

LSB INDUSTRIES INC
Form 8-K
February 09, 2007

**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) February 5, 2007

LSB INDUSTRIES, INC.

Delaware	(Exact name of registrant as specified in its charter)	
	1-7677	73-1015226
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
16 South Pennsylvania, Oklahoma City, Oklahoma		73107
(Address of principal executive offices)		(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))

Section 3 - Securities and Trading Markets

Item 3.02: Unregistered Sales of Equity Securities

On February 5, 2007, (a) Ellsworth Fund Ltd. (“Ellsworth”) exercised its right to convert \$1.45 million principal amount of the 7% Convertible Senior Subordinated Debentures due 2011 (the “Debentures”) of LSB Industries, Inc. (the “Company”), and (b) Bancroft Fund Ltd. (“Bancroft”) exercised its right to convert \$1.45 million principal amount of the Debentures. Pursuant to the terms of the Indenture, dated March 3, 2006, governing the Debentures, the conversion rate was 141.25 shares of common stock for each \$1,000 principal amount of converted Debentures. As a result, the Company will issue an aggregate of 409,625 shares of common stock to Ellsworth and Bancroft.

In connection with the conversions, the Company agreed to pay an aggregate of \$101,500, representing interest that would be due in March 2007. These conversions reduce the Company’s debt by \$2.9 million and correspondingly increase stockholders’ equity by the same amount. Following these conversions, \$1.1 million of the principal amount of the Debentures remains outstanding.

The issuance of the common stock upon conversion of the Debentures will be made in reliance on the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended (the “Act”). The conversions were effected without any form of general solicitation or general advertising. No commission or other remuneration was paid directly or indirectly for soliciting this transaction. The shares of common stock issued and issuable upon conversion of the outstanding Debentures are registered for resale under the Company’s Form S-1 Registration Statement, file number 333-134111, declared effective May 26, 2006.

During the period from September 1, 2006 to February 28, 2009, the conversion rate of the Debentures declines every six months, starting at 141.25 shares and ending at 129.23 shares per \$1,000 principal amount of Debentures (representing an approximate conversion price of between \$7.08 and \$7.74 during such period). On and after March 1, 2009, the conversion rate is 125 shares per \$1,000 principal amount of Debentures (representing a conversion price of \$8.00 per share). The conversion rate is subject to adjustment.

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: February 9, 2007

LSB INDUSTRIES, INC.

By: /s/ Tony M. Shelby
Tony M. Shelby
Executive Vice President-Finance,
Chief Financial Officer