

SHEAR DAVID MICHAEL
Form 4
August 29, 2006

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
SHEAR DAVID MICHAEL

(Last) (First) (Middle)

16 SOUTH PENNSYLVANIA AVENUE

(Street)

OKLAHOMA CITY, OK 73107

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
LSB INDUSTRIES INC [LXU]

3. Date of Earliest Transaction (Month/Day/Year)
08/25/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Senior VP/General Counsel/Sec

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | (A) or (D) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|------------|---|--|--|
| Common Stock | 08/25/2006 | | G | 11,146 | A | \$ 0 11,146 | D | |
| Common Stock | 08/25/2006 | | F | 11,146 | D | \$ 10.04 0 | D | |
| Common Stock | 08/25/2006 | | F | 6,268 | D | \$ 10.04 0 | I | By Trust (1) (2) |
| Common Stock | 08/25/2006 | | M | 42,385 | A | \$ 4.125 48,385 | I | By Trust and Spouse's Trust (1) (2) |

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portfolio securities.

- (3) Incentive Stock Options ("ISO") granted by LSB Industries, Inc. (the "Issuer ") to Mr. Shear under the Issuer's Incentive Stock Option Plans. Each ISO allows the purchase of shares of the Issuer's common stock upon the exercise thereof. Each ISO is for a period of ten years from the date of grant and fully vested on or before December 31, 2005. As of the date of this report, the total number of shares underlying the ISOs held by Mr. Shear is 83,159.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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