

LSB INDUSTRIES INC  
Form 4  
January 22, 2008

**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)  
01/18/2008

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)	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 Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	01/18/2008		A <sup>(3)</sup>	V 26,392 A \$ 1.25	26,392	D	
Common Stock	01/18/2008		G <sup>(4)</sup>	V 26,392 D \$ 0	0	D	
Common Stock	01/18/2008		A <sup>(5)</sup>	A 12,760 \$ 1.25	12,760	D	
Common Stock	01/18/2008		G <sup>(4)</sup>	V 12,760 D \$ 0	0	D	
Common Stock	01/18/2008		G <sup>(4)</sup>	V 39,152 A \$ 0	66,429	I	By Trusts (1)

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Common Stock 22,988 I As Trustee (2)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Incentive Stock Option	\$ 1.25	01/18/2008		M(3)	26,392	07/08/1999 07/08/2009	Common Stock 26,392
Incentive Stock Option	\$ 2.73					11/29/2001 11/29/2011	Common Stock 15,000
Incentive Stock Option	\$ 1.25	01/18/2008		M(5)	12,760	07/08/1999 07/08/2009	Common Stock 12,760

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SHEAR DAVID MICHAEL 16 SOUTH PENNSYLVANIA AVENUE OKLAHOMA CITY, OK 73107			Senior VP/General Counsel/Sec	
SHEAR HEIDI L BROWN 16 SOUTH PENNSYLVANIA AVENUE OKLAHOMA CITY, OK 73107			VP/Managing Counsel/Asst Sec	

## Signatures

David M. Shear                      01/22/2008  
    \*\*Signature of                      Date  
    Reporting Person

Heidi L. Brown                      01/22/2008  
Shear                                      Date  
    \*\*Signature of                      Date  
    Reporting Person

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

The designated reporting person is David M. Shear. Mr. Shear's spouse, Heidi L. Brown Shear, jointly files this report with Mr. Shear. Heidi Shear is Vice President, Managing Counsel and Assistant Secretary of the Issuer. These shares are held in an account jointly owned  
(1) by David Shear's revocable trust, of which he is settlor and trustee, and Heidi Shear's revocable trust, of which she is settlor and trustee. This amount does not include, and David Shear disclaims beneficial ownership of 22,988 shares held by two trusts established for the benefit of each of the reporting persons' children. Please see footnote (2) for a description of the children's trusts.

(2) These shares are held by two trusts established for the benefit of each of the reporting persons' children, of which Heidi Shear is the trustee and exercises investment and dispositive control over the trusts' portfolio securities.

(3) On January 18, 2007, David Shear acquired 26,392 shares of common stock upon the exercise of Incentive Stock Options ("ISOs") owned directly by David Shear. All ISOs held by him are currently exercisable. As of the date of this report, the total number of shares underlying the ISOs held by Mr. Shear is 39,152.

(4) The reporting person contributed these shares acquired upon exercise of ISOs to the reporting person's revocable trust. Immediately following such contribution, the shares were transferred into the joint account owned by the reporting person's revocable trust and the revocable trust of the reporting person's spouse. See footnote (1) for description of the revocable trusts and the joint account.

(5) On January 18, 2007, Heidi Shear acquired 12,760 shares of common stock upon the exercise of ISOs owned directly by Heidi Shear. As of the date of this report, and following the exercise reported herein, there are no shares remaining under these ISOs.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.