

LSB INDUSTRIES INC
Form S-1
July 13, 2016
Table of Contents

As filed with the Securities and Exchange Commission on July 13, 2016

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

LSB INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

6411
(Primary Standard Industrial
Classification Code Number)

73-1015226
(IRS Employer
Identification Number)

16 South Pennsylvania Avenue

Oklahoma City, Oklahoma 73107

(405) 235-4546

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Michael J. Foster, Esq.

Senior Vice President and General Counsel

LSB Industries, Inc.

16 South Pennsylvania Avenue

Oklahoma City, Oklahoma 73107

(405) 235-4546

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:

Robert L. Kimball

Vinson & Elkins L.L.P.

2001 Ross Avenue, Suite 3700

Dallas, Texas 75201-2975

(214) 220-7700

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
 Non-accelerated filer Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Aggregate Offering Price per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(2)
Common Stock, \$0.10 par value per share	4,069,324	\$11.18	\$45,495,042	\$4,581
Common Stock, \$0.10 par value per share (3)	456,225	\$11.18	\$5,100,596	\$514
Total	4,525,549	\$11.18	\$50,595,638	\$5,095

(1) Represents shares offered by the selling stockholder.

(2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended. The price per share and aggregate offering price are based on the average of the high and low price of the Registrant's common stock on July 7, 2016, as reported on the

New York Stock Exchange.

- (3) Represents the shares of common stock issuable upon election pursuant to the Series E COD (as defined below) by the holders of Series E Cumulative Redeemable Class C Preferred Stock to redeem the Participation Rights Value in common stock.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

**Subject to Completion, dated July 13, 2016
4,525,549 Shares**

LSB INDUSTRIES, INC.

COMMON STOCK

This prospectus relates to the offer and sale by the selling stockholder identified in this prospectus of (i) up to 4,069,324 shares of our common stock, par value \$0.10 per share, issued upon the exercise of warrants to purchase our common stock, which warrants were issued to the selling stockholder in connection with a private placement completed on December 4, 2015, and which were exercised on May 19, 2016 and (ii) up to 456,225 shares of common stock representing the Participation Rights Value (as defined in the Certificate of Designations setting forth the rights, preferences, privileges and restrictions applicable to the Series E cumulative redeemable Class C preferred stock (Series E Preferred), as filed with the Secretary of State of the State of Delaware (the Series E COD)) that may be settled in common stock at the election of the Series E Preferred holders.

We are not selling any shares of our common stock and we will not receive any proceeds from the sale of the shares by the selling stockholder. We have agreed to pay certain registration expenses, other than underwriting discounts and commissions.

The selling stockholder may from time to time sell, transfer or otherwise dispose of any or all of their shares of common stock in a number of different ways and at varying prices. See Plan of Distribution for more information.

We may amend or supplement this prospectus from time to time by filing amendments or supplements as required. You should read this entire prospectus and any amendments or supplements carefully before you make your investment decision.

Our common stock is listed on the New York Stock Exchange (the NYSE) under the symbol LXU. On July 12, 2016, the last sale price of our common stock as reported on the NYSE was \$13.05 per share.

Investing in our common stock involves a high degree of risk. Before buying any shares, you should carefully read the discussion of material risks of investing in our common stock in Risk Factors beginning on page 4 of this prospectus.

Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2016

Table of ContentsTable of Contents

	Page
<u>Prospectus Summary</u>	2
<u>Risk Factors</u>	4
<u>Cautionary Note Regarding Forward-Looking Statements</u>	7
<u>Private Placement of Preferred Stock and Common Stock Warrants</u>	8
<u>Use of Proceeds</u>	9
<u>Market Price of our Common Stock</u>	10
<u>Dividend Policy</u>	11
<u>Selling Stockholder</u>	12
<u>Description of Capital Stock</u>	14
<u>Material U.S. Federal Income Tax Considerations for Non-U.S. Holders</u>	23
<u>Plan of Distribution</u>	27
<u>Legal Matters</u>	29
<u>Experts</u>	29
<u>Where You Can Find More Information</u>	29
<u>Incorporation of Certain Information by Reference</u>	30

This prospectus is part of a registration statement that we have filed with the SEC pursuant to which the selling stockholder named herein may, from time to time, offer and sell or otherwise dispose of the shares of our common stock covered by this prospectus. You should not assume that the information contained in this prospectus is accurate on any date subsequent to the date set forth on the front cover of this prospectus or that any information we have incorporated by reference is correct on any date subsequent to the date of the document incorporated by reference, even though this prospectus is delivered or shares of common stock are sold or otherwise disposed of on a later date. It is important for you to read and consider all information contained in this prospectus, including the documents incorporated by reference therein, in making your investment decision. You should also read and consider the information in the documents to which we have referred you under the caption **Where You Can Find More Information in this prospectus.**

We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any of our shares of common stock other than the shares of our common stock covered hereby, nor does this prospectus constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. See **Risk Factors and **Cautionary Note Regarding Forward-Looking Statements**.**

Unless the context otherwise requires, references in this prospectus to **LSB**, **the Company**, **we**, **our**, and **us** refer to **LSB Industries, Inc.**, a Delaware corporation, and its consolidated subsidiaries.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus, is not complete, and does not contain all of the information that you should consider before making your investment decision. You should carefully read the entire prospectus, including the information presented under the sections entitled Risk Factors and Cautionary Note Regarding Forward-Looking Statements and the consolidated financial statements and the notes thereto and other documents incorporated by reference in this prospectus before making an investment decision.

Overview

LSB manufactures and sells chemical products for the agricultural, mining, and industrial markets. The Company owns and operates facilities in Cherokee, Alabama, El Dorado, Arkansas and Pryor, Oklahoma, and operates a facility for Covestro LLC in Baytown, Texas. LSB's products are sold through distributors and directly to end customers throughout the United States.

Recent Developments

On May 11, 2016, the Company, Consolidated Industries L.L.C., an Oklahoma limited liability company and a direct, wholly owned subsidiary of the Company (Consolidated), and The Climate Control Group, Inc., an Oklahoma corporation and a direct, wholly owned subsidiary of Consolidated and an indirect subsidiary of the Company (the Climate Control Group), entered into a Stock Purchase Agreement (the Stock Purchase Agreement) with NIBE Industrier AB (publ), a Swedish corporation (NIBE), and NIBE Energy Systems Inc., a Delaware corporation and an indirect wholly owned subsidiary of NIBE (the Purchaser) to sell the Company's Climate Control Business.

Under the terms of the Stock Purchase Agreement, the Company, through Consolidated, agreed to sell to the Purchaser all of the outstanding shares of stock of the Climate Control Group for a total of approximately \$364,000,000, subject to closing and post-closing adjustments (the Sale).

The closing of the Sale occurred on July 1, 2016. The terms of the Sale are described in greater detail in our Current Reports on Form 8-K filed with the SEC on May 13, 2016 and July 8, 2016, which are incorporated by reference into this prospectus, including the unaudited pro forma financial statements of the Company giving effect to the foregoing transactions.

Corporate Information

Our common stock is listed on the New York Stock Exchange under the ticker symbol LXU. Our principal executive offices are located at 16 South Pennsylvania, Oklahoma City, Oklahoma 73107, and our telephone number is (405) 235-4546. Our website address is www.lsbindustries.com. Neither our website nor any information contained on our website is part of this prospectus.

Table of Contents

THE OFFERING

Common stock offered by the selling stockholder	4,069,324 shares of common stock held by the selling stockholder and 456,225 shares of common stock representing the Participation Rights Value of the Series E Preferred that may be settled in common stock at the election of the Series E Preferred holders.
Common stock outstanding	27,963,182 shares (1).
Selling stockholder	LSB Funding LLC. See Selling Stockholder for further discussion.
Use of proceeds	We will not receive any proceeds from the sale of shares of our common stock by the selling stockholder in this offering. See Use of Proceeds .
Dividend policy	We have not paid cash dividends on our outstanding shares of common stock during the two most recent fiscal years but have paid cash dividends on our outstanding series of convertible preferred stock during this period. See discussion concerning dividends and restrictions in payment of dividends below under Dividend Policy .
Risk factors	Investing in our common stock involves risks. You should read carefully the Risk Factors section of this prospectus for a discussion of factors that you should carefully consider before deciding to invest in shares of our common stock.
NYSE ticker symbol	LXU

(1) Excludes 3,317,503 shares held in treasury.

Table of Contents

RISK FACTORS

An investment in our securities involves a high degree of risk. In addition to the other information included in this prospectus, you should carefully consider each of the risk factors set forth in our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q on file with the SEC, which are incorporated by reference into this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus and any prospectus supplement. Any of these risks and uncertainties could have a material adverse effect on our business, financial condition, cash flows and results of operations. If that occurs, the trading price of our common stock could decline materially and you could lose all or part of your investment.

The risks included in this prospectus and the documents we have incorporated by reference into this prospectus are not the only risks we face. We may experience additional risks and uncertainties not currently known to us, or as a result of developments occurring in the future. Conditions that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, cash flows and results of operations.

Risks Related to Our Common Stock and this Offering

The trading price of our common stock may decline, and you may not be able to resell shares of our common stock at prices equal to or greater than the price you paid or at all.

The trading price of our common stock may decline for many reasons, some of which are beyond our control, including, among others:

our results of operations and financial condition;

changes in expectations as to our future results of operations and prospects, including financial estimates and projections by securities analysts and investors;

results of operations that vary from those expected by securities analysts and investors;

strategic actions by our competitors;

strategic decisions by us, our clients or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;

changes in applicable laws and regulations;

changes in accounting principles;

announcements of claims against us by third parties;

future sales of our common stock by us, the selling stockholder, significant stockholders or our directors or executive officers;

the realization of any risks describes under this Risk Factors section or those incorporated by reference;

additions or departures of key management personnel;

changes in general market and economic conditions;

volatile and unpredictable developments, including man-made, weather-related and other natural disasters, catastrophes or terrorist attacks in the geographic regions in which we operate; and

increased competition, or the performance, or the perceived or anticipated performance, of our competitors. In addition, the stock market in general, including recently, has experienced significant volatility that often has been unrelated to the operating performance of companies whose shares are traded. These market fluctuations could adversely affect the trading price of our common stock, regardless of our actual operating performance. As a result, the trading price of our common stock may decline, and you may not be able to sell your shares at or above the price you pay to purchase them, or at all. Further, we could be the subject of securities class action litigation due to any such stock price volatility, which could divert management's attention and adversely affect our results of operations.

Table of Contents

Future sales of our common stock could reduce our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.

We may sell additional shares of common stock in subsequent public or private offerings. We may also issue additional shares of common stock or convertible securities. As of June 30, 2016, we had 27,963,182 outstanding shares of common stock, excluding 3,317,503 shares held in treasury. This number includes 4,069,324 of the shares that the selling stockholder is offering pursuant to this prospectus, which may be resold immediately in the public market.

We cannot predict the size of future issuances of our common stock or securities convertible into common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our common stock.

There is an increased potential for short sales of our common stock due to the sales of shares issued upon exercise of warrants or the redemption of the Series E Preferred's Participation Rights Value, which could materially affect the market price of the stock.

Downward pressure on the market price of our common stock that likely will result from sales of our common stock issued in connection with the exercise of warrants or the redemption of the Series E Preferred's Participation Rights Value could encourage short sales of our common stock by market participants. Generally, short selling means selling a security, contract or commodity not owned by the seller. The seller is committed to eventually purchase the financial instrument previously sold. Short sales are used to capitalize on an expected decline in the security's price. Such sales of our common stock could have a tendency to depress the price of the stock, which could increase the potential for short sales.

We may have to pay registration delay payments to the selling stockholder, which would increase our expenses and reduce our cash resources.

In connection with the private placement as described in Private Placement of Common Stock and Warrants, we entered into a registration rights agreement. Under the terms of the registration rights agreement, subject to certain limited exceptions, if the registration statement of which this prospectus forms a part has not been declared effective within twelve months of December 4, 2015 or we otherwise fail to comply with certain provisions set forth in the registration rights agreement, we will be required to pay the selling stockholder 0.25% of the liquidated damages multiplier per 30-day period, that shall accrue daily, for the first 30 days following the last day of the twelve-month period, increasing by an additional 0.25% of the liquidated damages multiplier per 30-day period, that shall accrue daily, for each subsequent 30 days, up to a maximum of 1.00% of the liquidated damages multiplier per 30-day period. There can be no assurance that the registration statement of which this prospectus forms a part will be declared effective by the SEC or will remain effective for the time periods necessary to avoid payments. Any payment would increase our expenses and reduce our cash resources.

Because we currently have no plans to pay cash dividends on our common stock, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.

We currently do not expect to pay any cash dividends on our common stock. Any future determination to pay cash dividends or other distributions on our common stock will be at the discretion of our board of directors and will be dependent on our earnings, financial condition, operation results, capital requirements, and contractual, regulatory and

other restrictions, including restrictions contained in the senior secured credit facility or agreements governing any existing and future outstanding indebtedness we or our subsidiaries may incur, on the payment of dividends by us or by our subsidiaries to us, and other factors that our board of directors deems relevant. See Dividend Policy.

As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

Table of Contents

Our ability to raise capital in the future may be limited, which could make us unable to fund our capital requirements.

Our business and operations may consume resources faster than we anticipate, or we may require additional funds to pursue acquisition or expansion opportunities. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. Additional financing may not be available on favorable terms or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. If we issue new debt securities, the debt holders would have rights senior to common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities, existing stockholders may experience dilution. Our board is authorized to issue preferred stock which could have rights and preferences senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future securities offerings reducing the market price of our common stock, diluting their interest or being subject to rights and preferences senior to their own.

If securities analysts do not publish research or reports about our business or if they downgrade or provide negative outlook on our stock or our sector, our stock price and trading volume could decline.

The trading market for our common stock relies in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. Furthermore, if one or more of the analysts who do cover us downgrade or provide negative outlook on our stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts cease coverage of our business or fail to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

Anti-takeover provisions in our organizational documents could delay or prevent a change of control.

Certain provisions of our Restated Certificate of Incorporation, as amended (our *Certificate of Incorporation*) and Amended and Restated Bylaws, as amended (our *Bylaws*), may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. These provisions provide for, among other things:

a classified board of directors with staggered three-year terms;

the ability of our board of directors to issue, and determine the rights, powers and preferences of, one or more series of preferred stock;

advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings; and

certain limitations on convening special stockholder meetings.

Further, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of our Company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

See Description of Capital Stock.

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents that we incorporate by reference in the prospectus contain statements that are considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements, including statements about industry trends and other matters that do not relate strictly to historical facts, are based on management's expectations and assumptions, and are often identified by such forward-looking terminology as expect, look, believe, anticipate, estimate, seek, may, trend, target, a statements or variations of such terms. Forward-looking statements may include, among other things, statements regarding:

projections of revenue, margins, expenses, earnings from operations, cash flows or other financial items;

plans, strategies and objectives of management for future operations, including statements relating to developments or performance of our products;

future economic conditions or performance;

the outcome of outstanding claims or legal proceedings;

assumptions underlying any of the foregoing;

any other statements that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future; and

statements described under the heading **Special Note Regarding Forward Looking Statements** in our Annual Report on Form 10-K for the year ended December 31, 2015 (**Form 10-K**) and our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2016 (**Form 10-Q**) filed with the SEC, each of which is hereby incorporated herein by reference.

Forward-looking statements are subject to various risks and uncertainties, which change over time, are based on management's expectations and assumptions at the time the statements are made, and are not guarantees of future results. Our management's expectations and assumptions, and the continued validity of the forward-looking statements, are subject to change due to a broad range of factors affecting the national and global economies, the financial markets, as well as factors specific to us and our subsidiaries, as discussed under the heading **Risk Factors** in our Form 10-K and Form 10-Q and other filings with the SEC and incorporated into this prospectus by reference.

Actual outcomes and results may differ materially from what is expressed in our forward-looking statements and from our historical financial results due to the factors discussed above and elsewhere in this prospectus, including, without limitation, our Form 10-K and Form 10-Q, or in our other SEC filings. Forward-looking statements should not be relied upon as representing our expectations or beliefs as of any time subsequent to the time this prospectus is filed

with the SEC. Unless specifically required by law, we undertake no obligation to revise the forward-looking statements contained in this prospectus to reflect events after the time it is filed with the SEC. The factors discussed above are not intended to be a complete summary of all risks and uncertainties that may affect our businesses. Though we strive to monitor and mitigate risk, we cannot anticipate all potential economic, operational and financial developments that may adversely affect our operations and our financial results.

Forward-looking statements should not be viewed as predictions, and should not be the primary basis upon which investors evaluate us. Any of our investors should consider all risks and uncertainties disclosed in our SEC filings, described under the section entitled **Where You Can Find More Information**, all of which are accessible on the SEC's website at <http://www.sec.gov>. We note that all website addresses given in this prospectus are for information only and are not intended to be an active link or to incorporate any website information into this document.

Table of Contents

PRIVATE PLACEMENT OF PREFERRED STOCK AND COMMON STOCK WARRANTS

The following description is a summary and is qualified in its entirety by reference to the Securities Purchase Agreement, the Warrant Agreement, and the Registration Rights Agreement (all as defined below), which are filed as exhibits to the registration statement of which this prospectus forms a part, and by applicable law.

On December 4, 2015, we entered into a securities purchase agreement (the **Securities Purchase Agreement**) with LSB Funding LLC, a Delaware limited liability company (the **selling stockholder**), and Security Benefit Corporation, a Kansas corporation (the **Purchaser Guarantor**), pursuant to which the Company agreed to sell to the selling stockholder, in a private placement (the **Private Placement**) exempt from registration under the Securities Act, (i) \$210,000,000 of Series E Preferred, (ii) warrants to purchase 4,103,746 shares of common stock, par value \$0.10, of the Company (the **common stock**), which was equal to 17.99% of the outstanding shares of common stock before the completion of the Private Placement (each a **Warrant** and collectively, the **Warrants**), and (iii) one share of Series F redeemable Class C preferred stock (the **Series F Preferred**, and together with the Series E Preferred and the Warrants, the **Securities**). The Private Placement closed on December 4, 2015 (the **Closing Date**).

In connection with the Securities Purchase Agreement, on December 4, 2015, we entered into the registration rights agreement (the **Registration Rights Agreement**) with the selling stockholder relating to the registered resale of the common stock issuable upon exercise of the Warrants and certain other common stock, including the 456,225 shares of common stock representing the Participation Rights Value of the Series E Preferred that may be settled in common stock at the election of the Series E Preferred holders. Pursuant to the Registration Rights Agreement, the Company is required to file or cause to be filed a registration statement for such registered resale within nine months following the Closing Date and is required to use commercially reasonable efforts to cause the registration statement to become effective as soon as practicable thereafter. In certain circumstances, the Purchaser will have piggyback registration rights and rights to request an underwritten offering as described in the Registration Rights Agreement. The Purchaser will cease to have registration rights under the Registration Rights Agreement on the later of the tenth anniversary of the Closing Date and the date on which the Registrable Securities (as defined in the Registration Rights Agreement) covered by the Registration Statement (as defined in the Registration Rights Agreement) cease to be Registrable Securities.

Each Warrant affords the holder the opportunity to purchase one share of common stock at a warrant exercise price of \$0.10. The Warrants expire on December 4, 2025.

The selling stockholder exercised the Warrants in full by means of an exercise notice dated May 19, 2016. The selling stockholder elected a cashless, or net, exercise as permitted in the Warrants. The selling stockholder was issued 4,069,324 shares of common stock.

In connection with the issuance of the Series E Preferred, at any time after August 2, 2019, each Series E Preferred holder has the right to elect to have such holder's shares redeemed by the Company at a redemption price per share equal to the liquidation preference per share of \$1,000 plus accrued and unpaid dividends (the **Liquidation Preference**) of such share as of the redemption date. Additionally, the Company, at its option, may redeem the Series E Preferred at any time at a redemption price per share equal to the Liquidation Preference of such share as of the redemption date. Lastly, with receipt of (i) prior consent of the electing Series E holder or a majority of shares of Series E Preferred and (ii) all other required approvals, including under any principal U.S. securities exchange on which the common stock is then listed for trading, the Company can redeem the Series E Preferred by the issuance of shares of common stock having an aggregate common stock price equal to the amount of the aggregate Liquidation Preference of such shares being redeemed in shares of common stock in lieu of cash at the redemption date.

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Pursuant to the Securities Purchase Agreement and the Registration Rights Agreement, we are registering 4,069,324 shares of our common stock issued to the selling stockholder upon the exercise of the Warrants. Pursuant to the Series E COD and the Registration Rights Agreement, we are registering 456,225 shares of common stock representing the Participation Rights Value of the Series E Preferred that may be settled in common stock at the election of the Series E Preferred holders.

Table of Contents

USE OF PROCEEDS

The shares of our common stock being offered by this prospectus are solely for the account of the selling stockholder. We will not receive any proceeds from the sale of these shares by the selling stockholder.

Table of Contents**MARKET PRICE OF OUR COMMON STOCK**

Our common stock trades publicly on the NYSE under the symbol **LXU** . On July 12, 2016, the last sale price of our common stock as reported on the NYSE was \$13.05 per share.

The following table sets forth for the periods indicated the high and low sales prices per share of our common stock as reported on the NYSE:

	High	Low
2014:		
First quarter	\$ 41.00	\$ 31.22
Second quarter	\$ 42.37	\$ 35.77
Third quarter	\$ 42.41	\$ 35.63
Fourth quarter	\$ 37.83	\$ 28.91
2015:		
First quarter	\$ 42.91	\$ 29.00
Second quarter	\$ 47.33	\$ 40.06
Third quarter	\$ 41.74	\$ 15.16
Fourth quarter	\$ 18.23	\$ 5.38
2016:		
First quarter	\$ 14.10	\$ 3.68
Second quarter	\$ 15.50	\$ 7.73
Third quarter (through July 12, 2016)	\$ 13.42	\$ 11.87

Table of Contents

DIVIDEND POLICY

We have not paid cash dividends on our outstanding common stock in many years, and we do not currently anticipate paying cash dividends on our outstanding common stock in the near future. However, our Board has not made a decision whether or not to pay such dividends on our common stock in 2016.

Dividends on the Series E Preferred are cumulative and payable semi-annually, commencing May 1, 2016, in arrears at the annual rate of 14% of the liquidation value of \$1,000 per share. Each share of Series E Preferred is entitled to receive a semi-annual dividend, when approved by our Board, of \$70.00 per share for the aggregate semi-annual dividend of \$14.7 million. In addition, dividends in arrears at the dividend date, until paid, shall compound additional dividends at the annual rate of 14%. We also must declare a dividend on the Series E Preferred on a pro rata basis with our common stock. As long as the purchaser holds at least 10% of the Series E Preferred, we may not declare dividends on our common stock and other preferred stocks unless and until dividends have been declared and paid on the Series E Preferred for the then current dividend period in cash. As of March 31, 2016, the amount of accumulated dividends on the Series E Preferred was approximately \$9.6 million.

During the first quarter of 2015, annual dividends totaling \$300,000 were declared on our outstanding Series D 6% cumulative convertible Class C preferred stock (the Series D Preferred) and Series B 12% cumulative convertible Class C Preferred Stock (the Series B Preferred) and subsequently paid in 2015 using funds from our working capital. Dividends on the Series D Preferred and the B Preferred are payable annually, only when declared by our Board, as follows:

\$0.06 per share on our outstanding non-redeemable Series D Preferred for an aggregate dividend of \$60,000, and

\$12.00 per share on our outstanding non-redeemable Series B Preferred for an aggregate dividend of \$240,000.

As of March 31, 2016, the amount of accumulated dividends on the Series D Preferred and Series B Preferred totaled approximately \$0.1 million. All shares of the Series D Preferred and Series B Preferred are owned by the Golsen Holders. There are no optional or mandatory redemption rights with respect to the Series B Preferred or Series D Preferred.

While we have no current plans to pay dividends on our common stock, we will continue to evaluate the cash generated by our business and we may decide to pay a dividend in the future. Any future determinations relating to our dividend policies and the declaration, amount and payment of any future dividends on our common stock will be at the sole discretion of our board of directors and, if we elect to pay such dividends in the future, we may reduce or discontinue entirely the payment of such dividends at any time. Our board of directors may take into account general and economic conditions, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our board of directors may deem relevant.

In addition, under Delaware law, we may declare and pay dividends on our capital stock either out of our surplus, as defined in the relevant Delaware statutes, or if there is no such surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. If, however, our capital, computed in accordance with

the relevant Delaware statutes, has been diminished by depreciation in the value of our property, or by losses, or otherwise, to an amount less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets, we are prohibited from declaring and paying out of such net profits any dividends upon any shares of our capital stock until the deficiency has been repaired.

Table of Contents

SELLING STOCKHOLDER

This prospectus covers the public resale of the shares of common stock purchased in the private placement by the selling stockholder named below, which we refer to collectively herein as the Shares. The selling stockholder may from time to time offer and sell pursuant to this prospectus any or all of the Shares owned by them, but makes no representation that any of the Shares will be offered for sale. The selling stockholder is not a director, officer or employee of ours or an affiliate of such person. On December 4, 2015, in connection with the private placement, the Company entered into the Board Representation and Standstill Agreement. Pursuant to the Board Representation and Standstill Agreement, the Company agreed to permit the selling stockholder to appoint three nominees to the board of directors of the Company (the Board), at least one of which will meet the New York Stock Exchange standards of independence. Until the Board Designation Termination Date (as defined in the Board Representation and Standstill Agreement), so long as the selling stockholder or its affiliates own the Series E Preferred or the Warrants, the selling stockholder will continue to be entitled to designate three directors. In the event of redemption in full of the Series E Preferred by the Company, the selling stockholder will be entitled to designate only two directors so long as the selling stockholder owns the Warrants or any shares of common stock issuable thereunder. However, the selling stockholder will be entitled to designate only one director nominee in the event the selling stockholder and its affiliates collectively cease to beneficially own at least 10% (but not greater than 24.99%) of the common stock issued pursuant to the Warrants (whether owned directly or as a right to acquire upon exercise of the Warrants). The selling stockholder's rights to designate any directors will terminate when the selling stockholder and its affiliates collectively cease to beneficially own at least 10% of the common stock issued pursuant to the Warrants (whether owned directly or as a right to acquire upon exercise of the Warrants).

The table below presents information regarding the selling stockholder and the Shares that the selling stockholder may offer and sell from time to time under this prospectus.

The following table sets forth:

the name of the selling stockholder;

the number of Shares owned by the selling stockholder prior to the sale of the Shares covered by this prospectus;

the number of Shares that may be offered by the selling stockholder pursuant to this prospectus;

the number of Shares owned by the selling stockholder following the sale of any Shares covered by this prospectus; and

the percentage of common stock owned by the selling stockholder following the sale of any Shares covered by this prospectus.

All information with respect to common stock ownership of the selling stockholder has been furnished by or on behalf of the selling stockholder and is as of July 7, 2016. We believe, based on information supplied by the selling stockholder, that except as may otherwise be indicated in the footnotes to the table below, the selling stockholder has

sole voting and dispositive power with respect to the common stock reported as beneficially owned by them. Because the selling stockholder identified in the table may sell some or all of the Shares owned by them which are included in this prospectus, and because there are currently no agreements, arrangements or understandings with respect to the sale of any of the Shares, no estimate can be given as to the number of Shares available for resale hereby that will be held by the selling stockholder upon termination of this offering. In addition, the selling stockholder may have sold, transferred or otherwise disposed of, or may sell, transfer or otherwise dispose of, at any time and from time to time, the common stock it holds in transactions exempt from the registration requirements of the Securities Act after the date on which the selling stockholder provided the information set forth on the table below. We have, therefore, assumed for the purposes of the following table, that the selling stockholder will sell all of the Shares beneficially owned by them that are covered by this prospectus, but will not sell any other shares of our common stock that they may presently own. The percent of beneficial ownership for the selling stockholder is based on 27,963,182 shares of our common stock, excluding 3,317,503 shares held in treasury, outstanding as of the date of this prospectus.

Table of Contents

Name of Selling Stockholder	Number of Shares of Common Stock Owned Prior to Offering(1)	Maximum Number of		
		Shares of Common Stock to be Sold Pursuant to this Prospectus	Number of Shares of Common Stock Beneficially Owned After Offering(2)	Percentage of Common Stock Owned After Offering(2)
LSB Funding LLC(3)	4,525,549	4,525,549	0	0%

- (1) We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the selling stockholder named in the table above have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws. Represents 4,069,324 shares of common stock issued to LSB Funding LLC upon the cashless exercise of warrants and 456,225 shares of common stock issuable upon election pursuant to the Series E COD by holders of the Series E Preferred to redeem the Participation Rights Value in common stock.
- (2) Assuming that all of the shares represented by this prospectus have been sold and that any redemption of the Series E Preferred is settled solely in cash.
- (3) The address of LSB Funding LLC is 350 Park Avenue, 14th Floor, New York, New York 10022. LSB Funding LLC owns one share of Series F Preferred Stock, which entitles LSB Funding LLC to a number of votes equal to 4,559,971 shares (the Voting Shares) of common stock, provided, that the number of votes that may be cast by the Series F Preferred Stock shall be automatically reduced by a number of votes equal to the number of shares of common stock into which the Warrants are exercised (and the number offset in any cashless exercise). The Series E Preferred has a participating right in dividends and liquidating distributions equal to 456,225 shares of common stock. Following the cashless exercise of the Warrants, LSB Funding LLC is entitled to 4,069,324 votes represented by common stock plus an additional 456,225 Voting Shares.

Table of Contents

DESCRIPTION OF CAPITAL STOCK

The following description of our common stock and preferred stock, together with the additional information we include in any applicable prospectus supplements, summarizes the material terms and provisions of the common stock and preferred stock that we may offer, in the case of our common stock, under this prospectus. It may not contain all the information that is important to you. For the complete terms of our common stock and preferred stock, please refer to our Certificate of Incorporation, and our Bylaws, which are incorporated by reference into the registration statement which includes this prospectus. The Delaware General Corporation Law may also affect the terms of these securities.

Authorized capital stock

Our authorized capital stock consists of

75,000,000 shares of common stock, \$.10 par value per share;

250,000 shares of preferred stock, \$100 par value per share (Preferred Stock); and

5,000,000 shares of Class C Preferred Stock, no par value (Class C Preferred Stock).

Common Stock

On June 30, 2016, 27,963,182 shares of our common stock were issued and outstanding, excluding 3,317,503 shares held in treasury. All outstanding shares of our common stock are duly authorized, fully paid and nonassessable.

Dividends. Subject to preferential dividend rights of any other class or series of stock, the holders of shares of our common stock are entitled to receive dividends, including dividends of our stock, if, as and when declared by our board of directors, subject to any limitations applicable by law and to the rights of the holders, if any, of our preferred stock.

Liquidation. In the event we are liquidated, dissolved or our affairs are wound up, after we pay or make adequate provision for all of our known debts and liabilities, each holder of our common stock will be entitled to share ratably in all assets that remain, subject to any rights that are granted to the holders of any class or series of preferred stock.

Voting Rights. For all matters submitted to a vote of stockholders, each holder of our common stock is entitled to one vote for each share registered in the holder's name. Holders of our common stock vote together as a single class. There is no cumulative voting in the election of our directors, which means that, subject to any rights to elect directors that are granted to the holders of any class or series of preferred stock, a majority of the votes cast at a meeting of stockholders at which a quorum is present is sufficient to elect a director.

Other Rights and Restrictions. Subject to the preferential rights of any other class or series of stock, all shares of our common stock have equal dividend, distribution, liquidation and other rights, and have no preference, appraisal or exchange rights, except for any appraisal rights provided by Delaware law. Furthermore, holders of our common stock have no conversion, sinking fund or redemption rights, or preemptive rights to subscribe for any of our securities. Our Certificate of Incorporation and Bylaws do not restrict the ability of a holder of our common stock to transfer the holder's shares of our common stock.

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The rights, powers, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of holders of shares of our outstanding preferred stock and of any series of preferred stock which we may designate and issue in the future.

Listing. Our common stock is listed on the New York Stock Exchange under the symbol LXU.

Transfer Agent and Registrar. The transfer agent for our common stock is Computershare Limited.

Table of Contents

Preferred Stock

Under our Certificate of Incorporation we have authority, subject to any limitations prescribed by law and without further stockholder approval, to issue from time to time up to 250,000 shares of Preferred Stock, and 5,000,000 shares of Class C Preferred Stock. Our board of directors has authorized 350,000 shares of Series A Junior Participating Class C Preferred (Series A Preferred Stock) for issuance under our stockholder rights plan. See Preferred Share Rights Plan below.

The Preferred Stock and Class C Preferred Stock are issuable in one or more series, each with such designations, preferences, rights, qualifications, limitations and restrictions as our board of directors may determine in resolutions providing for their issuance. As of June 30, 2016, the following shares of Preferred Stock and Class C Preferred Stock are authorized:

20,000 shares of our Series B 12% cumulative, convertible preferred stock, \$100 par value (Series B Preferred), of which 20,000 shares are issued and outstanding;

1,000,000 shares of our Series D 6% cumulative, convertible Class C preferred stock no par value (Series D Preferred), of which 1,000,000 shares are issued and outstanding;

210,000 shares of our Series E 14% cumulative, redeemable Class C preferred stock, no par value (Series E Preferred), of which 210,000 shares are issued and outstanding; and

1 share of our Series F redeemable Class C preferred stock, no par value (Series F Preferred), of which one share is issued and outstanding.

The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of us without further action by the stockholders and may adversely affect the voting and other rights of the holders of our common stock. The issuance of preferred stock with voting and conversion rights may adversely affect the voting power of the holders of common stock, including loss of voting control to others.

As of June 30, 2016, we had outstanding the following series of Preferred Stock and Class C Preferred Stock:

Series B Preferred, par value \$100. All of the Series B Preferred shares are owned by the Golsen Group (defined under Preferred Share Rights Plan, below). Each share of the Series B Preferred:

is entitled to receive cumulative cash dividends, when and as declared by our board of directors, at the annual rate of 12% of the par value of each outstanding share;

is entitled to one vote for each outstanding share on all matters submitted to a vote of shareholders and votes together with our common stock and each series of voting preferred stock as a single class or as otherwise required by law;

is convertible, at any time and at the option of the holder, into 33.3333 shares of our common stock, subject to adjustment under certain conditions; and

in the event of our liquidation, each outstanding share will be entitled to be paid its par value, plus accrued and unpaid dividends, before any payment is made to holders of our common stock, but will not be entitled to participate any further in our assets.

Series D Preferred, no par value. All outstanding shares of Series D Preferred are owned by the Golsen Group. Each outstanding share of Series D Preferred:

has a liquidation preference of \$1.00 per share;

is to receive cumulative cash dividends, when and if declared by our board of directors, at the rate of 6% per annum of the liquidation preferences;

Table of Contents

shall be entitled to .875 votes on all matters submitted to a vote of shareholders and vote together with our common stock and each series of voting preferred stock as a single class or as otherwise required by law;

shall have the right to convert four shares of Series D Preferred into one share of our common stock (equivalent to a conversion price of \$4 per share of our common stock), subject to adjustment under certain conditions;

in the event of our liquidation, dissolution or winding up or any reduction in our capital resulting from any distribution of assets to our shareholders, shall receive the sum \$1.00, plus all accrued and unpaid dividends, before any amount is paid to holders of our common stock; and

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