

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

to

/X/ Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 1993

or

// Transition Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934 (No Fee Required)

For the transition period _____ to _____ Commission file number 1-7677

LSB INDUSTRIES, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

73-1015226

(I.R.S. Employer
identification No.)

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

73107
(Zip Code)

(405) 235-4546

(Registrant's telephone number, including area code)

Item 13. Certain Relationships and Related Transactions.

A subsidiary of the Company, Hercules Energy Mfg. Corporation ("Hercules"), leases land and a building in Oklahoma City, Oklahoma from Mac Venture, Ltd. ("Mac Venture"), a limited partnership. GPC serves as the general partner of Mac Venture. The limited partners of Mac Venture include GPC and the three children of Jack E. Golsen. See "Security Ownership of Certain Beneficial Owners and Management", above, for a discussion of the stock ownership of GPC. The land leased by Hercules from Mac Venture consists of a total of 341,000 square feet, with 44,000 square feet in the building. Hercules leases the property from Mac Venture for \$7,500 per month under a triple net lease which began as of January 1, 1982, and expires on December 31, 1998. Also, at January 1, 1991, GPC owed Hercules approximately \$62,000 for purchases of oilfield equipment in prior years. Beginning in 1991, the balance of \$62,000 was payable at the rate of \$1,000 per month, and at March 31, 1994, \$51,000 was owing by GPC to Hercules.

At January 1, 1992, there were outstanding loans and advances to Tony M. Shelby of \$105,000. \$5,000 of such loans and advances were non-interest bearing. \$100,000 of such loans and advances bears an annual rate of interest of 7.0%. During 1993, Mr. Shelby sold to the Company 9782 shares of the Company's common stock at market value at that time and used the proceeds in payment of such loan plus accrued interest. The market value of the shares transferred on the date transferred was \$11.25 per share (aggregate \$110,000).

Prior to 1993 Equity made a loan to Douglas Barton which loan bears an annual rate of interest equal to the Citibank, N.A.'s prime rate plus 1.5%. As of June 30, 1993, Mr. Barton owed Equity the sum of \$358,158 on this loan. This loan was secured by Mr. Barton's home in Carmel, California and 155,000 shares of Landmark Land Company common stock. This loan was paid in full in January 1994. The loan made by Equity to Mr. Barton was made in Equity's ordinary course of business and made on substantially the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with other persons. Mr. Barton is the son of Gerald G. Barton, who the Company believed owned more than five percent of the Company's common stock from January 1, 1992 until March 1993, when he ceased, to the Company's knowledge, being an owner of record of more than five percent of any class of the Company's voting securities.

Northwest Internal Medicine Associates, ("Northwest") a division of Plaza Medical Group., P.C., has an agreement with the Company to perform medical examinations of the management and supervisory personnel of the Company and its subsidiaries. Under such agreement, Northwest is paid \$4,000 a month to perform all such examinations. Dr. Robert C. Brown (a director of the Company) is a co-owner of Plaza Medical Group., P.C.

In 1983, LSB Chemical Corp. ("LSB Chemical"), a subsidiary of the Company, acquired all of the outstanding stock of El Dorado Chemical Company ("EDC") from its then four stockholders ("Ex-Stockholders"). A substantial portion of the purchase price consisted of an earnout based primarily on the annual after-tax earnings of EDC for a ten-year period. During 1989, two of the Ex-Stockholders received LSB Chemical promissory notes for a portion of their earnout, in lieu of cash, totaling approximately \$896,000, payable \$496,000 in January, 1990, and \$400,000 in May, 1994. LSB Chemical agreed to a buyout of the balance of the earnout from the four Ex-Stockholders for an aggregate purchase amount of \$1,231,000. LSB Chemical purchased for cash the earnout from two of the Ex-Stockholders and issued multi-year promissory notes totaling \$676,000 to the other two Ex-Stockholders. Jack E. Golsen guaranteed LSB Chemical's payment obligation under the promissory notes, which is \$400,000 at March 31, 1994.

At the request of a lender to the Company and several of its subsidiaries, during the first half of 1992, Jack E. Golsen guaranteed the repayment of a term loan in the original principal amount of \$2,000,000 made by such lender to several subsidiaries of the Company. This loan was repaid by the Company in May, 1993.

In December 1993, the Company's Board of Directors authorized the Company to loan funds to those executive officers of the Company who incurred unanticipated alternative minimum tax liability as a result of the exercise of the Company's incentive stock options during 1993. Pursuant to such authorization, in April 1994, the Company made loans to the following executive officers in the following amounts for the purpose of assisting in the payment of alternative minimum tax liability arising from the exercise of the Company's incentive stock options: Jack E. Golsen - \$290,000; Barry H. Golsen - \$270,000; David R. Goss - \$361,000; Tony M. Shelby - \$400,000; Jim D. Jones - \$185,000; and Michael Tepper - \$66,427. Each loan is payable on demand at an annual interest rate equal to New York Prime plus 1% and is secured by shares of the Company's common stock. The Company also made loans for the same purposes and on the same terms as described above to Steven J. Golsen, President of one of the Company's subsidiaries, in the amount of \$270,000 and Claude L. Rappaport, President of one of the Company's subsidiaries, in the amount of \$270,000. Steven J. Golsen and Claude L. Rappaport are also the son and son-in-law, respectively, of Jack E. Golsen, the President and Chairman of the Board of the Company. In addition, in December 1993, the Company loaned C.L. Thurman \$146,875.00 at an annual interest rate of 6%. The purpose of the loan was to enable Mr. Thurman to purchase shares of the Company's common stock through the exercise of certain stock options previously granted to him. The loan was secured by the shares purchased by Mr. Thurman on the exercise of such stock options, and the loan, including accrued interest, and was paid in full by Mr. Thurman on April 22, 1994. In December 1993, the Company loaned David R. Goss \$100,000 payable on demand at an annual interest rate equal to New York Prime plus 1% to assist Mr. Goss in the payment of alternative minimum tax liability for the year 1992 arising as a result of the exercise by Mr. Goss during 1992 of certain Company incentive stock options previously granted to him. This loan is secured by certain shares of the Company's common stock owned by Mr. Goss. As of April 28, 1994, the full principal amount of this loan was still unpaid by Mr. Goss.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Company has caused the undersigned, duly-authorized, to sign this report on its behalf of this 28th day of April, 1994.

LSB INDUSTRIES, INC.

By: /s/ Jack E. Golsen

Jack E. Golsen
Chairman of the Board and

President
(Principal Executive Officer)

By:/s/ Tony M. Shelby

Tony M. Shelby
Senior Vice President of Finance
(Principal Financial Officer)

By:/s/ Jim D. Jones

Jim D. Jones
Vice President, Controller and
Treasurer (Principal Accounting
Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the undersigned have signed this report on behalf of the Company, in the capacities and on the dates indicated.

Dated: April 28, 1994 By:/s/ Jack E. Golsen

Jack E. Golsen, Director

Dated: April 28, 1994 By:/s/ Tony M. Shelby

Tony M. Shelby, Director

Dated: April 28, 1994 By:

David R. Goss, Director

Dated: April 28, 1994 By:/s/ Barry H. Golsen

Barry H. Golsen, Director

Dated: April 28, 1994 By:/s/ C. L. Thurman

C. L. Thurman, Director

Dated: April 28, 1994 By:/s/ Robert C. Brown

Robert C. Brown, Director

Dated: April 28, 1994 By:/s/ Bernard G. Ille

Bernard G. Ille, Director

Dated: April 28, 1994 By:/s/ Jerome D. Shaffer

Jerome D. Shaffer, Director

Dated: April 28, 1994 By:/s/ Raymond B. Ackerman

Raymond B. Ackerman, Director

PRIMARY EARNINGS PER SHARE COMPUTATION

	1993 quarter ended			
	March 31	June 30	Sept. 30	Dec 31
Shares for primary earnings per share:				
Weighted average shares:				
Common shares outstanding from beginning of period	7,393,674	12,706,305	12,894,505	13,314,904
Common shares issued on conversion of redeemable preferred stock; calculated on weighted average basis	1,070	100	80	450
Common shares issued on conversion of convertible preferred stock; calculated on weighted average basis	1,304,070	-	-	-
Common shares issued upon exercise of employee or director stock options; calculated on weighted average basis	19,500	114,951	392,170	226,147
Purchases of treasury stock; calculated on weighted average basis	-	-	(69,541)	(25,050)
Sale of stock; calculated on weighted average basis	5,843	-	-	-
	8,724,157	12,821,356	13,217,214	13,516,450
Common Stock equivalents:				
Shares issuable upon exercise of options and warrants (including the weighted average for shares subject to options and warrants granted during the period)	2,069,776	1,940,325	1,475,106	1,118,493
Assumed repurchase of outstanding shares up to the 20% limitation (based on average market price for the period)	(513,253)	(446,403)	(313,033)	(272,252)
Common shares issuable on conversion of redeemable preferred stock, excluding shares included above on actual conversion	67,810	66,640	66,460	65,930
	1,624,333	1,560,562	1,228,533	912,171
	10,348,490	14,381,918	14,445,747	14,428,621
Earnings for primary earnings per share:				
Net earnings	\$ 2,657,133	\$ 5,758,100	\$ 2,423,644	1,560,567
Dividends on cumulative preferred stocks	(77,220)	(60,000)	(60,000)	(60,000)
Dividends on convertible, exchangeable Class C preferred stock (6.5% annually beginning June 16, 1993), \$.18 per share on June 15, 1993	0	(290,183)	(747,500)	(747,500)
Earnings applicable to common stock	\$ 2,579,913	\$ 5,407,917	\$ 1,616,144	753,067
Earnings per share	\$.25	\$.38	\$.11	0.05

Year Ended
December 31, 1993

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Net Earnings	10,357,041
Weighted Average number of common and common equivalent shares (Average of four quarters above)	13,401,194
Earnings per share	.77

FULLY DILUTED EARNINGS PER SHARE COMPUTATION

	1993 quarter ended			
	March 31	June 30	Sept. 30	Dec. 31
Shares for fully diluted earnings per share:				
Weighted average shares outstanding for primary earnings per share	8,724,157	12,821,356	13,217,214	13,516,450
Shares issuable upon exercise of options and warrants	2,069,776	1,940,325	1,475,106	1,118,493
Assumed repurchase of outstanding shares up to the 20% limitation (based on ending market price for the quarter if greater than the average)	(495,004)	(408,527)	(308,015)	(272,252)
Common shares issuable on conversion of redeemable preferred stock, excluding shares included above on actual conversion	67,810	66,640	66,460	65,930
Common shares issuable upon conversion of convertible note payable	4,000	4,000	4,000	4,000
Common shares issuable upon conversion of convertible preferred stock, if dilutive, from date of issue:				
Series B	666,666	666,666	666,666	666,666
Series 1, net of shares held in treasury	3,748,470	-	-	-
Series 2	-	1,494,489	-	-
	14,785,875	16,584,949	15,121,431	15,099,288
Earnings for fully diluted earnings per share:				
Net earnings	\$ 2,657,133	\$5,758,100	\$ 2,423,644	1,560,567
Interest on convertible note	180	180	180	180
Dividends on cumulative preferred stocks	-	-	(747,500)	(747,500)
Earnings applicable to common stock	\$ 2,657,313	\$ 5,758,280	\$1,676,324	813,247
Earnings per share	\$.18	\$.35	\$.11	0.05

Year ended
December 31, 1993

Net earnings	\$10,905,164
Weighted average number of common and common equivalent shares (average of four quarters above)	15,397,886
Earnings per share	\$.71

PRIMARY EARNINGS PER SHARE COMPUTATION

	1992 quarter ended			
	March 31	June 30	Sept. 30	Dec. 31
Shares for primary earnings per share:				
Weighted average shares:				
Common shares outstanding from beginning of period	5,422,140	5,458,220	5,611,456	7,049,274
Common shares issued on conversion of redeemable preferred stock; calculated on weighted average basis	540	810	810	1,000
Common shares issued on conversion of convertible preferred stock; calculated on weighted average basis	-	35,808	229,133	87,305
Common shares issued upon exercise of employee or director stock options; calculated on weighted average basis	17,500	40,000	633,870	89,342
Purchases of treasury stock; calculated on weighted average basis	-	-	(144,904)	(5,447)
	5,440,180	5,534,838	6,330,365	7,221,474
Common Stock equivalents:				
Shares issuable upon exercise of options and warrants (including the weighted average for shares subject to options and warrants granted during the period)	3,314,700	3,484,700	2,937,830	2,164,618
Assumed repurchase of outstanding shares up to the 20% limitation (based on average market price for the period)	(1,084,428)	(1,091,644)	(1,004,117)	(782,469)
Common shares issuable on conversion of redeemable preferred stock, excluding shares included above on actual conversion	73,040	73,310	71,690	69,880
	2,303,312	2,466,366	2,055,403	1,452,029
	7,743,492	8,001,204	8,335,768	8,673,503
	=====	=====	=====	=====
Earnings for primary earnings per share:				
Net earnings	1,108,429	4,275,814	2,096,846	1,773,977
Interest reduction attributable to assumed retirement of debt with proceeds from exercise of options and warrants in excess of the proceeds required to buy back 20% of outstanding shares	130,825	106,619	-	-
Dividends on cumulative preferred stocks	(494,120)	(470,420)	(438,987)	(424,733)
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Earnings applicable to common stock	745,134	3,912,013	1,657,859	1,349,244
	=====	=====	=====	=====
Earnings per share	\$.10	\$.49	\$.20	\$.16
	=====	=====	=====	=====

PRIMARY EARNINGS PER SHARE COMPUTATION

	Year ended December 31, 1993 -----
Net earnings	\$7,664,250 =====
Weighted average number of common and common equivalent shares (average of four quarters above)	8,188,492 =====
Earnings per share	\$.94 =====

FULLY DILUTED EARNINGS PER SHARE COMPUTATION

	1992 quarter ended			
	March 31	June 30	Sept. 30	Dec. 31
Shares for fully diluted earnings per share:				
Weighted average shares outstanding for primary earnings per share	5,440,180	5,534,838	6,330,365	7,221,474
Shares issuable upon exercise of options and warrants	6,614,700	3,484,700	2,937,830	2,164,618
Assumed repurchase of outstanding shares up to the 20% limitation (based on ending market price for the quarter if greater than the average)	(1,084,428)	(1,091,644)	(974,232)	(693,552)
Common shares issuable on conversion of redeemable preferred stock, excluding shares included above on actual conversion	73,040	73,310	71,690	69,880
Common shares issuable upon conversion of convertible note payable	4,000	4,000	4,000	4,000
Common shares issuable upon conversion of convertible preferred stock, if dilutive, from date of issue:				
Series B	666,666	666,666	666,666	666,666
Series 1, net of shares held in treasury	5,757,054	5,721,243	5,479,142	5,139,845
	<u>14,171,212</u>	<u>14,393,113</u>	<u>14,515,461</u>	<u>14,572,931</u>
Earnings for fully diluted earnings per share:				
Net earnings	\$ 1,108,429	\$ 4,275,814	\$ 2,096,846	1,773,977
Interest reduction attributable to assumed retirement of debt with proceeds from exercise of options and warrants in excess of the proceeds required to buy back 20% of outstanding shares	109,645	78,901	-	-
Interest on convertible note	250	250	180	180
Dividends on cumulative preferred stocks	-	-	-	-
Earnings applicable to common stock	<u>1,218,324</u>	<u>4,345,965</u>	<u>2,097,026</u>	<u>1,774,157</u>
Earnings per share	<u>\$.09</u>	<u>\$.30</u>	<u>\$.14</u>	<u>\$.12</u>

Year ended
December 31, 1992

Net earnings	<u>\$ 9,444,472</u>
Weighted average number of common and common equivalent shares (average of four quarters above)	<u>14,413,179</u>
Earnings per share	<u>\$.66</u>

SUBSIDIARIES OF LSB INDUSTRIES, INC.

APR Corporation, an Oklahoma corporation
CHP Corporation, an Oklahoma corporation
Climate Master, Inc., a Delaware corporation
Climate Mate, Inc., a Canadian corporation
Climatex, Inc., a Texas corporation
Clipmate Corporation, an Oklahoma corporation
Credit Card Center, Inc., an Oklahoma corporation
El Dorado Chemical Company, an Oklahoma corporation
The Environmental Group, Inc., an Oklahoma corporation
Equipos Climatec S.A. de C.V., a Mexican corporation
Equity Bank for Savings, F.A., a Federal Savings and Loan Association
Equity Financial Services Corp., an Oklahoma corporation
Explosives Equipment Corporation, an Oklahoma corporation
Morey Machinery Manufacturing Corporation, an Oklahoma corporation
Hercules Energy Mfg. Corporation, an Oklahoma corporation
International Bearings, Inc., an Oklahoma corporation
International Environmental Corporation, an Oklahoma corporation
Koax Corp., an Oklahoma corporation
L & S Automotive Products Co., an Oklahoma corporation
L & S Bearing Co., an Oklahoma corporation
LSB Bearing Corp., an Oklahoma corporation
LSB Chemical Corp., an Oklahoma corporation
LSB Corporation, an Oklahoma corporation
LSB Europa Limited, an Oklahoma corporation
LSB Extrusion Co., an Oklahoma corporation
LSB Financial Corp., an Oklahoma corporation
LSB Import Corp., an Oklahoma corporation
LSB International Corp., an Oklahoma corporation

SUBSIDIARIES OF LSB INDUSTRIES, INC. (CONTINUED)

LSB Leasing Corp., an Oklahoma corporation
Northwest Capital Corporation, an Oklahoma corporation
Northwest Energy Enterprises, Inc., an Oklahoma corporation
Northwest Financial Corporation, an Oklahoma corporation
Prime Financial Corporation, an Oklahoma corporation
Rotex Corporation, an Oklahoma corporation
Saffron Corporation, an Oklahoma corporation
Slurry Australia Pty. Ltd., an Australian corporation
Slurry Explosive Corporation, an Oklahoma corporation
Summit Machine Tool Inc. Corp., an Oklahoma corporation
Summit Machine Tool Manufacturing Corp., an Oklahoma corporation
Summit Machine Tool Systems, Inc., an Oklahoma corporation

Total Energy Systems, Ltd., an Australian corporation

Tribonetics Corporation, an Oklahoma corporation

United BankCard, Inc., an Oklahoma corporation

Universal Tech Corporation, an Oklahoma corporation

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement (Form S-8, No. 33-8302) pertaining to the 1981 and 1986 Incentive Stock Option Plans of LSB Industries, Inc. of our report dated March 15, 1994, with respect to the consolidated financial statements and schedules of LSB Industries, Inc. included in the Annual Report (Form 10-K) for the year ended December 31, 1993.

ERNST & YOUNG

Oklahoma City, Oklahoma
April 6, 1994