

TRANS LUX CORP
Form S-1
July 26, 2012

AS FILED WITH THE SECURITIES AND EXCHANGE
COMMISSION ON JULY 26, 2012

Registration No. 333-_____

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

TRANS-LUX CORPORATION

(Exact name of registrant as specified in its charter)

Delaware <i>(State or other jurisdiction of incorporation or organization)</i>	3990 <i>(Primary Standard Industrial Classification Code Number)</i>	13-1394750 <i>(I.R.S. Employer Identification Number)</i>
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26 Pearl Street

Norwalk, CT 06850

Telephone: (203) 853-4321

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Mr. Jean-Marc Allain

President and Chief Executive Officer

26 Pearl Street

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Norwalk, CT 06850

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

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 of 1933 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 a 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. (Check One):

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Large Accelerated Filer

Non-Accelerated Filer (Do not check if a smaller reporting company)

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 Offering Price per Share (2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common stock, par value \$0.001 per share	20,825,000 (3)	\$0.32	\$6,664,000	\$763.69
Common stock, par value \$0.001 per share	11,010,000 (4)	\$0.32	\$3,523,200	\$403.76
Total	31,835,000		\$10,187,200	\$1,167.45

- (1) Pursuant to Rule 416 under the Securities Act, the shares of common stock offered hereby also include an indeterminate number of additional shares of common stock as may from time to time become issuable by reason of stock splits, stock dividends, recapitalizations or other similar transactions.
- (2) With respect to the shares of common stock offered by the selling stockholders named herein, estimated at \$0.35 per share, the average of the high and low prices of the common stock as reported on the OTC Bulletin Board on July 23, 2012, for the purpose of calculating the registration fee in accordance with Rule 457(c) under the Securities Act.
- (3) Represents outstanding shares of common stock.
- (4) Represents shares issuable upon exercise of warrants.

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 COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

The information in this prospectus is not complete and may be changed. We may not sell these securities 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 an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 26, 2012

PRELIMINARY PROSPECTUS

31,835,000 Shares

TRANS-LUX CORPORATION

This prospectus relates to the sale by the selling stockholders identified in this prospectus of up to 31,835,000 shares of our common stock. All of these shares of our common stock are being offered for resale by the selling stockholders.

The prices at which the selling stockholders may sell shares will be determined by the prevailing market price for the shares or in negotiated transactions. We will not receive any proceeds from the sale of these shares by the selling stockholders.

We will bear all costs relating to the registration of these shares of our common stock, other than any selling stockholders' legal or accounting costs or commissions.

Our common stock is quoted on the OTCQB under the symbol "TNLX.PK". The last reported sale price of our common stock as reported by the OTCQB on July 25, 2012, was \$0.32 per share.

Investing in our common stock is highly speculative and involves a high degree of risk. You should carefully consider the risks and uncertainties described under the heading "Risk Factors" beginning on page 6 of this prospectus before making a decision to purchase our common stock.

Neither the Securities and Exchange Commission 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 _____, 2012

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You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that may be important to you. You should read this entire prospectus carefully, including the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our historical financial statements and related notes included elsewhere in this prospectus. In this prospectus, unless the context provides otherwise, the terms “the Company,” “we,” “us,” and “our” refer to Trans-Lux Corporation and its subsidiaries.

Overview

We are a leading designer and manufacturer of digital signage display solutions. The essential elements of these systems are the real-time, programmable digital displays the Company designs, manufactures, distributes and services. These display systems utilize LED (light emitting diode) technologies. Designed to meet the digital signage solutions for any size venue’s indoor and outdoor needs, these display products include full color text, graphic and video displays for stock and commodity exchanges, financial institutions, college and high school sports stadiums, schools, casinos, convention centers, corporate applications, government applications, theatres, retail sites, airports, billboard sites and numerous other applications. In 2010, the Company started a new business opportunity in the LED lighting market with energy-saving lighting solutions that feature a comprehensive offering of the latest LED lighting technologies that provide facilities and public infrastructure with “green” lighting solutions that emit less heat, save energy and enable creative designs. The Company also owns an income-producing real estate property which has been placed on the market for sale.

About This Offering

On June 17, 2011, the Company entered into a Subscription Agreement with Hackel Family Associates LLC (“HFA”) pursuant to which the Company sold to HFA a secured promissory note in the principal amount of \$650,000. In connection with the sale of the Note, the Company issued to HFA five-year warrants (the “HFA Warrants”) to purchase 1,000,000 shares of common stock of the Company at an initial exercise price of \$1.00. The exercise price of the HFA Warrants was reduced to \$0.10 upon the Company’s filing of its Amended and Restated Certificate of Incorporation on July 2, 2012. The HFA Warrants are exercisable on a cashless basis if at any time there is no effective registration statement for the underlying shares of common stock.

On November 14, 2011, we completed the sale of an aggregate of \$8.3 million of securities (the “Offering”) consisting of (i) 416,500 shares of the Company’s Series A Convertible Preferred Stock (the “Series A Preferred Stock”) having a

stated value of \$20.00 per share and convertible into fifty (50) shares of the Company's common stock (or an aggregate of 20,825,000 shares of common stock), and (ii) 4,165,000 one-year warrants (the "A Warrants"). These securities were issued at a purchase price of \$20,000 per unit (the "Unit"). Each Unit consisted of 1,000 shares of Series A Preferred Stock (convertible into 50,000 shares of common stock) and 10,000 A Warrants. Each A Warrant entitles the holder to purchase (a) one share of the Company's common stock and (b) a three-year warrant (the "B Warrants"), at an exercise price of \$0.20 per share. Each B Warrant shall entitle the holder to purchase one share of the Company's common stock at an exercise price of \$0.50 per share (see "Recent Developments" below).

The net proceeds of the Offering were used to fund the restructuring of the Company's outstanding debt, which included: (1) a cash settlement to holders of the 8 ¼ % Limited convertible senior subordinated notes due 2012 (the "Notes") in the amount of \$2,019,600; (2) a cash settlement to holders of the 9 ½ % Subordinated debentures due 2012 (the "Debentures") in the amount of \$71,800; (3) payment of the Company's outstanding term loan with the senior lender in the amount of \$320,833 and (4) payment of \$1.0 million on the Company's outstanding revolving loan with the senior lender under the Company's amended and restated commercial loan and security agreement with People's United Bank (as amended, the "Credit Agreement"). Any net proceeds of the Offering remaining after payment to holders of the Notes, the Debentures and the senior lender were used for working capital and other general corporate purposes.

R.F. Lafferty & Co., Inc. (the “Placement Agent”), a FINRA registered broker-dealer, was engaged as placement agent in connection with the private placement. The placement agent was paid fees based upon a maximum of an \$8,000,000 raise (and no fees were paid upon the additional \$330,000 of gross proceeds raised which brought the total offering to \$8,330,000). Such fees consisted of a cash fee in the amount of \$400,000 and warrants (the “Placement Agent Warrants”) to purchase 24 units (the “Placement Agent Units”), each unit consisting of 50,000 shares of common stock and 10,000 A Warrants. The A Warrants issuable upon exercise of the Placement Agent Warrants (and the B Warrants issuable upon exercise of the A Warrants underlying the Placement Agent’s Warrants) are substantially the same as the A Warrants (and B Warrants) sold to the investors in the Offering, except that they have the following exercise periods: (i) the A Warrants issuable upon exercise of the Placement Agent Warrants are exercisable for a period of two (2) years from the date of exercise of the Placement Agent Warrants; and (ii) the B Warrants issuable upon exercise of the A Warrants underlying the Placement Agent Warrants are exercisable for a period equal to the longer of (i) three (3) years from the Closing Date or (ii) one (1) year from the date or exercise of the A Warrants underlying the Placement Agent Warrants. The Placement Agent Warrants are exercisable at a price of \$25,000 per Placement Agent Unit (exercisable in partial Placement Agent Units), and the A Warrants and B Warrants issuable upon exercise of the Placement Agent Warrants have an exercise price of \$0.20 per share in the case of the A Warrants and \$0.50 per share in the case of the B Warrants.

The securities sold in the private placement were not registered under the Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Section 4(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving any public offering. The investors all had prior investment experience, including experience investing in non-listed and non-registered common stock and that he or she understood the highly speculative nature of any investment in the stock offered as a prerequisite to the offerees’ participation in the Offering. The securities shall not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements and certificates evidencing such shares contain a legend stating the same.

Recent Developments

On July 2, 2012, the Company filed an Amended and Restated Certificate of Incorporation with the Secretary of State of Delaware, containing provisions which, among other things (a) increased the authorized shares of common stock to 60,000,000, (b) reduced the par value of common stock to \$0.001, (c) reduced the par value of preferred stock to \$0.001, (d) removed Class A Stock from authorized capital stock and (e) removed Class B Stock from authorized capital stock. Pursuant to the filing of the Amended and Restated Certificate of Incorporation, (i) the Company’s 416,500 issued and outstanding shares of Series A Preferred Stock automatically converted into an aggregate of 20,825,000 shares of common stock, in accordance with the terms of the Series A Preferred Stock, (ii) the exercise price of the A Warrants was reduced from \$1.00 to \$0.20, in accordance with the terms of the A Warrants, and (iii) the exercise price of the B Warrants was reduced from \$1.00 to \$0.50, in accordance with the terms of the B Warrants.

THE OFFERING

Common stock offered by selling stockholders	<p>This prospectus relates to the sale by certain selling stockholders of 31,835,000 shares of our common stock consisting of:</p> <p>20,825,000 shares of our common stock issued upon the conversion of our Series A Preferred Stock;</p> <p>4,165,000 shares of our common stock underlying A Warrants issued to investors;</p> <p>4,165,000 shares of our common stock underlying B Warrants issuable to investors upon exercise of the A Warrants issued to investors;</p> <p>1,200,000 shares of our common stock underlying the Placement Agent Warrants;</p> <p>240,000 shares of our common stock underlying A Warrants issuable upon exercise of the Placement Agent Warrants; and</p> <p>240,000 shares of our common stock underlying B Warrants issuable upon exercise of the A Warrants issuable upon exercise of the Placement Agent Warrants.</p> <p>1,000,000 shares of our common stock underlying the HFA Warrants.</p>
Offering price	Market price or privately negotiated prices.
Common stock outstanding before the offering	25,511,923 (1)
Common stock outstanding after the offering	36,521,923 (assuming the exercise of all of warrants the underlying shares of which are included in this prospectus)
Use of proceeds	

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We will not receive any proceeds from the sale of the common stock by the selling stockholders.

OTCQB Symbol

TNLX.PK

Risk Factors

You should carefully consider the information set forth in this prospectus and, in particular, the specific factors set forth in the “Risk Factors” section beginning on page 6 of this prospectus before deciding whether or not to invest in our common stock.

(1) Represents the number of shares of our common stock issued and outstanding as of July 13, 2012.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control, which may include statements about our:

- business strategy;
- reserves;
- financial strategy;
- production;
- uncertainty regarding our future operating results; and
- plans, objectives, expectations and intentions contained in this prospectus that are not historical.

All statements, other than statements of historical fact included in this prospectus regarding our strategy, future

operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this prospectus, the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. All forward-looking statements speak only as of the date of this prospectus. You should not place undue reliance on these forward-looking statements. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this prospectus are reasonable, we can give no assurance that these plans, intentions or expectations will be achieved. We disclose important factors that could cause our actual results to differ materially from our expectations under “Risk Factors” and elsewhere in this prospectus.

RISK FACTORS

There are numerous and varied risks, known and unknown, that may prevent us from achieving our goals. If any of these risks actually occur, our business, financial condition or results of operation may be materially adversely affected. In such case, the trading price of our common stock could decline and investors could lose all or part of their investment.

Risks Related to our Business and Operations

We have experienced operating losses for the past several years, and there can be no assurance that we will be able to increase our revenue sufficiently to generate the cash required to fund our current operations.

The Company has incurred operating losses for the past several years. During the years 2011 and 2010, the Company incurred losses from continuing operations of \$1.2 million and \$7.1 million, respectively. 2011 includes an \$8.8 million gain on debt extinguishment, a \$3.7 million charge for a warrant valuation adjustment and a \$0.2 million additional restructuring charge. 2010 includes a \$1.1 million restructuring charge and a \$0.5 million charge to write-off engineering software. For the three months ended March 31, 2012, we had a net loss of \$1.7 million. The Company is dependent upon future operating performance to generate sufficient cash flows in order to continue to run its businesses. Future operating performance is dependent on general economic conditions, as well as financial, competitive and other factors beyond our control. As a result, we have experienced a decline in our sales and lease and maintenance bases. There can be no assurance that we will be able to increase our revenue sufficiently to generate the cash required to fund our current operations.

The current global economic crisis has negatively impacted our business and has impaired our ability to access credit markets and finance our operations, which may continue to adversely affect our business.

The continuing global economic crisis has adversely affected our customers, suppliers and other businesses such as ours. As a result, it has had a variety of negative effects on the Company such as reduction in revenues, increased costs, lower gross margin percentages, increased allowances for uncollectible accounts receivable and/or write-offs of accounts receivable. This economic crisis has also impaired our ability to access credit markets and finance our operations and could otherwise have material adverse effects on our business, results of operations, financial condition and cash flows.

Non-payment of interest on outstanding Notes and Debentures has resulted in events of default and may continue to negatively affect our balance sheet.

As of March 31, 2012, the Company has \$1.2 million of 8¼% Limited convertible senior subordinated notes due 2012 (the “Notes”) which are no longer convertible into common shares; interest is payable semi-annually and the Notes may be redeemed, in whole or in part, at par. The Company had not remitted the March 1, 2010 and 2011 and September 1, 2010 and 2011 semi-annual interest payments of \$417,800 each and the March 1, 2012 semi-annual interest and principal payment of \$1.4 million to the trustee. The non-payments constitute an event of default under the Indenture governing the Notes and the trustee, by notice to the Company, or the holders of 25% of the principal amount of the Notes outstanding, by notice to the Company and the trustee, may declare the outstanding principal plus interest due and payable immediately. Upon receipt of such notice by the Company, no payment shall be made by the Company to the holders or trustee until the earlier of (i) the date such non-payment event of default is cured or waived or (ii) 179 days from receipt by the trustee of notice of such event, unless the holder of Senior Indebtedness has accelerated the due date thereof. If the holder of Senior Indebtedness accelerates the due date at any time, then no payment may be made until the default is cured or waived. As part of the Company’s restructuring plan, the Company offered the holders of the Notes to receive \$225, without accrued interest, plus 250 shares of the Company’s common stock for each \$1,000 Note exchanged. The offer expired on October 31, 2011. \$9.0 million principal amount of the Notes were exchanged, leaving \$1.2 million outstanding.

As of March 31, 2012, the Company has \$0.3 million of 9½% Subordinated debentures due 2012 (the “Debentures”) which are due in annual sinking fund payments of \$105,700 beginning in 2009, which payments have not been remitted by the Company, with the remainder due in 2012; interest is payable semi-annually and the Debentures may be redeemed, in whole or in part, at par. The Company has not remitted the June 1, 2010 and 2011 and December 1, 2010 and 2011 semi-annual interest payments of \$50,200 each to the trustee. The non-payments constitute an event of default under the Indenture governing the Debentures and the trustee, by notice to the Company, or the holders of 25% of the principal amount of the Debentures outstanding, by notice to the Company and the trustee, may declare the outstanding principal plus interest due and payable immediately. During the continuation of any event which, with notice or lapse of time or both, would constitute a default under any agreement under which Senior Indebtedness is issued, if the effect of such default is to cause or permit the holder of Senior Indebtedness to become due prior to its stated maturity, no payment (including any required sinking fund payments) of principal, premium or interest shall be made on the Debentures unless and until such default shall have been remedied, if written notice of such default has been given to the trustee by the Company or the holder of Senior Indebtedness. The failure to make the sinking fund and interest payments are events of default under the Credit Agreement and no payment can be made to such trustee or the holders at this time as such defaults have not been waived. As part of the Company’s restructuring plan, the Company offered the holders of the Debentures to receive \$100, without accrued interest, for each \$1,000 Debenture exchanged. The offer expired on October 31, 2011. \$0.7 million principal amount of the Debentures were exchanged, leaving \$0.3 million outstanding. The Debentures are subordinate to the claims of the holders of the Notes and the Company’s senior lender under the Credit Agreement, among other senior claims.

In the event that the holders of the Notes or the Debentures or either of the trustees thereunder declare a default and begin to exercise any of their rights or remedies in connection with the non-payment defaults, this shall constitute a separate and distinct event of default under the Credit Agreement and the senior lender may exercise any and all rights or remedies it may have. The amounts outstanding under the Credit Agreement are collateralized by all of the Digital display division assets. This could have a material adverse effect on our profits, results of operations, financial condition and future prospects.

The Company has significant long-term debt, which could impair our financial condition.

As of March 31, 2012, the Company's total long-term debt (including current portion) was \$4.5 million. We expect we may incur indebtedness in connection with new rental leases and working capital requirements. Our ability to satisfy our obligations will be dependent upon our future performance, which is subject to prevailing economic conditions and financial, business and other factors, including factors beyond our control. There can be no assurance that our operating cash flows will be sufficient to meet our long-term debt service requirements or that we will be able to refinance indebtedness at maturity.

Our substantial indebtedness could have adverse consequences, including:

- making it more difficult for us to satisfy our obligations;
- increasing our vulnerability to adverse economic, regulatory and industry conditions;
- limiting our ability to obtain additional financing for future working capital, capital expenditures, mergers and other purposes;
- requiring us to dedicate a substantial portion of our cash flow from operations to fund payments on our debt, thereby reducing funds available for operations and other purposes;

- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- placing us at a competitive disadvantage compared to our competitors that have less debt.

We have requested waivers of 2009 and 2010 minimum funding standards for our defined benefit plan, which if not granted may result in the termination of the plan or require us to make the unpaid contributions.

On March 12, 2010 and March 11, 2011, the Company submitted to the Internal Revenue Service requests for waivers of the 2009 and 2010 minimum funding standard for its defined benefit plan. The waiver requests were submitted as a result of the economic climate and the business hardship that the Company was experiencing. The waivers, if granted, will defer payment of \$285,000 and \$559,000 of the minimum funding standard for the 2009 and 2010 plan years, respectively. If the waivers are not granted, the Pension Benefit Guaranty Corporation and the Internal Revenue Service have various enforcement remedies that can be implemented to protect the participant's benefits, such as termination of the plan or a requirement that the Company remit the unpaid contributions. At this time, the Company is expecting to make its required contributions for the 2012 plan year; however there is no assurance that the Company will be able to make all payments. The senior lender has waived the default of non-payment of certain pension plan contributions, but in the event that any government agency takes any enforcement action or otherwise exercises any rights or remedies it may have, this shall constitute a separate and distinct event of default and the senior lender may exercise any and all rights or remedies it may have under the Credit Agreement. In the event that we request waivers to defer payments in an amount greater than or equal to \$1.0 million, the Pension Benefit Guaranty Corporation may place a lien on the Company's assets for the amount owed. This could have a material adverse effect on our profits, results of operations, financial condition and future prospects.

Suppliers may be unable or unwilling to furnish us with required components, which may delay or reduce our product shipments and negatively affect our business.

We design certain of our materials to match components furnished by suppliers. If such suppliers were unable or unwilling to provide us with those components, we would have to contract with other suppliers to obtain replacement sources. In particular, we purchase most of the LEDs and LED module blocks used in our digital displays and lighting from three suppliers. We do not have long-term supply contracts with these suppliers. A change in suppliers of either LED module blocks or certain other components may result in engineering design changes, as well as delays in obtaining such replacement components. We believe there are presently other qualified vendors of these components. Our inability to obtain sufficient quantities of certain components as required, or to develop alternative sources at acceptable prices and within a reasonable time, could result in delays or reductions in product shipments that could have a materially adverse effect on our business and results of operations.

Competitors may possess superior resources and deliver more marketable products, which would adversely affect our operating margins.

Our digital displays compete with a number of competitors, both larger and smaller than us, and with products based on different forms of technology. In addition, there are several competitors whose current products utilize similar technology and who possess the resources to develop competitive and more sophisticated products in the future. Our success is, to some extent, dependent upon our ability to anticipate technological changes in the industry and to successfully identify, obtain, develop and market new products that satisfy evolving industry requirements. There can be no assurance that competitors will not market new products which have perceived advantages over our products or which, because of pricing strategies, render the products currently sold by us less marketable or would otherwise adversely affect our operating margins.

Our success is dependent upon our ability to obtain the renewal of existing leases or entering into new leases as our current leases expire, which may not be feasible. The inability to renew or replace our leases would negatively affect our operations.

We derive a substantial percentage of our revenues from the leasing of our digital displays, generally pursuant to leases that have an average term of one to five years. Consequently, our future success is, at a minimum, dependent on our ability to obtain the renewal of existing leases or to enter into new leases as existing leases expire. We also derive a significant percentage of our revenues from maintenance agreements relating to our digital display products. The average term of such agreements is generally one to three years. A portion of the maintenance agreements are cancelable upon 30 days' notice. There can be no assurance that we will be successful in obtaining the renewal of existing leases or maintenance agreements, securing new or replacement leases or realizing the value of assets currently under leases that are not renewed.

Risks Related to International Operations

Our international operations subject us to potential fluctuations in exchange rates between the U.S. Dollar and foreign currencies, as well as international legal obligations, which could impact our profitability.

Our financial condition, operating results and future growth could be significantly impacted by risks associated with our international activities, including specifically changes in the value of the U.S. dollar relative to foreign currencies and international tax rules. Because a significant portion of the Company's business is done in Canada, fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar could seriously impact our manufacturing and other costs, as well as overall profitability. The risks to our business related to fluctuations in currency exchange rates is further magnified by the volatility in the currency markets that are characteristic of financial markets, and currency markets in particular, today.

Compliance with U.S. and foreign laws and regulations that apply to our international operations, including import and export requirements, anti-corruption laws, including the Foreign Corrupt Practices Act, tax laws (including U.S. taxes on foreign subsidiaries), foreign exchange controls, anti-money laundering and cash repatriation restrictions, data privacy requirements, labor laws and anti-competition regulations, increases the costs of doing business in foreign jurisdictions, and any such costs, which may rise in the future as a result of changes in these laws and regulations or in their interpretation. We have not implemented formal policies and procedures designed to ensure compliance with these laws and regulations. Any such violations could individually or in the aggregate materially adversely affect our reputation, financial condition or operating results.

Our reliance upon third party manufacturers located in China could subject us to economic, political and legal risks beyond our control.

Many components of our products are produced in China by third-party manufacturers. Our reliance on third-party Chinese manufacturers exposes us to risks that are not in our control, such as unanticipated cost increases or negative fluctuations in currency, which could negatively impact our results of operations and working capital. Any termination of or significant disruption in our relationship with our Chinese suppliers may prevent us from filling customer orders in a timely manner. Given the state of the Chinese political system, we cannot guaranty that our agreements with our Chinese suppliers will remain enforceable pursuant to Chinese law. Furthermore, we cannot guaranty that all rights to payment or performance under our agreements with our Chinese manufacturing partners will be enforceable, and that all debts owing to us, whether in the form of cash or product, will be collectable. While we do not envision any adverse change to our international operations or suppliers, especially given the gradual move towards global integration by the Chinese government and financial markets, adverse changes to these operations, as a result of political, governmental, regulatory, economic, exchange rate, labor, logistical or other factors, could have a material adverse effect on our future operating results if China experiences financial or political volatility.

Risks Relating to our Organization and our Common Stock

We have not paid dividends since the first quarter of 2006 and do not expect to pay dividends in the future. Any return on investment may be limited to the value of our common stock.

We have not paid cash dividends on our common stock since the first quarter of 2006 and do not anticipate doing so in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant. If

we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

There is a limited trading market for our common stock, which may make it more difficult for shareholders to sell their shares.

To date there has been a limited trading market for our common stock. We cannot predict how liquid the market for our common stock might become. Our common stock is quoted for trading on the OTCQB. Quotation of our securities on the OTCQB may limit the liquidity and price of our securities more than if our securities were quoted or listed on a national securities exchange. Some investors may perceive our securities to be less attractive because they are traded in the over-the-counter market. In addition, as an OTCQB quoted company, we do not attract the extensive analyst coverage that accompanies companies listed on other exchanges. Further, institutional and other investors may have investment guidelines that restrict or prohibit investing in securities traded on the OTCQB. These factors may have an adverse impact on the trading and price of our common stock.

Our common stock is not widely held and the stock price may be volatile.

Our common stock is not widely held and the volume of trading has been relatively low and sporadic. Accordingly, the common stock is subject to increased price volatility and reduced liquidity. There can be no assurance that a more active trading market for the common stock will develop or be sustained if it does develop. The limited public float of our common stock could cause the market price for the common stock to fluctuate substantially. In addition, stock markets have experienced wide price and volume fluctuations in recent periods and these fluctuations often have been unrelated to the operating performance of the specific companies affected. Any of these factors could adversely affect the market price of our common stock.

Share eligible for future sale could affect our stock price.

Future sales of common stock in the public market by our current stockholders could adversely affect the market price for the common stock. 1,380,420 shares of common stock may be sold in the public market by executive officers and directors, subject to the limitations contained in Rule 144 under the Securities Act of 1933, as amended. Sales of substantial amounts of the shares of common stock in the public market, or even the potential for such sales, could adversely affect the prevailing market price of our common stock.

Our common stock is currently deemed a “penny stock,” which makes it more difficult for our investors to sell their shares.

Our common stock is subject to the “penny stock” rules adopted under Section 15(g) of the Exchange Act. The penny stock rules generally apply to companies whose common stock is not listed on The Nasdaq Stock Market or other national securities exchange and trades at less than \$5.00 per share, other than companies that have had average revenue of at least \$6,000,000 for the last three years or that have tangible net worth of at least \$5,000,000 (\$2,000,000 if the company has been operating for three or more years). These rules require, among other things, that brokers who trade penny stock to persons other than “established customers” complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Many brokers have decided not to trade penny stocks because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. If we remain subject to the penny stock rules for any significant period, it could have an adverse effect on the market, if any, for our securities. If our securities are subject to the penny stock rules, investors will find it more difficult to dispose of our securities.

Our certificate of incorporation allows for our board to create new series of preferred stock without further approval by our stockholders, which could adversely affect the rights of the holders of our common stock.

Our board of directors has the authority to fix and determine the relative rights and preferences of preferred stock. Our board of directors also has the authority to issue preferred stock without further stockholder approval. As a result, our board of directors could authorize the issuance of a series of preferred stock that would grant to holders the preferred right to our assets upon liquidation, the right to receive dividend payments before dividends are distributed to the holders of common stock and the right to the redemption of the shares, together with a premium, prior to the redemption of our common stock. In addition, our board of directors could authorize the issuance of a series of preferred stock that has greater voting power than our common stock or that is convertible into our common stock, which could decrease the relative voting power of our common stock or result in dilution to our existing stockholders.

Our certificate of incorporation contains certain anti-takeover provisions.

Our Amended and Restated Certificate of Incorporation contains certain provisions that could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire,

control of us. Such provisions could limit the price that certain investors might be willing to pay in the future for shares of our common stock, thus making it less likely that a stockholder will receive a premium on any sale of shares. Our Board of Directors is divided into three classes, each of which serves for a staggered three-year term, making it more difficult for a third party to gain control of our Board. Our Amended and Restated Certificate of Incorporation also contains a provision that requires a four-fifths vote on any merger, consolidation or sale of assets with or to an “Interested Person” or “Acquiring Person.”

Additionally, we are authorized to issue 500,000 shares of Preferred Stock. The Preferred Stock may contain such rights, preferences, privileges and restrictions as may be fixed by our Board of Directors, which may adversely affect the voting power or other rights of the holders of common stock or delay, defer or prevent a change in control of the Company, or discourage bids for the common stock at a premium over its market price or otherwise adversely affect the market price of the common stock.

Capitalization

TRANS-LUX CORPORATION & SUBSIDIARIES CAPITALIZATION

You should read this capitalization table in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and related notes included elsewhere in this prospectus.

The following table sets forth our capitalization as of March 31, 2012 on an actual basis and on a pro forma basis to give effect to the conversion of the Series A convertible preferred stock into 20,825,000 shares of common stock, which took place automatically upon the filing of the Company's Amended and Restated Certificate of Incorporation on July 2, 2012. The information in the table below excludes conversion of any warrants issued.

	ACTUAL (as reported) (unaudited)	MARCH 31, 2012 EFFECT OF CONVERSION	PRO FORMA (1) (2) (unaudited)
Cash and cash equivalents	690		690
Long-term debt (including current portion) (3):			
Subordinated debt	1,487		1,487
Notes payable	3,056		3,056
Total debt	4,543		4,543
Redeemable convertible preferred stock:			
Preferred - \$0.001 par value – 500,000 shares authorized			
416,500 Series A convertible preferred shares issued in 2012 and 2011 (1)	6,138	(6,138)	-
Stockholders' equity (deficit):			
Common Stock - \$0.001 par value - 60,000,000 shares authorized, 5,070,519 shares issued in actual and 25,895,424 issued in as adjusted (1) (2)	5,071	(5,045)	26
Additional paid-in-capital (2)	12,624	11,183	23,807
Accumulated deficit	(15,113)		(15,113)
Accumulated other comprehensive loss	(3,387)	-	(3,387)
Less treasury stock - at cost - 383,596 common shares in 2012 and 2011	(3,063)	-	(3,063)

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Total stockholders' equity (deficit)	(3,868)	6,138	2,270
Total Capitalization	7,503	-	7,503

- (1) Pro forma to reflect the automatic conversion of the Series A convertible preferred shares.
(2) Pro forma to reflect the reduction in the par value of common stock to \$0.001.
(3) For information as of December 31, 2011 regarding the Company's long-term debt, commitments and contingencies, see Notes 9 and 15 of the Notes to Consolidated Financial Statements which are included in this prospectus.

USE OF PROCEEDS

The selling stockholders will receive all of the proceeds from the sale of the shares offered by them under this prospectus. We will not receive any proceeds from the sale of the shares by the selling stockholders covered by this prospectus. However, we will generate proceeds from the cash exercise of the warrants by the selling stockholders, if any. We intend to use those proceeds for general corporate purposes.

MARKET FOR OUR COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Our common stock is quoted on the OTCQB under the symbol "TNLX.PK." There has been minimal trading to date in our common stock. As of July 13, 2012, there were approximately 972 holders of record of our common stock.

The following table sets forth the range of our common stock prices on the OTCQB or NYSE Amex during the last two fiscal years.

	High	Low
Fiscal Year 2010	Bid	Bid
First Quarter		