LSB Industries, Inc.

NYSE: LXU

Fourth Quarter 2014 Results

March 2, 2015

Jack E. Golsen, Executive Chairman

Barry H. Golsen, President and CEO

Tony M. Shelby, Executive Vice President and CFO

Safe Harbor Statement

Information reported on this call speaks only as of today, March 2, 2015. You are advised that time-sensitive information may no longer be accurate at the time of any replay. The comments today and the information contained in the presentation materials contain certain forward-looking statements. All these statements, other than statements of historical fact, are forward-looking statements.

Statements that include the words “expects,” “intends,” “plans,” “believes,” “projects,” “anticipates,” “estimates” or similar expressions or statements of the future of forward-looking statement nature identify forward-looking statements, including but not limited to, all statements about or in references to the Architectural Building Index or any Dodge Data & Analytics or Dodge Construction Green Outlook, any references to future natural gas costs and ammonia costs, and the outlook for the chemical or climate control business.

The forward-looking statements include but are not limited to the following statements: planned capital spending; chemical agricultural market outlook; chemical industrial and mining outlook; facilities operational status; nitric acid plant and concentrator complete Q2 2015; ammonia plant project timeline; rendering of completed El Dorado Ammonia Plant; nitric acid plant and concentrator project timeline; climate control market outlook; construction forecasts; sales volume outlook for Q1 2015; forecasted sales figures; well positioned for multi-year revenue and EBITDA growth; 2017 revenue target; 2017 EBITDA target; revenue drivers; margin drivers; 2017 targets by segment; chemical business target earnings power; ammonia plants on-stream rates for 2017; chemical EBITDA-sensitivity analysis for 2017 and key factors in sensitivity analysis model; climate control business earnings power; key value drivers.

You should not rely on the forward-looking statements because actual events or results may differ materially from those indicated by these forward-looking statements as a result of a number of important factors. We incorporate the risks and uncertainties being 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, 2014, which contains a discussion of a variety of factors which could cause the future outcome to differ materially from the forward-looking statements discussed in this conference call and contained in the presentation materials. We undertake no duty to update the information contained in this conference call or the presentation materials.

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 reconciliation of GAAP and any EBITDA numbers discussed during this conference call are included on the Q4 2014 conference call presentation, which is posted on our website.

Fourth Quarter & Full Year 2014 Highlights

- **Sales increased 21.7% from $149.0 million in Q4 2013 to $181.3 million in Q4 2014**
  - Chemical sales increased $31.5 million with our Pryor Facility leading the way with sales increasing $15.3 million
  - Climate Control sales were relatively flat; however excluding Carrier sales in Q4 2013, sales increased $8.5 million or 14.1%
- **Adjusted Operating Income and EBITDA for Q4 2014 increased $13.1 million and $14.3 million respectively over Q4 2013**
- **Reliability programs at our Pryor Facility taking hold**
  - Ammonia plant on-stream rate increased from 42.6% in 2013 to 82.6% in 2014
  - Ammonia production increased from 93,300 tons in 2013 to 177,500 tons in 2014
- **Continued progress on the El Dorado expansion projects where we remain on budget and on schedule**
  - Approximately 93% of planned scope of work is under contract as of 1/31/2015

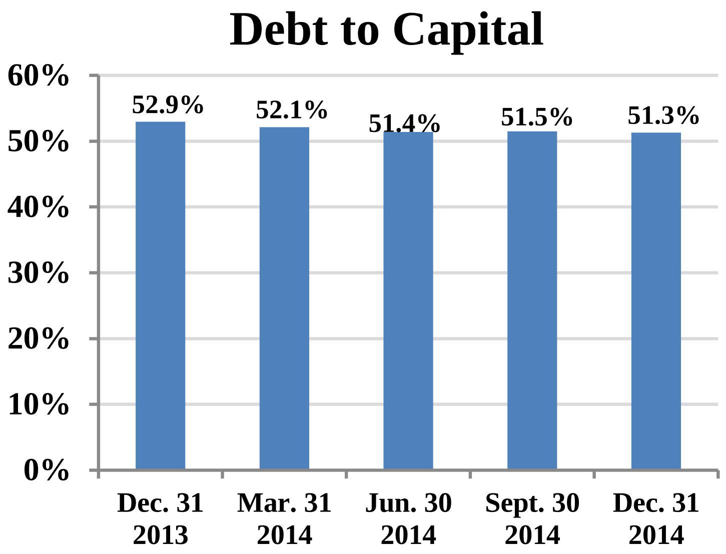
LSB Consolidated Financial Highlights
Fourth Quarter & Full Year 2014

$ in millions except per share amounts	Three Months Ended Dec. 31,			Twelve Months Ended Dec. 31,		
	2014	**2013**	**Change**	**2014**	**2013**	**Change**
Net Sales	$181.3	$149.0	$32.3	$732.5	$679.3	$53.2
Gross Profit	$31.4	$30.6	$0.8	$153.4	$143.6	$9.8
% of net sales	*17.3%*	*20.5%*	*(3.2%)*	*20.9%*	*21.1%*	*(0.2%)*
Selling, General and Administrative	$26.5	$26.0	$0.5	$103.9	$100.7	$3.2
% of net sales	*14.6%*	*17.4%*	*(2.8%)*	*14.2%*	*14.8%*	*(0.6%)*
Operating Income	$4.9	$70.2	($65.3)	$53.4	$105.3	($51.9)
% of net sales	*2.7%*	*47.1%*	*(44.4%)*	*7.3%*	*15.5%*	*(8.2%)*
Net Income	$0.7	$37.3	($36.6)	$19.6	$55.0	($35.4)
% of net sales	*0.4%*	*25.0%*	*(24.6%)*	*2.7%*	*8.1%*	*(5.4%)*
EBITDA	$14.4	$78.5	($64.1)	$89.8	$132.9	($43.1)
Diluted EPS	$0.03	$1.58	($1.55)	$0.83	$2.33	($1.50)
Adjusted Operating Income (Loss)	$7.1	($6.0)	$13.1	$27.5	$10.7	$16.8
Adjusted EBITDA	$16.6	$2.3	$14.3	$63.9	$38.3	$25.6
Adjusted Net Income Applicable to Common Stock	$2.1	($9.5)	$11.6	$3.4	($3.4)	$6.8
Adjusted Diluted EPS	$0.09	($0.42)	$0.51	$0.14	($0.15)	$0.29

Solid Financial Position

Strong Balance Sheet

$ in millions	Dec. 31, 2014	Dec. 31, 2013
Cash and Investments (including non-current)	$272.6	$434.7
Total Debt	$457.3	$463.0
Stockholders' Equity	$434.0	$411.7
Total Capitalization	$891.3	$874.7



Note: As of December 31, 2014, total debt consisted of $425 million 7.75% Senior Secured Notes due in 2019; a $22.8 million Secured Promissory Note due in February 2016 and $9.5 million of equipment loans and capital leases. Our availability under the $100 million working capital revolver loan was $71.1 million at December 31, 2014.

Free Cash Flow

$ in millions	Twelve Months Ended Dec. 31, 2014	2013	Change
Net Income	**$19.6**	**$55.0**	**($35.4)**
Depreciation, Depletion and Amortization	35.7	28.3	7.4
Change in Working Capital and Other	11.4	(29.2)	40.6
Net Cash Provided by Continuing Operating Activities	**66.7**	**54.1**	**12.6**
Capital Expenditures	(219.8)	(157.4)	(62.4)
Other	3.3	59.1	(55.8)
Free Cash Flow from Operations	**(149.8)**	**(44.2)**	**(105.6)**
Debt and Financing, Proceeds (Payments)	(12.3)	380.8	(393.1)
Change in Cash and Investments (Current and Noncurrent)	**($162.1)**	**$336.6**	**($498.7)**

Notes:

- Working capital and other includes changes in accounts receivable, inventory, accounts payable, accrued liabilities, insurance recoveries, and deferred taxes.
- Other for 2013 is comprised primarily of insurance proceeds.
- Debt and Financing in 2013 primarily relates to net proceeds from the Senior Secured Notes offering.
- Free Cash Flow is a non-GAAP measure. The reconciliation above reconciles free cash flow with cash provided by operating activities, the most directly comparable GAAP financial measure.

Planned Capital Spending (as of December 31, 2014 - $ in millions)

Total Projects

	2015
Chemical Business:	
El Dorado Facility Expansion Projects	$225 - $260
Development of Natural Gas Leaseholds	2 - 4
Environmental Projects	8 - 14
Major Renewal and Improvement Projects	25 - 31
Other	13 - 17
Total Chemical	**$273 - $326**
Climate Control Business:	**5 - 10**
Corporate and Other:	**5 - 10**
Total Projects	**$283 - $346**

El Dorado Expansion Projects

	Expenditures to Date	2015	Project Total
Ammonia Plant	$128	$147 - $172	$275 - $300
Nitric Acid Plant and Concentrator	96	29 - 34	125 - 130
Other Support Infrastructure	36	49 - 54	85 - 90
Total El Dorado Projects	**$260**	**$225 - $260**	**$485 - $520**

Note: The planned spending is presented as a range to provide for engineering estimates, the status of bidding, variable material costs, unplanned delays in construction and other contingencies.

Chemical Business

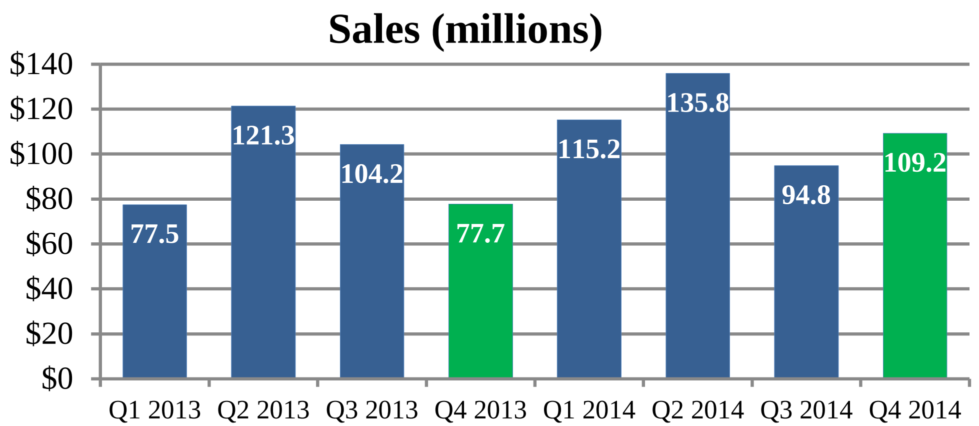
Fourth Quarter & Full Year Highlights

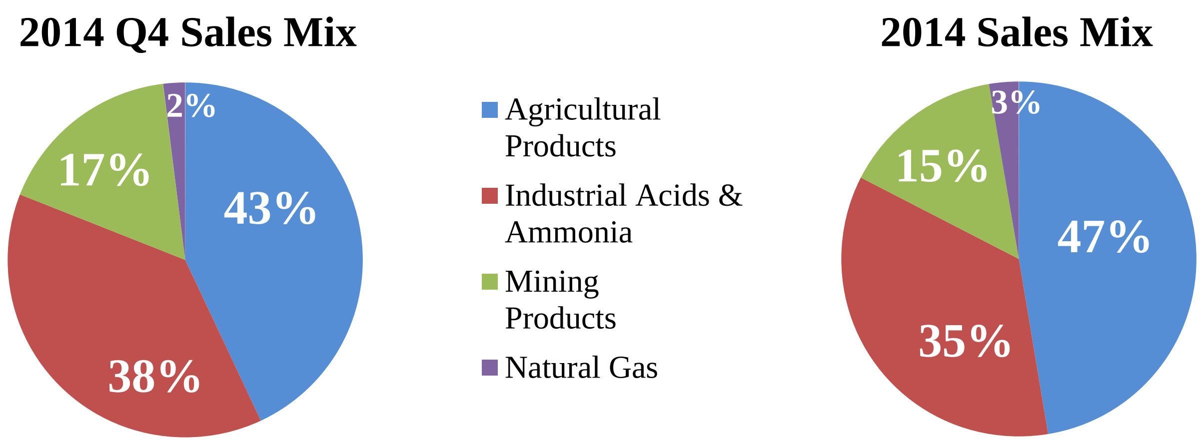
$ in millions	Three Months Ended Dec. 31, 2014	2013	Change	Twelve Months Ended Dec. 31, 2014	2013	Change
Net Sales	$109.2	$77.7	$31.5	$454.9	$380.7	$74.2
Gross Profit	$9.4	$7.0	$2.4	$66.6	$46.2	$20.4
% of net sales	*8.6%*	*9.0%*	*(0.4%)*	*14.6%*	*12.1%*	*2.5%*
Operating Income	$4.5	$67.5	($63.0)	$51.3	$87.8	($36.5)
% of net sales	*4.1%*	*86.9%*	*(82.8%)*	*11.3%*	*23.1%*	*(11.8%)*
Segment EBITDA	$12.6	$74.5	($61.9)	$82.2	$111.4	($29.2)
Capital Expenditures	$55.5	$33.3	$22.2	$217.6	$150.8	$66.8
Adjusted Operating Income (Loss)	$6.7	($8.7)	$15.4	$25.4	($6.8)	$32.2
Adjusted Segment EBITDA	$14.8	($1.7)	$16.5	$56.3	$16.8	$39.5

- Net Sales increased due to higher agricultural product volumes primarily as a result of Pryor’s improved on-stream rates and associated production and increased prices of industrial acids and mining products as a result of higher purchased ammonia prices passed through to customers pursuant to contractual agreements offset by approximately 30,000 tons of product unavailable due to unplanned downtime at our Cherokee Facility

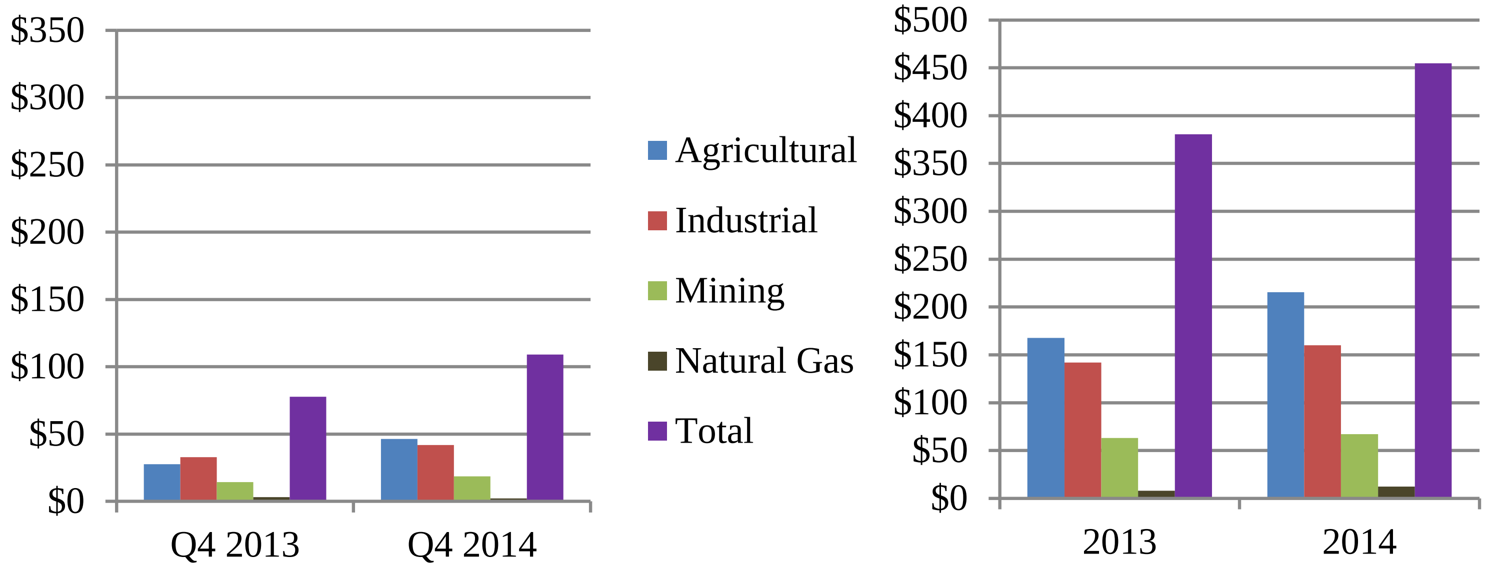
Chemical Business

Fourth Quarter Highlights





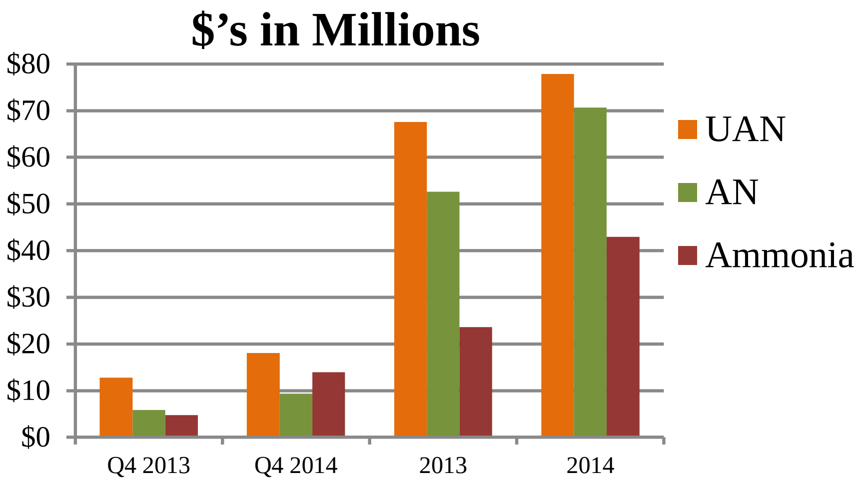
Overall Chemical Sales ($'s in millions)

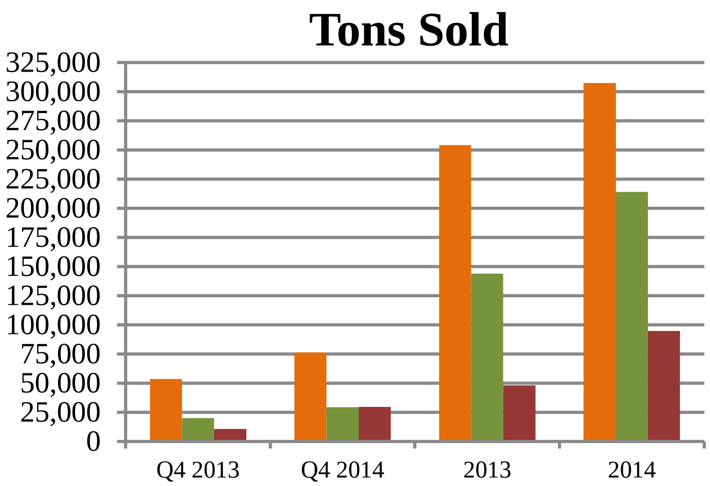


Changes from 2013 to 2014	Agricultural Products	Industrial Acids	Mining Products	Natural Gas	Total
Q4	68%	28%	31%	(28%)	41%
Full Year	29%	13%	6%	51%	20%

- Q4 2014 agricultural product sales increased due to the increased on-stream rates at Pryor resulting in increased sales volume of UAN and ammonia as well as increased demand and pricing for Ag grade AN
- Q4 2014 industrial acids and mining sales increased due an increase in ammonia costs which are passed through to customers on contractual sales agreements

Agricultural Chemical Sales

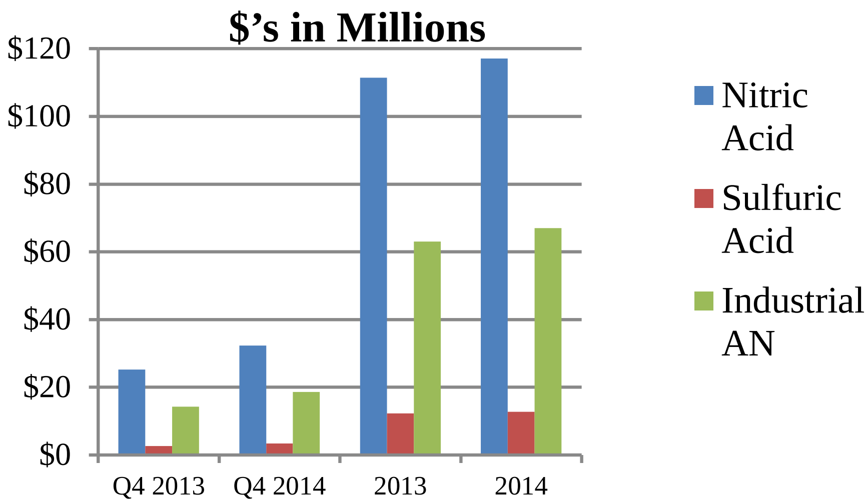


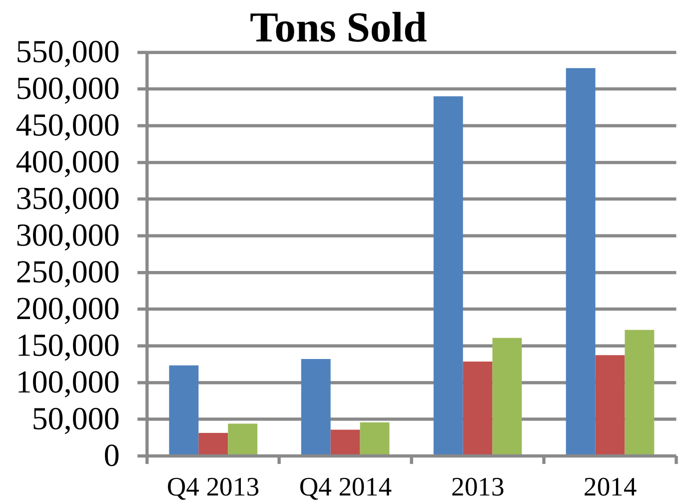


Changes from 2013 to 2014	UAN		AN		Ammonia	
	$'s	Tons	$'s	Tons	$'s	Tons
Q4	42%	43%	60%	47%	194%	177%
Full Year	15%	21%	34%	48%	82%	97%

- Q4 2014 UAN and ammonia sales increased due to improved on-stream rates at Pryor
- Q4 2014 AN sales volumes and pricing increased due to improved agricultural market conditions

Industrial Acids & Mining Sales





Changes from 2013 to 2014	Nitric Acid		Sulfuric Acid		Industrial AN	
	$'s	Tons	$'s	Tons	$'s	Tons
Q4	28%	7%	31%	14%	31%	4%
Full Year	5%	8%	4%	7%	6%	7%

- Q4 2014 nitric acid volume increased due to higher demand at Baytown and Cherokee while pricing increased due to higher purchased ammonia costs which are passed through to customers on contractual sales agreements
- Industrial grade AN sales increased primarily as a result of higher purchased ammonia costs which are passed through via pricing to customers on contractual sales agreements

Climate Control Business

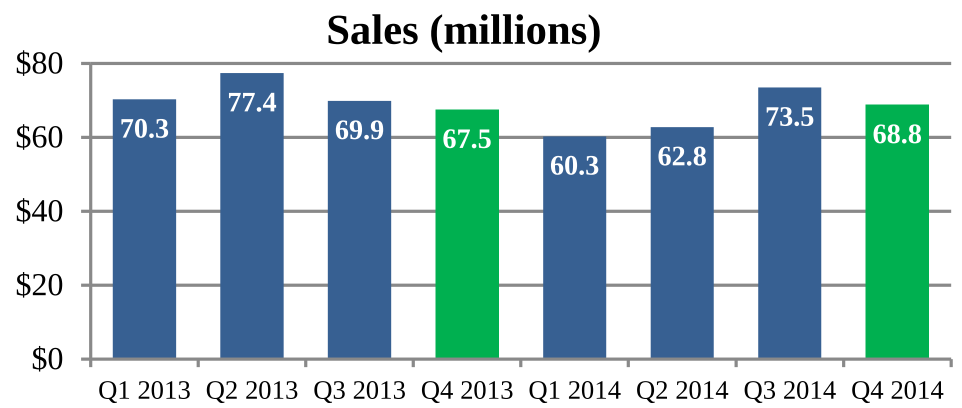
Fourth Quarter & Full Year Highlights

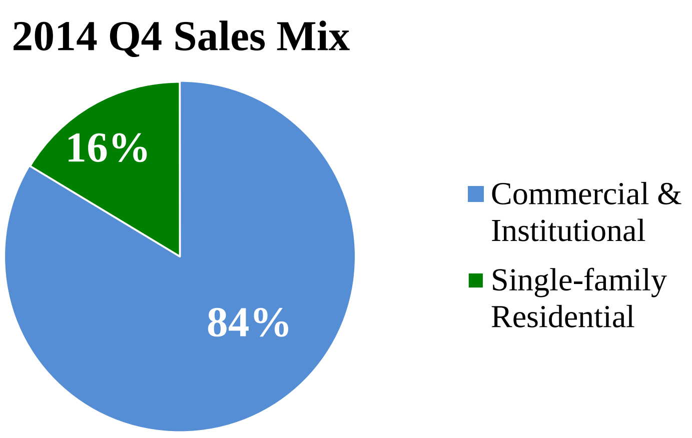
$ in millions	Three Months Ended Dec. 31,			Twelve Months Ended Dec. 31,		
	2014	2013	Change	2014	2013	Change
Net Sales	$68.8	$67.5	$1.3	$265.4	$285.0	($19.6)
Gross Profit	$20.8	$22.4	($1.6)	$82.4	$92.9	($10.5)
% of net sales	*30.2%*	*33.2%*	*(3.0%)*	*31.0%*	*32.6%*	*(1.6%)*
Operating Income	$4.3	$6.0	($1.7)	$21.7	$30.4	($8.7)
% of net sales	*6.3%*	*8.9%*	*(2.6%)*	*8.2%*	*10.7%*	*(2.5%)*
Segment EBITDA	$5.5	$6.8	($1.3)	$26.5	$33.6	($7.1)
Capital Expenditures	$0.1	$0.5	($0.4)	$2.1	$6.0	($3.9)

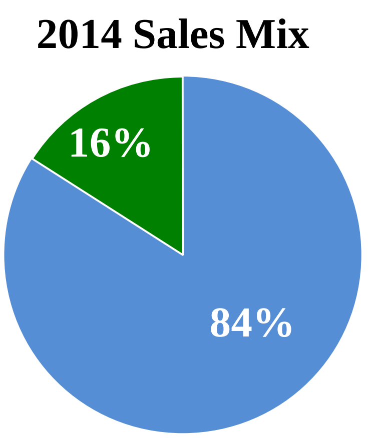
- Q4 2014 sales increased primarily due to an increase in fan coils sales resulting from improved booking rates, primarily in the hospitality and multi-family residential markets, an increase in large custom air handlers sold to the healthcare and military markets, offset by a decrease in heat pumps as a result of an absence of sales to Carrier in Q4 2014
- Operating income in Q4 2014 decreased as a result of a decrease in gross margin as a percentage of sales driven primarily by product mix and an increase in variable selling expenses as a percentage of sales due to distribution channel mix

Climate Control Business

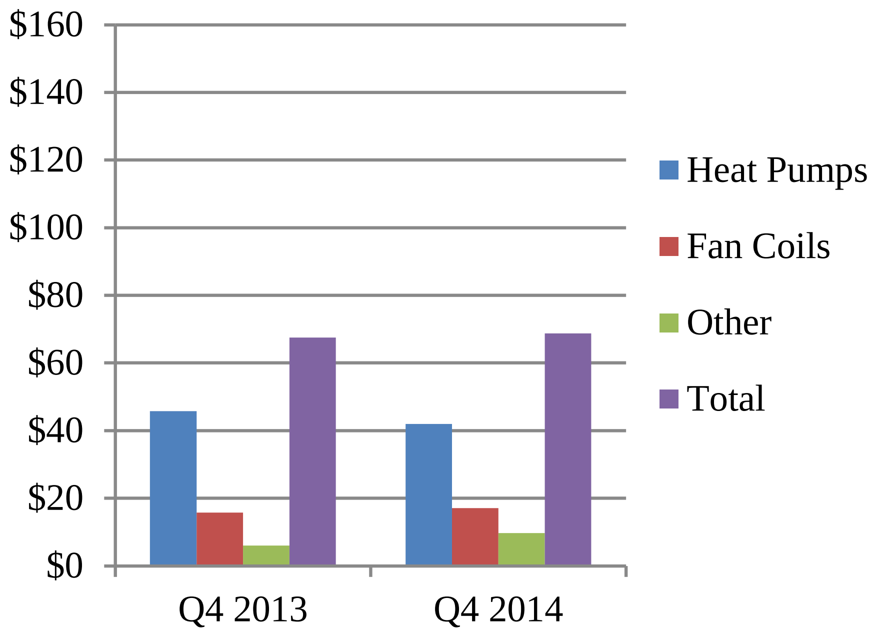
Fourth Quarter Highlights

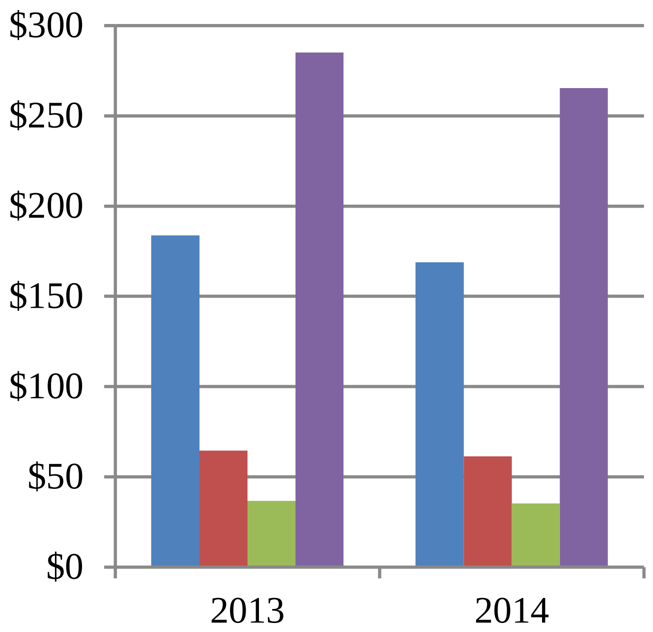






Climate Control Sales ($'s in millions)



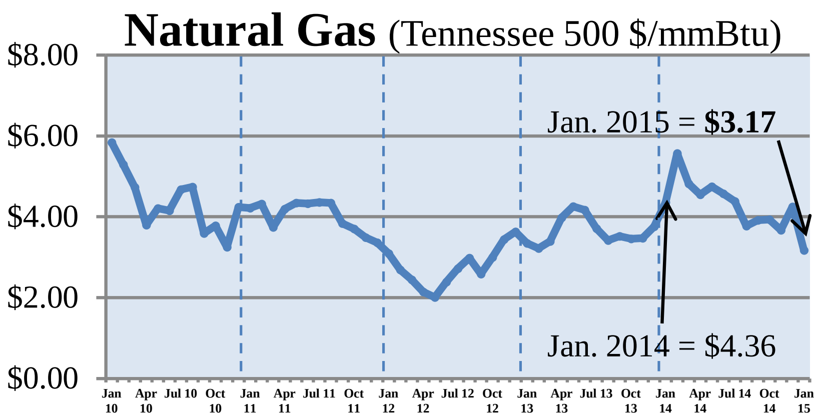


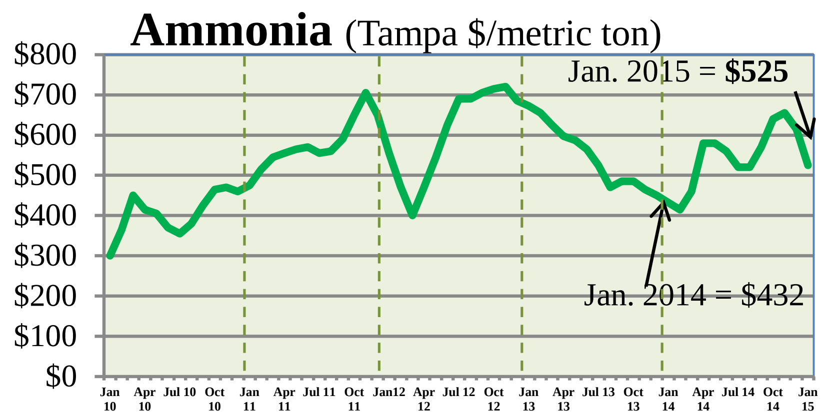
Changes from 2013 to 2014	Heat Pumps	Fan Coils	Other	Total
Q4	(8%)	9%	61%	2%
Full Year	(8%)	(5%)	(4%)	(7%)

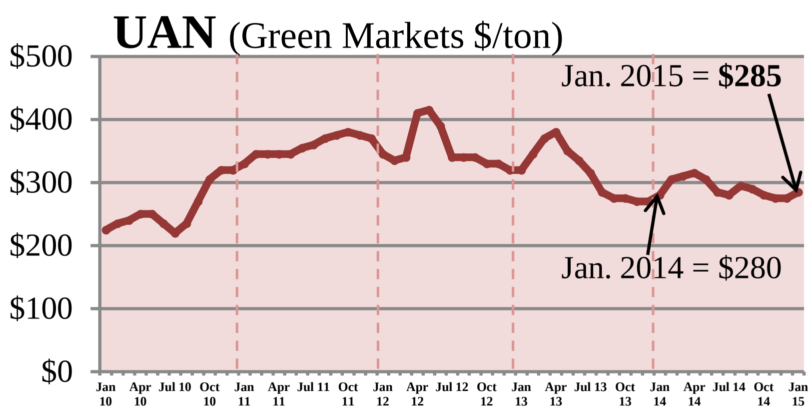
- Significant increase in other sales in Q4 driven by an increase in custom air handlers

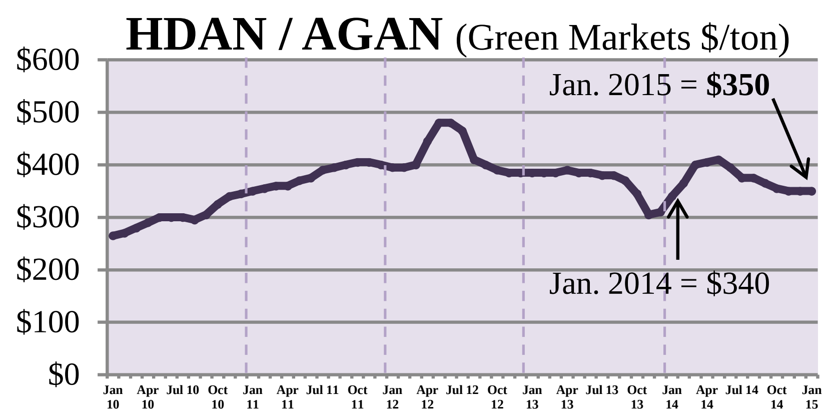
Chemical Commodity Prices

Feedstocks & End Products









Chemical Agricultural Market Outlook

Favorable Indicators:

- ✓ Planting level ~ 88 mil acres corn for 2015
- ✓ Nitrogen fertilizer demand relatively strong
- ✓ Natural gas feedstock cost relatively low historically – North American producers advantaged

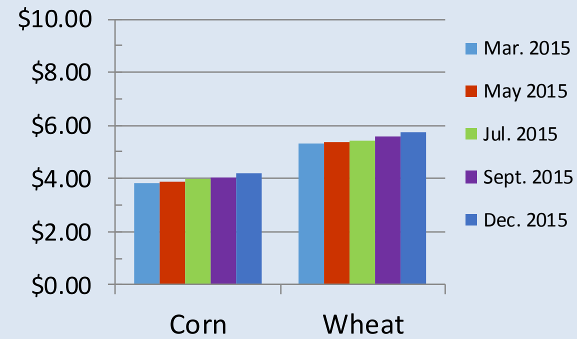
Grain Stock-to-use ratios:

- ✓ At 12-year highs

(Source: USDA WASDE report, 02-10-15 for crop year 2015)

- US Corn = 13.4%
- World Corn = 19.4%
- World Wheat = 27.7%

Forward Crop Prices / Bushel



Sources:
Corn: Chicago Board of Trade 02-23-15 close
Wheat: Kansas City Board of Trade 02-23-15 close

Fertilizer Prices:

- ✓ Current Nitrogen products at or higher than a year ago

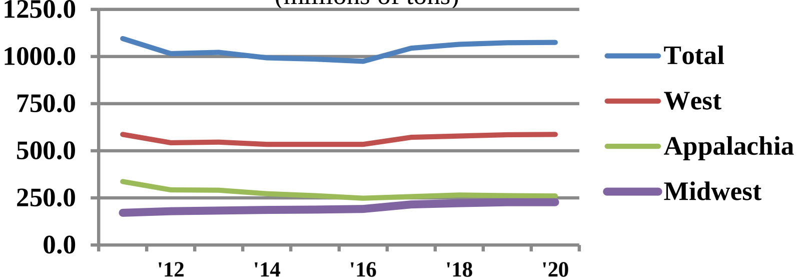
Wild Cards:

- Crop prices
- Weather conditions
- Ethanol production
- Chinese urea exports
- Transportation issues

Chemical Market Outlook: Industrial & Mining

Coal Production Projections

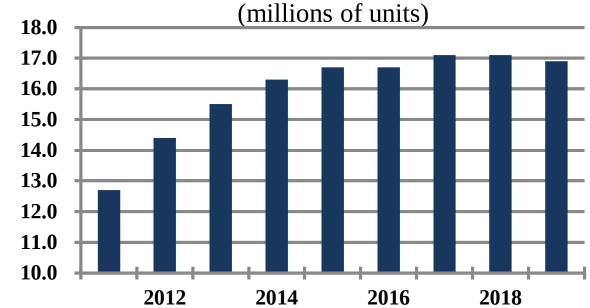
Source: Dept. of Energy – Energy Information Agcy.
2014 Annual Energy Outlook & Short-Term Energy Outlook
(millions of tons)



Coal – AN and AN solution are used for surface mining. Ammonia is used for NOx abatement. In 2014, coal accounted for 39% electricity generation. The forecast is for this to remain steady in 2015, but will decline to 37.6% in 2016 with increases in natural gas-based production.

Light Vehicle Sales

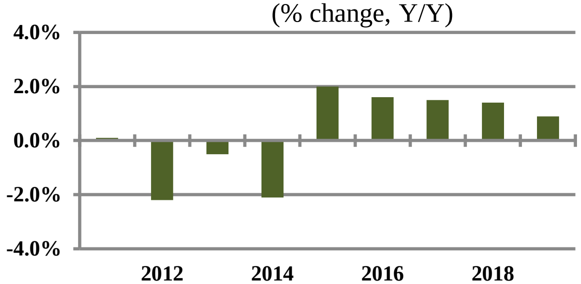
Source: American Chemistry Council
Year End 2014 Situation & Outlook
(millions of units)



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 further in 2015 as pent-up demand and improving employment conditions foster growth

U.S. Paper Production

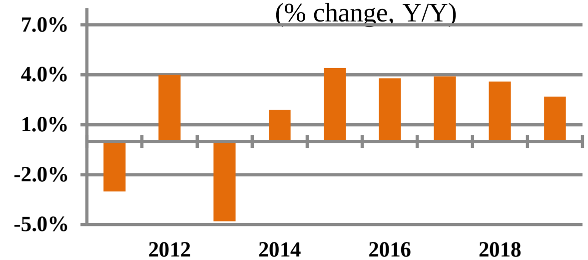
Source: American Chemistry Council
Year End 2014 Situation & Outlook
(% change, Y/Y)



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 upon domestic demand for consumer goods.

Basic Chemicals: Inorganics

Source: American Chemistry Council
Year End 2014 Situation & Outlook
(% change, Y/Y)



Basic Chemicals: Inorganics – These industry statistics provide a good overall indicator of LSB's industrial chemical business. After the European recessionary impacts in 2013, the industry performance improved in 2014 by 1.9% and future trends now show continuing recovery as investments to capitalize on the energy boom come on line.

El Dorado, Arkansas

Pryor, Oklahoma

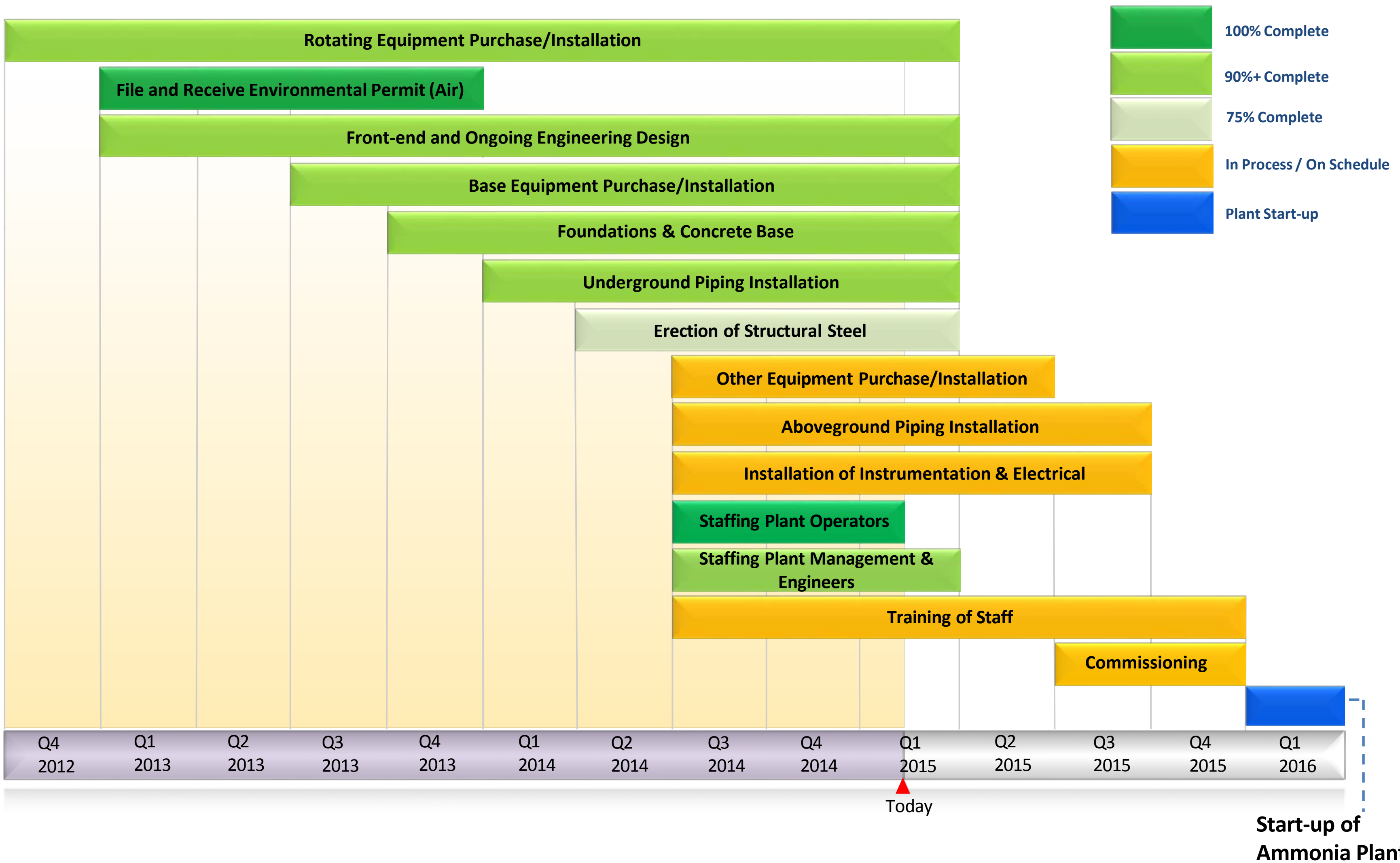
Cherokee, Alabama

Baytown, Texas

Facilities Operational Status

- **El Dorado**
  - Expansion projects on budget and on schedule
  - Nitric acid plant and concentrator to be completed and to begin production in Q3 2015
- **Pryor**
  - Ammonia plant running well at targeted production of approximately 650 TPD
  - Maintenance performed in 2014 has continued to show improvements with on-stream rates increasing
- **Cherokee**
  - Operating at historical production levels of approximately 500 TPD of ammonia production
  - Successfully transitioned facility to two-year turnaround schedule
  - Senior management emphasis on increasing preventative maintenance programs and reliability
- **Baytown**
  - Operating at targeted production levels

Ammonia Plant Project Timeline

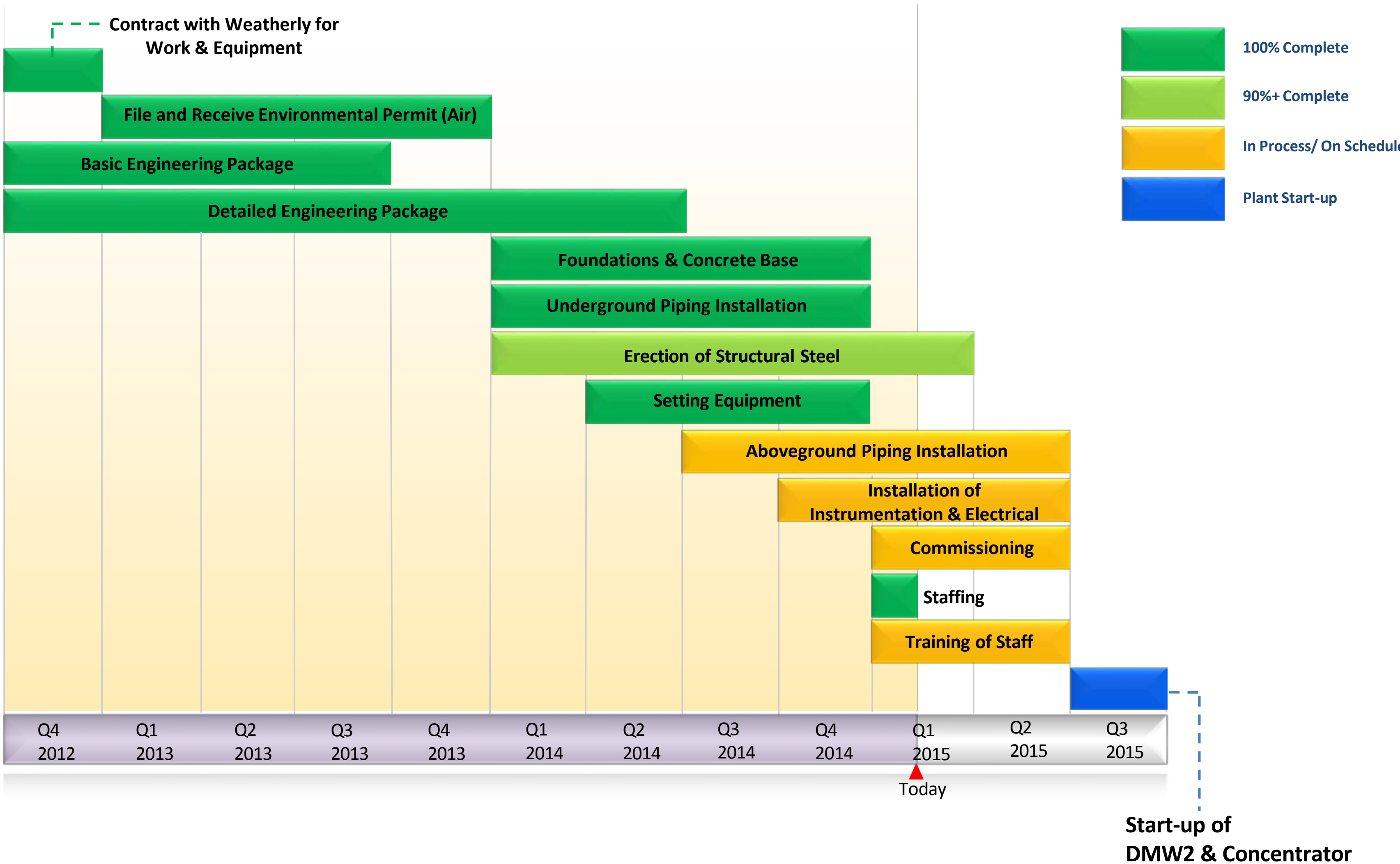


EL Dorado Ammonia Plant

CAD rendering of completed plant

Current Site

Nitric Acid Plant & Concentrator Project Timeline



El Dorado Nitric Acid Plant & Concentrator

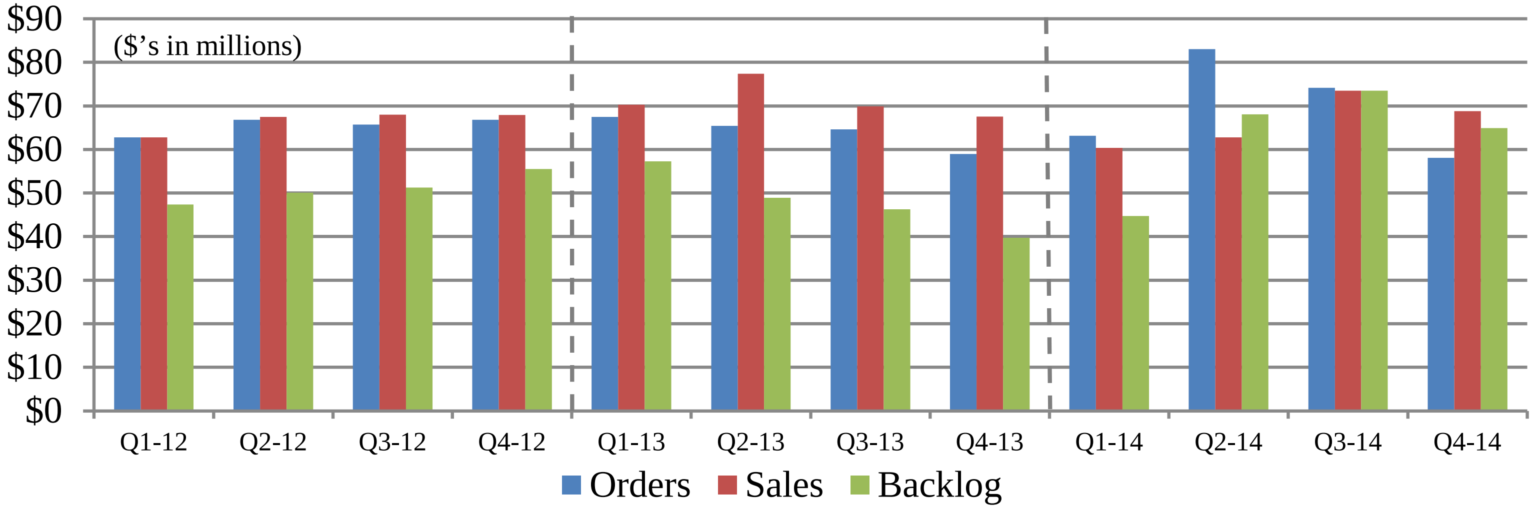
Current Site

Concentrator Superstructure

Cooling Tower

Nitric Acid Plant

Climate Control Orders, Sales & Backlog



Changes from 2013 to 2014	Commercial & Institutional	Single Family Residential	Total
Q4 New Orders	(1%)	(2%)	(1%)
Q4 Sales	5%	(12%)	2%
Full Year New Orders	12%	(7%)	9%
Full Year Sales	(6%)	(13%)	(7%)
Ending Backlog at 12-31	65%	22%	63%

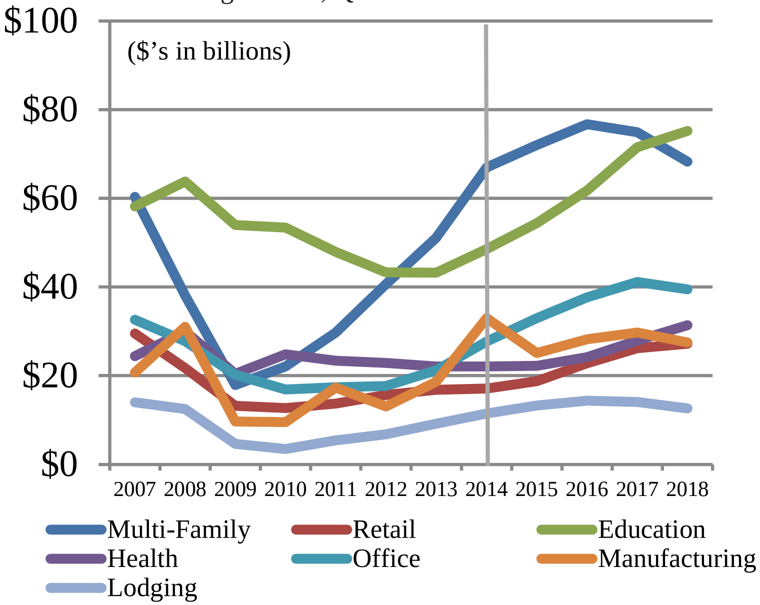
- **New orders and sales excluding Carrier increased 10.8% and 14.1% respectively Q4 2014 vs. Q4 2013**
- **Bookings for 2014 were $278 million, 9% higher than 2013 and 17% higher than 2013 when excluding Carrier bookings**
- **Backlog at December 31, 2014 was $65 million compared to $40 million at December 31, 2013**

Climate Control Market Outlook

Commercial & Institutional Construction

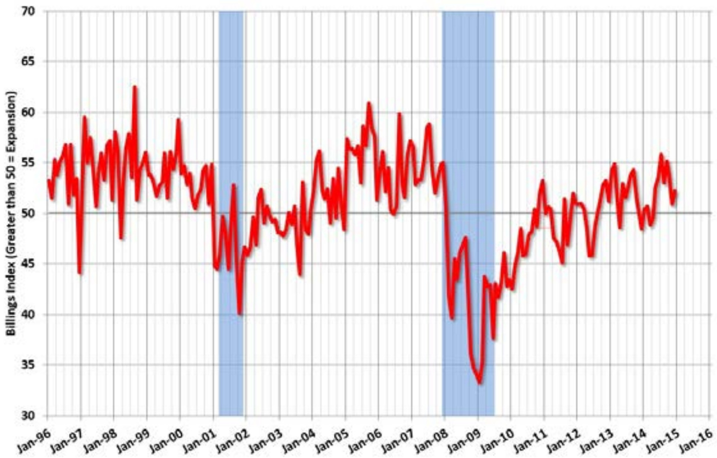
Construction Awards

Source: Dodge Data & Analytics Construction Market Forecasting Service, Q1 2015



- In 2014, these combined markets accounted for approximately 65% of total Climate Control sales and 78% of sales of commercial and institutional products.
- Aggregate increase from 2014 to 2017 forecasted to be 26%.

ABI Showed Growth in 10 Out of 12 Months for 2014



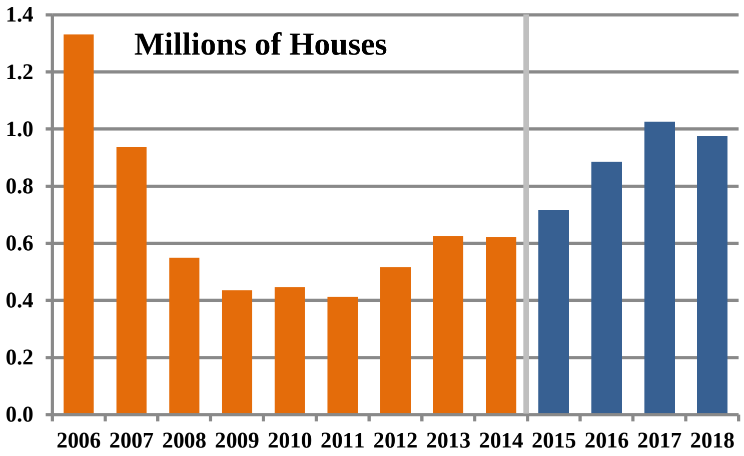
There were ten out of twelve months of increasing demand for design services in 2014, and the Architecture Billings Index (ABI) points to a healthy outlook for the nonresidential construction industry. "Particularly encouraging is the continued solid upturn in design activity at institutional firms," said AIA Chief Economist Kermit Baker, Hon. AIA, PhD.

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

Single Family Residential Construction Starts

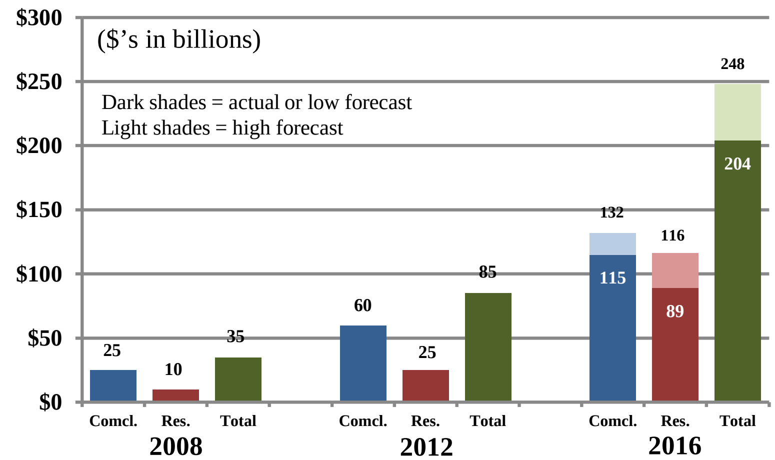
Building Contract Activity Source: Dodge Data & Analytics Construction Market Forecasting Service, Q1 2015



- Single family residential products (geothermal heat pumps) accounted for approximately 16% of Climate Control sales during 2014.
- This market is forecast to grow significantly over the next three years, although still below pre-2007 levels.

Green Construction Market Forecast to Grow

Source: 2013 Dodge Construction Green Outlook



- The total green building market size is forecast to be from $204 billion to $248 billion in 2016.
- Dodge estimates that in 2016, 48% to 55% of new non-residential construction starts and 29% to 38% of residential construction starts (by value) will be green.
- Energy efficiency and savings continue to be a key drivers for green construction.

Chemical Sales Volume Outlook for Q1 2015

Products	**Sales** ***(tons)***
Agriculture:	
UAN	110,000 – 120,000
AN	60,000 – 65,000
Anhydrous ammonia	22,500 – 27,500
Industrial, Mining and Other:	
Nitric acid	145,000 – 150,000
AN and AN solution	50,000 – 60,000
Anhydrous ammonia	10,000 – 15,000

2017 Targets by Segment

Chemical Business

Financial Metrics:

2014-2017 Revenue Growth:	12%+ CAGR
2017 EBITDA Margin:	30%+
2017 Operating Margin:	20%+

Annual Production (tons):

Gross Ammonia	750,000 - 800,000
Net Ammonia	220,000 - 250,000
UAN	475,000 - 525,000
AN and AN Solutions	650,000 - 700,000
Nitric Acid (1)	80,000 - 100,000

On-Stream Rates(2):

Ammonia plants	95%+

Climate Control Business

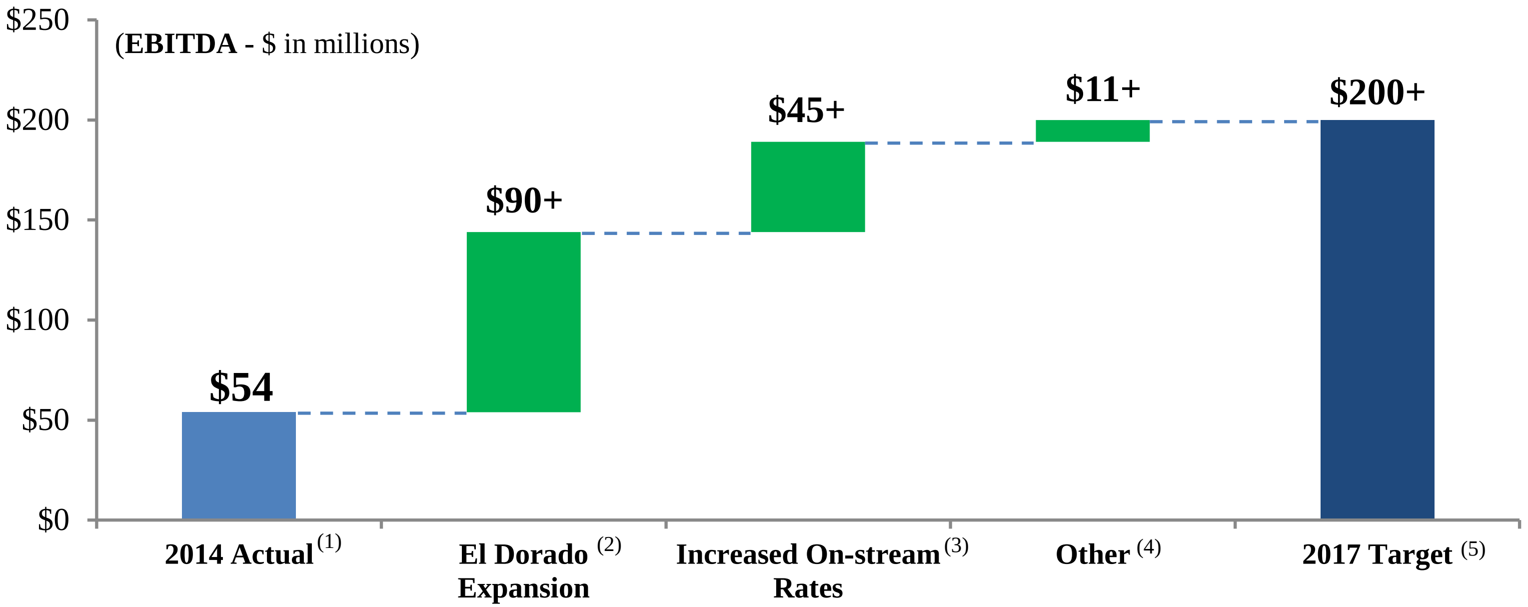
Financial Metrics:

2014-2017 Revenue Growth:	10%+ CAGR
2017 EBITDA Margin:	15%+
2017 Operating Margin:	14%+

- Operating leverage on incremental sales of 20%+
- Lean/OpEx initiatives create additional 250+ basis points of margin
- Minimal working capital and capex requirements lead to strong segment FCF generation
- Selected bolt-on acquisitions could potentially enhance revenue growth

Notes:
(1) Does not include Baytown facility's production
(2) Weighted average based on average daily production rates at EDC, Pryor, and Cherokee and assuming normal turnaround schedules

Chemical Business Target Earnings Power - 2017



<u>Chemical Business Drivers:</u>

- Improved on-stream rates
- Expanded capacity
- Higher average daily production
- Lower feedstock costs at El Dorado
- Improved reliability
- Higher annual production

Notes:

(1) 2014 actual excludes $28 million of insurance proceeds and does not normalize for unplanned downtime during the year
(2) EDC expansion represents the projected EBITDA resulting from the operation of the new ammonia and nitric acid plants assuming $500 per ton ammonia prices and $5.00 per MMbtu natural gas prices
(3) Assumes ammonia plants (Pryor and Cherokee) have an average on-stream rate of 95%+ for 2017
(4) Turnaround expenses (Cherokee turnaround moved from annual to bi-annual turnaround)
(5) Targeted segment EBITDA does not include unallocated corporate expenses

Chemical EBITDA - Sensitivity Analysis for 2017

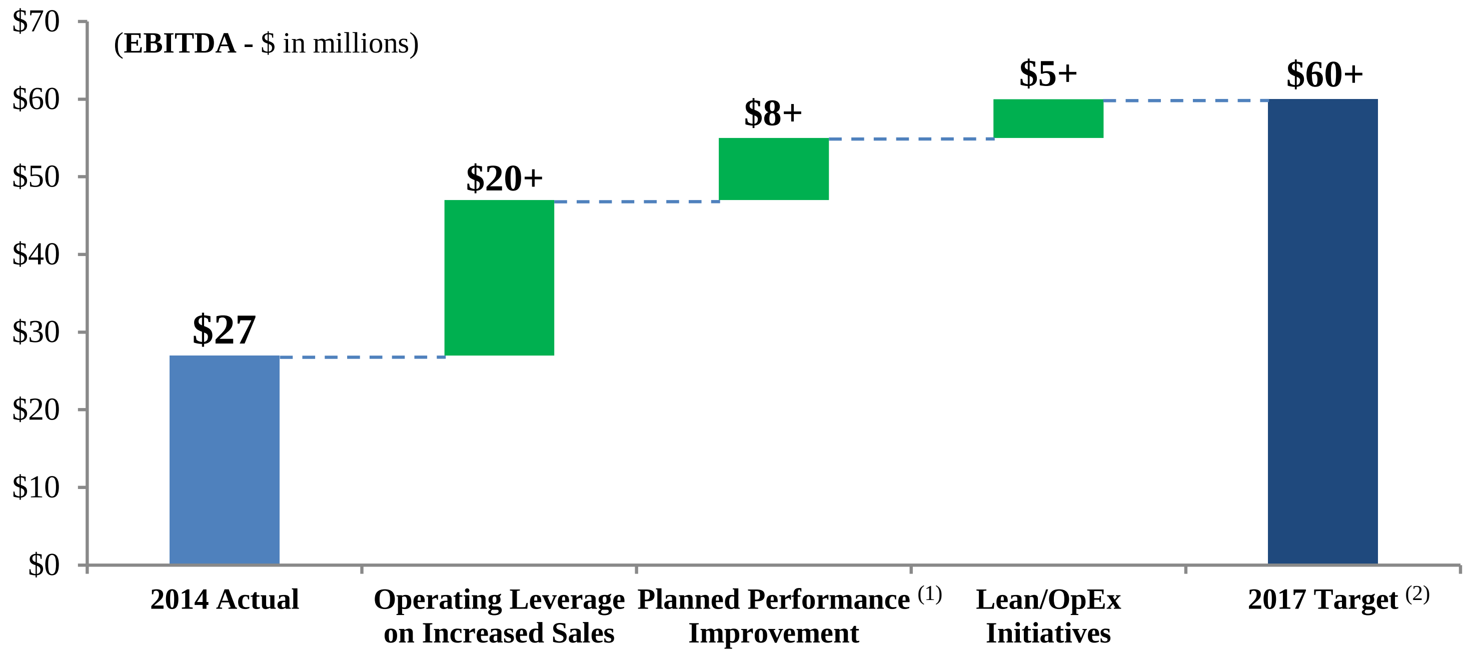
(EBITDA $ in millions)

		Natural Gas per Mmbtu				
		$5.00	$4.50	$4.00	$3.50	$3.00
Ammonia per ton	$600	$ 265	$ 273	$ 282	$ 290	$ 299
	$550	$ 238	$ 246	$ 255	$ 263	$ 272
	$500	$ 211	$ 219	$ 228	$ 236	$ 245
	$450	$ 184	$ 192	$ 201	$ 209	$ 218
	$400	$ 157	$ 165	$ 174	$ 182	$ 191

Key factors in model above:

- Average ammonia plants on-stream rate of 95%+
- Average daily production rates are maintained
- Mining sales volumes 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

Climate Control Business Target Earnings Power - 2017



Climate Control Business Drivers:

- Rebounding end market demand
- New product introductions
- Operating leverage on higher volume
- LEAN/OpEx initiatives

Notes:

(1) Planned performance improvement at our custom air handler, modular chiller and construction services businesses through increased sales and margins

(2) Targeted segment EBITDA does not include unallocated corporate expenses

Key LSB Value Drivers

- **Comprehensive upgrade of Chemical Business safety and plant reliability systems** – intended to improve plant up-time and reduce risks of unplanned downtime.
- **Pryor facility reliability improvements -** including new senior management, additional engineering support, extensive monitoring and control equipment, remanufacture of certain key pieces of equipment, and use of industry expert consultants – intended to improve plant up-time and reduce risks of unplanned downtime.
- **Expansion projects at El Dorado** – intended to reduce costs, increase capacity, and enhance product balance capabilities.
- **Growth in Climate Control Business** within existing plant footprints as construction cycle recovers to achieve increased profits through operating leverage.
- **LEAN / Operational Excellence initiatives in our Climate Control Business** to facilitate improved operational metrics and reduce costs.

EBITDA Reconciliations (in millions)

Reconciliation of Consolidated Net Income and Segment Operating Income to Non-GAAP measurement EBITDA. Management uses operating income by business segment for purposes of making decisions that include resource allocations and performance evaluations. Operating income by business segment represents gross profit 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 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.

LSB Industries, Inc. Consolidated	Three months ended 12-31		Twelve months ended 12-31	
	2014	2013	2014	2013
Net income (loss)	**$ 0.7**	**$ 37.3**	**$ 19.6**	**$ 55.0**
Plus:				
Interest expense	4.1	7.3	21.6	14.0
Depreciation and amortization	9.4	8.3	36.1	28.4
Provisions for income taxes	0.1	25.5	12.4	35.3
Loss from discontinued operations	0.1	0.1	0.1	0.2
EBITDA per conference call	**$ 14.4**	**$ 78.5**	**$ 89.8**	**$ 132.9**
Climate Control Business				
Operating income (loss)	**$ 4.3**	**$ 6.0**	**$ 21.7**	**$ 30.4**
Plus:				
Equity in earnings of affiliate	-	-	0.1	0.4
Depreciation and amortization	1.2	0.8	4.7	2.8
EBITDA per conference call	**$ 5.5**	**$ 6.8**	**$ 26.5**	**$ 33.6**
Chemical Business				
Operating income (loss)	**$ 4.5**	**$ 67.5**	**$ 51.3**	**$ 87.8**
Plus:				
Non-operating income	-	-	0.3	-
Depreciation and amortization	8.1	7.0	30.6	23.6
EBITDA per conference call	**$ 12.6**	**$ 74.5**	**$ 82.2**	**$ 111.4**

Other Non-GAAP Reconciliations (in millions)

Reconciliation of Consolidated Operating Income, EBITDA, Net Income Applicable to Common Stock, and Earnings per Share to Adjusted Non-GAAP Operating Income, EBITDA, Net Income Applicable to Common Stock, and Earnings/Loss per Share. We believe that the inclusion of supplementary adjustments to operating income, EBITDA, net income applicable to common stock, and earnings 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 and EBITDA excluding the impact of the insurance recoveries and unrealized loss on forward natural gas purchase commitments.

LSB Industries, Inc. Consolidated	Three Months Ended 12-31		Twelve Months Ended 12-31	
	2014	2013	2014	2013
Operating Income	**$ 4.9**	**$ 70.2**	**$ 53.4**	**$ 105.3**
Less:				
Insurance recoveries	-	76.2	28.0	94.6
Unrealized loss on forward natural gas purchase commitments	(2.2)	-	(2.1)	-
Adjusted Operating Income	**$ 7.1**	**$ (6.0)**	**$ 27.5**	**$ 10.7**
EBITDA	**$ 14.4**	**$ 78.5**	**$ 89.8**	**$ 132.9**
Less:				
Insurance recoveries	-	76.2	28.0	94.6
Unrealized loss on forward natural gas purchase commitments	(2.2)	-	(2.1)	-
Adjusted EBITDA	**$ 16.6**	**$ 2.3**	**$ 63.9**	**$ 38.3**
Net income applicable to common stock	**$ 0.7**	**$ 37.3**	**$ 19.3**	**$ 54.7**
Less:				
Insurance recoveries	-	76.2	28.0	94.6
Unrealized loss on forward natural gas purchase commitments	(2.2)	-	(2.1)	-
Income tax provision related to insurance recoveries	-	(29.4)	(10.8)	(36.5)
Income tax provision related to natural gas purchase commitments	0.8	-	0.8	-
Adjusted net income/loss applicable to common stock	**$ 2.1**	**$ (9.5)**	**$ 3.4**	**$ (3.4)**
Weighted-average common shares	22,772	22,520	23,667	22,465
Adjusted earnings/loss per diluted share	**$ 0.09**	**$ (0.42)**	**$ 0.14**	**$ (0.15)**

Other Non-GAAP Reconciliations (in millions)

Reconciliation of Consolidated Operating Income and EBITDA to Adjusted Non-GAAP Operating Income and EBITDA. We believe that the inclusion of supplementary adjustments to operating income and EBITDA 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 and EBITDA excluding the impact of the insurance recoveries and unrealized loss on forward natural gas purchase commitments.

Chemical Business	**Three Months Ended 12-31**		**Twelve Months Ended 12-31**	
	2014	**2013**	**2014**	**2013**
Operating Income	**$ 4.5**	**$ 67.5**	**$ 51.3**	**$ 87.8**
Less:				
Insurance recoveries	-	76.2	28.0	94.6
Unrealized loss on forward natural gas purchase commitments	(2.2)	-	(2.1)	-
Adjusted Operating Income	**$ 6.7**	**$ (8.7)**	**$ 25.4**	**$ (6.8)**

EBITDA	**$ 12.6**	**$ 74.5**	**$ 82.2**	**$ 111.4**
Less:				
Insurance recoveries	-	76.2	28.0	94.6
Unrealized loss on forward natural gas purchase commitments	(2.2)	-	(2.1)	-
Adjusted EBITDA	**$ 14.8**	**$ (1.7)**	**$ 56.3**	**$ 16.8**

LSB Industries, Inc. is headquartered in Oklahoma City and does business through its subsidiaries, with seven HVAC manufacturing and distribution facilities in Oklahoma City, chemical plants in Texas, Arkansas, Alabama and Oklahoma and an engineered products distribution center in Oklahoma City. Approximately 1,900 total employees.

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