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TERRA INDUSTRIES INC
Form 8-K
November 10, 2004

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 5, 2004

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

Maryland	1-8520	52-1145429
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

Terra Centre
600 Fourth Street, P.O. Box 6000
Sioux City, Iowa 51102-6000
(712) 277-1340
(Address of Principal Executive Offices, including Zip Code)
(Registrant's Telephone Number, Including Area Code)

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))

ITEM 3.02 UNREGISTERED SALES OF EQUITY SECURITIES

On November 5, 2004, Terra Industries Inc. (the "Company") announced

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that the initial purchasers of its 4.25% Series A cumulative convertible perpetual preferred shares ("Series A Preferred Shares") have exercised their option to purchase an additional \$20 million, or 20,000, of the Series A Preferred Shares. The sale of the Series A Preferred Shares closed on November 10, 2004. A copy of the press release is filed herewith as Exhibit 99.1. The Company estimates net proceeds from the offering of approximately \$19.3 million (after deducting the initial purchasers' discount of 3.5%, plus related expenses). Proceeds from this sale will be used for general corporate purposes. The Series A Preferred Shares were sold within the United States only to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and outside the United States only to non-U.S. persons in reliance on Regulation S under the Securities Act.

The Series A Preferred Shares are not redeemable by the Company and may be converted at any time, at the option of the holder, into 100.4016 common shares of the Company. On or after December 20, 2009, the Company may cause the Series A Preferred Shares to be automatically converted into that number of common shares that are issuable at the then prevailing conversion rate only if the closing price of the Company's common shares exceeds 140% of the then prevailing conversion price for 20 trading days during any consecutive 30 trading day period. The holders of the Series A Preferred Shares may require the Company to purchase all or part of the shares held by them upon a "Fundamental Change" (as defined in the Articles Supplementary for the Series A Preferred Shares) for an amount equal to 100% of the liquidation preference of the Series A Preferred Shares to be repurchased, plus accrued and unpaid dividends.

At anytime after the date of issuance, subject to certain restrictions, the Company has the right to require the holders of the Series A Preferred Shares to exchange such shares for convertible subordinated debentures having an aggregate principal amount equal to the aggregate liquidation preference of the Series A Preferred Shares and having a conversion rate and interest rate substantially identical to the conversion rate and dividend rate for the Series A Preferred Shares. The convertible subordinated debentures mature on the thirtieth anniversary of the exchange date.

For additional information regarding the Series A Preferred Shares, including a copy of the Articles Supplementary, and convertible subordinated debentures, see the exhibits to the Company's Form 10-Q filed on November 9, 2004.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits

99.1 Press Release issued November 5, 2004.

SIGNATURES

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

TERRA INDUSTRIES INC.

/s/ Mark A. Kalafut

Mark A. Kalafut
Vice President, General Counsel and

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Corporate Secretary

Date: November 10, 2004