

LSB INDUSTRIES INC  
Form 4  
August 14, 2006

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**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 \*  
**SHELBY ANTONIO M**

(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)  
**08/10/2006**

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)  
**Executive VP-Finance/CFO**

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 or Price		
Common Stock	08/10/2006		F		35,637	D	\$ 9.26 105,939
Common Stock	08/10/2006		M		80,000	A	\$ 4.125 185,939

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

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SEC 1474 (9-02)

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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)	Amount or Number of Shares
Incentive Stock Option	\$ 4.125	08/10/2006		M	80,000	<sup>(1)</sup> 11/19/2006	Common Stock	80,000 <sup>(1)</sup>

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SHELBY ANTONIO M 16 SOUTH PENNSYLVANIA AVENUE OKLAHOMA CITY, OK 73107	X		Executive VP-Finance/CFO	

## Signatures

Antonio M  
Shelby

08/14/2006

\*\*Signature of  
Reporting Person

Date

## 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).

(1) Incentive Stock Options ("ISO") granted by the Issuer to Mr. Shelby under the Issuer's Stock Option Plan. The ISO is for a term of ten years from the grant date. The ISO vests at the end of years one through four in the following amounts: 20%, 20%, 30% and 30%. The ISOs were fully vested as of December 31, 2005. As of the date of this report, there are a total of 85,000 shares of common stock underlying options granted to Mr. Shelby.

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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