

## LSB Industries, Inc. - EBITDA Reconciliations

In the Company's earnings conference calls, the Company discusses EBITDA and defines the term "EBITDA" as "net income plus interest expense, income taxes, depreciation, amortization and certain non-cash charges". The Company cautions participants to the conference calls and those listening to the live conference call over the internet or those that may listen to the recorded conference call as archived at "www.lsb-okc.com", that EBITDA is not a measurement of financial performance under Generally Accepted Accounting Principles ("GAAP") and should not be considered as an alternative to GAAP measurement.

A reconciliation of Net income, as disclosed in the Unaudited Financial Highlights in the Company's press release dated November 7, 2011, to EBITDA, as used in the conference call for the nine month and three month periods ended September 30, 2011 and 2010, follows:

### Reconciliation of Net Income to Non GAAP Measurement EBITDA (In Thousands) (Unaudited)

	Nine months ended		Three months ended	
	<u>Sept 30,</u>		<u>Sept 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Net income	\$ 55,854	\$ 11,525	\$ 6,306	\$ 3,798
Plus:				
Interest expense	5,481	5,943	1,901	1,864
Depreciation and amortization	13,892	12,903	4,687	4,264
Provisions for income taxes	33,582	8,821	4,433	2,930
Loss from discontinued operations	128	122	18	79
EBITDA per conference call	<u>\$108,937</u>	<u>\$ 39,314</u>	<u>\$ 17,345</u>	<u>\$ 12,935</u>

Note: Please refer to the Company's Form 10-Q for the quarterly period ended September 30, 2011 for discussions concerning significant items that impacted the periods shown above.

Net income for the Trailing Twelve Months ("TTM") ended September 30, 2011 and 2010 is reconciled to EBITDA for TTM ended September 30, 2011 and 2010, as follows:

Reconciliation of Net Income to Non GAAP Measurement EBITDA

(In Thousands)

(Unaudited)

	<u>Trailing twelve months</u>	
	<u>September 30,</u>	
	<u>2011</u>	<u>2010</u>
Net income	\$ 73,903	\$ 11,564
Plus:		
Interest expense	6,965	7,550
Depreciation and amortization	18,353	16,932
Provision (benefit) for income taxes	44,548	9,735
Loss (income) from discontinued operations	147	342
EBITDA per conference call	<u>\$143,916</u>	<u>\$ 46,123</u>

During the course of the conference calls, the Company discusses the results of its two business segments, the Climate Control Business and the Chemical Business. Please refer to the Company's Form 10Q for the quarter ended September 30, 2011 for more information on the Company's reportable business segments. During the course of the conference calls, the Company may refer to the EBITDA of the business being discussed for the period being discussed.

A reconciliation of Operating Income for the six month and three month periods ended September 30, 2011 and 2010, as included in Notes to Unaudited Financial Highlights in the Company's press release dated November 7, 2011, to EBITDA used in the conference call follows:

Reconciliation of Operating Income to Non GAAP Measurement EBITDA  
(In Thousands)  
(Unaudited)

	Nine months ended		Three months ended	
	September 30,		September 30,	
	2011	2010	2011	2010
<b>Climate Control Business</b>				
Operating income	\$ 26,357	\$ 22,632	\$ 8,738	\$ 10,112
Plus:				
Non-operating income	1	1	-	-
Equity in earnings (losses) of affiliate	375	719	168	191
Depreciation and amortization	1,670	1,852	534	611
	<u>2,046</u>	<u>2,572</u>	<u>702</u>	<u>802</u>
EBITDA per conference call	<u>\$ 28,403</u>	<u>\$ 25,204</u>	<u>\$ 9,440</u>	<u>\$ 10,914</u>
<b>Chemical Business</b>				
Operating income	\$ 78,923	\$ 12,310	\$ 7,105	\$ 1,247
Plus:				
Non-operating income	1	6	-	1
Depreciation and amortization	10,771	9,728	3,674	3,198
	<u>10,772</u>	<u>9,734</u>	<u>3,674</u>	<u>3,199</u>
EBITDA per conference call	<u>\$ 89,695</u>	<u>\$ 22,044</u>	<u>\$ 10,779</u>	<u>\$ 4,446</u>

Our chief operating decision makers use operating income by industry segment for purposes of making decisions which include resource allocations and performance evaluations. Operating income by industry segment represents gross profit by industry segment less selling, general and administrative expenses ("SG&A") incurred by each industry segment plus other income and other expense earned/incurred by each industry segment before general corporate expenses and other business operations, net. General corporate expenses and other business operations, net, consist of unallocated portions of gross profit, SG&A, other income and other expense.

Note: Please refer to the Company's Form 10-Q for the quarter ended September 30, 2011 for discussions concerning significant items that impacted the periods shown above.