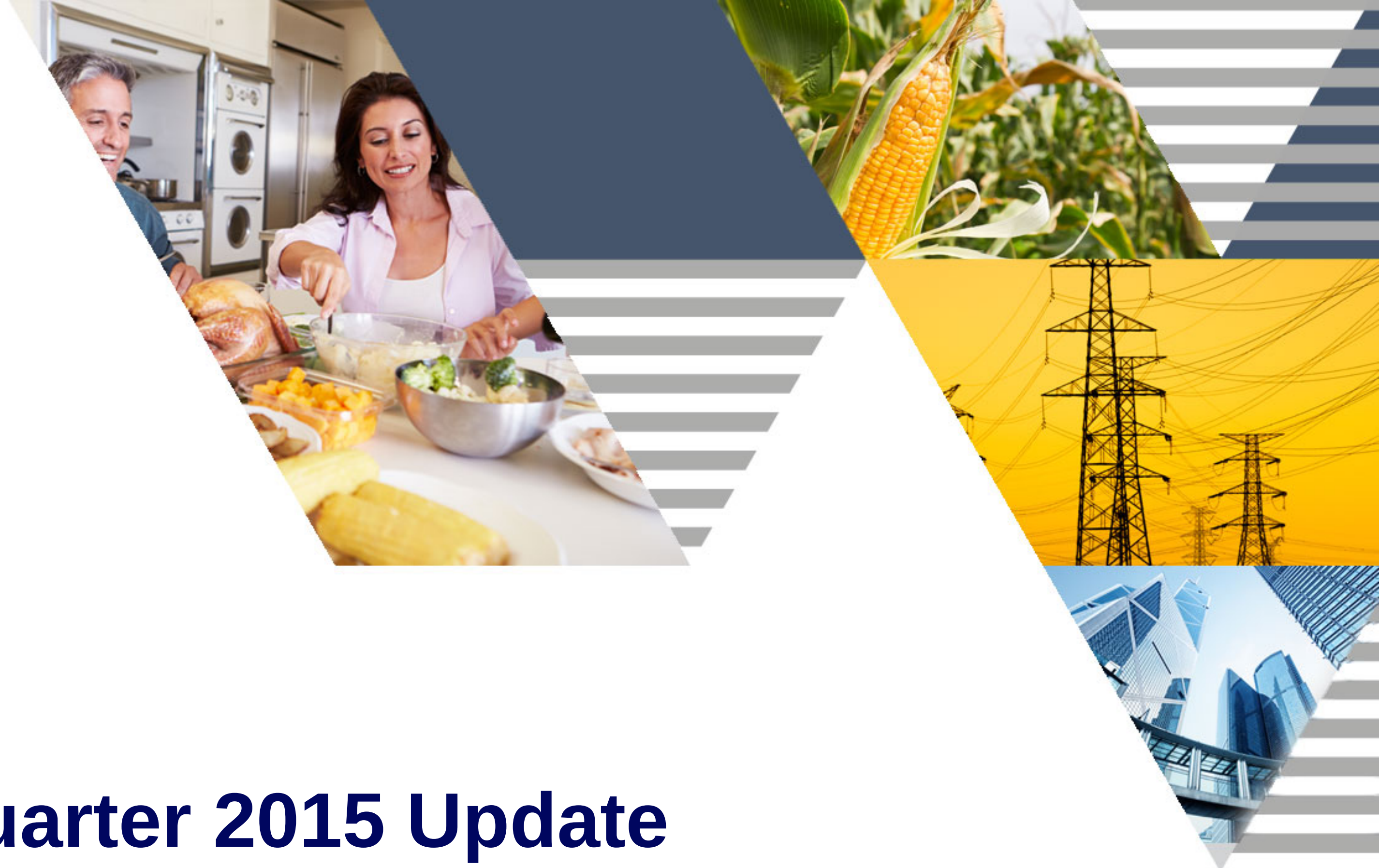


LSB INDUSTRIES

Fourth Quarter 2015 Update

March 1, 2016

Agenda

Overview

- Dan Greenwell, Chief Executive Officer and President

Financial Review

- Mark Behrman, Executive Vice President and Chief Financial Officer

Q&A

Forward-Looking Statements

The information contained in the presentation materials contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All these statements, other than statements of historical fact, are forward-looking statements.

These forward-looking statements generally are identifiable by use of the words “believe,” “expect,” “intend,” “plan to,” “estimate,” “project” or similar expressions, and include but are not limited to: our belief that we have accurately revised the cost projections and timing of completion for the El Dorado project; our expectation of increased reliability and production consistency at our facilities, including our Cherokee and Pryor facilities; our projections of trends in the fertilizer market; our outlook for commercial and residential construction; our expectation of continued success of our operational excellence initiatives; our belief in stronger profitability and expectation of cash flow generation; opportunities to improve our overall capitalization and liquidity; and our planned capital additions for 2016.

Investors are cautioned that such forward-looking statements are not guarantees of future performance and involve risk and uncertainties. Though we believe that expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectation will prove to be correct. Actual results may differ materially from the forward-looking statements as a result of various factors. We incorporate the risks and uncertainties discussed under the headings “Risk Factors” and “A Special Note Regarding Forward-looking Statements” in our Form 10-K for the fiscal year ended December 31, 2015 and if applicable, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K, which contain a discussion of a variety of factors which could cause future outcomes to differ materially from the forward-looking statements discussed in this conference call presentation. We undertake no duty to update the information contained in this conference call.

The term EBITDA, as used in this presentation, is net income plus interest expense, depreciation, amortization, income taxes, and certain non-cash charges, unless otherwise described. EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to GAAP measurement. The Company believes that certain investors consider EBITDA a useful means of measuring our ability to meet our debt service obligations and evaluating our financial performance. EBITDA has limitations as it does not reflect all items of income or cash flows that affect the company’s financial performance under GAAP and should not be considered in isolation or as a substitute for net income, operating income, cash flow from operations or other consolidated cash flow data prepared in accordance with GAAP. The reconciliation of GAAP and any EBITDA numbers as of the three months and twelve months ended December 31, 2015 and December 31, 2014 discussed in this conference call presentation are included in the appendix of this presentation.

Fourth Quarter 2015 Highlights

LSB INDUSTRIES

Leadership changes

- Dan Greenwell named CEO & President
- Michael Foster named Senior Vice President, General Counsel and Secretary

Financing update

- Completed private placement of $50 million 12% Senior Secured Notes on November 9, 2015
- Completed sale of $210 million of Preferred Stock and Warrants on December 4, 2015

EDC expansion update

- Nitric acid plant fully operational during the quarter
- Ammonia plant on track to begin production early in the Q2 2016
- Total Expansion Project remains within previous cost estimate of $831-855 million

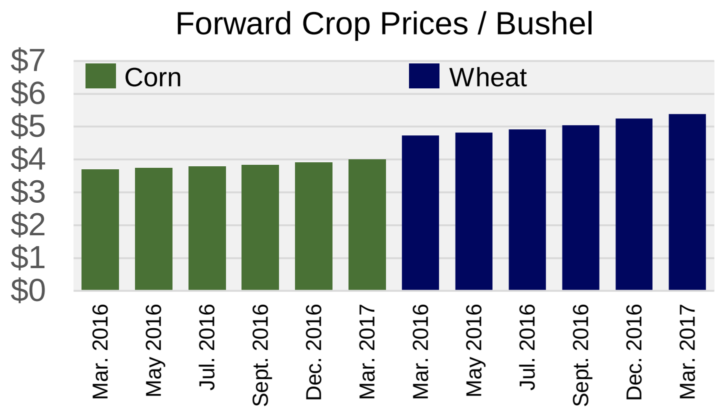
Fourth quarter operating results

- Chemical sales decreased $27.7 million or 24% primarily as a result of lower product pricing along with lower volumes from unplanned downtime and lower AN sales volume
- Climate Control sales down $1.8 million or 3%; however EBITDA remains consistent due to operational excellence as gross profit as a percentage of sales increased 50 basis points

Chemical Market Outlook

Agricultural

- ⬆ **Planted acreage ~90 million in 2016 (vs. 88 million in 2015)**
- ⬆ **Recent improvement in Ammonia and Urea prices reflective of expected increase in demand for the spring planting season.**
- ⬆ **Natural gas feedstock costs expected to remain low**
- ⬌ **Corn prices projected to remain flat to slightly increase at ~$3.85/bushel range over next 12 months**
- ⬇ **Corn stocks relatively high and expected to stay there over the next 12 months**
- ⬇ **Current overall fertilizer pricing on lower end of historical averages**
- ⬇ **Expected additional nitrogen capacity in 2016**



Industrial and Mining

- **Industrial markets expected to be flat in 2016, due to a stronger US dollar and global softness in commodities pricing**
- **Worsening Mining market driven by coal usage, which is expected to decline in 2016**

⬇ *Coal supply*
EIA estimates that U.S. coal production for January 2016 was 59 million short tons, a 7% decrease from December 2015

Forecast production declines continue in 2016, with coal production expected to average 834 MMst, a 6% decline from 2015

⬇ *Coal consumption*
EIA estimates that coal consumption decreased by 12% in 2015, mainly as a result of a 12% drop in electric power sector consumption.

Coal consumption in the electric power sector is forecast to remain relatively unchanged in 2016 and 2017

⬇ *Coal Trade*
Slower growth in world coal demand and lower international coal prices have contributed to a decline in U.S coal exports.

Sources: Corn Prices – Chicago Board of Trade 1-24-16 close; Wheat Prices – Kansas City Board of Trade 1-24-16 close; USDA WASDE report, 2-9-16 for crop year 2016; U.S. Energy Information Administration, short-term energy outlook

Climate Control Market Outlook

- Continued growth in commercial and institutional construction markets expected over the next two to three years
  - Total dollar value of construction starts forecasted to increase 5% in 2016 with buildings forecasted at 11%
  - Nonresidential sector* to grow 8% to $223 billion in 2016
    - Office and Lodging are expected to grow by double digits while Education and Healthcare are forecasted to grow in high single digits in 2016

- Single-family residential sector to grow 16% to $216 billion in 2016
  - Low natural gas prices continue to impact residential geothermal sales
- Continued trend towards higher energy efficient green products in commercial/institutional sector
  - Net zero energy designs
  - Focus on lowering energy costs
  - Meet or exceed building efficiency standards

- Potential expiration of Residential Energy Efficient Property credit at the end of 2016 could have an impact on total geothermal heat pump sales

Sources: Dodge Data & Analytics Construction Market Forecasting Service, Q1 2016
** Includes multi-family, education, healthcare, office, public and lodging which accounted for approximately 78% of total Climate Control sales and 93% of commercial and institutional sales in 2015.*

LSB Consolidated Financial Highlights
Fourth Quarter 2015

	Three Months Ended Dec. 31,			Twelve Months Ended Dec. 31,		
($ in millions except EPS)	2015	2014	Change	2015	2014	Change
Net Sales	**$ 157.0**	**$ 187.3**	**$ (30.3)**	**$ 711.8**	**$ 761.2**	**$ (49.4)**
Gross Profit	**$ 19.1**	**$ 30.1**	**$ (11.0)**	**$ 103.7**	**$ 147.9**	**$ (44.2)**
% of net sales	*12.2%*	*16.1%*	*(3.9)%*	*14.6%*	*19.4%*	*(4.8)%*
Selling, General and Administrative	**$ 28.6**	**$ 25.2**	**$ 3.4**	**$ 112.3**	**$ 98.4**	**$ 13.9**
% of net sales	*18.2%*	*13.5%*	*4.7%*	*15.8%*	*12.9%*	*2.9%*
Operating Income (Loss)	**$ (12.6)**	**$ 4.9**	**$ (17.5)**	**$ (50.8)**	**$ 53.4**	**$ (104.2)**
% of net sales	*(8.0)%*	*2.6%*	*(10.6)%*	*(7.1)%*	*7.0%*	*(14.1)%*
Net Income (Loss)	**$ (8.1)**	**$ 0.7**	**$ (8.8)**	**$ (34.8)**	**$ 19.6**	**$ (54.4)**
% of net sales	*(5.2)%*	*0.4%*	*(5.6)%*	*(4.9)%*	*2.6%*	*(7.5)%*
Diluted EPS	**$ (0.48)**	**$ 0.03**	**$ (0.51)**	**$ (1.67)**	**$ 0.83**	**$ (2.50)**
EBITDA	**$ 1.7**	**$ 14.4**	**$ (12.7)**	**$ 34.5**	**$ 89.8**	**$ (55.3)**
Adjusted Operating Income (Loss) (1)	**$ (8.9)**	**$ 4.9**	**$ (13.8)**	**$ (5.6)**	**$ 25.4**	**$ (31.0)**
Adjusted Net Income (Loss) Applicable to Common Stock (2)	**$ (5.2)**	**$ 0.7**	**$ (5.9)**	**$ (6.8)**	**$ 2.1**	**$ (8.9)**
Adjusted Diluted EPS (2)	**$ (0.23)**	**$ (0.03)**	**$ (0.20)**	**$ (0.30)**	**$ 0.09**	**$ (0.39)**
Adjusted EBITDA (3)	**$ 1.9**	**$ 14.4**	**$ (12.5)**	**$ 36.5**	**$ 61.8**	**$ (25.3)**

(1) Both periods of 2015 were adjusted to exclude a provision for impairment charge, $3.5 million for the quarter and $43.2 million for the year. These same periods were adjusted to exclude severance costs of $0.2 million for the quarter and $2.0 million for the year. The year ended 2014 was adjusted to exclude an insurance recovery in the amount of $28.0 million

(2) Both periods of 2015 were adjusted to exclude a fair market value adjustment of $0.5 million, accrued dividends on preferred equity of $2.3 million, and a non-cash accretion of $0.7 million. A provision for impairment charge, net of tax, was excluded of $2.2 million for the quarter and $26.5 million for the year 2015. These same periods were adjusted to exclude severance costs, net of tax, of $0.1 million for the quarter and $1.2 million for the year. The year ended 2014 was adjusted to exclude an insurance recovery (net of tax) in the amount of $17.2 million

(3) Both periods of 2015 were adjusted to exclude severance costs, $0.2 million for the quarter and $2.0 million for the year. The year ended 2014 was adjusted to exclude an insurance recovery in the amount of $28.0 million

Chemical Business

Fourth Quarter 2015 Highlights

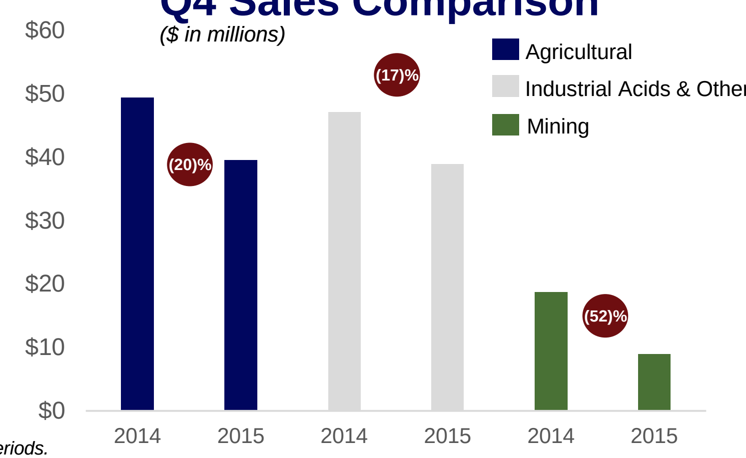
LSB INDUSTRIES

($ in millions)	Three Months Ended Dec. 31, 2015	2014(1)	Change	Twelve Months Ended Dec. 31, 2015	2014(1)	Change
Net Sales	**$ 87.4**	**$ 115.1**	**$ (27.7)**	**$ 428.1**	**$ 483.6**	**$ (55.5)**
Gross Profit	**$ (2.5)**	**$ 8.1**	**$ (10.6)**	**$ 16.6**	**$ 61.1**	**$ (44.5)**
% of net sales	*(2.8)%*	*7.0%*	*(9.8)%*	*3.9%*	*12.6%*	*(8.7)%*
Segment SG&A	**$ 4.7**	**$ 3.6**	**$ 1.1**	**$ 16.7**	**$ 12.9**	**$ 3.8**
Operating Income (Loss)	**$ (10.3)**	**$ 4.5**	**$ (14.8)**	**$ (41.8)**	**$ 51.3**	**$ (93.1)**
% of net sales	*(11.8)%*	*3.9%*	*(15.7)%*	*(9.8)%*	*10.6%*	*(20.4)%*
Segment EBITDA	**$ 3.0**	**$ 12.6**	**$ (9.6)**	**$ 37.8**	**$ 82.2**	**$ (44.4)**
Capital Expenditures (PP&E)	**$ 144.8**	**$ 64.8**	**$ 80.0**	**$ 469.5**	**$ 235.1**	**$ 234.4**
Adjusted Operating (Loss) income (1)	**$ (6.8)**	**$ 4.5**	**$ (11.3)**	**$ 1.4**	**$ 23.3**	**$ (21.9)**
Adjusted Segment EBITDA (2)	**$ 3.0**	**$ 12.6**	**$ (9.6)**	**$ 37.8**	**$ 54.2**	**$ (26.4)**

- Net sales decreased due to:
  - Lower product pricing for Urea ammonium nitrate (UAN), High density ammonium nitrate (HDAN) and Ammonia
  - Lower demand from mining customers primarily reflecting reduced volumes of low-density ammonium nitrate (LDAN) related to the April 2015 expiration of the Company's take-or-pay contract with Orica and overall softening in the coal markets
  - Lower Ammonia sales at Pryor
  - The decreases above were partially offset by increased UAN sales at Cherokee and Pryor
- GP as % of sales decreased due to lower absorption of fixed overhead costs, lower volumes of LDAN and Ammonia combined with lower overall selling prices mentioned above, offset in part by lower natural gas pricing at Cherokee and Pryor
- Adjusted operating income and adjusted segment EBITDA decreased due to the items discussed above.

Q4 Sales Comparison

($ in millions)



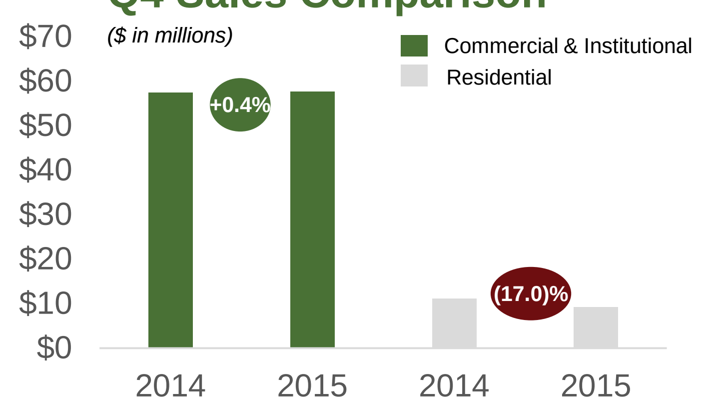
(1) *Both periods of 2015 were adjusted to exclude a provision for impairment charge, $3.5 million for the quarter and $43.2 million for the year. The year ended 2014 was adjusted to exclude an insurance recovery in the amount of $28.0 million. Refer to Note 1- Summary of Significant Accounting Policies in the 10K for reclass adjustments impacting 2014 comparative periods.*
(2) *The year ended 2014 was adjusted to exclude an insurance recovery in the amount of $28.0 million.*

Climate Control Business
Fourth Quarter 2015 Highlights

($ in millions)	Three Months Ended Dec. 31, 2015	2014	Change	Twelve Months Ended Dec. 31, 2015	2014	Change
Net Sales	**$ 67.0**	**$ 68.8**	**$ (1.8)**	**$ 274.1**	**$ 265.4**	**$ 8.7**
Gross Profit	**$ 20.6**	**$ 20.8**	**$ (0.2)**	**$ 83.7**	**$ 82.4**	**$ 1.3**
% of net sales	*30.7%*	*30.2%*	*0.5%*	*30.5%*	*31.0%*	*(0.5)%*
Segment SG&A	**$ 15.9**	**$ 16.0**	**$ (0.1)**	**$ 62.4**	**$ 59.4**	**$ 3.0**
Operating Income	**$ 4.4**	**$ 4.3**	**$ 0.1**	**$ 19.9**	**$ 21.7**	**$ (1.8)**
% of net sales	*6.6%*	*6.3%*	*0.3%*	*7.3%*	*8.2%*	*(0.9)%*
Segment EBITDA	**$ 5.6**	**$ 5.5**	**$ 0.1**	**$ 24.7**	**$ 26.5**	**$ (1.8)**
Capital Expenditures (PP&E)	**$ 0.1**	**$ 0.1**	**$ 0.0**	**$ 0.5**	**$ 2.1**	**$ (1.6)**

- Net sales decreased due to
  - Lower volumes and selling prices for heat pumps for residential applications and, to a lesser extent, lower volumes of fan coils
  - These declines were partially offset by higher sales of our custom air handlers reflecting increased order levels in 2014
- Operating income and EBITDA increased despite lower sales as a result of material and productivity savings generated by the implementation of operational efficiency initiatives.

Q4 Sales Comparison



2016 Planned Capital Spending

Total Projects *($ in millions)*	Planned Capital Additions
Chemical Business:	
El Dorado Facility Expansion Projects	$ 126 - $ 150
Other [1]	40 - 48
Total Chemical	**$ 166 - $ 198**
Climate Control Business [2]	**4 - 6**
Corporate and Other	**4 - 6**
Total Projects	**$ 174 - $ 210**

El Dorado Expansion Projects	Expenditures to Date	Remainder to Completion	Project Total
Ammonia Plant	$428	$ 48 - $ 62	$ 476 - $ 490
Nitric Acid Plant and Concentrator	122	1 - 2	123 - 124
Other Support Infrastructure	113	20 - 28	133 - 141
Capitalized Interest	42	11 - 12	53 - 54
Contingency	-	46 - 46	46 - 46
Total El Dorado Projects planned spending as of December 31, 2015	**$705**	**$ 126 - $ 150**	**$ 831 - $ 855**
El Dorado Project planned spending as of January 31, 2016	**$730**	**$ 101 - $ 125**	**$ 831 - $ 855**

(1) Includes cost associated with renewal and improvement projects, environmental projects and the development of natural gas leaseholds, some of which are discretionary

(2) Includes cost associated with savings initiatives, new market development, and other capital projects

Free Cash Flow

($ in millions)	Twelve Months Ended Dec. 31, 2015	2014	Change
Net Income	**$ (34.8)**	**$ 19.6**	**$ (54.4)**
Impairment of Natural Gas Properties	43.2	-	43.2
Depreciation, Depletion and Amortization (PP&E)	40.5	35.7	4.8
Change in Working Capital and Other (1)	(17.3)	11.4	(28.7)
Net Cash from Continuing Operating Activities	**$ 31.6**	**$ 66.7**	**$ (35.1)**
Capital Expenditures (PP&E)	(439.8)	(219.8)	(220.0)
Other	3.2	3.3	(0.1)
Free Cash Flow from Operations (2)	**$ (405.0)**	**$ (149.8)**	**$ (255.2)**
Debt and Financing Payments	(27.6)	(26.6)	(1.0)
Proceeds from Debt and preferred equity, net of fees	287.2	14.3	272.9
Change in Cash and Investments (Current and Noncurrent)	**$ (145.3)**	**$ (162.1)**	**$ 16.8**

(1) Working capital and other includes changes in accounts receivable, inventory, prepaids, accounts payable, accrued liabilities, customer deposits, insurance recoveries, and deferred taxes.

(2) Free Cash Flow is a non-GAAP measure. The reconciliation above reconciles free cash flow with cash provided by operating activities, which is the most directly comparable GAAP financial measure.

Capital Structure

($ in millions)

As of December 31, 2015	
Cash and Investments	**$127.3**
Senior Secured Notes	475.0
Other Debt	54.1
Unamortized discount and debt issuance costs	(8.7)
Total long-term debt, including current portion, net	**$520.4**
Series E and F redeemable preferred stock ($212.3 million liquidation preference including accrued dividends)	**$177.3**
Total stockholders' equity	**$421.6**

Overview of Outstanding Debt

Senior Secured Notes

- $425 million and $50 million
- 7.75% and 12.0%
- Due August 2019

ABL Facility

- $100 million (Prime + 50)
- $64.4 million availability
- Expires April 2018

Ratings	Moody's	S&P
Corporate	B1	B-
First Lien	B1	B-
Outlook	Negative	Stable

Liquidity Position *($ in millions)*

Uses of Funds:	Expected Range
EDC Expansion Project	$ 126 – $ 150
Other Capex	48 – 60
Total Capital Expenditures	**$ 174 – $ 210**
Interest on Senior Secured Notes	39 – 39
Other Principal and Interest Payments	6 – 6
Repayment of Zena Energy secured promissory note	14 – 14
Total Uses of Funds	**$ 233 – $ 269**

Sources of Funds:	
Cash on Hand at 12/31/15	$ 127 – $ 127
Cogen Facility Financing	20 – 20
Ammonia storage tank remaining funding (when complete)	5 – 5
Total Sources of Funds	**$ 152 – $ 152**

Funded by 2016 operating cash flow and use of ABL credit facility if needed ($ 64.4 available at 12/31/15)	**$ (81) – $ (117)**

Chemical Facilities Operational Status

El Dorado

- Nitric Acid Concentrator completed and began production June 2015
- DMW2 Nitric Acid Plant began production November 2015
- Ammonia plant mechanically complete in Feb 2016
  - Production expected early Q2 2016

Pryor

- Ammonia plant currently running at rates of ~675 TPD
- Annual turnaround planned for July/ August 2016

Cherokee

- Current ammonia production of ~515 TPD
- Achieved 94% on-stream rate for 2015
- Bi-annual turnaround planned for August 2016

Baytown

- Achieved record production levels in 2015 and also for Jan 2016
- Turnarounds planned for April and October 2016

El Dorado Expansion-
Remaining Steps to Complete

- Pre-Commissioning and Commissioning Activities (Feb – Mar)
- Final Installation of Instrumentation (Feb – Mar)
- Final Installation of Insulation (Feb – Mar)
- Catalyst Reduction (activation) (Mar)
- Startup activities (April)

Chemical Sales Volume Outlook for Full-Year 2016

Products	Sales *(tons)*
Agriculture:	
UAN	365,000 – 390,000
HDAN	185,000 – 210,000
Ammonia	110,000 – 130,000
Industrial, Mining and Other:	
Nitric Acid	540,000 – 570,000
AN	110,000 – 135,000
AN Solution	55,000 – 65,000
Ammonia	150,000 – 175,000

Chemical EBITDA
2017 Sensitivity Analysis *($ in millions)*

		Natural Gas Price per mmbtu				
		$ 2.00	$ 2.50	$ 3.00	$ 3.50	$ 4.00
Ammonia price per ton	$ 500	$267	$ 257	$ 247	$ 236	$226
	$ 450	$239	$ 229	$ 219	$ 209	$198
	$ 400	$212	$ 201	$191	$181	$171
	$ 350	$185	$ 174	$163	$153	$143
	$ 300	$158	$ 147	$136	$126	$115

Key factors in model above:

- Average ammonia plants on-stream rate above 95% (excluding turnarounds)
- Mining sales replaced at El Dorado
- EDC ammonia plant and nitric acid plant are up and producing for the entire year
- Assumes that a $50 per ton change in ammonia price is equivalent to a $21 per ton change in UAN price and a $23 per ton change in AN price

Focus for 2016

- Complete El Dorado Construction (on-time and within cost estimates)
- Increase Chemical Plant Reliability (on-stream rates)
- Execute Operational Excellence Activities in Climate Control
- Consolidate Climate Control Footprints (production and warehouse)
- Refinance the Capital Structure to Obtain a Lower Cost of Capital

Appendix

EBITDA Reconciliations

Reconciliation of Consolidated Net Income (Loss) and Segment Operating Income (Loss) to Non-GAAP measurement EBITDA. Operating income (loss) by business segment represents gross profit (loss) by business segment less selling, general and administrative expenses incurred by each business segment plus other income and other expense earned/incurred by each business segment before general corporate expenses. The term EBITDA, as used in this presentation, is defined as net income plus interest expense, depreciation, depletion and amortization of property, plant and equipment, amortization of other assets, less interest included in amortization, plus provision for income taxes plus loss from discontinued operations. EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to GAAP measurement. The following table provides a reconciliation of net income to EBITDA for the periods indicated

($ in millions)	Three months ended Dec. 31,		Twelve months ended Dec. 31,	
	2015	2014	2015	2014
LSB Industries, Inc. Consolidated				
Net income	$ (8.1)	$ 0.7	$ (34.8)	$ 19.6
Plus:				
Interest expense	0.9	4.1	7.4	21.6
Depreciation and amortization	11.1	9.4	42.2	36.1
Provision for Impairment	3.5	–	43.2	–
Provision (benefit) for income taxes	(5.7)	0.1	(23.6)	12.4
Loss from discontinued operations	-	0.1	0.1	0.1
EBITDA	$ 1.7	$ 14.4	$ 34.5	$ 89.8
Chemical Business				
Operating income (loss)	$(10.3)	$ 4.5	$ (41.8)	$ 51.3
Plus:				
Non-operating income	0.3	-	0.4	0.3
Depreciation and amortization	9.5	8.1	36.1	30.6
Provision for Impairment	3.5	-	43.2	–
EBITDA	$ 3.0	$ 12.6	$ 37.8	$ 82.2
Climate Control Business				
Operating income	$ 4.4	$ 4.3	$ 19.9	$ 21.7
Plus:				
Equity in earnings of affiliate	–	–	–	0.1
Depreciation and amortization	1.2	1.2	4.8	4.7
EBITDA	$ 5.6	$ 5.5	$ 24.7	$ 26.5

Other Non-GAAP Reconciliations

Reconciliation of Operating Income (Loss), EBITDA, Net Income (Loss) Applicable to Common Stock, and Earnings (Loss) per Share to Adjusted Non-GAAP Operating Income (Loss), EBITDA, Net Income (Loss) Applicable to Common Stock, and Earnings (Loss) per Share. We believe that the inclusion of supplementary adjustments to operating income (loss), EBITDA, net income (loss) applicable to common stock, and earnings (loss) per share are appropriate to provide additional information to investors about certain unusual items that are not expected to reoccur in the future. The following tables provide reconciliations of operating income (loss), EBITDA, net income (loss) applicable to common stock, and earnings (loss) per share excluding the impact of impairment on natural gas properties, severance costs, and the insurance recoveries.

($ in millions except EPS)	Three months ended Dec. 31,		Twelve months ended Dec. 31,	
	2015	2014	2015	2014
LSB Industries, Inc. Consolidated				
Operating income (loss)	$ (12.6)	$ 4.9	$ (50.8)	$ 53.4
Less:				
Provision for Impairment	(3.5)	–	(43.2)	–
Severance costs	(0.2)	–	(2.0)	–
Insurance recoveries	–	–	–	28.0
Adjusted operating income (loss)	**$ (8.9)**	**$ 4.9**	**$ (5.6)**	**$ 25.4**
Net income (loss) applicable to common stock	$ (11.0)	$ 0.7	$ (38.0)	$ 19.3
Less:				
Provision for Impairment (net of tax)	(2.2)	–	(26.5)	–
Severance costs (net of tax)	(0.1)	–	(1.2)	–
Fair market value adjustment on participation rights	(0.5)	–	(0.5)	–
Non-cash accretion on preferred equity discount related to warrants and issuance costs	(0.7)	–	(0.7)	–
Insurance recoveries (net of tax)	–	–		17.2
Accrued dividends on 14% preferred equity	(2.3)	–	(2.3)	–
Adjusted net income (loss) applicable to common stock	**$ (5.2)**	**$ 0.7**	**$ (6.8)**	**$ 2.1**
Weighted-average common shares (in thousands)	22,812	22,772	22,759	22,667
Adjusted income (loss) per diluted share	**$ (0.23)**	**$ 0.03**	**$ (0.30)**	**$ 0.09**
EBITDA	$ 1.7	$ 14.4	$ 34.5	$ 89.8
Less:				
Severance costs	(0.2)	–	(2.0)	–
Insurance recoveries	–	–	–	28.0
Adjusted EBITDA	**$ 1.9**	**$ 14.4**	**$ 36.5**	**$ 61.8**

Other Non-GAAP Reconciliations

Reconciliation of Operating Income (Loss), EBITDA, Net Income (Loss) Applicable to Common Stock, and Earnings (Loss) per Share to Adjusted Non-GAAP Operating Income (Loss), EBITDA, Net Income (Loss) Applicable to Common Stock, and Earnings (Loss) per Share. We believe that the inclusion of supplementary adjustments to operating income (loss), EBITDA, net income (loss) applicable to common stock, and earnings (loss) per share are appropriate to provide additional information to investors about certain unusual items that are not expected to reoccur in the future. The following tables provide reconciliations of operating income (loss), EBITDA, net income (loss) applicable to common stock, and earnings (loss) per share excluding the impact of impairment on natural gas properties, severance costs, and the insurance recoveries.

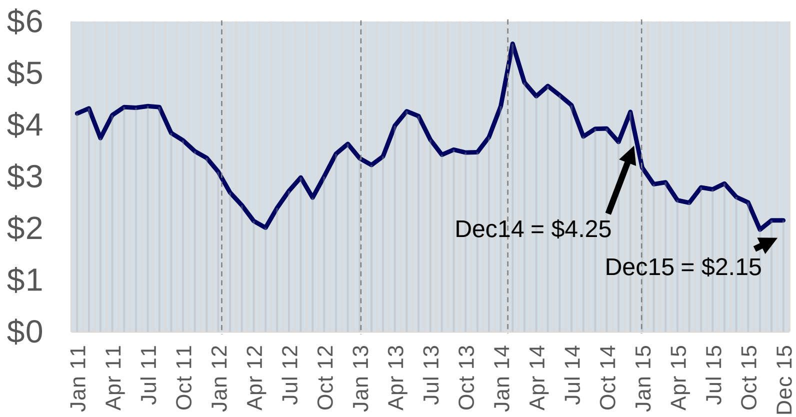
	Three months ended Dec. 31,		Twelve months ended Dec. 31,	
($ in millions)	2015	2014	2015	2014
Chemical Business				
Operating income	$ (10.3)	$ 4.5	$ (41.8)	$ 51.3
Less:				
Provision for impairment	(3.5)	–	(43.2)	–
Insurance recoveries	–	–	–	28.0
Adjusted operating income	**$ (6.8)**	**$ 4.5**	**$ 1.4**	**$ 23.3**
EBITDA	$ 3.0	$ 12.6	$ 37.8	$ 82.2
Less:				
Insurance recoveries	–	–	–	28.0
Adjusted EBITDA	**$ 3.0**	**$12.6**	**$ 37.8**	**$ 54.2**

Chemical Commodity Prices

Feedstocks & End Products

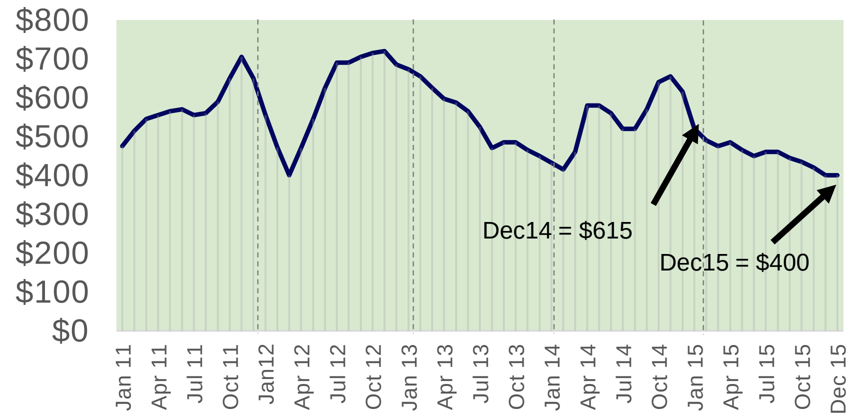
Natural Gas

(Tennessee 500 $/mmbtu)



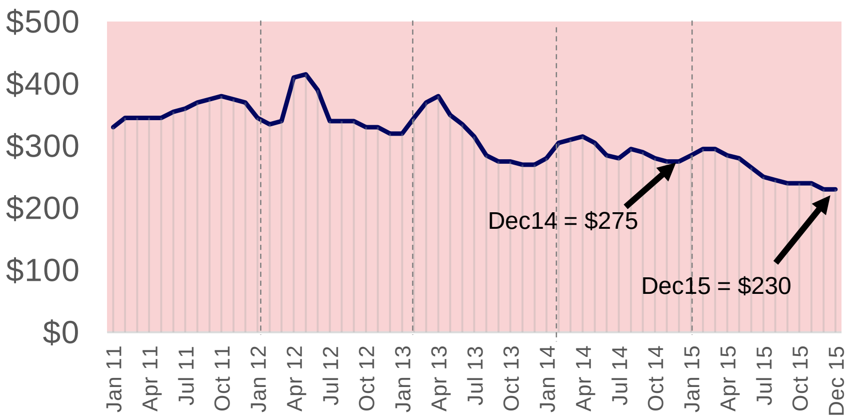
Ammonia

(Tampa $/metric ton)



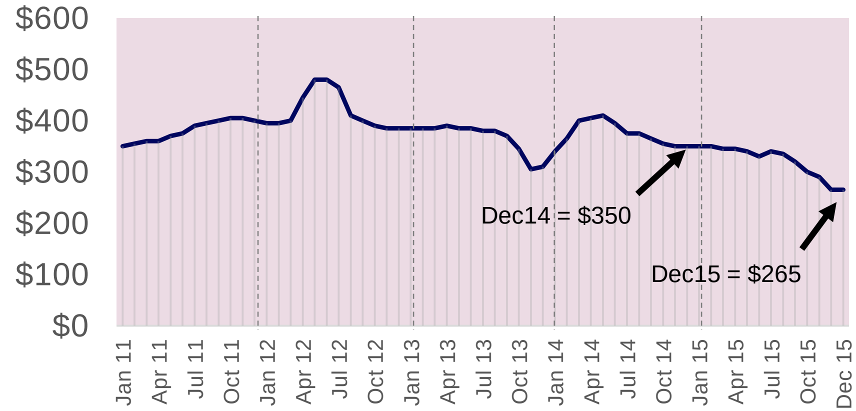
UAN

(Green Markets $/ton)



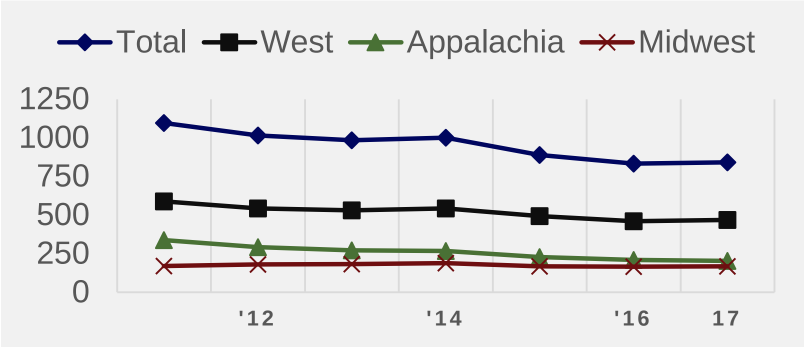
HDAN / AGAN

(Green Markets $/ton)



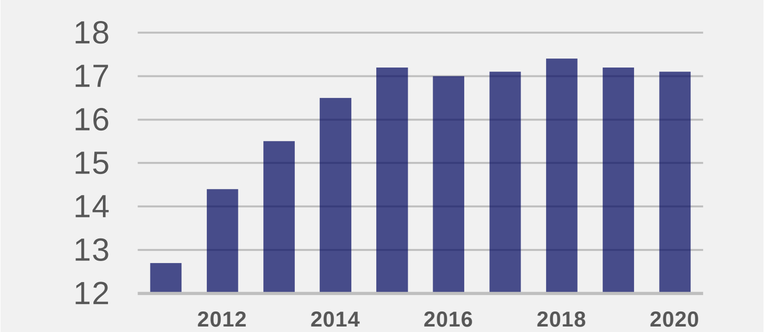
Chemical Market Outlook:
Industrial & Mining

Coal Production Projections (millions of tons):



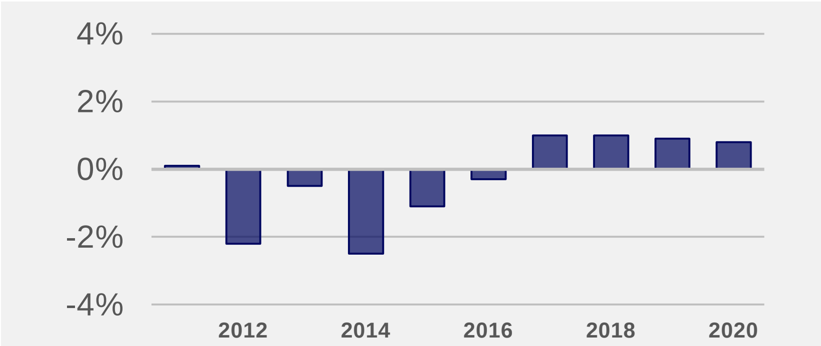
Coal – AN and AN solution are used for surface mining. Ammonia is used for NOx abatement. For 2016, EIA expected 1/3 of electricity generation will be with coal, essentially unchanged from 2015. Coal production for 2016 and 2017 is projected to remain flat vs. 2015 due to projected rising natural gas prices.

Light Vehicle Sales (millions of units):



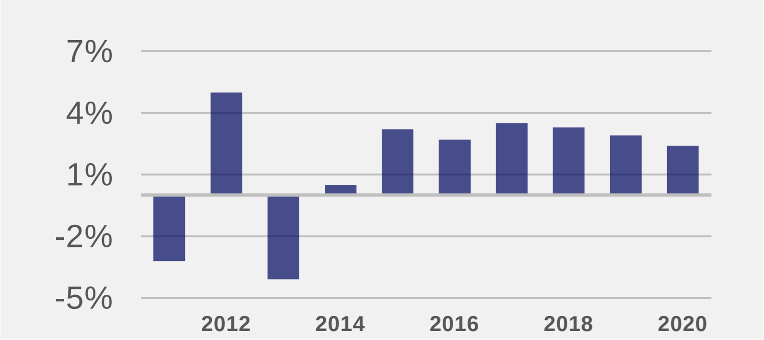
Polyurethane Intermediates – LSB's chemical business supplies nitric acid for polyurethane intermediates used in many automotive applications. U.S. light vehicle sales are expected to rise only slightly in 2016 after a strong improvement in 2015 over the prior year.

U.S. Paper Production (% change, Y/Y):



Paper Products – Sulfuric acid is used for paper bleaching and water treatment. LSB's sulfuric acid markets are regionalized, and a balanced North American market has benefited us, with steady demand. Future growth will be a function of domestic demand for consumer goods.

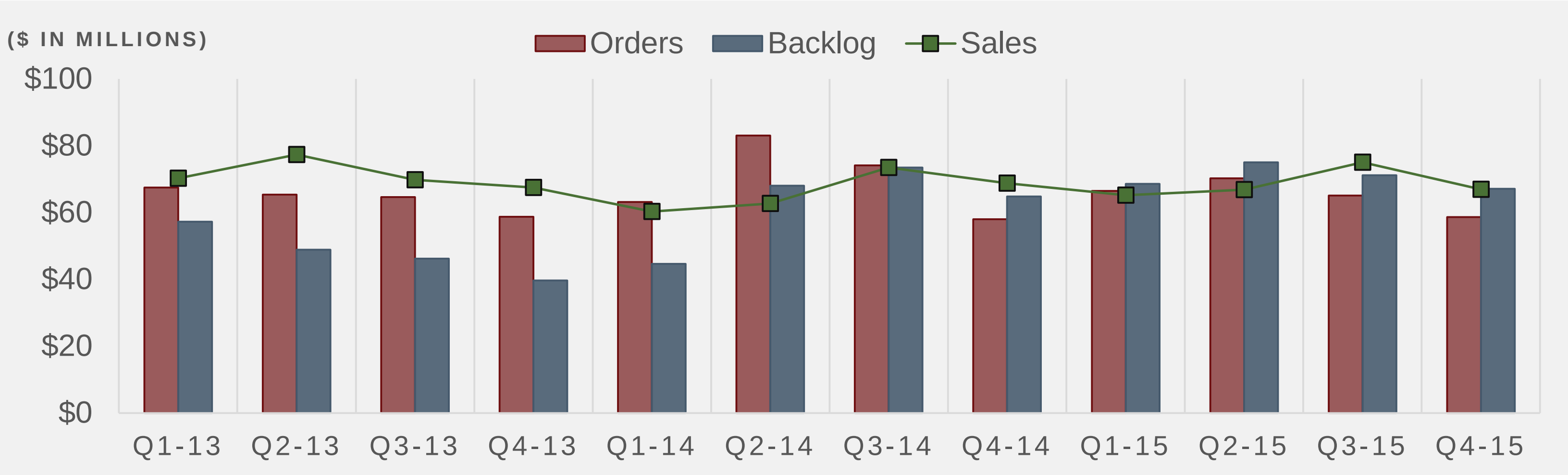
Basic Chemicals – Inorganics (% change, Y/Y):



Basic Chemicals: Inorganics – These industry statistics provide a good overall indicator of LSB's industrial chemical business. As expansions come on line in 2016 and 2017, growth in the basic chemicals sector will be driven in part by expanded exports. The most dynamic growth will be in the Gulf Coast.

Sources: Dept. of Energy – Energy Information Agcy. 2015 Annual Energy Outlook & Short-Term Energy Outlook; American Chemistry Council Year End 2015 Situation & Outlook

Climate Control Orders, Sales & Backlog

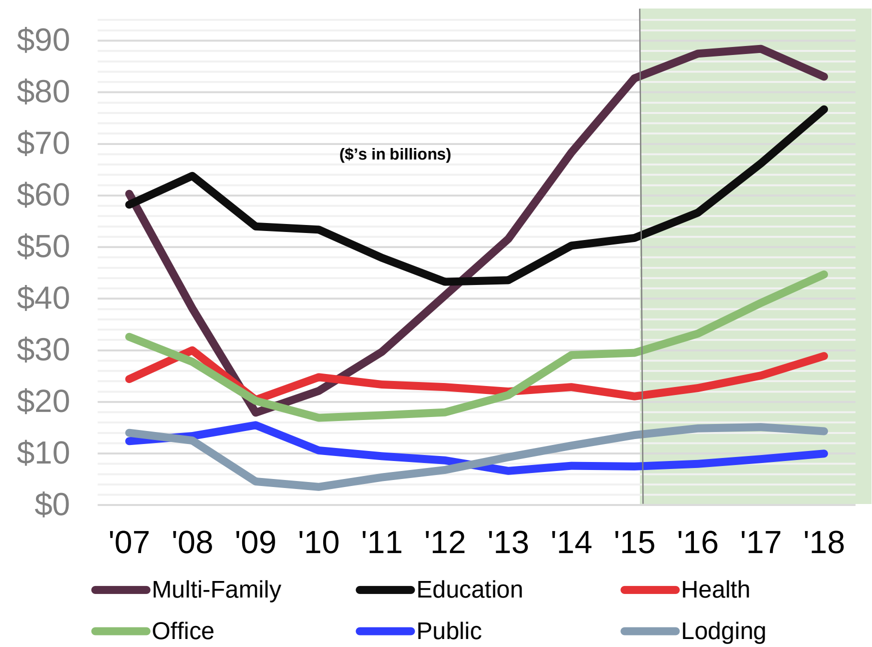


Changes from 2014 to 2015	Commercial & Institutional	Single Family Residential	Total
Q4 New Orders	4%	(14)%	1%
Q4 Sales	0%	(18)%	(3)%
Q4 YTD New Orders	(5)%	(17)%	(6)%
Q4 YTD Sales	7%	(16)%	3%
Ending Backlog at 12-31	4%	(10)%	3%

- Excluding new WSHP orders from Carrier in both 2015 and 2014, YTD new orders decrease 6.4% with commercial orders down 4.5% and residential down 16.5%
- As of December 31, 2015, backlog had risen to $67.1 million

Climate Control Market Outlook
Commercial & Institutional Construction

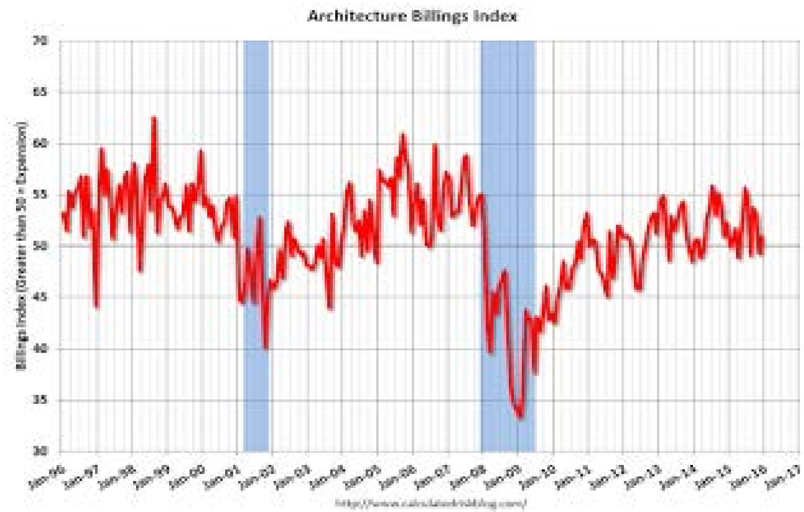
Construction Awards



- In 2015, these combined markets accounted for approximately 78% of total Climate Control sales and 93% of sales of commercial and institutional products.
- Aggregate increase from 2015 to 2018 in these markets forecasted to be 25%.

Source: Dodge Data & Analytics Construction Market Forecasting Service, Q1 2016

Architecture Billings Index ends 2015 on Positive Note: Eight of 12 Months Showed Billings Growth



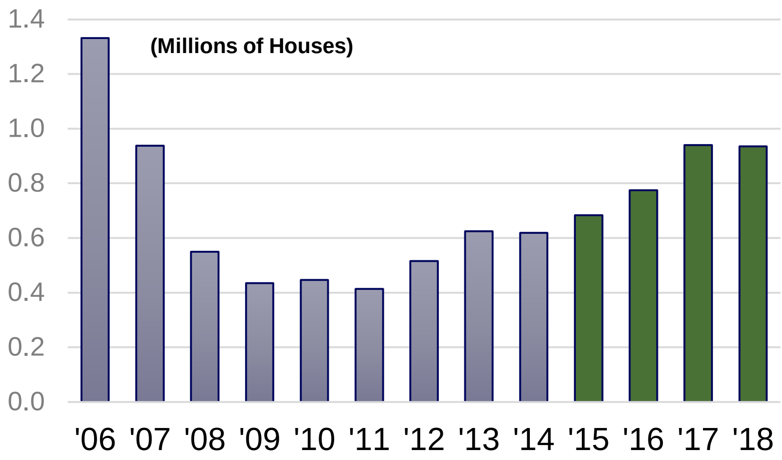
"As has been the case for the past several years, there continues to be a mix of business conditions that architecture firms are experiencing," said AIA Chief Economist Kermit Baker, Hon. AIA, PhD. "**Overall, however, ABI scores for 2015 averaged just below the strong showing in 2014, which points to another healthy year for construction this year**."

The Architectural Billings Index (ABI), produced by the American Institute of Architects (AIA) Economics & Market Research Group, is the leading economic indicator for non-residential construction spending nine to twelve months in the future. Scores above 50 indicate an aggregate increase in billings and scores below 50 indicate a decline.

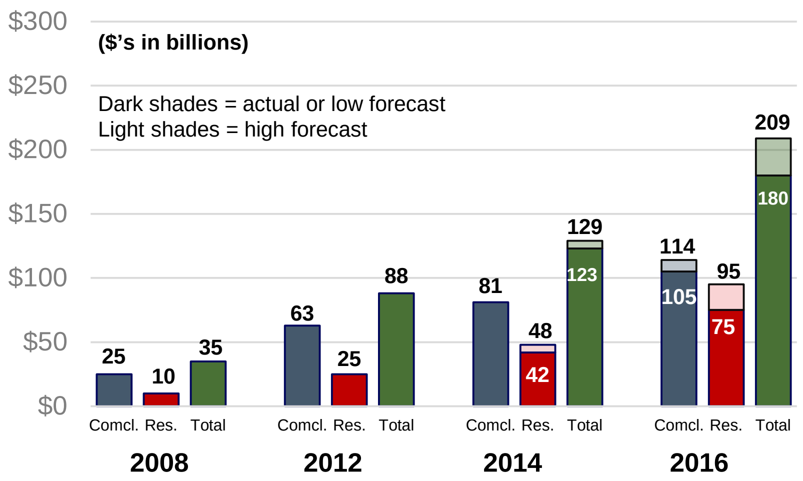
Climate Control Market Outlook

LSB INDUSTRIES

Single Family Residential Construction Starts



Green Construction Market Forecast to Grow



- Single family residential products (geothermal heat pumps) accounted for approximately 16% of Climate Control sales during 2015.
- This market is forecast to grow significantly over the next two years and flatten in 2018, still below pre-2007 levels.

- The total green building market size is forecast to be from \$180 billion to \$209 billion in 2016.
- Dodge estimates that in 2016, 47% to 51% of new non-residential construction starts and 26% to 33% of residential construction starts (by value) will be green.
- Energy efficiency and savings continue to be key drivers for green construction.

Sources: Building Contract Activity Source Dodge Data & Analytics Construction Market Forecasting Service, Q1 2016; 2014 Green Market Size Dodge Data & Analytics