
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): November 19, 2014

LSB INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-7677
(Commission
File Number)

73-1015226
(IRS Employer
Identification No.)

16 South Pennsylvania Avenue, Oklahoma City, Oklahoma
(Address of principal executive offices)

73107
(Zip Code)

Registrant's telephone number, including area code (405) 235-4546

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 8 – Regulation FD**Item 8.01. Other Events.**

The Company intends to disclose certain information to prospective investors in the form of an Investor Presentation, which is being held during the third week of November 2014. The Company is furnishing the Investor Presentation as Exhibit 99.1 to this Current Report on Form 8-K, which lists or discusses certain disclosures about the Company and its business. A copy of the Investor Presentation, dated November 2014, is also publicly available at: <http://investors.lsbindustries.com>. The content of such website is included for general information only and is not incorporated by reference in this Form 8-K.

Section 9 - Financial Statements and Exhibits**Item 9.01. Financial Statements and Exhibits.****(d) Exhibits.**

99.1 Investor Presentation, dated November 2014.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 19, 2014

LSB INDUSTRIES, INC.

By: /s/ Jack E. Golsen
Jack E. Golsen, Chief Executive Officer



LSB Industries, Inc.

NYSE: LXU

November 2014

Safe Harbor Statement

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, including but not limited to, all statements about or in references to the Architectural Building Index, Dodge Construction Green Outlook, or any McGraw Hill forecast, any references to future natural gas costs, ammonia costs, grain or corn demand or production, construction trends and demand, and the outlook for the chemical or climate control business.

The forward-looking statements include but are not limited to the following statements: major investments to reduce costs and increase facility reliability; positioned to benefit from strong agricultural market and economic recovery; product balance options; production capacity; impact of capital expansion projects; estimated completion and start up dates for new chemical facilities and their cost and production capacity; planned capital spending; outlook for Chemical and Climate Control; turnaround at Cherokee; future maintenance activities; Pryor facility reliability; Climate Control’s product sales; sales growth Q4 2014 and 2015; LEAN impact; future outlook.

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, 2013 and Form 10-Q’s for the periods ending March 31, 2014, June 30, 2014, and September 30, 2014, 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 investor presentation. We undertake no duty to update the information contained in this investor presentation.

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 in this investor presentation are included in the appendix of this presentation.

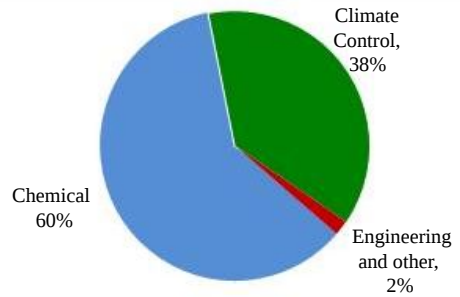


Company Overview

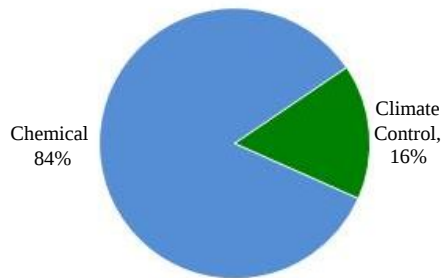
Business Overview

- **Diversified industrial manufacturer of chemicals and HVAC products sold into a wide range of end markets**
- **Founded in 1968 and headquartered in Oklahoma City, OK; publicly traded (NYSE: LXU)**
- **Chemical Business operates 4 production facilities**
 - El Dorado Chemical Company (“EDC”) (Arkansas)
 - Cherokee Nitrogen LLC (Alabama)
 - Pryor Chemical Company (Oklahoma)
 - El Dorado Nitric LLC (“Baytown”) (Texas)
- **Climate Control Business operates 7 facilities located in Oklahoma City (over 1 million square feet)**
- **Financial Snapshot:**
 - LTM 9/30/14 Net Sales of \$700.3 million
 - LTM 9/30/14 Consolidated Adjusted EBITDA of \$154.0 million⁽¹⁾

Net Sales by Business Segment – LTM 9/30/14



EBITDA by Business Segment – LTM 9/30/14



Note: Excludes unallocated corporate expenses

LSB operates a well-diversified business with differentiated market positions across two distinct business segments

Note (1): Includes insurance proceeds of \$104.2 million

LSB's Two Core Businesses

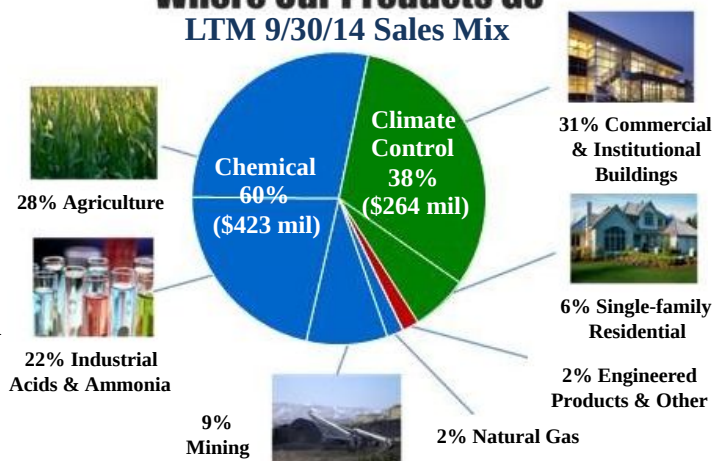
Chemical

- Provides nitrogen based agricultural, mining and industrial chemicals to North American market
- Leading merchant marketer of nitric acid in the U.S.
- Major investments underway to reduce costs and increase facility reliability and capacity
- Positioned to benefit from strong agricultural market with favorable margins

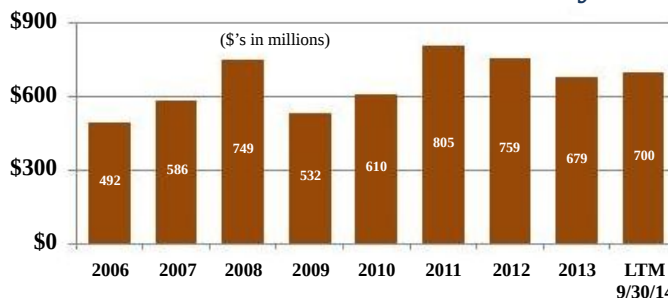
Climate Control

- Provides specialty HVAC products to commercial, institutional and residential new construction, renovation and replacement markets, emphasis on green products
- Market and technology leader for water source and geothermal heat pumps, and hydronic fan coils
- Poised to benefit from the economic recovery, long-term trend toward green construction, and growth of emerging products

Where Our Products Go LTM 9/30/14 Sales Mix



Consolidated Sales History





Business Segment Overview

Chemical Markets and Products

| Market | Products | Uses | Competitors |
|--|---|---|--|
| Agro-Chemical (46% of sales) | Urea Ammonium Nitrate Solutions (UAN) | Fertilizer for corn and other crops | CF Industries, PCS, Koch Industries, Rentec, Coffeerville Resources, imports |
| | Ammonium Nitrate - high density prills (AN) | Primary nitrogen component in NPK fertilizer blends | CF Industries, imports |
| | Anhydrous Ammonia | High nitrogen content fertilizer primarily used for corn | Various |
| Industrial Acids, Ammonia & DEF (36% of sales) | Nitric Acid | Semi-conductor, nylon, polyurethane intermediates, ammonium nitrate | CF Industries, PCS |
| | Sulfuric Acid | Pulp and paper, alum, water treatment, metals and vanadium processing | Cytec, Chemtrade Logistics |
| | Anhydrous Ammonia | Power plant emissions abatement, water treatment, refrigerants, metals processing | Various |
| | Diesel Exhaust Fluid (DEF) | Exhaust stream additive to reduce NO _x emissions from diesel vehicles | Various |
| Mining Products (15% of sales) | Ammonium Nitrate – low density prills (AN) and AN solutions | Specialty emulsions for mining applications | CF Industries, PCS, Dyno Nobel America |
| | Specialty E2 Ammonium Nitrate | Surface mining, quarries, construction | Imports |

Attractive Industry Fundamentals – Agro Chemicals

World Situation:

- Growing populations
- Developing economies
- Changing dietary habits (from grain to meat)
- Worldwide grain stock-to-use ratios at 10-year highs

North American Situation:

- World grain shortages positively impact grain requirements in the U.S.
- During last 3 years U.S. consumed more grain than it produced.
- U.S. grain stocks are at 10-year highs leading to lower current and expected corn prices.

Result:

- **High demand for grain expected in 2014 and 2015 despite low corn prices; between 86 to 88 million acres of corn expected to be planted in 2014/2015.**

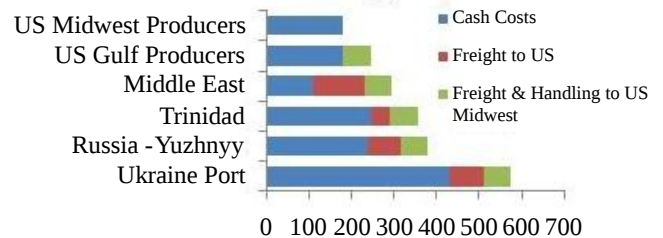
North America is Low Cost Producer of Nitrogen Fertilizers

- Natural gas is the primary feedstock for anhydrous ammonia and all nitrogen fertilizers.
- Due to large shale gas reserves, U.S. has relatively low natural gas prices vs. most places worldwide.
- Natural gas is expected to average approximately \$4.00 per MMBtu for the remainder of 2014 and 2015.

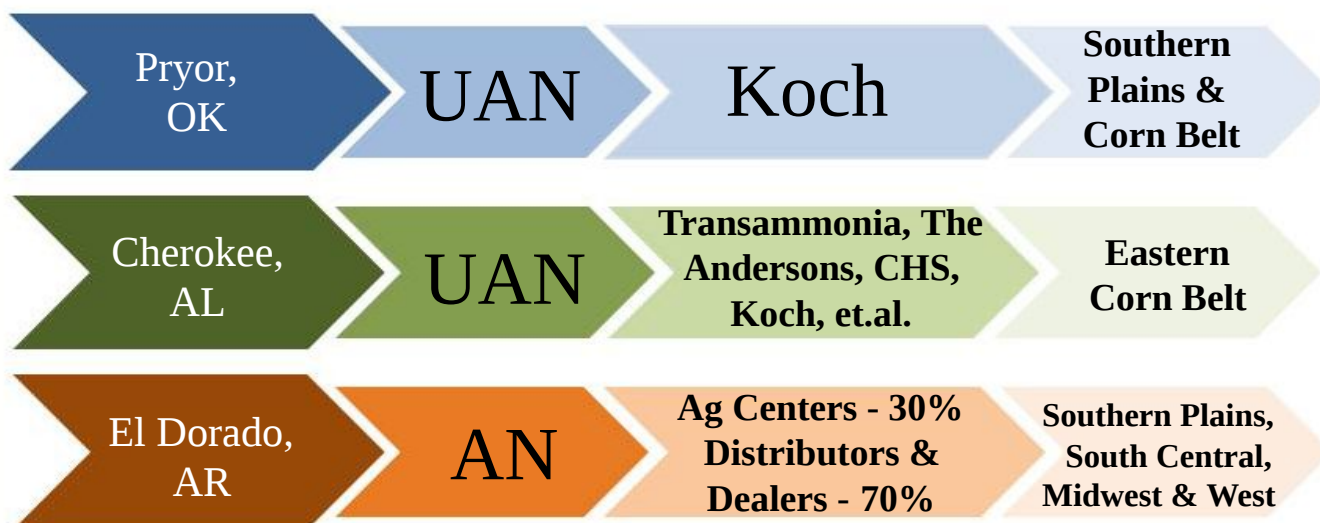
U.S. Midwest Delivered

Ammonia Cost Forecast (\$US/ton)

Source: Fertecon, Blue Johnson, PotashCorp (2014F)



LSB's Agricultural Distribution



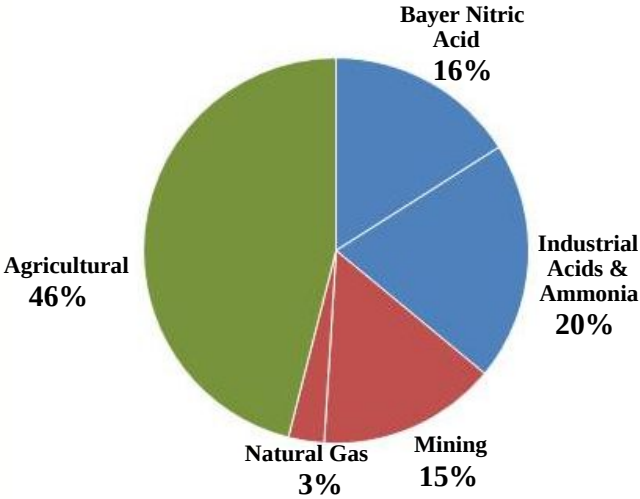
- Multiple distribution channels
- Diverse geographic coverage
- Longstanding customer relationships
- Direct rail linkage to corn belt



Operational Dynamics

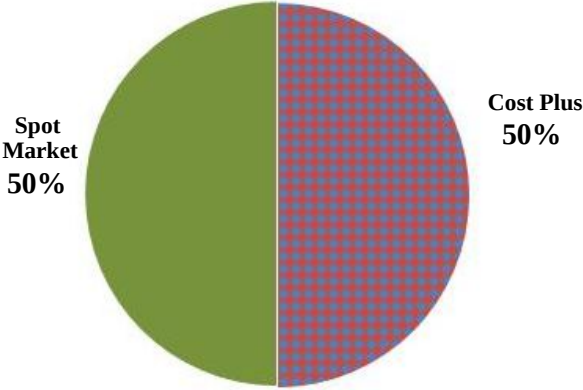
Diversification Strategy with Product Balance Options

Sales by Market



A key strategy is to **OPTIMIZE SALES MIX:** industrial vs. agricultural.

Cost-Plus Agreements vs. Spot Market Sales



Approximately half our sales are **NON-SEASONAL** and priced pursuant to **COST-PLUS** agreements.

Major Chemical Customers



Bayer



El Dorado Chemical Co.



Cherokee Nitrogen LLC



Pryor Chemical Co.



El Dorado Nitric LLC



Chemical Facilities

| Facility | El Dorado Chemical Company | Cherokee Nitrogen LLC | Pryor Chemical Company | El Dorado Nitric LLC |
|------------------------------|----------------------------|------------------------|------------------------|----------------------|
| Location | El Dorado, AR | Cherokee, AL | Pryor, OK | Baytown, TX |
| Year Acquired/Built | 1983 | 1999 | 2000 | 2000 |
| Ammonia Design | Kellogg | Kellogg | Pritchard | - |
| Plant Area (acres) | 150 | 160 | 47 | 2 |
| Site Area (acres) | 1,400 | 1,300 | 104 | Bayer site |
| Feedstock | ammonia | natural gas | natural gas | ammonia |
| Agricultural Products | UAN | X | X | |
| | High Density AN | X | | |
| | Ammonia | | X | |
| | Urea | | X | |
| Industrial & Mining Products | Nitric Acid | X | X | X |
| | Concentrated Nitric Acid | X | | |
| | Sulfuric Acid | X | | |
| | Mixed Acid | X | | |
| | Carbon Dioxide | | X | X |
| | Ammonia | | X | X |
| | DEF | | X | |
| | Low Density AN | X | | |
| AN solutions | X | X | | |
| Transportation to Market | truck, rail | truck, rail, pipeline, | truck, rail | truck, pipeline |

Annual Production Capacity of Products Available for Sale

(1,000's of tons)

| Facility | | El Dorado Chemical Company | Cherokee Nitrogen LLC | Pryor Chemical Company | El Dorado Nitric LLC | Total |
|------------------------------|--------------------------------|----------------------------|-----------------------|------------------------|----------------------|-----------|
| Feedstock | | ammonia | natural gas | natural gas | ammonia | |
| Ammonia Production Capacity | | 220 ⁽¹⁾ / 375 | 175 | 215 | - | 610 / 765 |
| Products Available for Sale | | | | | | |
| Agricultural Products | UAN | | 215 | 300 | | 515 |
| | High Density AN ⁽²⁾ | 110 / 300 | | | | 110 / 300 |
| | Ammonia | 125 | 30 | 85 | | 115 / 240 |
| Industrial & Mining Products | Nitric Acid | 45 / 200 | 30 | | 410 | 485 / 640 |
| | DEF | | 15 | | | 15 |
| | Low Density AN ⁽²⁾ | 220 | | | | 220 |
| | AN solutions | | 85 | | | 85 |

Red Font = production capacities after the completion of the ammonia and nitric acid expansion projects at El Dorado

Note (1): Represents amount of ammonia currently purchased

Note (2): Combined annual low density and high density AN production capacity is limited to 330,000/TPY due to the loss in 2012 of 90,000/TPY of nitric acid production capacity

Capital Expansion Projects

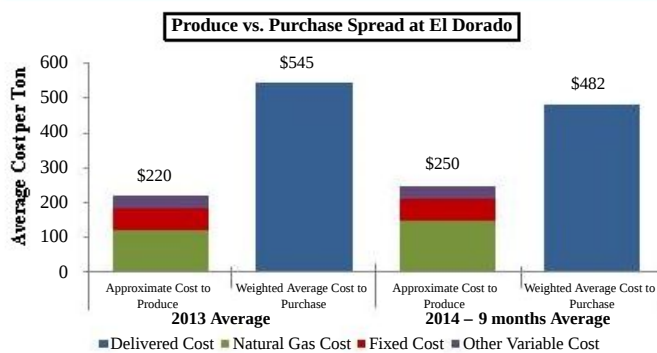
El Dorado Ammonia Plant

- Cost of \$275 million - \$300 million
- Reduces production costs significantly vs. purchased ammonia
- Enhanced product balance opportunities
- Increases plant capacity:
 - Currently use ~220,000 tons per year (TPY)
 - Additional capacity ~155,000 TPY
 - Total capacity ~375,000 TPY
- Estimated completion Q4 2015/start-up Q1 2016

El Dorado Nitric Acid Plant and Concentrator

- Cost of \$125 million - \$130 million
- Improves operating characteristics
- Enhanced product balance
- Replaces lost acid capacity and adds additional capacity for a total of 370,000 TPY
- Estimated completion and start-up Q2 2015







Ammonia Production Offers Attractive Economics



Construction Process Well Underway

- Engineering, Procurement and Construction (EPC) contractor secured
- Installation of above ground structures underway
- Inspection and refurbish/rebuild of equipment in process

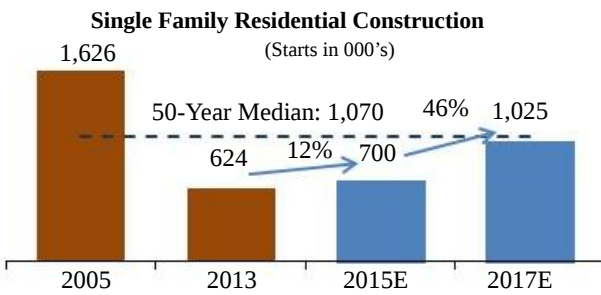
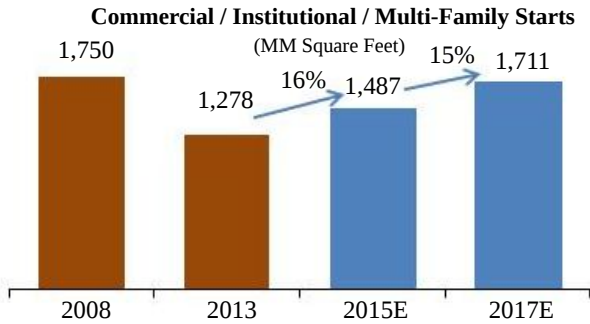
Climate Control Market and Products

| Market | Products | Uses | |
|---|----------------------------------|---|--|
| Geothermal & Water Source Heat Pumps (65% of sales) | Water Source Heat Pumps | Heating and cooling for commercial/institutional as well as single family residential - new construction, renovation and replacements |  Leading share in water source and geothermal heat pumps |
| | Geothermal Heat Pumps | Heating and cooling for commercial/institutional as well as single family residential - new construction, renovation and replacements | |
| Hydronic Fan Coils (23% of sales) | Hydronic Fan Coils | Heating and cooling for commercial/institutional new construction, renovation and replacements |  Leading share in hydronic fan coils |
| Other HVAC Products (12% of sales) | Large Custom Air Handlers | Commercial, institutional and industrial |     |
| | Modular Chillers | Commercial, institutional and industrial | |
| | Make-up Air Units | Commercial, institutional and industrial | |

Attractive Industry Fundamentals: Climate Control

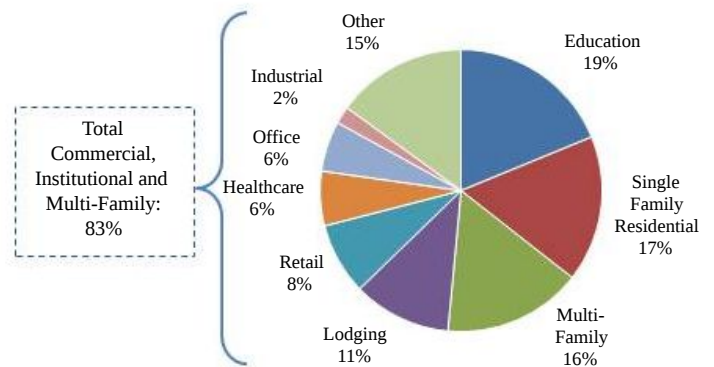
Construction markets are poised for a recovery to pre-recession levels

- Significant upside as industry drivers return to levels at/near historical norms
 - Driven by high energy efficiency

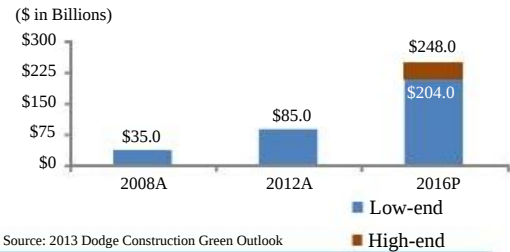


Sources: McGraw-Hill Construction Market Forecasting Service, Q4 2014; 50 Year Median - Census Bureau

Climate Control LTM 9/30/14 Market Mix



Green building market spending expected to grow ~25%+ CAGR from '12 - '16E



Source: 2013 Dodge Construction Green Outlook

Significant Installed Base of Climate Control Products



Millennium Towers, NYC



Bellagio, Las Vegas



Statue of Liberty



MGM Grand, Las Vegas



Trump Tower, NYC



World Financial Center, NYC



Chicago Hilton and Towers



Wynn Resort, Las Vegas



Disney's Grand Floridian, Orlando



Atlantis, Bahamas



Rowes Wharf, Boston



Alta Condos, Washington DC



Peninsula, Hong Kong



Ritz Carlton, Pasadena, CA



Rockefeller Center, NYC

Thousands of premier installations and over 4 million units



Financial Overview

Summary Statement of Operations

| <i>\$ in millions except EPS</i> | Calendar Year Ended Dec. 31, | | | | 9 Mos. Ended Sept. 30, | |
|-----------------------------------|------------------------------|---------|---------|---------|------------------------|---------|
| | 2013 | 2012 | 2011 | 2010 | 2014 | 2013 |
| Sales | \$679.3 | \$759.0 | \$805.3 | \$609.9 | \$551.2 | \$530.3 |
| Sales Growth | (11)% | (6)% | 32% | 15% | 4% | (9)% |
| Operating Income/(Loss) | \$105.3 | \$95.7 | \$136.4 | \$55.9 | \$48.4 | \$35.1 |
| Net Income/(Loss) | \$55.0 | \$58.6 | \$83.8 | \$29.6 | \$19.0 | \$17.6 |
| Diluted Earnings/(Loss) per Share | \$2.33 | \$2.49 | \$3.58 | \$1.32 | \$0.80 | \$0.75 |
| EBITDA | \$132.9 | \$117.3 | \$155.7 | \$74.3 | \$75.4 | \$54.4 |
| EBITDA Margin | 20% | 15% | 19% | 12% | 14% | 10% |

Segment Summary Statement of Operations

Chemical Business

| <i>\$ in millions</i> | Calendar Year Ended Dec. 31, | | | | 9 Mos. Ended Sept. 30, | |
|-----------------------|------------------------------|---------|---------|---------|------------------------|---------|
| | 2013 | 2012 | 2011 | 2010 | 2014 | 2013 |
| Sales | \$380.7 | \$477.8 | \$511.9 | \$351.1 | \$345.7 | \$303.0 |
| Gross Profit | 46.2 | 97.7 | 130.7 | 49.3 | 57.2 | 39.1 |
| Gross Profit % | 12.1% | 20.4% | 25.5% | 14.0% | 16.5% | 12.9% |
| Operating Income | 87.8 | 82.1 | 116.5 | 31.9 | 46.8 | 20.3 |
| Segment EBITDA | \$111.4 | \$98.5 | \$131.2 | \$45.0 | \$69.6 | \$36.9 |

Climate Control Business

| <i>\$ in millions</i> | Calendar Year Ended Dec. 31, | | | | 9 Mos. Ended Sept. 30, | |
|-----------------------|------------------------------|---------|---------|---------|------------------------|---------|
| | 2013 | 2012 | 2011 | 2010 | 2014 | 2013 |
| Sales | \$285.0 | \$266.2 | \$281.6 | \$250.5 | \$196.6 | \$217.5 |
| Gross Profit | 92.9 | 81.0 | 88.2 | 86.4 | 61.6 | 70.6 |
| Gross Profit % | 32.6% | 30.4% | 31.3% | 34.5% | 31.3% | 32.4% |
| Operating Income | 30.4 | 25.8 | 32.8 | 35.3 | 17.4 | 24.4 |
| Segment EBITDA | \$33.6 | \$29.0 | \$35.5 | \$38.8 | \$21.0 | \$26.9 |

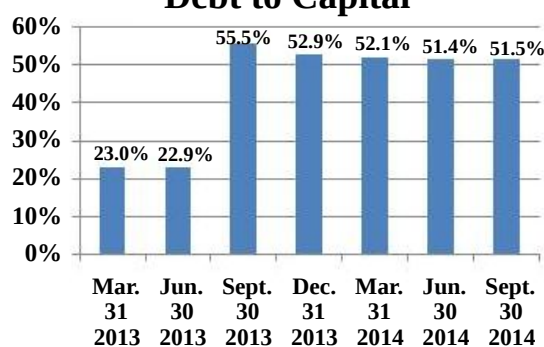
Solid Financial Position

Strong Balance Sheet

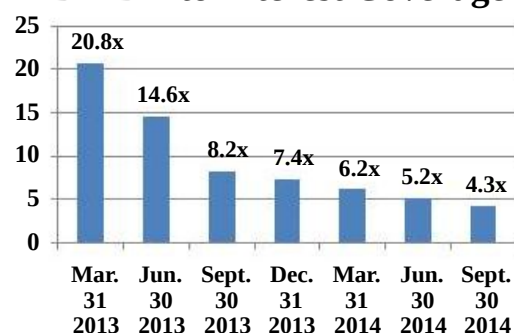
| <i>\$ in millions</i> | Sept. 30, 2014 | Dec. 31, 2013 |
|---|-------------------|------------------|
| Cash and Investments (including non-current) | \$311.1 | \$434.7 |
| Total Debt | \$459.4 | \$463.0 |
| Stockholders' Equity | \$432.4 | \$411.7 |
| Total Capitalization | \$891.8 | \$874.7 |

Note: As of September 30, 2014, total debt consisted of \$425 million 7.75% Senior Secured Notes due in 2019; a \$24.5 million Secured Promissory Note due in February 2016 and \$9.9 million of equipment loans and capital leases. Our availability under the \$100 million working capital revolver loan was \$74.2 million at September 30, 2014.

Debt to Capital



EBITDA to Interest Coverage*



* Calculated on a trailing twelve month basis using total interest, including capitalized interest.

Planned Capital Spending (as of September 30, 2014 - \$ in millions)

| Total Projects | Planned Capital Expenditures | | |
|--|-------------------------------------|----------------------|----------------------|
| | Remainder of 2014 | 2015 | Total |
| Chemical Business: | | | |
| El Dorado Facility Expansion Projects | \$80 - \$93 | \$200 - \$222 | \$280 - \$315 |
| Development of Natural Gas Leaseholds | 1 - 3 | 14 - 18 | 15 - 21 |
| Environmental Projects | 5 - 7 | 5 - 7 | 10 - 14 |
| Major Renewal and Improvement Projects | 14 - 18 | 34 - 40 | 48 - 58 |
| Other | 4 - 8 | 13 - 16 | 17 - 24 |
| Total Chemical | \$104 - \$129 | \$266 - \$303 | \$370 - \$432 |
| Climate Control Business: | 2 - 3 | 7 - 10 | 9 - 13 |
| Corporate and Other: | 2 - 3 | 7 - 10 | 9 - 13 |
| Total Projects | \$108 - \$135 | \$280 - \$323 | \$388 - \$458 |

| El Dorado Expansion Projects | Expenditures to Date | Planned Capital Expenditures | | |
|-------------------------------------|-----------------------------|-------------------------------------|----------------------|----------------------|
| | | Remainder of 2014 | 2015 | Project Total |
| Ammonia Plant | \$99 | \$50 - \$60 | \$126 - \$141 | \$275 - \$300 |
| Nitric Acid Plant and Concentrator | 85 | 11 - 12 | 29 - 33 | 125 - 130 |
| Other Support Infrastructure | 21 | 19 - 21 | 45 - 48 | 85 - 90 |
| Total El Dorado Projects | \$205 | \$80 - \$93 | \$200 - \$222 | \$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 Operating Metrics

| | <u>Nine Months Ended September 30,</u> | | |
|--|--|----------------|-----------------|
| | <u>2014</u> | <u>2013</u> | <u>% Change</u> |
| <u>Agricultural:</u> | | | |
| <u>Product (tons sold)</u> | | | |
| Urea ammonium nitrate (UAN) | 231,153 | 200,549 | 15% |
| Ammonium nitrate (AN) | 184,450 | 124,070 | 49% |
| Anhydrous ammonia | 65,148 | 37,332 | 75% |
| Other | 23,478 | 21,714 | 8% |
| | <u>504,229</u> | <u>383,665</u> | <u>31%</u> |
| <u>Average Selling Prices (price per ton)</u> | | | |
| UAN | \$259 | \$273 | (5%) |
| AN | \$332 | \$377 | (12%) |
| Anhydrous ammonia | \$481 | \$543 | (11%) |
| <u>Input Costs</u> | | | |
| Average purchased ammonia cost/ton | \$482 | \$568 | (15%) |
| Average natural gas cost/Mmbtu ⁽¹⁾ | \$4.91 | \$3.86 | 27% |
| <u>Industrial:</u> | | | |
| <u>Product (tons sold)</u> | | | |
| Nitric acid | 396,026 | 366,665 | 8% |
| AN and AN solution | 126,256 | 116,827 | 8% |

(1) Gross cost excluding any hedging activity

Outlook

Chemical:

- **Favorable indicators for agricultural market**
 - ❖ Expected 2014/2015 planting level of ~87 million acres of corn
 - ❖ Current nitrogen fertilizer prices approximately equal to or higher than a year ago
 - ❖ Natural gas feedstock cost relatively low historically
 - ❖ Corn pricing lower than recent past but stabilized while yields per acre are increasing
- **Continued high cost of ammonia is unfavorable for our business**
 - ❖ El Dorado currently purchases ammonia making the sale of HDAN uneconomical
 - ❖ This is expected to continue until the new ammonia plant is on-line in 2016
- **Successful turnaround moves Cherokee to a 2-year turnaround cycle**
 - ❖ Translates into additional production days of between 10-15 days every 2 years
- **Planned maintenance activity not expected in Q4 2014**
 - ❖ El Dorado will cease production for approximately one week to facilitate “tie-ins” required for expansion projects

Climate Control:

- **Continued trend for increasing demand in the commercial and institutional sectors**
 - ❖ September ABI was positive for 5th consecutive month, reaching 2007 levels
 - ❖ Long-stalled projects are re-activating, indicating credit is easing and an increase in confidence in the economy
- **Commercial and institutional sectors we serve expected to increase in 2015 per Dodge data**
 - ❖ Lodging (+17%), Retail (+11%), Office Buildings (+19%) and Education (+9%)
- **\$75.5 million backlog at 10/31/14 highest since 2008 translating to sales growth year-over-year in Q4 2014 and into 2015**

Key LSB Value Drivers

- **Comprehensive upgraded 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.



Appendix



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.

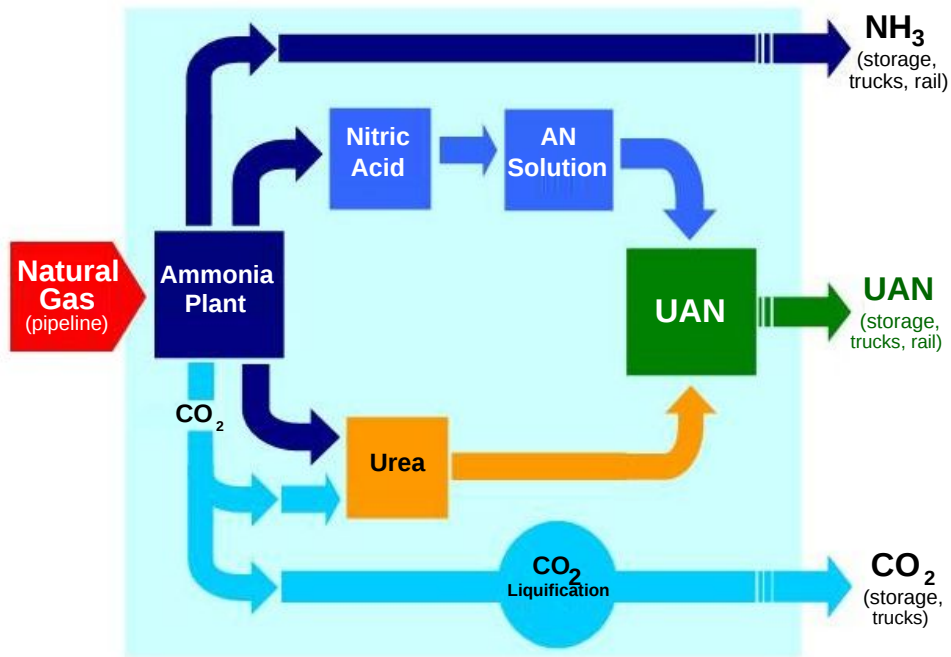
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| LSB Industries, Inc. Consolidated | Twelve months ended 12-31 | | | | Nine months ended 9-30 | |
|-----------------------------------|---------------------------|-----------------|-----------------|----------------|------------------------|----------------|
| | 2013 | 2012 | 2011 | 2010 | 2014 | 2013 |
| Net income (loss) | \$ 55.0 | \$ 58.6 | \$ 83.8 | \$ 29.6 | \$ 19.0 | \$ 17.6 |
| Plus: | | | | | | |
| Interest expense | 14.0 | 4.2 | 6.7 | 7.4 | 17.5 | 6.7 |
| Depreciation and amortization | 28.4 | 20.7 | 18.8 | 17.4 | 26.6 | 20.1 |
| Provisions for income taxes | 35.3 | 33.6 | 46.2 | 19.8 | 12.3 | 10.0 |
| Loss from discontinued operations | 0.2 | 0.2 | 0.2 | 0.1 | - | - |
| EBITDA per conference call | \$ 132.9 | \$ 117.3 | \$ 155.7 | \$ 74.3 | \$ 75.4 | \$ 54.4 |
| Climate Control Business | | | | | | |
| Operating income (loss) | \$ 30.4 | \$ 25.8 | \$ 32.8 | \$ 35.3 | \$ 17.4 | \$ 24.4 |
| Plus: | | | | | | |
| Equity in earnings of affiliate | 0.4 | 0.7 | 0.5 | 1.0 | 0.1 | 0.5 |
| Depreciation and amortization | 2.8 | 2.5 | 2.2 | 2.5 | 3.5 | 2.0 |
| EBITDA per conference call | \$ 33.6 | \$ 29.0 | \$ 35.5 | \$ 38.8 | \$ 21.0 | \$ 26.9 |
| Chemical Business | | | | | | |
| Operating income (loss) | \$ 87.8 | \$ 82.1 | \$ 116.5 | \$ 31.9 | \$ 46.8 | \$ 20.3 |
| Plus: | | | | | | |
| Non-operating income | - | - | - | - | 0.2 | - |
| Depreciation and amortization | 23.6 | 16.4 | 14.7 | 13.1 | 22.6 | 16.6 |
| EBITDA per conference call | \$ 111.4 | \$ 98.5 | \$ 131.2 | \$ 45.0 | \$ 69.6 | \$ 36.9 |

What Our Chemical Products Are Used For:

| Agrochemical Products | Uses |
|---|--|
| Urea Ammonium Nitrate Solutions (UAN) 28-32% N Manufactured nitrogen content fertilizer | High nitrogen content fertilizer for corn and other crops with high nitrogen demand (wheat, milo, cotton) |
| E2 Ammonium Nitrate Prill (solid) 34% N High nitrogen content fertilizer | Nitrogen consuming crops, forage areas and citrus. The primary nitrogen component in NPK (nitrogen, phosphorus, potassium) fertilizer blends |
| Fertilizer Blends Custom blends with purchased phosphates, potassium, sulfur, micronutrients with produced ammonium nitrate | Special application for agri-business products to supply growers balanced fertility |
| Anhydrous Ammonia 82% N Gas injected application | High nitrogen content fertilizer with highest percentage use for corn. |
| Industrial Acids, Ammonia, DEF | Uses: |
| Concentrated Nitric Acid Aqueous solution up to 99% concentration | Production of specialty fibers, nitrocellulose, gaskets, crop chemicals, mining products, metal treatment, nitric acid commercial blends |
| Nitric Acid Commercial Blends Aqueous solution up to 89% concentration | Semi-conductor industry, manufacture of nylon and polyurethane intermediates, potassium nitrate compounds, ammonium nitrate production |
| Anhydrous Ammonia Commercial grade and high purity refrigeration, metallurgical grade | Air emission abatement in power plants, water treatment, refrigerants, metals processing, and a wide variety of industrial uses |
| Mixed Acids Blends of concentrated nitric acid and sulfuric acid/oleum | Diesel fuel additives, ordnance, herbicides and pharmaceutical grade nitroglycerine |
| Sulfuric Acid 98% and 93% concentrations, standard and low-iron grades | Pulp and paper manufacturing, alum, water treatment, metals processing, vanadium processing, other industrial uses |
| DEF (diesel exhaust fluid) | Exhaust stream additive to reduce NO _x emissions from diesel vehicles |
| Industrial Mining Products | Uses: |
| Ammonium Nitrate Solutions 54% and 83% concentrations | Specialty emulsions for mining applications, other miscellaneous uses |
| Low Density Ammonium Nitrate Prills (solids) Solid pellets with good porosity and flowability | Surface mining, quarries, construction |

Typical Facility Process Flow (Pryor)

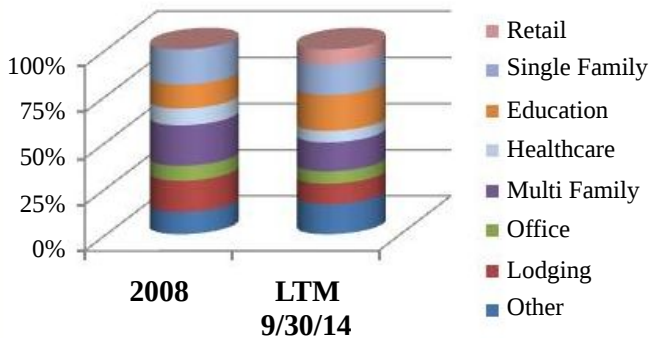


- Products are marketable at every intermediate and final stage of production.
- Pryor facility process flow is typical of plants with natural gas feedstock.
- Pryor and Cherokee use natural gas feedstock. El Dorado and Baytown use ammonia feedstock.

Climate Control Sales & Marketing Data

September 30, 2014 LTM Sales Mix Data

Diversified End Markets



Distribution Channels

Commercial:

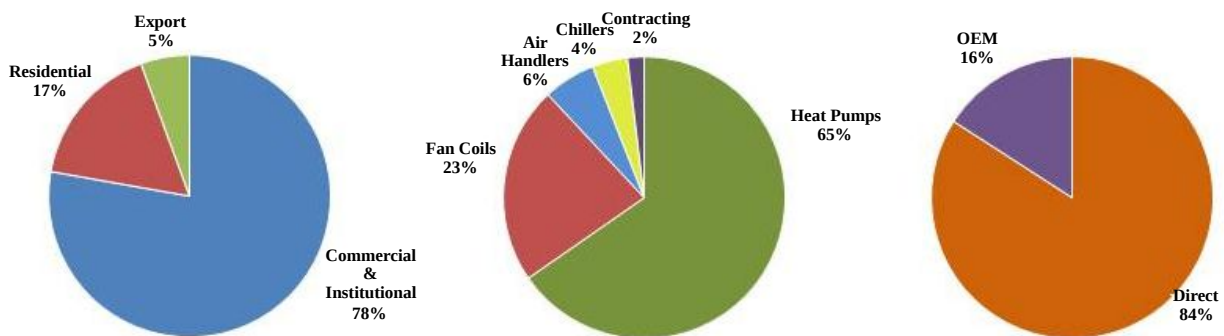
- 238 Commercial representative firms with 438 locations
- 2,200+ Sales Engineers

Residential (Geothermal):

- 600 Residential distributor locations (approx.)
- 4,000 Residential contractor-dealers (approx.)

Plus: OEM distribution channels

Product & Market Sales Mix – Various Perspectives

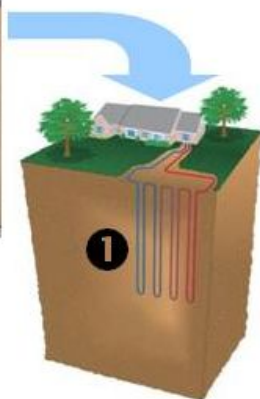


Focus on Geothermal Heat Pumps

How does a GHP system work?



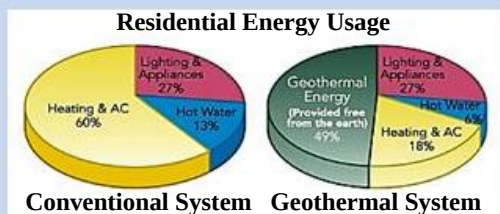
Typical Residential Geothermal System



- **The Earth absorbs approximately 50% of all solar energy** and remains at nearly a constant temperature year round (below a few feet deep).
- **A GHP system** uses a ❶ sealed in-ground heat exchanger (loop) filled with fluid and a ❷ GHP unit to exchange energy between the house or building and the earth.
- **In winter**, fluid in the loop absorbs energy from the earth and carries it to the GHP where it is converted (compressed) to a higher temperature and sent as warm air into the house or building.
- **In summer**, the system reverses, transferring heat from the house or building into the earth.
- **GHP systems work year round**, in all climates, in both individual residence and large commercial buildings, providing both conditioned air and **domestic hot water** (as a “free” by-product).

Geothermal Benefits:

- **Energy Cost Reduction & Positive Cash Flow** – the most energy efficient HVAC technology available – up to **80%** more efficient than conventional systems.

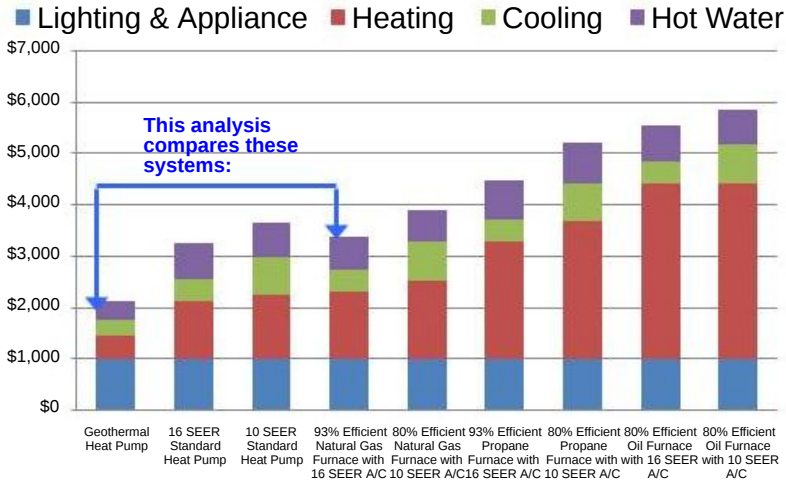


- **Fed Tax Credits** - 30% residential & 10% business + accelerated depreciation, + state/utility incentives
- **GHP's are an Alternative form of Renewable Energy**
- **Green Refrigerants** - non-ozone depleting
- **“Free” Domestic Hot Water**
- **Noise Free Operation** – no noisy condensing unit
- **Extremely Long Lived** vs. conventional systems (50 year loops)

Typical GHP Costs and Savings

For a GHP System in a 2,500 sq. ft. new house in St. Louis, MO (typical middle America)
 Installed Cost of a 4 ton GHP System = \$6,000 per ton (12,000 Btu/ton).

System Operating Cost Comparison GHP vs. Conventional Systems



Note: System installed costs are different throughout the U.S due to varying local conditions and labor costs. Savings vary due to weather conditions, user preferences, and local utility rates. Costs and savings in St. Louis are estimates and subject to change.

Payback (GHP vs. Hi-Eff Gas Furn+AC)

| | |
|------------------------------|----------------|
| Installed cost of GHP | \$24,000 |
| Less: 30% Fed tax credit | (7,200) |
| GHP cost after credit | 16,800 |
| Cost for Hi-Eff Gas + AC | (12,000) |
| GHP premium cost | 4,800 |
| Annual Energy Savings | \$1,248 |
| Payback in Years | 3.8 |

Positive Cash Flow

| | |
|---|--------------|
| Annual Energy Savings | \$1,248 |
| Annual P&I on GHP Premium (6% int. – 10 yrs.) | (636) |
| Annual Cash Savings | \$612 |

Notes:

Notes:



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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