

## 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 May 6, 2008, to EBITDA, as used in the conference call for the three month periods ended March 31, 2008 and 2007, follows:

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

	Three months ended	
	March 31,	
	2008	2007
Net income	\$ 10,907	\$ 10,819
Plus:		
Interest expense	2,454	2,588
Depreciation and amortization	3,136	3,117
Income taxes	6,720	344
Net loss from discontinued operations	-	29
EBITDA per conference call	\$ 23,217	\$ 16,897

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Net income for the Trailing Twelve Months ("TTM") ended March 31, 2008 and 2007 is reconciled to EBITDA for TTM ended March 31, 2008 and 2007, as follows:

	Trailing twelve months	
	<u>March 31,</u>	
	<u>2008</u>	<u>2007</u>
Net income	\$ 46,971	\$ 23,356
Plus:		
Interest expense	11,944	11,628
Depreciation and amortization	12,589	12,102
Income taxes	8,916	1,195
Loss (income) from discontinued operations	<u>(377)</u>	<u>182</u>
EBITDA per conference call	<u>\$ 80,043</u>	<u>\$ 48,463</u>

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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 10K for the year ended December 31, 2007 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 three month periods ended March 31, 2008 and 2007 as included in Notes to Unaudited Financial Highlights in the Company's press release dated May 6, 2008, to EBITDA, as used in the conference call follows:

### Reconciliation of Operating Income to Non GAAP Measurement EBITDA (Dollars in Thousands) (Unaudited)

	Three months ended	
	March 31,	
	2008	2007
<b>Climate Control Business</b>		
Operating income	\$ 9,327	\$ 8,508
Plus:		
Non-operating income	1	2
Equity in earnings of affiliate	232	215
Depreciation and amortization	488	509
	721	726
EBITDA per conference call	\$ 10,048	\$ 9,234
<b>Chemical Business</b>		
Operating income	\$ 12,125	\$ 7,710
Plus:		
Non-operating income	4	28
Depreciation and amortization	2,273	2,315
	2,277	2,343
EBITDA per conference call	\$ 14,402	\$ 10,053

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.