

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

DENNIS WILSON, Individually and on Behalf  
of All Others Similarly Situated,

Plaintiff,

v.

LSB INDUSTRIES, INC., JACK E. GOLSEN,  
BARRY H. GOLSEN, MARK T. BEHRMAN,  
TONY M. SHELBY, and HAROLD L.  
RIEKER, JR.

Defendants.

Case No. 1:15-cv-07614-RA-GWG

**NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT;  
(II) SETTLEMENT FAIRNESS HEARING; AND (III) MOTION FOR AN AWARD OF  
ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES**

***A Federal Court authorized this Notice. This is not a solicitation from a lawyer.***

**NOTICE OF PENDENCY OF CLASS ACTION:** Please be advised that your rights may be affected by the above-captioned securities class action (the “Action”) pending in the United States District Court for the Southern District of New York (the “Court”), if, during the period between November 7, 2014 and November 5, 2015, inclusive (the “Settlement Class Period”), you purchased or otherwise acquired LSB Common Stock or LSB Call Options, or sold LSB Put Options, and were damaged thereby.<sup>1</sup>

**NOTICE OF SETTLEMENT:** Please also be advised that the Court-appointed Lead Plaintiff Dennis Wilson and Named Plaintiff Camelot Event Driven Fund (“Plaintiffs”), on behalf of themselves and the Settlement Class (as defined in ¶ 29 below), have reached a proposed settlement of the Action for \$18,450,000 in cash that, if approved, will resolve all claims in the Action (the “Settlement”).

**PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of cash from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act.**

**If you have any questions about this Notice, the proposed Settlement, or your eligibility to participate in the Settlement, please DO NOT contact LSB, any other Defendants in the Action, or their counsel. All questions should be directed to Lead Counsel or the Claims Administrator (see ¶ 99 below).**

<sup>1</sup> All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement dated January 17, 2019 (the “Stipulation”), which is available at [www.LSBSecuritiesLitigation.com](http://www.LSBSecuritiesLitigation.com).

1. **Description of the Action and the Settlement Class:** This Notice relates to a proposed Settlement of claims in a pending securities class action brought by investors alleging, among other things, that defendants LSB Industries, Inc. (“LSB”) and Barry H. Golsen, Mark T. Behrman, Tony M. Shelby, Harold L. Rieker, Jr., and Jack Golsen (collectively, the “Individual Defendants,” and, together with LSB, the “Defendants”) violated the federal securities laws by making false and misleading statements regarding LSB. A more detailed description of the Action is set forth in paragraphs 11-28 below. The proposed Settlement, if approved by the Court, will settle claims of the Settlement Class, as defined in paragraph 29 below.

2. **Statement of the Settlement Class’s Recovery:** Subject to Court approval, Plaintiffs, on behalf of themselves and the Settlement Class, have agreed to settle the Action in exchange for a settlement payment of \$18,450,000 in cash (the “Settlement Amount”) to be deposited into an escrow account. The Net Settlement Fund (*i.e.*, the Settlement Amount plus any and all interest earned thereon (the “Settlement Fund”) less (a) any Taxes, (b) any Notice and Administration Costs, (c) any Litigation Expenses awarded by the Court, and (d) any attorneys’ fees awarded by the Court) will be distributed in accordance with a plan of allocation that is approved by the Court, which will determine how the Net Settlement Fund shall be allocated among members of the Settlement Class. The proposed plan of allocation (the “Plan of Allocation”) is set forth on pages 12-21 below.

3. **Estimate of Average Amount of Recovery Per Share:** Based on Plaintiffs’ damages expert’s estimates of the number of LSB stock purchased during the Settlement Class Period that may have been affected by the conduct at issue in the Action and assuming that all Settlement Class Members elect to participate in the Settlement, the estimated average recovery (before the deduction of any Court-approved fees, expenses and costs as described herein) per share of LSB common stock is \$1.48.<sup>2</sup> Settlement Class Members should note, however, that the foregoing average recovery per share is only an estimate. Some Settlement Class Members may recover more or less than this estimated amount depending on, among other factors, which LSB Securities they purchased, when and at what prices they purchased/acquired/wrote options or sold or executed their LSB Securities, and the total number of valid Claim Forms submitted. Distributions to Settlement Class Members will be made based on the Plan of Allocation set forth herein (*see* pages 12-21 below) or such other plan of allocation as may be ordered by the Court.

4. **Average Amount of Damages Per Share:** The Parties do not agree on the average amount of damages per share or note that would be recoverable if Plaintiffs were to prevail in the Action. Among other things, Defendants do not agree with the assertion that they violated the federal securities laws or that any damages were suffered by any members of the Settlement Class as a result of their conduct.

5. **Attorneys’ Fees and Expenses Sought:** Lead Counsel, which have been prosecuting the Action on a wholly contingent basis since its inception in 2015, have not received any payment of attorneys’ fees for their representation of the Settlement Class and have advanced the funds to pay expenses necessarily incurred to prosecute this Action. Court-appointed Lead Counsel, Glancy Prongay & Murray LLP, will apply to the Court for an award of attorneys’ fees for all Plaintiffs’ Counsel in an amount not to exceed 33 1/3% of the Settlement Fund. In addition, Lead Counsel will apply for reimbursement of Litigation Expenses paid or incurred in connection with the institution, prosecution and resolution of the claims against the Defendants, in an amount not to exceed \$1,450,000, which may include an application for reimbursement of the reasonable costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class. Any fees and expenses awarded by the

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<sup>2</sup> Due to the large amount of options that are covered by the settlement, the complexity of determining the amount of recognized loss per different options at points in time and that most of damages at issue stem from common stock transactions, the Notice only contains estimated recovery amounts per share of common stock.

Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. Estimates of the average cost per affected share of LSB stock, if the Court approves Lead Counsel’s fee and expense application, is \$0.61 per share.

6. **Identification of Attorneys’ Representatives:** Plaintiffs and the Settlement Class are represented by Casey E. Sadler, Esq. of Glancy Prongay & Murray LLP, 1925 Century Park East, Suite 2100, Los Angeles, CA 90067, (888) 773-9224, settlements@glancylaw.com.

7. **Reasons for the Settlement:** Plaintiffs’ principal reason for entering into the Settlement is the substantial immediate cash benefit for the Settlement Class without the risk or the delays inherent in further litigation. Moreover, the substantial cash benefit provided under the Settlement must be considered against the significant risk that a smaller recovery – or indeed no recovery at all – might be achieved after contested motions, a trial of the Action and the likely appeals that would follow a trial. This process could be expected to last several years. Defendants, who deny all allegations of wrongdoing or liability whatsoever, are entering into the Settlement solely to eliminate the uncertainty, burden and expense of further protracted litigation. Accordingly, the Settlement may not be construed as an admission of any wrongdoing by Defendants.

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:</b>	
<b>SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN JULY 23, 2019.</b>	This is the only way to be eligible to receive a payment from the Settlement Fund. If you are a Settlement Class Member and you remain in the Settlement Class, you will be bound by the Settlement as approved by the Court and you will give up any Released Plaintiffs’ Claims (defined in ¶ 38 below) that you have against Defendants and the other Defendants’ Releasees (defined in ¶ 39 below), so it is in your interest to submit a Claim Form.
<b>EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS RECEIVED NO LATER THAN JUNE 7, 2019.</b>	If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that allows you ever to be part of any other lawsuit against any of the Defendants or the other Defendants’ Releasees concerning the Released Plaintiffs’ Claims.
<b>OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED NO LATER THAN JUNE 7, 2019.</b>	If you do not like the proposed Settlement, the proposed Plan of Allocation, or the request for attorneys’ fees and reimbursement of Litigation Expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation or the fee and expense request unless you are a Settlement Class Member and do not exclude yourself from the Settlement Class.

<p><b>GO TO A HEARING ON JUNE 28, 2019 AT 10:00 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN JUNE 7, 2019.</b></p>	<p>Filing a written objection and notice of intention to appear by <b>June 7, 2019</b> allows you to speak in Court, at the discretion of the Court, about the fairness of the proposed Settlement, the Plan of Allocation, and/or the request for attorneys’ fees and reimbursement of Litigation Expenses. If you submit a written objection, you may (but you do not have to) attend the hearing and, at the discretion of the Court, speak to the Court about your objection.</p>
<p><b>DO NOTHING.</b></p>	<p>If you are a member of the Settlement Class and you do not submit a valid Claim Form, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.</p>

<p><b>WHAT THIS NOTICE CONTAINS</b></p>
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## WHY DID I GET THE POSTCARD NOTICE?

8. The Court directed that the Postcard Notice be mailed to you because you or someone in your family or an investment account for which you serve as a custodian may have purchased or otherwise acquired LSB Securities during the Settlement Class Period. The Court also directed that this Notice be posted online at [www.LSBSecuritiesLitigation.com](http://www.LSBSecuritiesLitigation.com) and mailed to you upon request to the Claims Administrator. The Court has directed us to disseminate these notices because, as a potential Settlement Class Member, you have a right to know about your options before the Court rules on the proposed Settlement. Additionally, you have the right to understand how this class action lawsuit may generally affect your legal rights. If the Court approves the Settlement, and the Plan of Allocation (or some other plan of allocation), the claims administrator selected by Plaintiffs and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. The purpose of this Notice is to inform you of the existence of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Settlement Class if you wish to do so. It is also being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation and the motion by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses (the "Settlement Hearing"). See paragraph 90 below for details about the Settlement Hearing, including the date and location of the hearing.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and a plan of allocation, then payments to Authorized Claimants will be made after any appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time to complete.

## WHAT IS THIS CASE ABOUT?

11. This litigation stems from allegations regarding LSB's purchase, disassembly, transportation and then attempted reassembly of a long dormant ammonia plant.

12. Dennis Wilson filed the instant action on September 25, 2015. Dkt. No. 1. He was appointed Lead Plaintiff and his selection of Glancy Prongay & Murray LLP as Lead Counsel for the proposed class was approved by Order dated December 15, 2015 . Dkt. No. 16.

13. On February 17, 2016, Lead Plaintiff filed the Corrected Amended Class Action Complaint for Violations of the Federal Securities Laws ("CAC") against all Defendants under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, and against the Individual Defendants under Section 20(a) of the Exchange Act. Dkt. No. 27. Among other things, the CAC alleged that, throughout the Settlement Class Period, Defendants failed to disclose that the Company had not conducted the detailed engineering work necessary to properly calculate the costs of a major construction project and that the project was both over budget and behind schedule. The CAC further alleged that the prices of LSB publicly-traded securities were artificially inflated as a result of Defendants' allegedly false and misleading statements, and declined when the truth was revealed.

14. On April 1, 2016, Defendants filed a motion to dismiss the CAC, which was followed by the filing of Lead Plaintiff's opposition and Defendants' reply. Dkt. Nos. 33-34, 39, 43. Additionally, on September 20, 2016, Lead Plaintiff filed a motion for leave to file a second amended complaint, which Defendants opposed. Dkt. Nos. 45-46, 48.

15. The Court held oral argument on both the motion to dismiss and the motion for leave to file the second amended complaint on March 2, 2017. From the bench, the Court denied Defendants' motion to dismiss in its entirety and granted Lead Plaintiff's motion for leave to file a second amended complaint. Dkt. No. 56.

16. On April 5, 2017, Lead Plaintiff filed and served his Corrected Second Amended Class Action Complaint ("SAC"). The SAC, like the CAC, asserted claims against all Defendants under Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, and against the Individual Defendants under Section 20(a) of the Exchange Act. The Complaint alleged claims substantially similar to those alleged in the CAC but also included allegations based on new information from a related litigation and additional allegations regarding the Individual Defendants' control of the Company.

17. On April 10, 2017, Defendants answered the SAC. Dkt. No. 70

18. Thereafter, discovery commenced. During the course of discovery, Defendants produced approximately 2.7 million pages of documents and an additional 3.3 million pages of documents were produced pursuant to the more than twenty third-party subpoenas issued by Lead Counsel.

19. Prior to the filing of Plaintiffs' motion for class certification, the Parties exchanged class certification expert, opposition, and rebuttal reports, and the Parties deposed each other's experts. On September 15, 2017, Plaintiffs filed their class certification motion and the Parties expert reports (Dkt. Nos. 99-101). Following the depositions of both proposed class representatives, Dennis Wilson and Camelot, Defendants filed their opposition on October 6, 2017 (Dkt. No. 108), and Plaintiffs filed their reply on October 27, 2017. Dkt. No. 112.

20. With discovery ongoing and class certification briefed, the Parties began to discuss the possibility of exploring whether a settlement could be reached through a mediation process. The Parties selected Robert A. Meyer, Esq. of JAMS as mediator. In advance of that session, the Parties exchanged, and provided to Mr. Meyer, detailed mediation statements and exhibits, which addressed the issues of class certification, liability and damages. On March 1, 2018, the Parties participated in a full-day mediation session before experienced third-party mediator, Robert A. Meyer, Esq., in Los Angeles, California at the JAMS offices. The session ended without a settlement.

21. Following the unsuccessful mediation session, on March 19, 2018, Defendants filed a request for leave to file a supplemental response in opposition to Plaintiffs' class certification motion. Dkt. Nos. 130, 130-1. On March 22, 2018, the Court granted Defendants' request to allow supplemental briefing. Dkt. No. 132. On May 2, 2018, Defendants submitted under seal their supplemental brief in opposition to Plaintiffs' motion for class certification, and on May 16, 2018, Plaintiffs submitted under seal their supplemental response.

22. With discovery ongoing and summary judgment fast approaching, the Parties decided to participate in a second mediation on July 25, 2018. In the time period between the two mediations, eighteen fact witnesses were deposed and Defendants and third parties supplemented their document productions with tens of thousands of additional pages of documents.

23. In advance of the section mediation, the Parties drafted and exchanged their second confidential mediation statements. These mediation statements primarily focused on how discovery had impacted liability and damages issues. The mediation on July 25, 2018 was again overseen by Robert A. Meyer, Esq. in Los Angeles, California at the JAMS offices. While productive, the Parties were unable to resolve the matter at the mediation.

24. Following the unsuccessful mediation, discovery continued, with Plaintiffs deposing LSB's current Chief Executive Officer and Chief Financial Officer, and on August 9, 2018, Plaintiffs filed a letter motion requesting a 60-day extension of the fact and expert discovery cut-off deadlines and an

increase of the deposition limit to 34 depositions per side. Dkt. No. 145. On August 13, 2018, Defendants opposed the request (Dkt. No. 151), and on August 14, 2018 Plaintiffs filed a reply letter. Dkt. No. 141. On August 16, 2018, Judge Gorenstein granted Plaintiffs' letter motion in its entirety. Dkt. No. 155. On that same day, August 16, 2018, Magistrate Judge Gorenstein issued a 44-page Report and Recommendation that granted Plaintiffs' class certification motion in its entirety. Dkt. No. 154.

25. Despite being unable to reach a settlement at the July 25, 2018 mediation, the Parties continued their negotiations with the help of Mr. Meyer. On August 23, 2018, Mr. Meyer issued a mediators' proposal to settle this Action, which was ultimately agreed to by the Parties, and on August 27, 2018, the Parties informed the Court that they reached an agreement in principle to settle this action, subject to written memorialization.

26. Based on the investigation, substantial litigation, extensive discovery and two mediations that occurred during the case and Plaintiffs' direct oversight of the prosecution of this matter and with the advice of their counsel, each of the Plaintiffs has agreed to settle and release the claims raised in the Action pursuant to the terms and provisions of the Stipulation, after considering, among other things, (a) the substantial financial benefit that Plaintiffs and the other members of the Settlement Class will receive under the proposed Settlement; and (b) the significant risks and costs of continued litigation and trial.

27. Defendants are entering into the Stipulation solely to eliminate the uncertainty, burden and expense of further protracted litigation. Each of the Defendants denies any wrongdoing, and the Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any of the Defendants, or any other of the Defendants' Releasees (defined in ¶ 39 below), with respect to any claim or allegation of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that the Defendants have, or could have, asserted. Similarly, the Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of either Plaintiffs of any infirmity in any of the claims asserted in the Action, or an admission or concession that any of the Defendants' defenses to liability had any merit.

28. On February 25, 2019, the Court preliminarily approved the Settlement, authorized the Postcard Notice to be mailed to potential Settlement Class Members and this Notice to be posted online and mailed to potential Settlement Class Members upon request, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

**HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT?  
WHO IS INCLUDED IN THE SETTLEMENT CLASS?**

29. If you are a member of the Settlement Class, you are subject to the Settlement, unless you timely request to be excluded. The Settlement Class consists of:

all persons or entities that purchased or otherwise acquired LSB Common Stock or LSB Call Options, or sold LSB Put Options between November 7, 2014 and November 5, 2015, inclusive (the "Class Period"), and were damaged thereby.

Excluded from the Settlement Class are Defendants; the officers and directors of the Company, at all relevant times; members of Defendants' Immediate Families and their legal representatives, heirs, successors, or assigns; and any entity in which any of the Defendants have or had a controlling interest. Also excluded from the Settlement Class are any persons or entities who or which exclude themselves by submitting a request for exclusion in accordance with the requirements set forth in this Notice. *See* "What

If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself,” on page 21 below.

**PLEASE NOTE: RECEIPT OF THE POSTCARD NOTICE DOES NOT MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT.**

**If you are a Settlement Class Member and you wish to be eligible to participate in the distribution of proceeds from the Settlement, you are required to submit the Claim Form that is available online at [www.LSBSecuritiesLitigation.com](http://www.LSBSecuritiesLitigation.com) or which can be mailed to you upon request to the Claims Administrator, and the required supporting documentation as set forth therein, postmarked no later than July 23, 2019.**

#### **WHAT ARE PLAINTIFFS’ REASONS FOR THE SETTLEMENT?**

30. Plaintiffs and Lead Counsel believe that the claims asserted against Defendants have merit. They recognize, however, the expense and length of continued proceedings necessary to pursue their claims against the Defendants through trial and appeals, as well as the very substantial risks they would face in establishing liability and damages. Defendants had numerous avenues of attack that could preclude recovery or result in a substantial limiting of damages. For example, Defendants were likely to have credible experts testify that the Individual Defendants’ conduct was not reckless and that the cost overruns were the result of unforeseen contractor negligence. In fact, LSB is currently involved in litigation with certain contractors regarding the quality of their work on the project. Even if the hurdles to establishing liability were overcome, the amount of damages that could be attributed to the allegedly false statements would be hotly contested because other disclosures concerning financial results were made at the time of the alleged disclosure of the alleged fraud. Plaintiffs would have to prevail at several stages – motions for summary judgment, trial, and if they prevailed on those, on the appeals that were likely to follow. Thus, there were very significant risks attendant to the continued prosecution of the Action.

31. In light of these risks, the amount of the Settlement and the immediacy of recovery to the Settlement Class, Plaintiffs and Lead Counsel believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Settlement Class. Plaintiffs and Lead Counsel believe that the Settlement provides a substantial benefit to the Settlement Class, namely \$18,450,000 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Action would produce a smaller, or no recovery after summary judgment, trial and appeals, possibly years in the future.

32. Defendants have denied the claims asserted against them in the Action and deny having engaged in any wrongdoing or violation of law of any kind whatsoever. Defendants have agreed to the Settlement solely to eliminate the burden and expense of continued litigation. Accordingly, the Settlement may not be construed as an admission of any wrongdoing by Defendants.

#### **WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?**

33. If there were no Settlement and Plaintiffs failed to establish any essential legal or factual element of their claims against Defendants, neither Plaintiffs nor the other members of the Settlement Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their



defenses, either at summary judgment, at trial or on appeal, the Settlement Class could recover substantially less than the amount provided in the Settlement, or nothing at all.

**HOW ARE SETTLEMENT CLASS MEMBERS AFFECTED  
BY THE ACTION AND THE SETTLEMENT?**

34. As a Settlement Class Member, you are represented by Plaintiffs and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her appearance on the attorneys listed in the section entitled, “When And Where Will The Court Decide Whether To Approve The Settlement?,” on page 22 below.

35. If you are a Settlement Class Member and do not wish to remain a Settlement Class Member, you may exclude yourself from the Settlement Class by following the instructions in the section entitled, “What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?,” on page 21 below.

36. If you are a Settlement Class Member and you wish to object to the Settlement, the Plan of Allocation, or Lead Counsel’s application for attorneys’ fees and reimbursement of Litigation Expenses, and if you do not exclude yourself from the Settlement Class, you may present your objections by following the instructions in the section entitled, “When And Where Will The Court Decide Whether To Approve The Settlement?,” below.

37. If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment (the “Judgment”). The Judgment will dismiss with prejudice the claims against Defendants and will provide that, upon the Effective Date of the Settlement, Plaintiffs and each of the other Settlement Class Members, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, will have fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Plaintiffs’ Claim (as defined in ¶ 38 below) against the Defendants and the other Defendants’ Releasees (as defined in ¶ 39 below), and shall forever be barred and enjoined from prosecuting any or all of the Released Plaintiffs’ Claims against any of the Defendants’ Releasees.

38. “Released Plaintiffs’ Claims” means all claims, rights, demands, suits, liabilities, or causes of action, in law or in equity, accrued or unaccrued, fixed or contingent, direct, individual or representative, of every nature and description whatsoever, under federal, state, local, foreign law, or any other law, rule, or regulation, whether known or Unknown Claims, whether class or individual in nature, that (i) were asserted in the SAC, or (ii) could have been, or could in the future be, asserted against Defendants in any court of competent jurisdiction or any other adjudicatory tribunal, in connection with, arising out of, related to, based upon, in whole or in part, directly or indirectly, or in any way involving, the facts, transactions, events, occurrences, acts, disclosures, oral or written statements, representations, filings, publications, disseminations, press releases, presentations, accounting practices or procedures, omissions or failures to act which were alleged or described in the SAC, and arise out of the purchase, acquisition, sale and/or holding of LSB Securities during the Settlement Class Period, including any claims for breach of fiduciary duty. Notwithstanding the foregoing, this release does not include (i) any claims filed by a shareholder who made a valid demand and/or filed a derivative suit prior to the date this Settlement Agreement was executed; and (ii) any claims relating to the enforcement of the Settlement or any claims of any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court.

39. “Defendants’ Releasees” means Defendants and their current and former officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, insurance companies, and attorneys, in their capacities as such.

40. “Unknown Claims” means any Released Plaintiffs’ Claims which Plaintiffs or any other Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of such claims, and any Released Defendants’ Claims which any Defendant or any other Defendants’ Releasee does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to this Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Plaintiffs and Defendants shall expressly waive, and each of the other Settlement Class Members and each of the other Defendants’ Releasees shall be deemed to have waived, and by operation of the Judgment or the Alternate Judgment, if applicable, shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Plaintiffs and Defendants acknowledge, and each of the other Settlement Class Members and each of the other Defendants’ Releasees shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

41. The Judgment will also provide that, upon the Effective Date of the Settlement, Defendants, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, will have fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Defendants’ Claim (as defined in ¶ 42 below) against Plaintiffs and the other Plaintiffs’ Releasees (as defined in ¶ 43 below), and shall forever be barred and enjoined from prosecuting any or all of the Released Defendants’ Claims against any of the Plaintiffs’ Releasees.

42. “Released Defendants’ Claims” means all claims and causes of action of every nature and description, whether known or Unknown Claims, whether arising under federal, state, common or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims against the Defendants. This release does not include any claims relating to the enforcement of the Settlement or any claims against any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court.

43. “Plaintiffs’ Releasees” means Plaintiffs, all other plaintiffs in the Action, their respective attorneys, and all other Settlement Class Members, and their respective current and former officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, and attorneys, in their capacities as such.

## HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

44. To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Settlement Class and you must timely complete and return the Claim Form with adequate supporting documentation **postmarked no later than July 23, 2019**. A Claim Form is available on the website maintained by the Claims Administrator for the Settlement, [www.LSBSecuritiesLitigation.com](http://www.LSBSecuritiesLitigation.com), or you

may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-833-402-1726. Please retain all records of your ownership of and transactions in LSB Securities, as they may be needed to document your Claim. If you request exclusion from the Settlement Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund.

### HOW MUCH WILL MY PAYMENT BE?

45. At this time, it is not possible to make any determination as to how much any individual Settlement Class Member may receive from the Settlement.

46. Pursuant to the Settlement, Defendants have agreed to pay or caused to be paid eighteen million four hundred fifty thousand dollars (\$18,450,000) in cash. The Settlement Amount will be deposited into an escrow account. The Settlement Amount plus any interest earned thereon is referred to as the “Settlement Fund.” If the Settlement is approved by the Court and the Effective Date occurs, the “Net Settlement Fund” (that is, the Settlement Fund less (a) all federal, state and/or local taxes on any income earned by the Settlement Fund and the reasonable costs incurred in connection with determining the amount of and paying taxes owed by the Settlement Fund (including reasonable expenses of tax attorneys and accountants); (b) the costs and expenses incurred in connection with providing notice to Settlement Class Members and administering the Settlement on behalf of Settlement Class Members; and (c) any attorneys’ fees and Litigation Expenses awarded by the Court) will be distributed to Settlement Class Members who submit valid Claim Forms, in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

47. The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.

48. Neither Defendants nor any other person or entity that paid any portion of the Settlement Amount on their behalf are entitled to get back any portion of the Settlement Fund once the Court’s order or judgment approving the Settlement becomes Final. Defendants shall not have any liability, obligation or responsibility for the administration of the Settlement, the disbursement of the Net Settlement Fund or the plan of allocation.

49. Approval of the Settlement is independent from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

50. Unless the Court otherwise orders, any Settlement Class Member who fails to submit a Claim Form **postmarked on or before July 23, 2019** shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation, including the terms of any Judgment entered and the releases given. This means that each Settlement Class Member releases the Released Plaintiffs’ Claims (as defined in ¶ 38 above) against the Defendants’ Releasees (as defined in ¶ 39 above) and will be enjoined and prohibited from filing, prosecuting, or pursuing any of the Released Plaintiffs’ Claims against any of the Defendants’ Releasees whether or not such Settlement Class Member submits a Claim Form.

51. Participants in and beneficiaries of a plan covered by ERISA (“ERISA Plan”) should NOT include any information relating to their transactions in LSB Securities held through the ERISA Plan in any Claim Form that they may submit in this Action. They should include ONLY those shares that they purchased or acquired outside of the ERISA Plan. Claims based on any ERISA Plan’s purchases or acquisitions of LSB Securities during the Settlement Class Period may be made by the plan’s trustees.

To the extent any of the Defendants or any of the other persons or entities excluded from the Settlement Class are participants in the ERISA Plan, such persons or entities shall not receive, either directly or indirectly, any portion of the recovery that may be obtained from the Settlement by the ERISA Plan.

52. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the Claim of any Settlement Class Member.

53. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her or its Claim Form.

54. Only Settlement Class Members, *i.e.*, persons and entities who purchased or otherwise acquired LSB Securities during the Settlement Class Period and were damaged as a result of such purchases or acquisitions will be eligible to share in the distribution of the Net Settlement Fund. Persons and entities that are excluded from the Settlement Class by definition or that exclude themselves from the Settlement Class pursuant to request will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms. The only securities that are included in the Settlement are the LSB Securities.

### **PROPOSED PLAN OF ALLOCATION**

55. The objective of the Plan of Allocation is to equitably distribute the Settlement proceeds to those Settlement Class Members who suffered net economic losses as a proximate result of the alleged wrongdoing in the Action. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Settlement Class Members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

56. In developing the Plan of Allocation, Plaintiffs consulted with their damages expert, who reviewed publicly available information regarding LSB and performed statistical analyses of the price movements of LSB Common Stock (“Common Stock”) and of LSB Put Options and LSB Call Options (collectively “Options”; LSB Common Stock and Options are collectively referred to as “LSB Securities”) and the price performance of relevant market and peer indices during the Settlement Class Period. The damages expert isolated the losses in LSB Securities that allegedly resulted from the alleged violations of the federal securities laws in the Action, eliminating losses attributable to market factors, industry factors, or Company-specific factors unrelated to the alleged violations of law. The Plan of Allocation, however, is not a formal damage analysis.

57. In order to have recoverable damages, the corrective disclosure of the allegedly misrepresented information must be the cause of the decline in the price or value of the LSB Securities. In this Action, Plaintiffs allege that Defendants made false statements and omitted material facts during the period between November 7, 2014 and November 5, 2015, inclusive, which had the effect of artificially inflating the prices of LSB Securities. Plaintiffs further alleges that corrective disclosures removed artificial inflation from the price of LSB Securities on July 14, 2015, August 7, 2015 or November 6, 2015. Thus, in order for a Settlement Class Member to have a “Recognized Loss Amount” under the Plan of Allocation, with respect to Common Stock and Call Options, the stock or call options must have been purchased or acquired during the Settlement Class Period and held through at least one of these disclosure dates, and, with respect to Put Options, those options must have been sold (written) during the Settlement Class Period and not closed prior to these disclosure dates.

## CALCULATION OF RECOGNIZED LOSS AMOUNTS

58. For purposes of determining whether a Claimant has a Recognized Claim, purchases, acquisitions, and sales of like securities will first be matched on a First In/First Out basis as set forth in paragraph 69 below.

59. With respect to shares of LSB Common Stock and Call and Put Options, a “Recognized Loss Amount” or a “Recognized Gain Amount” will be calculated as set forth below for each purchase or acquisition of LSB Common Stock and Call Option contracts and each writing of LSB Put Option contracts from November 7, 2014 and November 5, 2015, that is listed in the Claim Form and for which adequate documentation is provided.

60. **Common Stock Calculations:** For shares of common stock purchased or otherwise acquired between November 7, 2014 and November 5, 2015:

- (a) For shares sold between November 7, 2014 and November 5, 2015, the Recognized Loss shall be that number of shares multiplied by the lesser of:
  - (i) the applicable purchase date artificial inflation per share figure less the applicable sales date artificial inflation per share figure, as found in Table A; or
  - (ii) the difference between the purchase price per share and the sales price per share.
- (b) For shares sold between November 6, 2015 and February 3, 2016, the Recognized Loss shall be the lesser of:
  - (i) the applicable purchase date artificial inflation per share figure, as found in Table A; or
  - (ii) the difference between the purchase price per share and the sales price per share; or
  - (iii) the difference between the purchase price per share and the average closing price between November 6, 2015 and the date of sale, as found in Table B.<sup>3</sup>
- (c) For shares held at the end of trading on February 3, 2016, the Recognized Loss shall be that number of shares multiplied by the lesser of:
  - (i) the applicable purchase date artificial inflation per share figure, as found in Table A; or
  - (ii) the difference between the purchase price per share and \$6.23.<sup>4</sup>

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<sup>3</sup> Pursuant to Section 21(D)(e)(2) of the Private Securities Litigation Reform Act of 1995, “in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, if the plaintiff sells or repurchases the subject security prior to the expiration of the 90-day period described in paragraph (1), the plaintiff’s damages shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the security and the mean trading price of the security during the period beginning immediately after dissemination of information correcting the misstatement or omission and ending on the date on which the plaintiff sells or repurchases the security.”

<sup>4</sup> Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995, “in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated.” The mean (average) closing price of LSB common stock during the 90-day period beginning on November 6, 2015 and ending on February 3, 2016 was \$6.23 per share.

61. **Call and Put Option Calculations:** Exchange-traded options are traded in units called “contracts” which entitle the holder to buy (in the case of a call) or sell (in the case of a put) 100 shares of the underlying security, which in this case is LSB Common Stock.

62. Each option contract specifies a strike price and an expiration date. Contracts with the same strike price, expiration date and option class symbol are referred to as a “series” and each series represents a different security that trades in the market and has its own market price (and thus artificial inflation or deflation). Under the Plan of Allocation, the dollar amount of artificial inflation per option for each series of LSB Call Options and the dollar amount of artificial deflation per option for each series of LSB Put Options has been calculated by Plaintiffs’ damages expert and is included in Table C.

63. Shares of LSB Common Stock acquired via the exercise of a LSB Call Option shall be treated as a purchase on the date of exercise for the exercise price plus the cost per share of the LSB Call Option, and any Recognized Loss arising from such transaction shall be computed as provided for purchases of LSB Common Stock as set forth herein.

64. Shares of LSB Common Stock acquired through the “put” of LSB Common Stock via exercise of a LSB Put Option shall be treated as if the sale of the LSB Put Option were a purchase of LSB Common Stock on the date of the sale or writing of the LSB Put Option, for the exercise price of the LSB Put Option less the proceeds per share received from the sale of the LSB Put Option, and any Recognized Loss Amount arising from such transaction shall be computed as provided for purchases of LSB Common Stock as set forth herein.

65. No Recognized Claim shall be calculated based upon purchase or acquisition of any LSB Call Option that had been previously sold or written.

66. No Recognized Claim shall be calculated based upon the sale or writing of any LSB Put Option that had been previously purchased or acquired.

67. The following LSB Call Options are included in the Settlement and have Recognized Losses as described below:

- (a) for Call Options with expiration dates on or after July 15, 2015 purchased between November 7, 2014 and July 14, 2015 that were (a) sold on or after July 15, 2015 or (b) held at expiration, the Recognized Loss shall be the sum of artificial inflation figures provided for that option in Table C if still held at July 15, 2015, August 7, 2015 or November 6, 2015.
- (b) for Call Options with expiration dates on or after August 7, 2015 purchased between November 7, 2014 and August 6, 2015 that were (a) sold on or after August 7, 2015 or (b) held at expiration, the Recognized Loss shall be the sum of artificial inflation figures provided for that option in Table C if still held at August 7, 2015 or November 6, 2015.
- (c) for Call Options with expiration dates on or after November 6, 2015 purchased between November 7, 2014 and November 5, 2015 that were (a) sold on or after November 6, 2015 or (b) held at expiration, the Recognized Loss shall be the artificial inflation figure provided for that option if still held at November 6, 2015.

68. The following LSB Put Options are included in the Settlement and have Recognized Losses as described below:

- (a) for Put Options with expiration dates on or after July 15, 2015 sold or written between November 7, 2014 and July 14, 2015 that were (a) repurchased on or after July 15, 2015 or (b) still written at expiration, the Recognized Loss shall be the sum of artificial

deflation figures provided for that option in Table C if still written at July 15, 2015, August 7, 2015 or November 6, 2015.

- (b) for Put Options with expiration dates on or after August 7, 2015 sold or written between November 7, 2014 and August 6, 2015 that were (a) repurchased on or after August 7, 2015 or (b) still written at expiration, the Recognized Loss shall be the sum of artificial deflation figures provided for that option in Table C if still written at August 7, 2015 or November 6, 2015.
- (c) for Put Options with expiration dates on or after November 6, 2015 sold or written between November 7, 2014 and November 5, 2015 that were (a) repurchased on or after November 6, 2015 or (b) still written at expiration, the Recognized Loss shall be the artificial deflation figure provided for that option in Table C if still written at November 6, 2015.

**Table A**

Purchase or Sale Date Range	Artificial Inflation Per Share
11/07/2014 – 07/14/2015	\$20.12
07/15/2015 – 08/06/2015	\$19.01
08/07/2015 – 11/05/2015	\$7.19

**Table B**

Date of Sale	Average Closing Price Between 11/06/2015 and Date of Sale	Date of Sale	Average Closing Price Between 11/06/2015 and Date of Sale	Date of Sale	Average Closing Price Between 11/06/2015 and Date of Sale
11/06/2015	\$9.08	12/07/2015	\$6.78	01/06/2016	\$6.79
11/09/2015	\$8.21	12/08/2015	\$6.75	01/07/2016	\$6.77
11/10/2015	\$8.06	12/09/2015	\$6.75	01/08/2016	\$6.74
11/11/2015	\$7.83	12/10/2015	\$6.73	01/11/2016	\$6.71
11/12/2015	\$7.51	12/11/2015	\$6.70	01/12/2016	\$6.68
11/13/2015	\$7.42	12/14/2015	\$6.66	01/13/2016	\$6.64
11/16/2015	\$7.33	12/15/2015	\$6.62	01/14/2016	\$6.60
11/17/2015	\$7.22	12/16/2015	\$6.61	01/15/2016	\$6.58
11/18/2015	\$7.15	12/17/2015	\$6.59	01/19/2016	\$6.53
11/19/2015	\$7.10	12/18/2015	\$6.61	01/20/2016	\$6.49
11/20/2015	\$7.08	12/21/2015	\$6.64	01/21/2016	\$6.46
11/23/2015	\$7.03	12/22/2015	\$6.67	01/22/2016	\$6.43
11/24/2015	\$6.98	12/23/2015	\$6.71	01/25/2016	\$6.40
11/25/2015	\$6.94	12/24/2015	\$6.74	01/26/2016	\$6.37
11/27/2015	\$6.89	12/28/2015	\$6.75	01/27/2016	\$6.34
11/30/2015	\$6.91	12/29/2015	\$6.77	01/28/2016	\$6.32
12/01/2015	\$6.88	12/30/2015	\$6.78	01/29/2016	\$6.30
12/02/2015	\$6.86	12/31/2015	\$6.79	02/01/2016	\$6.29
12/03/2015	\$6.84	01/04/2016	\$6.80	02/02/2016	\$6.26
12/04/2015	\$6.80	01/05/2016	\$6.80	02/03/2016	\$6.23

**Table C**

<b>Disclosure Date</b>	<b>Type</b>	<b>Expiration</b>	<b>Strike</b>	<b>Artificial Inflation (Calls) Deflation (Puts) If Still Held/Written</b>
7/15/2015	Call	7/17/2015	\$35.00	\$1.14
7/15/2015	Call	7/17/2015	\$45.00	\$0.21
7/15/2015	Call	8/21/2015	\$45.00	\$0.52
8/7/2015	Call	8/21/2015	\$45.00	\$0.50
7/15/2015	Call	9/18/2015	\$22.50	\$1.36
8/7/2015	Call	9/18/2015	\$22.50	\$9.17
7/15/2015	Call	9/18/2015	\$40.00	\$0.86
8/7/2015	Call	9/18/2015	\$40.00	\$4.05
7/15/2015	Call	9/18/2015	\$45.00	\$0.60
8/7/2015	Call	9/18/2015	\$45.00	\$0.51
7/15/2015	Call	9/18/2015	\$50.00	\$0.22
8/7/2015	Call	9/18/2015	\$50.00	\$0.50
7/15/2015	Call	9/18/2015	\$55.00	\$0.15
8/7/2015	Call	9/18/2015	\$55.00	\$0.50
11/6/2015	Call	11/20/2015	\$15.00	\$3.81
11/6/2015	Call	11/20/2015	\$17.50	\$0.70
11/6/2015	Call	11/20/2015	\$20.00	\$3.53
11/6/2015	Call	12/18/2015	\$12.50	\$4.65
11/6/2015	Call	12/18/2015	\$15.00	\$3.82
11/6/2015	Call	12/18/2015	\$17.50	\$3.64
11/6/2015	Call	12/18/2015	\$20.00	\$1.36
11/6/2015	Call	12/18/2015	\$22.50	\$0.60
11/6/2015	Call	12/18/2015	\$25.00	\$3.44
7/15/2015	Call	12/18/2015	\$40.00	\$0.90
8/7/2015	Call	12/18/2015	\$40.00	\$4.09
11/6/2015	Call	12/18/2015	\$40.00	\$0.47
7/15/2015	Call	12/18/2015	\$45.00	\$0.73
8/7/2015	Call	12/18/2015	\$45.00	\$3.88
11/6/2015	Call	12/18/2015	\$45.00	\$0.46
7/15/2015	Call	12/18/2015	\$55.00	\$0.22
8/7/2015	Call	12/18/2015	\$55.00	\$0.61
11/6/2015	Call	12/18/2015	\$55.00	\$3.12
11/6/2015	Call	3/18/2016	\$12.50	\$4.74
11/6/2015	Call	3/18/2016	\$15.00	\$3.92
11/6/2015	Call	3/18/2016	\$17.50	\$3.66
11/6/2015	Call	3/18/2016	\$20.00	\$1.33
11/6/2015	Call	3/18/2016	\$22.50	\$3.51
11/6/2015	Call	3/18/2016	\$25.00	\$0.97
11/6/2015	Call	3/18/2016	\$30.00	\$3.36
11/6/2015	Call	6/17/2016	\$10.00	\$5.56



11/6/2015	Call	6/17/2016	\$12.50	\$4.89
11/6/2015	Call	6/17/2016	\$15.00	\$4.20
11/6/2015	Call	6/17/2016	\$20.00	\$3.60
11/6/2015	Call	6/17/2016	\$25.00	\$3.46
7/15/2015	Put	7/17/2015	\$45.00	\$1.05
7/15/2015	Put	8/21/2015	\$40.00	\$0.74
8/7/2015	Put	8/21/2015	\$40.00	\$10.60
7/15/2015	Put	9/18/2015	\$30.00	\$0.16
8/7/2015	Put	9/18/2015	\$30.00	\$5.04
7/15/2015	Put	9/18/2015	\$35.00	\$0.32
8/7/2015	Put	9/18/2015	\$35.00	\$7.64
7/15/2015	Put	9/18/2015	\$40.00	\$0.72
8/7/2015	Put	9/18/2015	\$40.00	\$10.30
7/15/2015	Put	9/18/2015	\$45.00	\$1.13
8/7/2015	Put	9/18/2015	\$45.00	\$10.36
11/6/2015	Put	11/20/2015	\$15.00	\$4.38
11/6/2015	Put	11/20/2015	\$17.50	\$4.13
11/6/2015	Put	11/20/2015	\$20.00	\$5.13
11/6/2015	Put	12/18/2015	\$15.00	\$2.86
11/6/2015	Put	12/18/2015	\$17.50	\$4.13
11/6/2015	Put	12/18/2015	\$20.00	\$4.78
11/6/2015	Put	12/18/2015	\$22.50	\$5.19
7/15/2015	Put	12/18/2015	\$35.00	\$0.39
8/7/2015	Put	12/18/2015	\$35.00	\$7.58
7/15/2015	Put	12/18/2015	\$40.00	\$0.69
8/7/2015	Put	12/18/2015	\$40.00	\$9.46
7/15/2015	Put	12/18/2015	\$45.00	\$0.98
8/7/2015	Put	12/18/2015	\$45.00	\$10.30
11/6/2015	Put	3/18/2016	\$12.50	\$1.92
11/6/2015	Put	3/18/2016	\$15.00	\$2.84
11/6/2015	Put	3/18/2016	\$17.50	\$3.89
11/6/2015	Put	3/18/2016	\$20.00	\$4.45
11/6/2015	Put	3/18/2016	\$25.00	\$4.95
11/6/2015	Put	3/18/2016	\$35.00	\$5.33
11/6/2015	Put	6/17/2016	\$12.50	\$1.91

### **ADDITIONAL PROVISIONS**

69. **FIFO Matching:** If a Settlement Class Member made more than one purchase/acquisition or sale of any LSB Securities during the Settlement Class Period, all purchases/acquisitions and sales of the like security shall be matched on a First In, First Out (“FIFO”) basis. With respect to LSB Common Stock and Call Options, Settlement Class Period sales will be matched first against any holdings at the beginning of the Settlement Class Period, and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Settlement Class Period. For LSB Put Options, Settlement Class Period purchases will be matched first to close out positions open at the

beginning of the Settlement Class Period, and then against Put Options sold (written) during the Settlement Class Period in chronological order.

70. **“Purchase/Sale” Dates:** Purchases or acquisitions and sales of LSB Securities shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. The receipt or grant by gift, inheritance or operation of law of LSB Securities during the Settlement Class Period shall not be deemed a purchase, acquisition or sale of these LSB Securities for the calculation of a Claimant’s Recognized Loss or Gain Amounts, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such LSB Securities unless: (i) the donor or decedent purchased or otherwise acquired such LSB Securities during the Settlement Class Period; (ii) the instrument of gift or assignment specifically provides that it is intended to transfer such rights; and (iii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such LSB Securities.

71. **Short Sales:** With respect to LSB Common Stock, the date of covering a “short sale” is deemed to be the date of purchase or acquisition of the Common Stock. The date of a “short sale” is deemed to be the date of sale of the LSB Common Stock. In accordance with the Plan of Allocation, however, the Recognized Loss and Gain Amounts on “short sales” is zero.

72. In the event that a Claimant has an opening short position in LSB Common Stock, the earliest purchases or acquisitions during the Settlement Class Period shall be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

73. If a Settlement Class Member has “written” Call Options, thereby having a short position in the Call Options, the date of covering such a written position is deemed to be the date of purchase or acquisition of the Call Option. The date on which the Call Option was written is deemed to be the date of sale of the Call Option. In accordance with the Plan of Allocation, however, the Recognized Loss and Gain Amounts on “written” Call Options is zero. In the event that a Claimant has an opening written position in Call Options, the earliest purchases or acquisitions of like Call Options during the Settlement Class Period shall be matched against such opening written position, and not be entitled to a recovery, until that written position is fully covered.

74. If a Settlement Class Member has purchased or acquired Put Options, thereby having a long position in the Put Options, the date of purchase/acquisition is deemed to be the date of purchase/acquisition of the Put Option. The date on which the Put Option was sold, exercised, or expired is deemed to be the date of sale of the Put Option. In accordance with the Plan of Allocation, however, the Recognized Loss and Gain Amounts on purchased/acquired Put Options is zero. In the event that a Claimant has an opening long position in Put Options, the earliest sales or dispositions of like Put Options during the Settlement Class Period shall be matched against such opening position, and not be entitled to a recovery, until that long position is fully covered.

75. **Common Stock Acquired Through the Exercise of Options:** With respect to LSB Common Stock purchased through the exercise of a LSB Call Option, the purchase date of the Common Stock is the exercise date of the option and the purchase price is the exercise price of the option, plus the cost per share of the LSB Call Option. With respect to LSB Common Stock purchased through the exercise of a LSB Put Option, the purchase date of the Common Stock is the sales date of the option and the purchase price is the exercise price of the option, less the proceeds per share received from the sale of the LSB Put Option.

76. **Netting Gains and Losses:** Gains and losses in LSB Securities trades will be netted for purposes of calculating whether a Claimant had an overall gain or loss on his, her or its transactions. The netting will occur both with respect to the Claimant’s calculated Recognized Gain and Loss

Amounts as set forth in ¶¶ 58-68 above, as well as with respect to the Claimant's gains or losses based on his, her or its market transactions.

- (a) **Netting of Calculated Gains and Loss Amounts:** The Claimant's Recognized Loss Amounts for Common Stock and Options will be totaled (the "Total Loss Amount") and the Claimant's Recognized Gain Amounts for Common Stock and Options will be totaled (the "Total Gain Amount"). If the Claimant's Total Loss Amount *minus* the Claimant's Total Gain Amount is a positive number, that will be the Claimant's Net Recognized Loss Amount; if the number is a negative number or zero, that will be the Claimant's Net Recognized Gain Amount.
- (b) **Netting of Market Gains and Losses:** With respect to all LSB Common Stock and Call Options purchased or acquired or Put Options sold during the Settlement Class Period, the Claims Administrator will also determine if the Claimant had a Market Gain or a Market Loss with respect to his, her or its overall transactions during the Settlement Class Period in those shares and options. For purposes of making this calculation, with respect to LSB Common Stock, the Claims Administrator shall determine the difference between (i) the Claimant's Total Purchase Amount<sup>5</sup> and (ii) the sum of the Claimant's Sales Proceeds<sup>6</sup> and the Claimant's Holding Value.<sup>7</sup> For LSB Common Stock, if the Claimant's Total Purchase Amount *minus* the sum of the Claimant's Sales Proceeds and the Holding Value is a positive number, that number will be the Claimant's Market Loss; if the number is a negative number or zero, that number will be the Claimant's Market Gain. With respect to LSB Call Options that were purchased and subsequently sold or expired worthless, the Claims Administrator shall determine the difference between (i) the Claimant's Total Purchase Amount and (ii) the sum of the Claimant's Sales Proceeds. For LSB Call Options, if the Claimant's Total Purchase Amount *minus* the sum of the Claimant's Sales Proceeds is a positive number, that number will be the Claimant's Market Loss; if the number is a negative number or zero, that number will be the Claimant's Market Gain. With respect to LSB Put Options that were sold and subsequently repurchased or expired worthless, the Claims Administrator shall determine the difference between (i) the sum of the Claimant's Total Purchase Amount<sup>8</sup> and (ii) the Claimant's Sale Proceeds.<sup>9</sup> For LSB Put Options, if the sum of the Claimant's Total

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<sup>5</sup> For LSB Common Stock and Call Options, the "Total Purchase Amount" is the total amount the Claimant paid (excluding all fees, taxes and commissions) for all such LSB securities purchased or acquired during the Settlement Class Period.

<sup>6</sup> For LSB Common Stock and Call Options, the Claims Administrator shall match any sales of such LSB Securities during the Settlement Class Period first against the Claimant's opening position in the like LSB Securities (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received for sales of the remaining like LSB Securities sold during the Settlement Class Period is the "Sales Proceeds."

<sup>7</sup> The Claims Administrator shall ascribe a "Holding Value" of \$9.08 to each share of LSB Common Stock purchased or acquired during the Settlement Class Period that was still held as of the close of trading on November 6, 2015.

<sup>8</sup> For LSB Put Options, the Claims Administrator shall match any purchases during the Settlement Class Period to close out positions in Put Options first against the Claimant's opening position in Put Options (the total amount paid with respect to those purchases will not be considered for purposes of calculating market gains or losses). The total amount paid for the remaining purchases during the Settlement Class Period to close out positions in Put Options is the "Total Purchase Amount."

<sup>9</sup> For LSB Put Options, the total amount received for Put Options sold (written) during the Settlement Class Period is the "Sales Proceeds."

Purchase Amount minus the Claimant's Sales Proceeds is a positive number, that number will be the Claimant's Market Loss; if the number is a negative number or zero, that number will be the Claimant's Market Gain.

77. **Calculation of Claimant's Recognized Claim:** If a Claimant has a Net Recognized Gain Amount *or* a Market Gain, the Claimant's "Recognized Claim" will be zero. Such Claimants shall in any event be bound by the Settlement. If the Claimant has a Net Recognized Loss Amount *and* a Market Loss, the Claimant's "Recognized Claim" will be the lesser of those two amounts.

78. **Determination of Distribution Amount:** If the sum total of Recognized Claims of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund. The *pro rata* share shall be the Authorized Claimant's Recognized Claim divided by the total of Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

79. If the Net Settlement Fund exceeds the sum total amount of the Recognized Claims of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund shall be distributed *pro rata* to all Authorized Claimants entitled to receive payment.

80. The Net Settlement Fund will be allocated among all Authorized Claimants whose prorated payment is \$10.00 or greater. If the prorated payment to any Authorized Claimant calculates to less than \$10.00, it will not be included in the calculation (*i.e.*, the Recognized Claim will be deemed to be zero) and no distribution will be made to that Authorized Claimant. Any prorated amounts of less than \$10.00 will be included in the pool distributed to those whose prorated payments are \$10.00 or greater. Such Authorized Claimants shall in any event be bound by the Settlement.

81. After the initial distribution of the Net Settlement Fund, the Claims Administrator shall make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks. To the extent any monies remain in the fund nine (9) months after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determines that it is cost-effective to do so, the Claims Administrator shall conduct a re-distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks and who would receive at least \$10.00 on such additional re-distributions may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determines that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance shall be contributed to non-sectarian, not-for-profit organization(s), to be recommended by Lead Counsel and approved by the Court.

82. Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Authorized Claimants. No person shall have any claim against Plaintiffs, Lead Counsel, Plaintiffs' damages expert, Defendants, Defendants' Counsel, or any of the other Releasees, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or further Orders of the Court. Plaintiffs, Defendants and their respective counsel, shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the plan of allocation, or the determination, administration, calculation, or

payment of any Claim Form or nonperformance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund, or any losses incurred in connection therewith.

83. The Plan of Allocation set forth herein is the plan that is being proposed to the Court for its approval by Plaintiffs after consultation with their damages expert. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Settlement Class. Any Orders regarding any modification of the Plan of Allocation will be posted on the settlement website, [www.LSBSecuritiesLitigation.com](http://www.LSBSecuritiesLitigation.com).

**WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS SEEKING?  
HOW WILL THE LAWYERS BE PAID?**

84. Plaintiffs' Counsel have not yet received any payment for their services in pursuing claims against the Defendants on behalf of the Settlement Class, nor have Plaintiffs' Counsel been reimbursed for their out-of-pocket expenses. Before final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 33 1/3% of the Settlement Fund. At the same time, Lead Counsel also intends to apply for reimbursement of Litigation Expenses in an amount not to exceed \$1,450,000, which may include an application for reimbursement of the reasonable costs and expenses (including lost wages) incurred by Plaintiffs directly related to their representation of the Settlement Class. The Court will determine the amount of any award of attorneys' fees or reimbursement of Litigation Expenses. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

**WHAT IF I DO NOT WANT TO BE A MEMBER OF THE SETTLEMENT CLASS?  
HOW DO I EXCLUDE MYSELF?**

85. Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails or delivers a written Request for Exclusion from the Settlement Class, addressed to *Wilson v. LSB Industries, Inc. et al.*, EXCLUSIONS, c/o JND Legal Administration, P.O. Box 91236, Seattle, WA 98111-9336. The exclusion request must be **received no later than June 7, 2019**. You will not be able to exclude yourself from the Settlement Class after that date. Each Request for Exclusion must: (a) state the name, address and telephone number of the person or entity requesting exclusion, and in the case of entities the name and telephone number of the appropriate contact person; (b) state that such person or entity "requests exclusion from the Settlement Class in *Wilson v. LSB Industries, Inc. et al.*, Case No. 1:15-cv-07614"; (c) identify and state the number of all LSB Securities that the person or entity requesting exclusion purchased/acquired and/or sold during the Settlement Class Period (*i.e.*, between November 7, 2014 and November 5, 2015, inclusive), as well as the dates and prices of each such purchase/acquisition and sale; and (d) be signed by the person or entity requesting exclusion or an authorized representative. A Request for Exclusion shall not be valid and effective unless it provides all the information called for in this paragraph and is received within the time stated above, or is otherwise accepted by the Court.

86. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Plaintiffs' Claim against any of the Defendants' Releasees.

87. If you ask to be excluded from the Settlement Class, you will not be eligible to receive any payment out of the Net Settlement Fund.

88. Defendants have the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by Plaintiffs and Defendants.

**WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?**

89. **Settlement Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if a Settlement Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Hearing.**

90. The Settlement Hearing will be held on **June 28, 2019 at 10:00 a.m.**, before the Honorable Ronnie Abrams in Courtroom 1506 of the United States Courthouse, Southern District of New York, 40 Foley Square, New York, NY 10007. The Court reserves the right to approve the Settlement, the Plan of Allocation, Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of Litigation Expenses and/or any other matter related to the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Class.

91. Any Settlement Class Member who or which does not request exclusion may object to the Settlement, the proposed Plan of Allocation or Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of Litigation Expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk’s Office at the United States District Court for the Southern District of New York at the address set forth below **on or before June 7, 2019**. You must also serve the papers on Lead Counsel and on Defendants’ Counsel at the addresses set forth below so that the papers are *received on or before June 7, 2019*.

Clerk’s Office	Lead Counsel	Defendants’ Counsel
<b>United States District Court for the Southern District of New York</b> Clerk of the Court Thurgood Marshall United States Courthouse 40 Foley Ave. New York, NY 10007	<b>Glancy Prongay &amp; Murray LLP</b> Casey E. Sadler, Esq. 1925 Century Park East Suite 2100 Los Angeles, CA 90067	<b>DECHERT, LLP</b> David Kistenbroker, Esq. 35 West Wacker Drive Suite 3400 Chicago, Illinois 60601

92. Any objection: (a) must state the name, address and telephone number of the person or entity objecting and must be signed by the objector; (b) must contain a statement of the Settlement Class Member’s objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court’s attention; and (c) must include documents sufficient to prove membership in the Settlement Class, including the number of all LSB Securities that the objecting Settlement Class Member purchased/acquired and/or sold during the Settlement Class Period (*i.e.*, between November 7, 2014 and November 5, 2015, inclusive), as well as the dates and prices of each such purchase/acquisition and sale. You may not object to the Settlement,

the Plan of Allocation or Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses if you exclude yourself from the Settlement Class or if you are not a member of the Settlement Class.

93. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first file and serve a written objection in accordance with the procedures described above, unless the Court orders otherwise.

94. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, and if you timely file and serve a written objection as described above, you must also file a notice of appearance with the Clerk's Office and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth above so that it is **received on or before June 7, 2019**. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

95. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth in ¶ 91 above so that the notice is **received on or June 7, 2019**.

96. The Settlement Hearing may be adjourned by the Court without further written notice to the Settlement Class. If you intend to attend the Settlement Hearing, you should confirm the date and time with Lead Counsel.

**97. Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.**

#### WHAT IF I BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?

98. If you purchased or otherwise acquired any of the LSB Securities between November 7, 2014 and November 5, 2015, inclusive, for the beneficial interest of persons or organizations other than yourself, you must either: (a) within seven (7) calendar days of receipt of the Postcard Notice, request from the Claims Administrator sufficient copies of the Postcard Notice to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Postcard Notices forward them to all such beneficial owners; or (b) within seven (7) calendar days of receipt of the Postcard Notice, provide a list of the names and addresses of all such beneficial owners to *Wilson v. LSB Industries, Inc. et al.*, c/o JND Legal Administration, P.O. Box 91236, Seattle, WA 98111-9336. If you choose the second option, the Claims Administrator will send a copy of the Postcard Notice to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, up to a maximum of \$0.50 per notice, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Any dispute concerning the reasonableness of reimbursement costs shall be resolved by the Court. Copies of this Notice and the Claim Form may be obtained from the

website maintained by the Claims Administrator, [www.LSBSecuritiesLitigation.com](http://www.LSBSecuritiesLitigation.com), or by calling the Claims Administrator toll-free at 1-833-402-1726.

**CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?**

99. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in this Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the Southern District of New York, United States Courthouse, 40 Foley Ave., New York, NY 10007. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the website maintained by the Claims Administrator, [www.LSBSecuritiesLitigation.com](http://www.LSBSecuritiesLitigation.com).

All inquiries concerning this Notice and the Claim Form should be directed to the Claims Administrator or Lead Counsel at:

*Wilson v. LSB Industries, Inc., et al.*  
c/o JND Legal Administration  
P.O. Box 91236  
Seattle, WA 98111-9336  
833-402-1726  
[www.LSBSecuritiesLitigation.com](http://www.LSBSecuritiesLitigation.com)

and/or

Casey E. Sadler, Esq.  
GLANCY PRONGAY & MURRAY LLP  
1925 Century Park East, Suite 2100  
Los Angeles, CA 90067  
(888) 773-9224  
[settlements@glancylaw.com](mailto:settlements@glancylaw.com)

**DO NOT CALL OR WRITE THE COURT, THE OFFICE OF THE CLERK OF THE COURT, DEFENDANTS OR THEIR COUNSEL REGARDING THIS NOTICE.**

Dated: March 25, 2019

By Order of the Court  
United States District Court  
Southern District of New York