SHEAR DAVID MICHAEL

Form 4

August 29, 2006

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

3235-0287

Expires:

January 31, 2005

0.5

Estimated average

OMB APPROVAL

burden hours per response...

if no longer subject to Section 16. Form 4 or Form 5 obligations may continue.

Check this box

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

See Instruction 1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * SHEAR DAVID MICHAEL			2. Issuer Name and Ticker or Trading Symbol LSB INDUSTRIES INC [LXU]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction	(Check an applicable)		
16 SOUTH PENNSYLVANIA AVENUE		NIA	(Month/Day/Year) 08/25/2006	Director 10% Owner _X_ Officer (give title Other (specify below) Senior VP/General Counsel/Sec		
	(Street)		4. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person		
OKLAHOMA CITY, OK 73107				Form filed by More than One Reporting Person		

(City)	(State)	(Zip) 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)				5. Amount of Securities Beneficially Owned Following Reported Transaction(s)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
C			Code V	Amount	or (D)	Price	(Instr. 3 and 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)

Edgar Filing: SHEAR DAVID MICHAEL - Form 4

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

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

1. Title of	2.	3. Transaction Date	3A. Deemed	4. 5. Number of		6. Date Exercisable and		7. Title and Amount of		
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transactio	onDerivative	Expiration Date		Underlying Securities		
Security	or Exercise		any	Code	Code Securities		(Month/Day/Year)		(Instr. 3 and 4)	
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Acquired (A)					
	Derivative				or Disposed of					
	Security				(D)					
					(Instr. 3, 4,					
					and 5)					
						Date Exercisable	Expiration Date	Title	Amount or Number	
				Code V	(A) (D)	2.1010134010	24.0		of Shares	
Incentive Stock	\$ 4.125	08/25/2006		M	42,385	(3)	11/19/2006	Common	42,385	
Option (3)		00/23/2000		1V1	42,363	(3)	11/19/2000	Stock	42,303	

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

Signatures

David M. Shear 08/29/2006

**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).

The 6,268 shares transferred to the issuer as partial consideration for the incentive stock option exercise disclosed in the report were

(1) exercise were contributed by Mr. Shear to a joint account owned by the Shear Trust and the revocable trust of Mr. Shear's wife, Heidi Brown Shear (the "Brown Trust"). Heidi Brown Shear is the grantor and trustee of the Brown Trust. The outstanding shares jointly owned by the two trusts prior to this exercise was 6,000 shares. These shares are currently beneficially owned by the Shear Trust and the Brown Trust as joint owners.

owned by Mr. Shear's revocable trust (the "Shear Trust"), of which Mr. Shear is the grantor and trustee. The shares issued upon such

(2) This amount does not include, and Mr. Shear disclaims beneficial ownership of (a) shares held by two trust established for the benefit of each of the son and daughter of Mr. Shear and Heidi Brown Shear for which Heidi Brown Shear is trustee and exercises investment control over the trusts' portfolio securities, and (b) shares held by three trusts, each one established for the benefit of one of the three children of Jack E. Golsen and Sylvia H. Golsen for which Heidi Brown Shear is trustee and exercises investment control over the trusts'

Reporting Owners 2

Edgar Filing: SHEAR DAVID MICHAEL - Form 4

portfolio securities.

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. 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.