

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): October 17, 1997

LSB INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

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)

Item 5. Other Events.

On October 17, 1997, Prime Financial Corporation ("Prime"), a subsidiary of the Registrant borrowed the principal amount of \$3,000,000.00 from SBL Corporation ("SBL"). The loan is payable on demand with interest paid monthly in arrears at a variable interest rate equal to the Wall Street Journal Prime Rate plus two percent (2%) per annum. The Registrant has guaranteed the payment of the loan. The purpose of the loan is to assist the Registrant by providing additional liquidity. The shareholders of SBL are the following members of the immediate family of Jack E. Golsen, the Chairman of the Board, Chief Executive Officer and President of the Registrant.

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

10.1 Promissory Note, dated October 17, 1997, between the Prime Financial Corporation and SBL Corporation.

10.2 Limited Guaranty, dated October 17, 1997, executed by LSB Industries, Inc.

SIGNATURES

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

Dated: October 29, 1997.

LSB INDUSTRIES, INC.

By: /s/ David R. Goss

David R. Goss
Senior Vice President

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PROMISSORY NOTE - Fixed or Variable Rate - Commercial

DEBTOR(S) NAME AND ADDRESS		NOTE NO.	DATE OF NOTE
Prime Financial Corporation		1	10/17/97
16 South Pennsylvania			
Oklahoma City, Oklahoma	73107	MATURITY DATE	PRINCIPAL AMOUNT
		On Demand	\$3,000,000.00
CUSTOMER NUMBER	<input checked="" type="checkbox"/> NEW LOAN		OFFICER
	<input type="checkbox"/> RENEWAL OF LOAN(S) NUMBER		
<input type="checkbox"/> FIXED INTEREST RATE PER ANNUM	<input checked="" type="checkbox"/> VARIABLE INTEREST RATE INDEX Wall Street Journal Prime plus 2% adjusted date)		
PRESENT INDEX RATE	_____ %		
MARGIN OVER INDEX	_____ %		
INITIAL PER ANNUM RATE	_____ %		

PROMISE TO PAY. For value received, the undersigned Debtor, whether one or more, and jointly and severally if more than one, agrees to the terms of this Note and promises to pay to the order of the Lender named below at its place of business as indicated in this Note or at such other place as may be designed in writing by Lender, the Principal Amount of this Note together with interest on the unpaid Principal Amount until Maturity at the per annum interest rate or rates stated above and according to the Payment Terms stated in this Note. Interest on this Note is calculated on the actual number of days elapsed on a basis of a 360 day year unless otherwise indicated above. For purposes of computing interest and determining the date principal and interest payments are received, all payments will be deemed made only when received in collected funds. Payments are applied first to accrued and unpaid interest and other charges, and then to unpaid Principal Amount. In this Note, "Debtor" includes any party liable under this Note, including endorsers, co-makers, guarantors and otherwise, and "Lender" include all subsequent holders.

VARIABLE RATE. If this is a Variable Rate transaction as indicted above, the interest rate shall vary from time to time with changes (whether increases or decreases) in the Index Rate shown above. The interest rate on this Note will be the Index Rate plus a Margin, if any, as indicated above. Each change will become effective on the same date the Index Rate changes unless a difference effective date is indicated above. If the Index Rate is Lender's base or prime rate, it is determined by Lender in its sole discretion, primarily on a basis of its cost of funds, is not necessarily the lowest rate Lender is charging its customers, and is not necessarily a published rate.

PAYMENTS NOT MADE WHEN DUE. Any principal and/or interest amount not paid when due shall bear interest at a rate 6 percent per annum greater than the per annum interest rate prevailing on this Note at the time the unpaid amount came due, but in no event at a rate less than 15 percent per annum. In addition or in the alternative to the interest rate provided for in this paragraph Lender may assess a charge of \$10.00 times the number of days late to cover costs of past due notices and other added expenses. In no event shall the interest rate and related charges either before or after maturity be greater than permitted by law.

ALL PARTIES PRINCIPALS. All Debtors shall each be regarded as a principal and each Debtor agrees that any party to this Note, with Lender's approval and without notice to any other party, may from time to time renew this Note or consent to one or more extensions or deferrals of the Maturity Date for any term(s) or to any other modification(s), and all Debtors shall be liable in same manner as on the original note.

ADVANCES AND PAYMENTS. It is agreed that the sum of all advances under this Note may exceed the Principal Amount as shown above, but the unpaid balance shall never exceed said Principal Amount. Advances and payments on this Note shall be recorded on records of Lender and such records shall be prima facie evidence of such advances, payments and unpaid principal balance. Subsequent advances and the procedures described in this Note shall not be construed or interpreted as granting a continuing line of credit for Principal Amount. Lender reserves the right to apply any payment by Debtor, or for account of Debtor, toward this Note or any other obligation of Debtor to Lender.

PREPAYMENT. Except as otherwise provided in this Note, Debtor shall have the right to prepay all or any part of principal due under this Note at any time without penalty, subject to the following conditions: (a) all interest must be paid through the date of any prepayment; and (b) if this Note provides for monthly or other periodic payments, there will be no changes in the due dates or amounts following any partial prepayment unless Lender agrees to such changes in writing.

COLLATERAL. This Note and all other obligations of Debtor to Lender, including renewals and extensions, are secured by all collateral securing this Note and by all other security interests and mortgages previously or later granted to Lender and by all money, deposits and other property owned by any debtor and in Lender's possession or control.

ACCELERATION. At option of Lender, the unpaid balance of this Note and all other obligations of Debtor to Lender, whether direct or indirect, absolute or contingent, now existing or later arising, shall become immediately due and payable without notice or demand, upon or after the occurrence or existence of any of the following events or conditions: (a) any payment required by this Note or by any other note or obligation of Debtor to Lender or to others is not made when due, or any event or condition occurs or exists which results in acceleration of the maturity of any Debtor's obligation to Lender or to others under any promissory note, agreement or undertaking; (b) Debtor defaults in performing any covenant, obligation, warranty or provision contained in any loan agreement or in any instrument or document securing or relating to this Note or any other note or obligation of Debtor to Lender or to others; (c) any warranty, representation, financial information or statement made or furnished to Lender by or on behalf of Debtor proves to have been false in any material respect when made or furnished; (d) any levy, seizure, garnishment or attachment is made against any asset of any Debtor; (e) Lender determines, and any time and in Lender's sole discretion, that the prospect of payment of this Note is impaired; (f) whenever, in Lender's sole judgment, the collateral for the debt evidenced by this Note becomes unsatisfactory or insufficient either in character or value and, upon request, Debtor fails to provide additional collateral as required by Lender; (g) all or any part of the collateral for the debt evidenced by this Note is lost, stolen, substantially damaged or destroyed; (h) death, incompetency, dissolution, change in ownership or senior management, or termination of existence of any Debtor; or (i) a receiver is appointed over all or part of any Debtor's property, or any Debtor makes an assignment for the benefit of creditors, files for relief under any bankruptcy or insolvency laws, or becomes subject to an involuntary proceeding under such laws.

RIGHT OF OFFSET. Except as otherwise restricted by law, any indebtedness due from Lender to Debtor, including, without limitation, any deposits or credit balances due from Lender, is pledged to secure payment of this Note and any other obligation to Lender to Debtor, and may at any time while the whole or any part of such obligation(s) remain(s) unpaid, either before or after Maturity of this Note, be set off, appropriated, held or applied toward the payment of this Note or any other obligation to Lender by any Debtor.

ADDITIONAL PROVISIONS. (1) Debtor agrees, if requested, to furnish to Lender copies of income tax returns as well as balance sheets and income statements for each fiscal year following Date of Note and at more frequent intervals as Lender may require. (2) No waiver by Lender of any payment or other right under this Note any related agreements or documentation shall operate as a waiver of any other payments or right. All Debtors waive presentment, notice of acceleration, notice of dishonor and protest and consent to substitutions, releases and failure to perfect as to collateral and to additions or releases of any Debtor. (3) This Note and the obligations evidenced by it are to be construed and governed by the laws of the state indicated in Lender's address shown in this Note. (4) All Debtors agree to pay costs of collection, including, as allowed by law, an attorney's fee equal to a minimum of 15% of all sums due upon default or such other maximum fee as allowed by law. (5) All parties signing below acknowledge receiving a complete copy of this Note and related documents, which contain the complete and entire agreement between Lender and any party liable for payment under this Note. No variation, condition, modification, change or amendment to this Note or related documents shall be

binding unless in writing and signed by all parties. No legal relationship is created by the execution of this Note and related documents except that of debtor and creditor or as stated in writing.

LENDER NAME AND ADDRESS	DEBTOR(S) SIGNATURE
SBL Corporation Post Office Box 705 Oklahoma City, Oklahoma 73101-0705	Prime Financial Corporation by: /s/ Tony M. Shelby, V.P.

LIMITED GUARANTY

In consideration of SBL Corporation ("SBL"), an Oklahoma corporation, extending credit to Prime Financial Corporation ("PFC"), an Oklahoma corporation and subsidiary of LSB Industries, Inc. ("Guarantor"), a Delaware corporation, the Guarantor, on this 17th day of October, 1997, does hereby guarantee PFC's payment obligations to SBL and all renewals and extensions thereof arising under that certain Promissory Note dated October 17th, 1997, in the principal amount of Three Million and No/100 Dollars (\$3,000,000.00), made by PFC in favor of SBL. The obligations of the Guarantor under this Guaranty shall be enforceable by SBL only after PFC has defaulted in the performance of its payment obligations to SBL, and notice of such default has been given to the Guarantor by SBL.

This Guaranty will expire upon the full performance of the payment obligations of PFC to SBL.

The Guarantor acknowledges to SBL that PFC is a wholly owned subsidiary of the Guarantor and is therefore directly and financially interested in PFC and its business and the consideration of this Guaranty.

This Guaranty shall be binding upon the undersigned Guarantor, its heirs, legal representatives, successors and assigns, and shall inure to the benefit of SBL and its successors and assigns.

In witness whereof, this Guaranty is executed and delivered as of the date above indicated.

LSB Industries, Inc.

Attest:

/s/ David Shear

By: /s/ David R. Goss

Secretary

Title: SVP