

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 March 8, 2010, to EBITDA, as used in the conference call for the twelve month and three month periods ended December 31, 2009 and 2008, follows:

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

	Twelve months ended		Three months ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Net income	\$ 21,584	\$ 36,547	\$ 38	\$ 3,572
Plus:				
Interest expense	6,746	11,381	1,607	5,018
Depreciation and amortization	15,727	14,122	4,029	4,119
Provisions (benefits) for income taxes	15,024	18,776	914	(1,041)
Loss (income) from discontinued operations	265	13	220	-
EBITDA per conference call	\$ 59,346	\$ 80,839	\$ 6,808	\$ 11,668

Note: Please refer to the Company's Form 10-K for the year ended December 31, 2009 for discussions concerning significant items that impacted the periods shown above.

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, 2009 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 twelve month and three month periods ended December 31, 2009 and 2008, as included in Notes to Unaudited Financial Highlights in the Company's press release dated March 8, 2010, EBITDA used in the conference call follows:

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

	<u>Twelve months ended</u>		<u>Three months ended</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Climate Control Business				
Operating income	\$ 37,706	\$ 38,944	\$ 5,560	\$ 7,927
Plus:				
Non-operating income	8	1	8	-
Equity in earnings of affiliate	996	937	256	240
Depreciation and amortization	<u>2,466</u>	<u>2,112</u>	<u>607</u>	<u>567</u>
	<u>3,470</u>	<u>3,050</u>	<u>871</u>	<u>807</u>
EBITDA per conference call	<u>\$ 41,176</u>	<u>\$ 41,994</u>	<u>\$ 6,431</u>	<u>\$ 8,734</u>
Chemical Business				
Operating income	\$ 15,122	\$ 31,340	\$ (369)	\$ (3,147)
Plus:				
Non-operating income	31	27	5	(37)
Depreciation and amortization	<u>11,340</u>	<u>10,437</u>	<u>2,974</u>	<u>3,118</u>
	<u>11,371</u>	<u>10,464</u>	<u>2,979</u>	<u>3,081</u>
EBITDA per conference call	<u>\$ 26,493</u>	<u>\$ 41,804</u>	<u>\$ 2,610</u>	<u>\$ (66)</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-K for the year ended December 31, 2009 for discussions concerning significant items that impacted the periods shown above.