

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person* <u>SHEAR DAVID MICHAEL</u> (Last) (First) (Middle) <u>16 SOUTH PENNSYLVANIA AVENUE</u> (Street) <u>OKLAHOMA OK 73107</u> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>LSB INDUSTRIES INC [LXU]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Senior VP/General Counsel/Sec</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>10/03/2006</u>	
		6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	10/03/2006		M		17,615	A	\$4.125	17,615	D	
Common Stock	10/03/2006		G	V	17,615	D	\$0	0	D	
Common Stock	10/03/2006		G	V	17,615	D	\$0	66,000	I	By Trust and Spouse Trust ⁽¹⁾

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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Incentive Stock Option ⁽²⁾	\$4.125	10/03/2006		M			17,615	(2)	11/19/2006	Common Stock	17,615	\$0	0	D	

Explanation of Responses:

- The shares acquired upon exercise of the option reported herein were contributed by Mr. Shear to a joint account owned by Mr. Shear's revocable trust, of which he is the grantor and trustee, and the revocable trust of Mr. Shear's wife, Heidi Brown Shear (the "Spouse Trust"). Heidi Brown Shear is the grantor and trustee of the Spouse Trust. 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' portfolio securities.
- Incentive Stock Options ("ISO") granted by 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 was 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 65,544.

David M. Shear

10/05/2006

** Signature of Reporting Person

Date

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

* 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).

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

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 Number.