LSB INDUSTRIES

Third Quarter 2015 Update

November 6, 2015

Agenda

Overview

- Dan Greenwell, Interim 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. All these statements, other than statements of historical fact, are forward-looking statements.

Statements that include the words “expect,” “intend,” “plan,” “believe,” “project,” “anticipate,” “estimate” and similar statements of the future or of a forward-looking nature identify forward-looking statements and statements contained herein that may constitute forward-looking statements, include, but not limited to, all statements about or references to closing the financing, future natural gas costs, ammonia costs, grain or corn demand or production, construction trends and demand, capital spending for remainder of 2015 and amount to be spent on El Dorado’s ammonia and nitric acid plants, completion and begin production of expansion projects at our El Dorado chemical facility, chemical sales volume outlook, key value drivers for LSB, future chemical targets, future climate control targets, chemical market outlook, climate control market outlook, and benefits of upgrades of chemical business.

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 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 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 the future outcome 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 nine months ended September 30, 2015 and September 30, 2014 discussed in this conference call presentation are included in the appendix of this presentation.

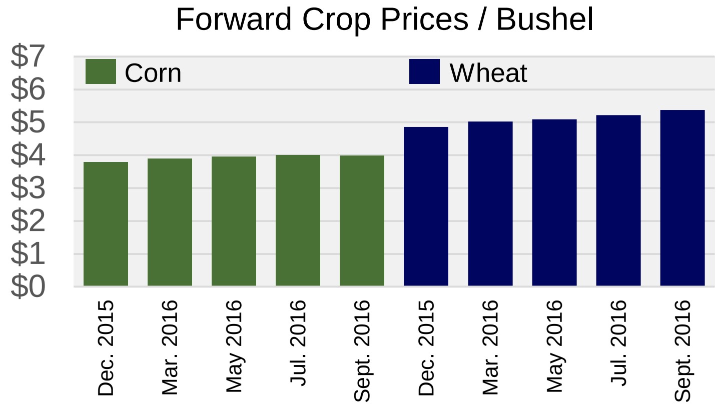
Third Quarter 2015 Highlights

- **Leadership changes**
  - Dan Greenwell named Interim CEO & President
  - Richard Sanders named Interim Executive Vice President of Chemical Manufacturing
- **EDC Expansion Project progressing**
  - Cost to complete confirmed but adjusted upward to $831 million to $855 million
  - Financing secured to complete construction/commissioning
  - Ammonia plant construction ~80% complete and timing to complete confirmed
  - Excess ammonia 3-year off-take agreement executed with Koch Fertilizer
  - Nitric Acid plant to begin operations week of November 9th
- **Sales decreased 7.8% from $171.0 million in Q3 2014 to $157.7 million in Q3 2015**
  - Chemical sales decreased $14.2 million or 15% primarily as a result of the 25-day turnaround and 45 days of unplanned downtime at Pryor
  - Climate Control sales increased $1.6 million or 2%; excluding Carrier sales, sales increased $3.6 million or 5%
- **Pryor Facility returned to production at full rates**
  - Ammonia plant currently producing at full rates ~700 TPD
- **Cherokee Facility running at improved rates**
  - Ammonia plant continues to run at improved average daily rates of 515 TPD vs historical of 500 TPD
  - Ammonia plant ran at 100% on-stream rate for Q3 2015 and over 95% the last three quarters

Chemical Market Outlook

Agricultural

- ⬆ Planted acreage in-line with expectations ~89 million acres
- ⬆ Corn prices projected to remain flat to slightly increase at ~$4.00/bushel range over next 12 months
- ⬆ Natural gas feedstock costs expected to remain historically low
- ⬌ Lower harvested area partially offset by increased yields
- ⬌ Ammonia prices stabilized recently on lower end of historical averages due to higher supply and lower natural gas prices
- ⬇ 2015/2016 North American harvest almost finished with another strong harvest
- ⬇ Corn stocks relatively high and expected to stay there over the next 12 months
- ⬇ Urea prices trending down recently from pressure from oversupply as Chinese producers lose discipline
- ⬇ Overall fertilizer pricing/demand weak heightened by delayed purchases in North America



Industrial and Mining

- **Industrial markets should continue to benefit from the improving economy and low natural gas prices**
- **Mining market driven by coal usage, primarily by electric utilities**
  - Production expected to decline 9% in 2015 reflecting low natural gas prices as more power plants switch from coal to natural gas
  - EPA's proposed Clean Power Plan could result in further emission restrictions potentially reducing the flat out capacity projected for surviving coal fired plants
- **Expiration of Orica contract combined with high cost of purchased ammonia will impact EDC's 2015 sales and operating results**
  - Executed contracts with customers for approximately 210K TPY of AN volume previously committed to Orica but will not go into effect until January 2016
  - New AN contracts contain minimum volumes with penalty if not taken vs. take-or-pay terms of previous contract

Sources: Corn Prices – Chicago Board of Trade 10-27-15 close; Wheat Prices – Kansas City Board of Trade 10-27-15 close; USDA WASDE report, 10-09-15 for crop year 2015; U.S. Energy Information Administration

Climate Control Market Outlook

- Continued improvement in commercial and institutional new construction expected over the next two to three years
  - ❖ Total dollar value of construction starts forecasted to increase 13% in 2016
    - Nonresidential sector* (including multi-family residential) to grow 8% to $268 billion
      - *Office, Retail and Education are expected to grow by double digits vs. relatively no growth forecast for 2015*
    - Single-family residential sector to grow 20% to $225 billion
- Trend towards higher energy efficiency green products in commercial/institutional sector
  - Net zero energy designs
  - Focus on lowering energy costs
  - Meet or exceed building efficiency standards
- Low natural gas prices having an impact on residential geothermal sales
- Potential expiration of residential energy efficient property credit at the end of 2016 could have impact on total geothermal sales

Sources: Dodge Data & Analytics Construction Market Forecasting Service, Q4 2015

** Includes multi-family, retail, education, health, office, manufacturing and lodging which accounted for approximately 65% of total Climate Control sales and 78% of commercial and institutional sales in 2014.*

LSB Consolidated Financial Highlights
Third Quarter 2015

($ in millions except EPS)	Three Months Ended Sept. 30,			Nine Months Ended Sept. 30,		
	2015	2014	Change	2015	2014	Change
Net Sales	**$ 157.7**	**$ 171.0**	**$ (13.3)**	**$ 534.2**	**$ 551.2**	**$ (17.0)**
Gross Profit	**$ 13.3**	**$ 24.4**	**$ (11.1)**	**$ 90.5**	**$ 122.0**	**$ (31.5)**
% of net sales	*8.4%*	*14.3%*	*(5.9)%*	*16.9%*	*22.1%*	*(5.2)%*
Selling, General and Administrative	**$ 29.4**	**$ 25.2**	**$ 4.2**	**$ 89.6**	**$ 77.4**	**$ 12.2**
% of net sales	*18.6%*	*14.7%*	*3.9%*	*16.8%*	*14.0%*	*2.8%*
Operating Income (Loss)	**$ (54.9)**	**$ (1.2)**	**$ (53.7)**	**$ (38.1)**	**$ 48.4**	**$ (86.5)**
% of net sales	*(34.8)%*	*(0.7)%*	*(34.1)%*	*(7.1)%*	*8.8%*	*(15.9)%*
Net Income (Loss)	**$ (33.8)**	**$ (3.8)**	**$ (30.0)**	**$ (26.7)**	**$ 19.0**	**$ (45.7)**
% of net sales	*(21.4)%*	*(2.2)%*	*(19.2)%*	*(5.0)%*	*3.4%*	*(8.4)%*
Diluted EPS	**$ (1.48)**	**$ (0.17)**	**$ (1.31)**	**$ (1.19)**	**$ 0.80**	**$ (1.99)**
EBITDA	**$ (3.8)**	**$ 8.1**	**$ (11.9)**	**$ 32.8**	**$ 75.4**	**$ (42.6)**
Adjusted Operating Income (Loss) (1)	**$ (13.0)**	**$ (1.2)**	**$ (11.8)**	**$ 3.8**	**$ 20.4**	**$ (16.6)**
Adjusted Net Income (Loss) Applicable to Common Stock (1)	**$ (8.3)**	**$ (3.8)**	**$ (4.5)**	**$ (1.5)**	**$ 1.5**	**$ (3.0)**
Adjusted Diluted EPS (1)	**$ (0.36)**	**$ (0.17)**	**$ (0.19)**	**$ (0.07)**	**$ 0.06**	**$ (0.13)**
Adjusted EBITDA (2)	**$ (1.6)**	**$ 8.1**	**$ (9.7)**	**$ 35.0**	**$ 47.4**	**$ (12.4)**

(1) Both periods of 2015 were adjusted to exclude an asset impairment charge of $39.7 million and $2.2 million related to one-time severance costs; 9 months ended September 30, 2014 was adjusted to exclude $28.0 million of insurance recoveries received in the first quarter of 2014

(2) Both periods of 2015 were adjusted to exclude $2.2 million of severance costs and 9 months ended September 30, 2014 excludes $28.0 million of insurance recoveries

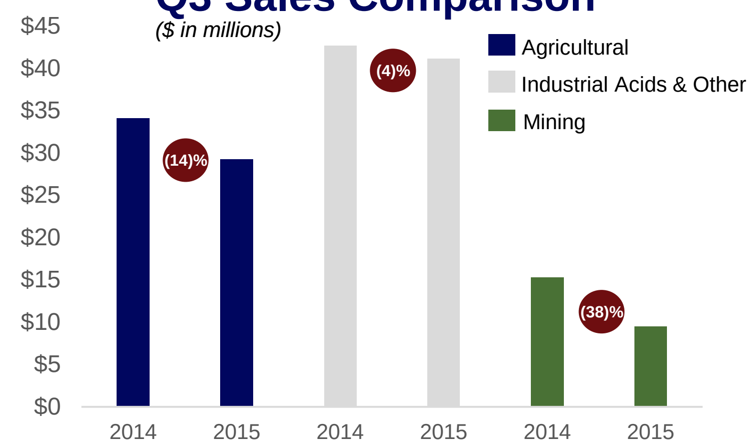
Chemical Business
Third Quarter 2015 Highlights

($ in millions)	Three Months Ended Sept. 30, 2015	2014	Change	Nine Months Ended Sept. 30, 2015	2014	Change
Net Sales	**$ 80.6**	**$ 94.8**	**$ (14.2)**	**$ 320.2**	**$ 345.7**	**$ (25.5)**
Gross Profit	**$ (10.5)**	**$ (0.5)**	**$ (10.0)**	**$ 25.0**	**$ 57.2**	**$ (32.2)**
% of net sales	*(13.0)%*	*(0.5)%*	*(12.5)%*	*7.8%*	*16.5%*	*(8.7)%*
Segment SG&A	**$ 5.8**	**$ 4.6**	**$ 1.2**	**$ 18.2**	**$ 13.6**	**$ 4.6**
Operating Income (Loss)	**$ (55.0)**	**$ (5.6)**	**$ (49.4)**	**$ (31.5)**	**$ 46.8**	**$ (78.3)**
% of net sales	*(68.2)%*	*(5.9)%*	*(62.3)%*	*(9.8)%*	*13.5%*	*(23.3)%*
Segment EBITDA	**$ (5.5)**	**$ 2.2**	**$ (7.7)**	**$ 34.9**	**$ 69.6**	**$ (34.7)**
Capital Expenditures (PP&E)	**$ 138.8**	**$ 68.8**	**$ 70.0**	**$ 325.5**	**$ 170.9**	**$ 154.6**
Adjusted Operating Income (Loss) (1)	**$ (15.3)**	**$ (5.6)**	**$ (9.7)**	**$ 8.2**	**$ 18.8**	**$ (10.6)**
Adjusted Segment EBITDA (2)	**$ (5.5)**	**$ 2.2**	**$ (7.7)**	**$ 34.9**	**$ 41.6**	**$ (6.7)**

- Net sales decreased due to:
  - Lower agricultural sales volumes due primarily to the 25-day turnaround followed by a 45-day unplanned outage at our Pryor Facility and lower selling prices
  - Lower demand from mining customers primarily reflecting reduced volumes of low-density ammonium nitrate related to the April 2015 expiration of the Company's take-or-pay contract with Orica and overall softening in the coal markets
  - The decreases above were partially offset by higher on-stream rates at the Cherokee Facility as the plant underwent a bi-annual turnaround in the third quarter of 2014
- GP as % of sales decreased due to lower absorption of fixed overhead costs and lower overall selling prices mentioned above
- Operating income (loss) and segment EBITDA decreased due to the discussed items above in addition to increased SG&A expenses at EDC primarily from training and other start-up costs related to the EDC expansion projects and a $39.7 million asset impairment write-down of working interest in natural gas properties.

Q3 Sales Comparison

($ in millions)



(1) *Both periods of 2015 were adjusted to exclude an asset impairment charge of $39.7 million; 9 months ended September 30, 2014 was adjusted to exclude $28.0 million of insurance recoveries received in the first quarter of 2014*

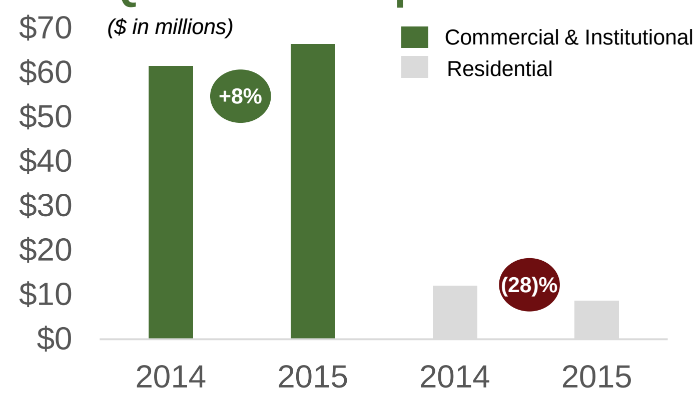
(2) *9 months ended September 30, 2014 was adjusted to exclude $28.0 million of insurance recoveries received in the first quarter of 2014*

Climate Control Business
Third Quarter 2015 Highlights

($ in millions)	Three Months Ended Sept. 30, 2015	2014	Change	Nine Months Ended Sept. 30, 2015	2014	Change
Net Sales	**$ 75.1**	**$ 73.5**	**$ 1.6**	**$ 207.1**	**$ 196.6**	**$ 10.5**
Gross Profit	**$ 23.0**	**$ 23.9**	**$ (0.9)**	**$ 63.0**	**$ 61.6**	**$ 1.4**
% of net sales	*30.6%*	*32.5%*	*(1.9)%*	*30.4%*	*31.3%*	*(0.9)%*
Segment SG&A	**$ 15.5**	**$ 15.1**	**$ 0.4**	**$ 46.7**	**$ 43.3**	**$ 3.4**
Operating Income	**$ 7.2**	**$ 8.4**	**$ (1.2)**	**$ 15.5**	**$ 17.4**	**$ (1.9)**
% of net sales	*9.6%*	*11.4%*	*(1.8)%*	*7.5%*	*8.9%*	*(1.4)%*
Segment EBITDA	**$ 8.4**	**$ 9.7**	**$ (1.3)**	**$ 19.1**	**$ 21.0**	**$ (1.9)**
Capital Expenditures (PP&E)	**$ 0.1**	**$ 0.6**	**$ (0.5)**	**$ 0.5**	**$ 1.8**	**$ (1.3)**

- Net sales increased due to:
  - higher sales of our hydronic fan coils and other HVAC products, primarily our custom air handlers and construction services
  - partially offset by a decrease in sales of modular chillers and heat pumps, predominantly in the residential markets
- GP as % of sales was lower as a result of unfavorable product mix towards commercial/institutional products, which carry lower margins than residential products.
- Operating income and EBITDA were lower due to the items discussed above and higher variable selling expenses primarily relating to warranty and freight costs.

Q3 Sales Comparison



Capital Structure

($ in millions except ratios)

As of September 30, 2015	
Cash and Investments	$39.0
Senior Secured Notes	425.0
Other Debt	71.4
Total Net Debt	**$457.4**
TTM EBITDA	$47.3
Net Leverage Ratio	**9.7x**
TTM EBITDA / Interest Expense	**1.3x**

Overview of Outstanding Debt

Senior Secured Notes

- $425 million
- 7.75%
- Due August 2019

ABL Facility

- $100 million (Prime + 50)
- $13.3 million drawn
- $57.6 million availability
- Expires April 2018

Ratings	Moody's	S&P
Corporate	B1	B+
First Lien	B1	B+
Outlook	Negative	Neutral

Free Cash Flow

($ in millions)	Nine Months Ended Sept. 30, 2015	2014	Change
Net Income	**$ (26.7)**	**$ 19.0**	**$ (45.7)**
Gain on Property Insurance Recoveries	-	(5.1)	5.1
Impairment of Natural Gas Properties	39.7	-	39.7
Depreciation, Depletion and Amortization (PP&E)	30.0	26.4	3.6
Change in Working Capital and Other (1)	(0.5)	16.6	(17.1)
Net Cash from Continuing Operating Activities	**$ 42.5**	**$ 56.9**	**$ (14.4)**
Capital Expenditures (PP&E)	(300.8)	(164.2)	(136.6)
Other	0.6	3.8	(3.2)
Free Cash Flow from Operations (2)	**$ (257.7)**	**$ (103.5)**	**$ (154.2)**
Debt and Financing Payments	(19.9)	(20.1)	0.2
Proceeds from Long-Term Debt, net of fees (3)	44.3	-	44.3
Change in Cash and Investments (Current and Noncurrent)	**$ (233.3)**	**$ (123.6)**	**$ (109.7)**

(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, the most directly comparable GAAP financial measure.

(3) Include financing on the natural gas pipeline construction project and the ammonia storage tank plus $13.3 million drawn on the ABL Facility.

Planned Capital Spending
as of September 30, 2015

LSB INDUSTRIES

($ in millions)

Total Projects	Planned Capital Additions
Chemical Business:	
El Dorado Facility Expansion Projects (1)	$ 267 - $ 291
Development of Natural Gas Leaseholds (2)	1 - 2
Environmental Projects (2)	2 - 3
Major Renewal and Improvement Projects (2)	1 - 2
Other (2) (3)	8 - 9
Total Chemical	**$ 279 - $ 307**
Climate Control Business (2):	0 - 1
Corporate and Other (2):	1 - 2
Total Projects	**$ 280 - $ 310**

El Dorado Expansion Projects	Expenditures to Date	Remainder to Completion	Project Total
Ammonia Plant	$ 322	$ 153 - $ 167	$ 475 - $ 489
Nitric Acid Plant and Concentrator	113	13 - 14	126 - 127
Other Support Infrastructure	96	35 - 43	131 - 139
Capitalized Interest	33	20 - 21	53 - 54
Contingency	-	46 - 46	46 - 46
Total El Dorado Projects	**$ 564**	**$ 267 - $ 291**	**$ 831 - $ 855**

(1) Includes planned capital additions of approximately $70-$75 million in 2016
(2) Includes planned capital additions through December 2015
(3) Includes cost associated with savings initiatives, new market development, and other capital projects

Financing – Major Terms

LSB INDUSTRIES

- **$50 million in Senior Secured Notes issued at par**
  - Interest rate – 12% annual interest rate, subject to certain adjustments; maturity of August 2019, callable by the Company beginning August 2016
- **$210 million in Cumulative Redeemable Nonconvertible Perpetual Non-voting Preferred Stock**
  - Dividend rate – 14% annual dividend rate and an economic participation right equal to 2% of the outstanding common stock before the transaction
  - Redeemable at Company's option at any time at the liquidation preference plus accrued and unpaid dividends plus the value of the participating right without a premium or penalty
  - Redeemable at Investor's option beginning one day after the maturity of the Company's existing Senior Secured Notes
- **Warrants to purchase 17.99% of the Company**
  - Exercise price $0.01/warrant; 10-yr term
- **Voting rights equal to 19.99% of the outstanding common stock before the transaction**
- **Board Representation**
  - Right to appoint three nominees to the Company's Board as replacements for three existing independent directors effective at the closing of the Preferred Stock
- **Fees**
  - 2% on the full amount of the committed financing
  - 2% upon issuance of each of the Senior Secured Notes and the Preferred Stock
  - The Company will pay a fee of 3% of the Preferred Stock commitment in the event that the Preferred Stock and Warrants are not issued as a result of the Company obtaining financing from a different entity or if the Preferred Stock and Warrants are not issued as a result of the Company's failure to satisfy conditions precedent that are solely within its control
- **Timing and Conditions of Financing**
  - Closing on Senior Secured Notes week of November 9th
  - Closing on Preferred Stock on or about November 20th, but in any event, no later than December 31st, 2015 subject to definitive agreements and HSR Act approval, if required

Chemical Facilities Operational Status

El Dorado

- Nitric acid concentrator completed and began production June 2015
- DMW2 nitric acid plant construction completed and to begin production week of November 9th

Pryor

- Ammonia plant running at full rate of ~700 TPD
- Completed a 25-day planned turnaround in early third quarter
- The plant restart from turnaround was delayed 16 days to resolve compressor vibration issues and ran approx. 4 days before a refractory failure in the reformer area. This lead to an additional 29 days of downtime to redo the refractory work originally accomplished during the July turnaround

Cherokee

- Current ammonia production of ~515 TPD above historical production levels of ~500 TPD
- 100% on-stream rate in the third quarter and over 95% in the last three quarters

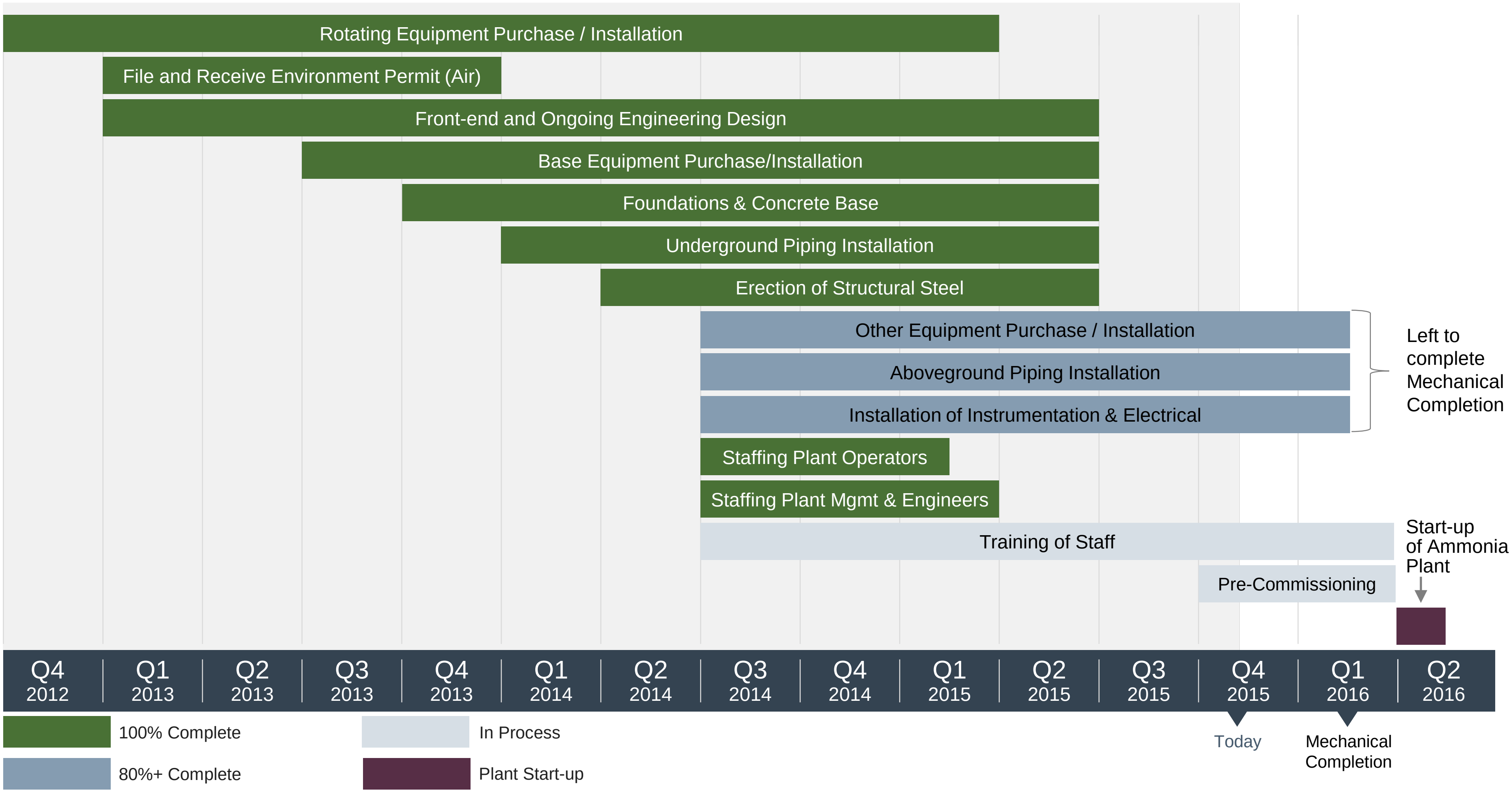
Baytown

- Operating at targeted production levels with world-class safety records

El Dorado Ammonia Plant Project Timeline

LSB INDUSTRIES

~80% Mechanically Complete



El Dorado Expansion Projects

Ammonia Plant

Nitric Acid Plant
& Concentrator

El Dorado Expansion Project Capital Spending

LSB INDUSTRIES

($ in millions)	Previous Estimate	Current Estimate	Increase/(Decrease)
Ammonia Plant	$ 383 - $ 398	$ 475 - $ 489	$ 92 - $ 91
Nitric Acid Plant & Concentrator	132 - 134	126 - 127	(6) - (7)
Other Support Infrastructure	109 - 112	131 - 139	22 - 27
Total El Dorado Project Construction Costs	**624 - 644**	**732 - 755**	**108 - 111** (1)
Capitalized Interest	36	53 - 54	17 - 18
Total El Dorado Project Costs	**660 - 680**	**785 - 809**	**125 - 129**
Contingency		46	
Total El Dorado Project Costs including Contingency		**$ 831 - $ 855**	

(1) Increases include Piping/Mechanical $70mm, Engineering/General Costs $14mm, Scaffolding/Crane Rentals $11mm, Equipment, Weather Delays & Other Miscellaneous $11mm and Electrical $5mm

Remaining El Dorado Expansion Project Costs

($ in millions)	Spent to Date	Remaining to Spend
Ammonia Plant	$ 322	$ 153 - $ 167 [(1)]
Nitric Acid Plant & Concentrator	113	13 - 14
Other Support Infrastructure	96	35 - 43 [(2)]
Total El Dorado Project Construction Costs	$ 531	$ 201 - $ 224

(1) Major Cost Components:	
Piping / Mechanical	$ 90
Civil / Building / Steel Erection	19
Equipment	18
Insulation / Painting	12
Electrical	9
Scaffolding / Cranes	8
(2) Major Cost Components:	
Piping / Mechanical	$ 19
Civil	8
Electrical	4
Insulation / Painting	4
Equipment	2

Chemical Sales Volume Outlook for Q4 2015

Products	Sales *(tons)*
Agriculture:	
UAN	100,000 – 110,000
HDAN	25,000 – 30,000
Ammonia	25,000 – 30,000
Industrial, Mining and Other:	
Nitric Acid	130,000 – 140,000
LDAN/HDAN	15,000 – 20,000
AN Solution	20,000 – 25,000
Ammonia	5,000 – 10,000

Key LSB Value Drivers

LSB INDUSTRIES

1. **Comprehensive upgrade of Chemical Business safety and plant reliability systems –** intended to improve plant up-time and reduce risks of unplanned downtime.
2. **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.
3. **Expansion projects at El Dorado –** intended to reduce costs, increase capacity, and enhance product balance capabilities.
4. **Growth in Climate Control Business** within existing plant footprints as construction cycle recovers to achieve increased profitability through operating leverage.
5. **LEAN / Operational Excellence initiatives in our Climate Control Business** to facilitate improved operational metrics and reduce costs.

Appendix

EBITDA Reconciliations

LSB INDUSTRIES

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 net income plus interest expense, depreciation, amortization, income taxes, and impairment on natural gas properties, unless otherwise described. EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to GAAP measurement.

($ in millions)	Three months ended 9-30		Nine months ended 9-30	
	2015	2014	2015	2014
LSB Industries, Inc. Consolidated				
Net income	$ (33.8)	$ (3.8)	$ (26.7)	$ 19.0
Plus:				
Interest expense	0.9	5.1	6.5	17.5
Depreciation and amortization	11.3	9.2	31.1	26.6
Impairment on natural gas properties	39.7	–	39.7	–
Provision (benefit) for income taxes	(22.0)	(2.4)	(17.8)	12.3
EBITDA	$ (3.8)	$ 8.1	$ 32.8	$ 75.4
Chemical Business				
Operating income (loss)	$ (55.0)	$ (5.6)	$ (31.5)	$ 46.8
Plus:				
Non-operating income	–	0.1	0.1	0.2
Depreciation and amortization	9.8	7.7	26.6	22.6
Impairment on natural gas properties	39.7	–	39.7	–
EBITDA	$ (5.5)	$ 2.2	$ 34.9	$ 69.6
Climate Control Business				
Operating income	$ 7.2	$ 8.5	$ 15.5	$ 17.4
Plus:				
Equity in earnings of affiliate	–	–	–	0.1
Depreciation and amortization	1.2	1.2	3.6	3.5
EBITDA	$ 8.4	$ 9.7	$ 19.1	$ 21.0

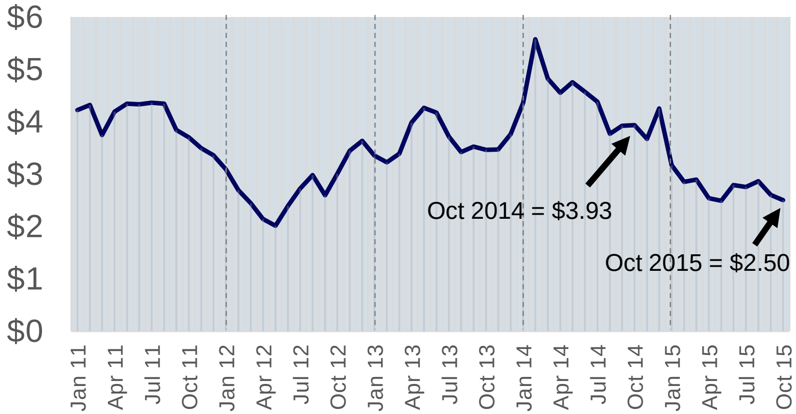
Other Non-GAAP Reconciliations

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.

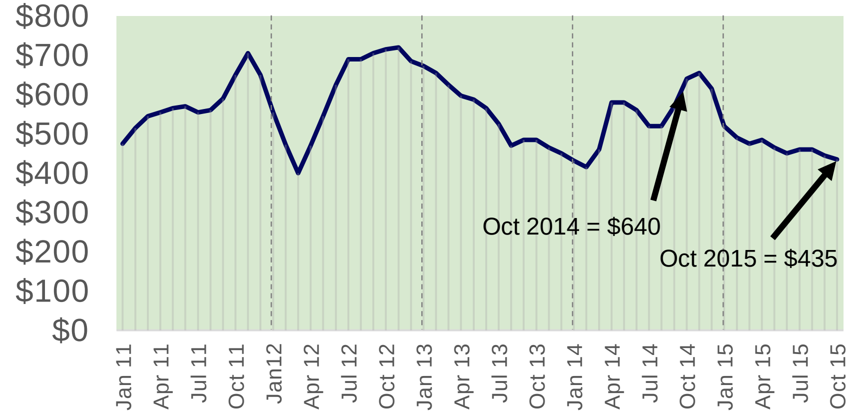
($ in millions except EPS)	Three months ended 9-30		Nine months ended 9-30	
	2015	2014	2015	2014
LSB Industries, Inc. Consolidated				
Operating income (loss)	$ (54.9)	$ (1.2)	$ (38.1)	$ 48.4
Less:				
Impairment on natural gas properties	(39.7)	–	(39.7)	–
Severance costs	(2.2)	–	(2.2)	–
Insurance recoveries	–	–	–	28.0
Adjusted operating income (loss)	**$ (13.0)**	**$ (1.2)**	**$ 3.8**	**$ 20.4**
Net income (loss) applicable to common stock	$ (33.8)	$ (3.8)	$ (27.0)	$ 18.7
Less:				
Impairment on natural gas properties (net of tax)	(24.2)	–	(24.2)	–
Severance costs (net of tax)	(1.3)	–	(1.3)	–
Insurance recoveries (net of tax)	–	–	–	17.2
Adjusted net income (loss) applicable to common stock	**$ (8.3)**	**$ (3.8)**	**$ (1.5)**	**$ 1.5**
Weighted-average common shares (in thousands)	22,799	22,596	22,741	23,662
Adjusted income (loss) per diluted share	**$ (0.36)**	**$ (0.17)**	**$ (0.07)**	**$ 0.06**
EBITDA	$ (3.8)	$ 8.1	$ 32.8	$ 75.4
Less:				
Severance costs	(2.2)	–	(2.2)	–
Insurance recoveries	–	–	–	28.0
Adjusted EBITDA	**$ (1.6)**	**$ 8.1**	**$ 35.0**	**$ 47.4**
Chemical Business				
Operating income	$ (55.0)	$ (5.6)	$ (31.5)	$ 46.8
Less:				
Impairment on natural gas properties	(39.7)	–	(39.7)	–
Insurance recoveries	–	–	–	28.0
Adjusted operating income	**$ (15.3)**	**$ (5.6)**	**$ 8.2**	**$ 18.8**
EBITDA	$ (5.5)	$ 2.2	$ 34.9	$ 69.6
Less:				
Insurance recoveries	–	–	–	28.0
Adjusted EBITDA	**$ (5.5)**	**$ 2.2**	**$ 34.9**	**$ 41.6**

Chemical Commodity Prices
Feedstocks & End Products

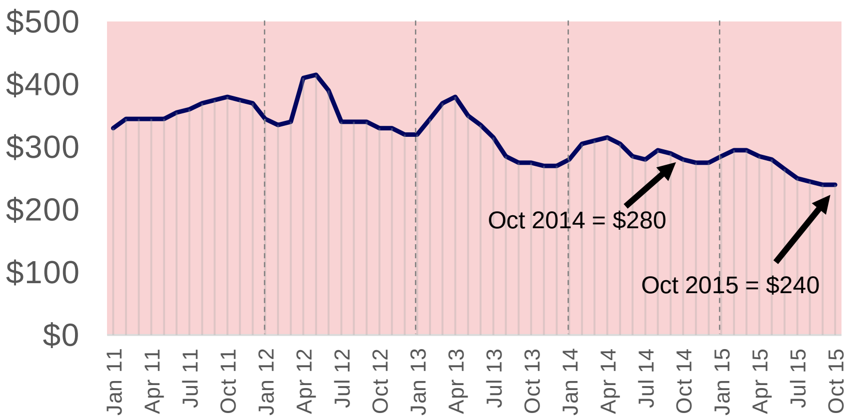
Natural Gas
(Tennessee 500 $/mmBtu)



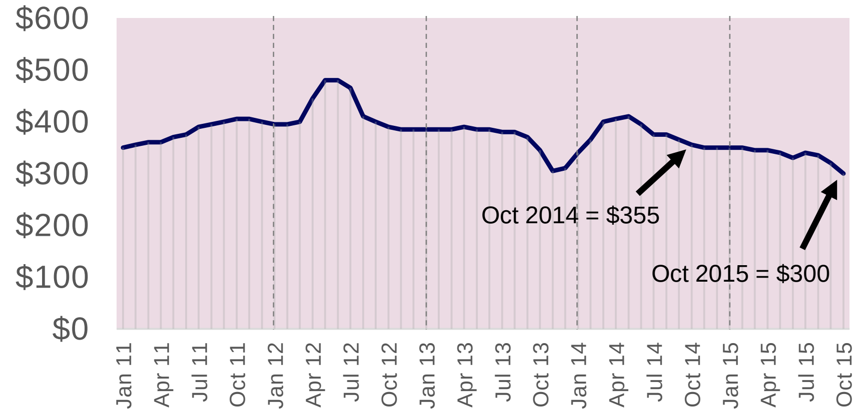
Ammonia
(Tampa $/metric ton)



UAN
(Green Markets $/ton)



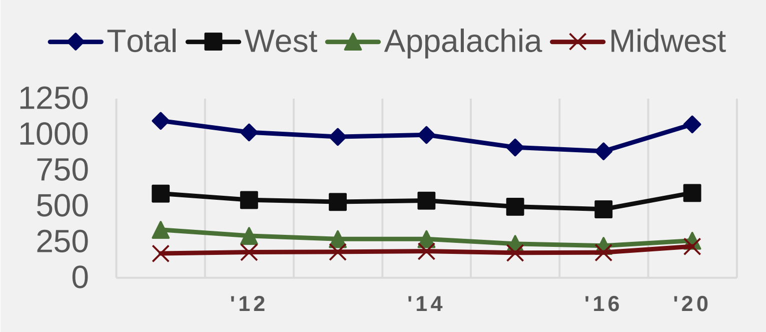
HDAN / AGAN
(Green Markets $/ton)



Chemical Market Outlook:
Industrial & Mining

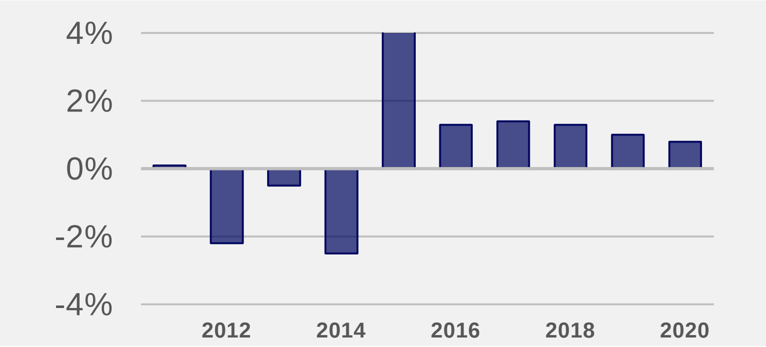
LSB INDUSTRIES

Coal Production Projections (millions of tons):



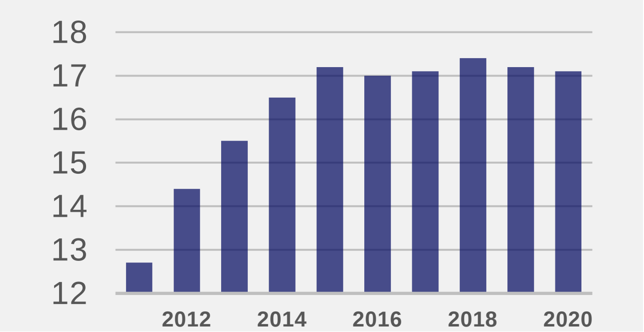
Coal – AN and AN solution are used for surface mining. Ammonia is used for NOx abatement. In 2014, coal accounted for 39% electricity generation. The forecast is for this to decline by 9% in 2015, and an additional 3% in 2016. Projects beyond 2016 are not yet available, and the data above are believed to be overstated.

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



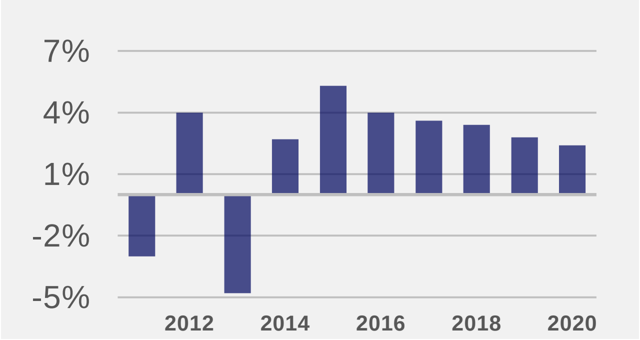
Paper Products – Sulfuric acid is used for paper bleaching and water treatment. LSB's sulfuric acid markets are regionalized, and a balanced North American market has benefited us, with steady demand. Future growth will be a function of domestic demand for consumer goods.

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 further in 2015 and 2016 with continued labor market improvement and better availability of credit enabling growth.

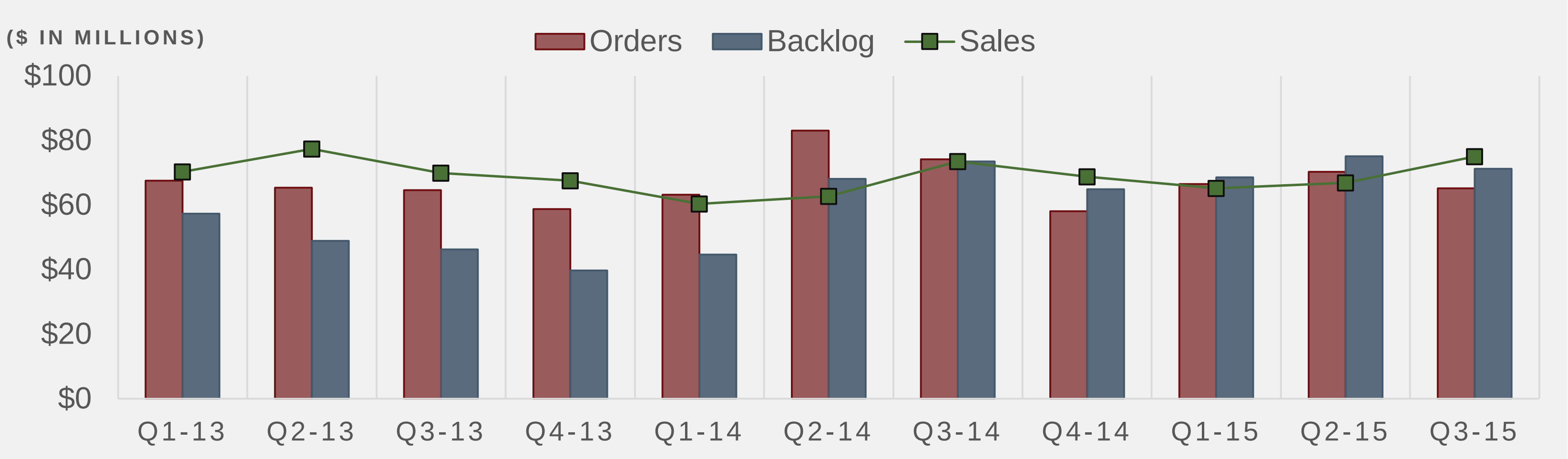
Basic Chemicals – Inorganics (% change, Y/Y):



Basic Chemicals: Inorganics – These industry statistics provide a good overall indicator of LSB's industrial chemical business. Despite a decline in the first quarter 2015 with the adverse weather conditions, the 2nd half 2015 is expected to recover lost production / sales. 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 Mid Year 2015 Situation & Outlook; American Chemistry Council Year End 2014 Situation & Outlook

Climate Control Orders, Sales & Backlog

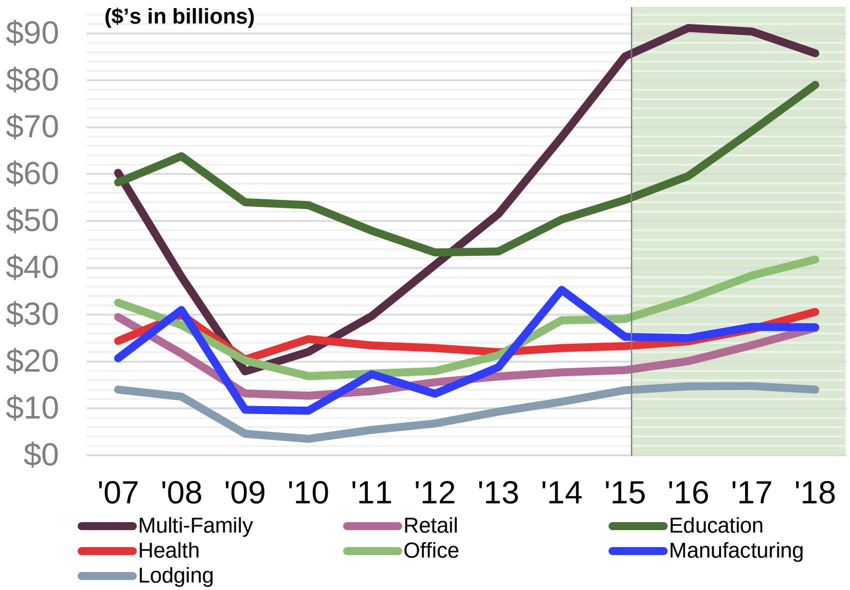


Changes from 2014 to 2015	Commercial & Institutional	Single Family Residential	Total
Q3 New Orders	(10)%	(23)%	(12)%
Q3 Sales	8%	(28)%	2%
Q3 YTD New Orders	(7)%	(17)%	(8)%
Q3 YTD Sales	9%	(15)%	5%
Ending Backlog at 09-30	(3)%	(17)%	(3)%

- Excluding new WSHP orders from Carrier in both 2015 and 2014, YTD new orders decrease 2.8% with commercial orders down 1.5% and residential down 11.0%
- As of October 31, 2015, backlog had risen to $71.8 million

Climate Control Market Outlook
Commercial & Institutional Construction

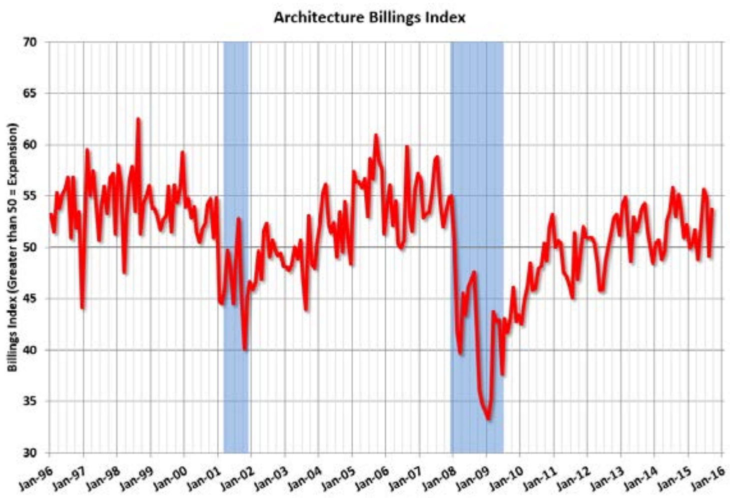
Construction Awards



- 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 2018 forecasted to be 30%.

Source: Dodge Data & Analytics Construction Market Forecasting Service, Q4 2015

Strong Rebound for Architecture Billings Index in Month of September: 6 of 9 Months Positive in 2015

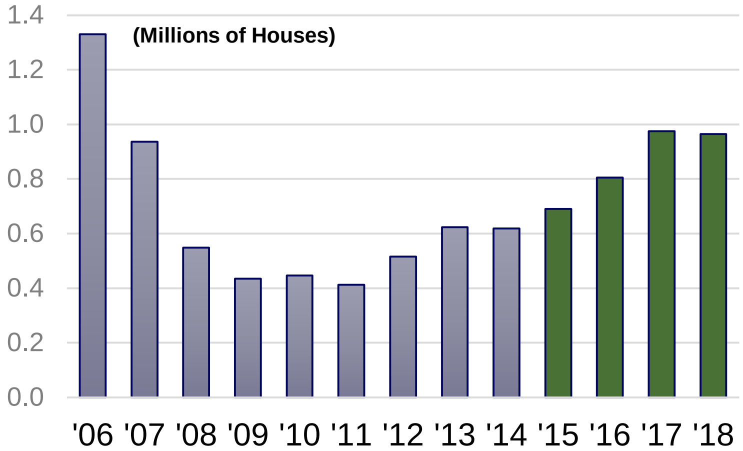


"Aside from uneven demand for design services in the Northeast, all regions are project sectors are in good shape," said AIA Chief Economist Kermit Baker. "Areas of concern are shifting to supply issues for the industry, including volatility in building materials costs, a lack of a deep enough talent pool to keep up with demand, as well as a lack of contractors to execute design work."

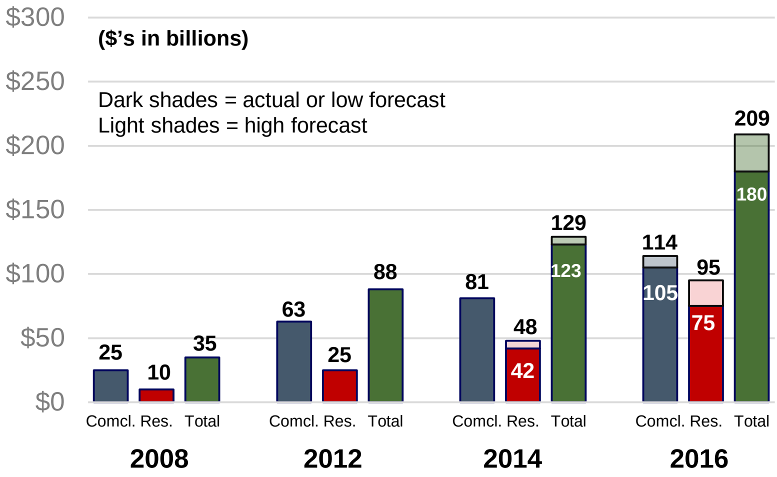
The Architectural Billings Index (ABI), produced by the American Institute of Architects (AIA) Economics & Market Research Group, is the leading economic indicator for non-residential construction spending nine to twelve months in the future. Scores above 50 indicate an aggregate increase in billings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

Climate Control Market Outlook

Single Family Residential Construction Starts



Green Construction Market Forecast to Grow



- 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.

- 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 a key drivers for green construction.

Sources: Building Contract Activity Source Dodge Data & Analytics Construction Market Forecasting Service, Q4 2015; 2014 Green Market Size Dodge Data & Analytics