

LSB INDUSTRIES, INC. REPORTS RESULTS FOR THE 2010 THIRD QUARTER

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OKLAHOMA CITY, Oklahoma...November 4, 2010... LSB Industries, Inc. (NYSE: LXU) announced today results for the third quarter ended September 30, 2010.

Third Quarter 2010 Financial Highlights Compared to Third Quarter 2009:

Net sales were \$138.9 million, an 8.7% increase from \$127.8 million;

Operating income was \$8.5 million compared to \$4.3 million;

Net income was \$3.8 million compared to \$1.1 million;

Diluted earnings per common share were \$0.17 compared \$0.05.

First Nine Months 2010 Financial Highlights Compared to First Nine Months 2009:

Net sales were \$437.8 million, a 5.1% increase from \$416.5 million;

Operating income was \$25.7 million compared to \$38.2 million;

Net income was \$11.5 million compared to \$21.5 million;

Net income applicable to common shareholders was \$11.2 million compared to \$21.2 million;

Diluted earnings per common share were \$0.52 compared to \$0.95.

Discussion of Third Quarter of 2010:

The 8.7% increase in net sales was the result of a 21.5% increase in Chemical Business net sales partially offset by a 4.3% decline in Climate Control net sales. The upturn in Chemical Business sales includes higher sales volume in industrial and mining products, plus an increase in selling prices primarily driven by higher raw material input costs.

The \$4.2 million increase in consolidated operating income includes:

- a \$0.8 million decline in Climate Control operating income primarily due to lower sales and higher material costs, partially offset by a decrease in operating expenses;
- a \$4.6 million increase in Chemical Business operating income resulting from increased sales volume of the industrial and mining products. The Pryor, Oklahoma facility's ("Pryor Facility") overhead and other costs of approximately \$6.2 million for the quarter included a planned major maintenance activity ("Turnaround") of \$1.3 million charged to cost of sales, \$4.6 million charged to selling, general and administrative ("SG&A") expense and \$0.3 million of other expense. Pryor Facility costs charged to SG&A expense for the three months ended September 30, 2009 were approximately \$6.1 million. The third quarter 2010 operating income also benefited from \$3.1 million attributable to insurance recoveries.

Climate Control Business:

Net sales for the Climate Control Business for the third quarter 2010 totaled \$64.5 million, a 4.3% decrease from the third quarter of 2009 due primarily to reduced commercial and institutional construction activity.

Climate Control's gross margin as a percent of sales was 35.6% compared to 36.7% in the third quarter of 2009. The reduction in gross margin was primarily due to lower sales volume and higher material costs.

Bookings of new product orders during the third quarter of 2010 were \$67.5 million compared to \$49.1 million in the third quarter of 2009, \$71.7 million for the second quarter of 2010 and \$54.2 million for the first quarter of 2010. New product orders for commercial products were up 51% from the same period one year earlier and there was a 7% increase in orders for residential products, consisting of geothermal heat pumps ("GHP"). At September 30, 2010, the backlog of confirmed customer product orders was \$54.8 million compared to \$39.4 million at September 30, 2009.

Chemical Business:

Net sales for the Chemical Business for the third quarter 2010, were \$72.6 million, compared to \$59.7 million for 2009.

In terms of tons shipped, shipments of industrial and mining chemical products increased, while shipments of agricultural products were lower. Sales of fertilizer grade ammonium nitrate and urea ammonium nitrate ("UAN") in the third quarter of 2010 were lower than the third quarter of 2009 due to hot and dry weather conditions in certain of the markets we serve, an extended plant turnaround at our Cherokee, AL facility, partially offset by higher sales prices for those products.

We experienced increased margins on industrial and mining products primarily due to increased selling prices, offset by lower margins on fertilizer grade ammonium nitrate.

In connection with the Pryor Facility, production resumed on September 30th following an approximately 90-day period to rebuild the primary ammonia reformer that was severely damaged in a fire on June 18, 2010. In mid-October the Pryor Facility experienced some delays but is now producing ammonia. The nitric acid plant and urea plants at the Pryor Facility are positioned to produce UAN to meet anticipated customer orders.

CEO's Remarks:

Jack Golsen, LSB's Board Chairman and CEO stated, "We are seeing positive signs in our Climate Control Business in sales, new orders and backlog. Our Climate Control backlog also continues to move in the right direction, with sequential quarterly improvement since year-end 2009. We are encouraged by the improvement in our commercial products order level and we believe our aggressive advertising and marketing campaign and the enactment of federal tax credits for geothermal heat pumps have had a positive impact on sales of those highly energy efficient and green products."

Turning to LSB's Chemical Business Mr. Golsen continued, "The current outlook points to positive supply and demand fundamentals for the types of nitrogen fertilizer products we produce and sell, although, during the third quarter, our agricultural product sales were impacted by weather conditions in LSB Industries, Inc. News Release Page 3 November 4, 2010

certain of our markets. We are, of course, pleased that the Pryor Facility is producing ammonia and look forward to the contribution it will make in the years to come. We are also optimistic about improvement in the industrial and mining markets we serve as the economy continues to recover."

Discussing LSB's financial condition, Mr. Golsen noted, "Our financial position remains strong. We closed the third quarter with a working capital ratio of 2.9 to 1 and a long-term debt to equity ratio of .6 to 1, over \$61 million in cash, cash equivalents and short-term investments, and borrowing availability of \$49.2 million under a \$50.0 million credit facility."

In closing, Mr. Golsen noted, "We are pleased to see the recent improvement in most of the markets we serve. We will continue to make investments that we believe have long-term strategic potential for LSB."

Conference Call

LSB's management will host a conference call covering the third quarter results on Thursday, November 4, 2010, 5:15 pm ET/4:15 pm CT to discuss these results and recent corporate developments. Participating in the call will be CEO, Jack E. Golsen; President and COO, Barry H. Golsen; and Executive Vice President and CFO, Tony M. Shelby. Interested parties may participate in the call by dialing (201)-689-8261. Please call in ten minutes before the conference is scheduled to begin and ask for the LSB conference call.

To listen to a webcast of the call, please go to the Company's website at www.lsb-okc.com at least 15 minutes before the conference call to download and install any necessary audio software. If you are unable to listen live, the conference call webcast

will be archived on the Company's website. We suggest listeners use Microsoft Explorer as their web browser.

LSB Industries, Inc.

LSB is a manufacturing, marketing and engineering company. LSB's principal business activities consist of the manufacture and sale of commercial and residential climate control products, such as geothermal and water source heat pumps, modular geothermal chillers, hydronic fan coils, large custom air handlers; the manufacture and sale of chemical products for the mining, agricultural and industrial markets; and the provision of specialized engineering services and other activities.

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Act of 1995. These forward-looking statements generally are identifiable by use of the words "believe," "expects," "intends," "anticipates," "plans to," "estimates," "projects" or similar expressions, and such forward-looking statements include, but are not limited to, with respect to our Chemical Business, that the current outlook points to positive supply and demand fundamentals; optimistic about improvement in the industrial and mining markets we serve as the economy continues to recover; that the nitric acid and urea plants at the Pryor Facility are positioned to produce UAN to meet anticipated customer orders; we look forward to the contribution the Pryor Facility will make in years to come; and continue to make investments that we believe have long-term strategic potential for LSB. Investors are cautioned that such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from the forward-looking statements as a result of various factors, including, but not limited to, general economic conditions, effect of the recession on the commercial and residential construction industry, acceptance by the market of our geothermal heat pump products, acceptance of our technology, changes to federal legislation or adverse LSB Industries, Inc. News Release Page 4 November 4, 2010

regulations, available working capital, ability to install necessary equipment and renovations at the Pryor facility in a timely manner, ability to finance our investments, and other factors set forth under "A Special Note Regarding Forward-Looking Statements", a discussion of a variety of factors which could cause the future outcome to differ materially from the forward-looking statements contained in this release, included in the Form 10-K for year ended December 31, 2009 and the Form 10Qs for the quarters ended March 31, 2010, June 30, 2010, and September 30, 2010.

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See Accompanying Tables

[For full release including financial tables](#)