effect or be revived, as the case may be, if any payment by or on behalf of any Borrower or any Article X Guarantor is made, or any of the Secured Parties exercises its right of setoff, in respect of the Obligations and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside, or required (including pursuant to any settlement entered into by any of the Secured Parties in their discretion) to be repaid to a trustee, assignee, receiver, or any other party, in connection with any case or proceeding under any Debtor Relief Laws or otherwise, all as if such payment had not been made or such setoff had not occurred and whether or not the Secured Parties are in possession of or have released this Guaranty or any of the Article X Guarantors hereunder and regardless of any prior revocation, rescission, termination, or reduction. The obligations of each of the Article X Guarantors under this paragraph shall survive termination of this Guaranty.

10.07 Subordination. Each of the Article X Guarantors hereby subordinates the payment of all obligations and indebtedness of the Borrowers owing to such Article X Guarantor, whether now existing or hereafter arising, relating to any obligation of the Borrowers to any Article X Guarantor as subrogee of the Secured Parties or resulting from any Article X Guarantor's performance under this Guaranty, to the Indefeasible Payment and Performance of All Obligations. If the Secured Parties so request, any such obligation or indebtedness of any Borrower to any Article X Guarantor shall be enforced and performance received by such Article X Guarantor, as the case may be, as trustee for the Secured Parties, and the proceeds thereof shall be paid over to the Secured Parties on account of the Obligations, but without reducing or affecting in any manner the liability of each of the Article X Guarantors under this Guaranty.

10.08 Stay of Acceleration. If acceleration of the time for payment of any of the Obligations is stayed, in connection with any case or proceeding commenced by or against any of the Article X Guarantors, or any Borrower under any Debtor Relief Laws, or otherwise, all such amounts shall nonetheless be payable, jointly and severally, by each of the Article X Guarantors immediately upon demand by the Secured Parties.

10.09 Condition of Borrowers. Each of the Article X Guarantors acknowledges and agrees that it is jointly and severally responsible for, and has adequate means of, obtaining from the Borrowers, the other Article X Guarantor, and any other guarantor such information concerning the financial condition, business, and operations of the Borrowers, the other Article X Guarantor, and any such other guarantor as such Article X Guarantor requires, and that none of the Secured Parties has any duty, and neither of the Article X Guarantors is relying on the Secured Parties at any time, to disclose to it any information relating to the business, operations, or financial condition of any Borrower, the other Article X Guarantor, or any other guarantor (each of the Article X Guarantors waiving any duty on the part of the Secured Parties to disclose such information and any defense relating to the failure to provide the same).

10.10 Joint and Several Liability. Each of the Article X Guarantors hereby acknowledges and agrees that the Article X Guarantors are jointly and severally liable to the Secured Parties for all representations, warranties, covenants, obligations, and liabilities of each Article X Guarantor under this Guaranty. Each of the Article X Guarantors hereby further acknowledges and agrees that the Secured Parties shall have no obligation to proceed against one Article X Guarantor before proceeding against the other Article X Guarantor or to proceed against them together, and that the failure to proceed against one Article X Guarantor will not affect the other Article X Guarantor's obligations under this Guaranty, including the prompt payment in full of any and all Obligations.

Schedule 2

SCHEDULE 5.13
(Revised as of April 1, 2010)

SUBSIDIARIES

Part (a) – Subsidiaries of Parent

1. Consolidated Industries Corp., a Guarantor
2. Chemical Transport L.L.C.
3. ThermaClime, L.L.C., a Borrower
4. Northwest Financial Corporation, a Borrower
5. LSB Chemical Corp., a Borrower
6. El Dorado Chemical Company, a Borrower
7. Chemex I Corp., a Borrower
8. El Dorado Nitric Company
9. El Dorado Acid, L.L.C.
10. El Dorado Acid II, L.L.C.
11. El Dorado Nitrogen, L.P.
12. XpediAir, Inc., a Borrower
13. International Environmental Corporation, a Borrower
14. Climate Master, Inc., a Borrower
15. The Climate Control Group, Inc., a Borrower
16. ClimateCraft, Inc., a Borrower
17. ThermaClime Technologies, Inc., a Borrower
18. CEPOLK Holdings, Inc.
19. ClimaCool Corp., a Borrower
20. Trison Construction, Inc., a Borrower
21. Koax Corp., a Borrower
22. Cherokee Nitrogen Company, a Borrower
23. Prime Financial L.L.C.
24. Prime Holdings Corporation
25. LSB-Europa Limited
26. Cherokee Nitrogen Holdings, Inc., a Borrower
27. ClimateCraft Technologies, Inc.
28. Summit Machine Tool Manufacturing L.L.C.
29. Pryor Chemical Company

Part (b) - Equity Investments of Parent

1. CEPOLK Holdings, Inc., a subsidiary of The Climate Control Group, Inc., is the sole limited partner of, and owns a fifty percent (50%) interest in, CEPOLK Limited Partnership.
 2. Summit Machine Tool Manufacturing L.L.C., a subsidiary of Consolidated Industries Corp., owns a 50% of the value of KAC Acquisition Company, an Oklahoma corporation, the value of which is de minimis.
-

Part (c) – Outstanding Equity Interest in Each of the Borrowers

1. ThermaClime, L.L.C. (“TCL”). The membership interest of TCL is owned 100% by Consolidated Industries Corp. (“CIC”).
2. Northwest Financial Corporation (“NWF”). The total authorized capital stock of NWF is 100 shares of common stock. The total outstanding shares of capital stock is 54 which is owned 100% by LSBCC.
3. LSB Chemical Corp. (“LSBCC”). The total authorized capital stock of LSBCC is 50 shares of common stock. The total outstanding shares of capital stock is 50 which is owned 100% by TCL.
4. El Dorado Chemical Company (“EDC”). The total authorized capital stock of EDC is 25,000 shares of common stock. The total outstanding shares of capital stock is 1,000 which is owned 100% by LSBCC.
5. Chemex I Corp. (“Chemex I”). The total authorized capital stock of Chemex I is 10,000 shares of common stock. The total outstanding shares of capital stock is 1,000 which is owned 100% by EDC.
6. XpediAir, Inc. (“XPA”). The total authorized capital stock of XPA is 500,000 shares of common stock. The total outstanding shares of capital stock is 10,000 which is owned 100% by CCG.
7. International Environmental Corporation (“IEC”). The total authorized capital stock of IEC is 300 shares of common stock. The total outstanding shares of capital stock is 300 which is owned 100% by CCG.
8. Climate Master, Inc. (“CLM”). The total authorized capital stock of CLM is 1,000 shares of common stock. The total outstanding shares of capital stock is 1,000 which is owned 100% by CCG.
9. The Climate Control Group, Inc. (“CCG”). The total authorized capital stock of CCG is 100,000 shares of common stock. The total outstanding shares of capital stock is 10,000 which is owned 100% by TCL.
10. ClimateCraft, Inc. (“CLC”). The total authorized capital stock of CLC is 1,000, of which 900 shares are Class A voting common stock and 100 shares are Class B non-voting common stock. The total outstanding shares of both classes of common stock combined is 1,000 which is owned 100% by CCG.
11. ThermaClime Technologies, Inc. (“TTI”). The total authorized capital stock of TTI is 500,000 shares of common stock. The total outstanding shares of capital stock is 10,000 which is owned 100% by CCG.

12. ClimaCool Corp. (“CCC”). The total authorized capital stock of CCC is 50,000 shares of common stock. The total outstanding shares of capital stock is 1,000 which is owned 100% by CCG.
13. Trison Construction, Inc. (“Trison”). The total authorized capital stock of Trison is 500,000 shares of common stock. The total outstanding shares of capital stock is 10,000 which is owned 100% by CCG.
14. Koax Corp. (“Koax”). The total authorized capital stock of Koax is 50 shares of common stock. The total outstanding shares of capital stock is 50 which is owned 100% by CCG.
15. Cherokee Nitrogen Company (“CNC”). The total authorized capital stock of CNC is 500,000 shares of common stock. The total outstanding shares of capital stock is 10,000 which is owned 100% by LSBCC.
16. Cherokee Nitrogen Holdings, Inc. (“CNH”). The total authorized capital stock of CNH is 500,000 shares of common stock. The total outstanding shares of capital stock is 10,000 which is owned 100% by CIC.

Exhibit A

Statement of Facts

[See attached document titled, "LSB Industries, Inc. and Subsidiaries Realignment".]

Exhibit B

**FIRST AMENDMENT TO GROUND LEASE AGREEMENT AND
TERMINATION OF GROUND SUBLEASE AGREEMENT**

This First Amendment to Ground Lease Agreement and Termination of Ground Sublease Agreement (the "*Amendment*") is dated as of the 1st day of April, 2010 (the "*Effective Date*"), and is entered into by and between Northwest Financial Corporation, an Oklahoma corporation ("*NWF*"), and El Dorado Chemical Company, an Oklahoma corporation ("*EDC*").

WITNESSETH:

WHEREAS, NWF, as Landlord, and DSN Corporation, an Oklahoma corporation ("*DSN*"), as Tenant, entered into a Ground Lease Agreement dated as of April 15, 2003 ("*Ground Lease*");

WHEREAS, DSN, as sublessor, and EDC, as sublessee, entered into a Ground Sublease Agreement dated as of April 15, 2003 ("*Ground Sublease*");

WHEREAS, on the Effective Date, as part of a subsidiary realignment plan of the parties' parent company, DSN and EDC formally merged, with EDC being the surviving corporation ("*Merger*");

WHEREAS, as a result of the Merger, with sublessor and sublessee under the Ground Sublease now the same legal entity, NWF desires that EDC document the termination of the Ground Sublease as of the Effective Date; and

WHEREAS, as a result of the Merger, with EDC having by operation of law replaced DSN as the tenant under the Ground Lease, NWF and EDC desire to amend the Ground Lease so as to reflect EDC as the tenant under the Ground Lease in place of DSN.

NOW, THEREFORE, in consideration of the mutual promises and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

- 1) The recitals are incorporated into this Amendment by reference.
2. All capitalized terms used herein shall have the same meaning as defined in the Agreement, unless otherwise defined in this Amendment.
3. The Ground Sublease is hereby terminated and shall be of no force or effect from and after the Effective Date.

4. The Ground Lease is hereby amended by deleting "DSN Corporation" as the tenant under the Ground Lease and substituting and inserting "El Dorado Chemical Company" as the tenant under the Ground Lease.

5. EDC hereby expressly assumes all of the obligations of DSN under the Ground Lease.

6. As amended by this Amendment, all of the covenants, agreements, terms, provisions and conditions of the Ground Lease continue in full force and effect, and both parties ratify and confirm all covenants, agreements, terms, provisions and conditions of the Ground Lease.

7. This instrument shall be binding upon and shall inure to the benefit of the parties hereto and their respective, permitted successors and assigns.

IN WITNESS WHEREOF, NWF and EDC have each caused this Amendment to be duly executed effective as of the date first above written.

NORTHWEST FINANCIAL CORPORATION,
an Oklahoma corporation

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

EL DORADO CHEMICAL COMPANY,
an Oklahoma corporation

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

Exhibit C

Wire Instructions

Bank of Utah
ABA No. 124-300-107
Account No. 01020296
Credit: Bank of Utah - Corporate Trust
Ref: ThermaCline 8000099