

LSB INDUSTRIES INC  
Form 4  
May 15, 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 \*  
MURRAY JAMES WILLIAM III

(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)  
05/11/2006

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)  
VP/Sr Assoc Gen Couns/Asst 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	05/11/2006		M	4,000 A \$ 2.73	4,000	D	
Common Stock	05/11/2006		S	2,000 D \$ 9.1	2,000	D	
Common Stock	05/11/2006		S	2,000 D \$ 9.09	0	D	
Common Stock	05/12/2006		M	2,000 A \$ 2.73	2,000	D	
Common Stock	05/12/2006		S	2,000 D \$ 8.58	0	D	

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

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(9-02)

**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 Security (Instr. 3 and 4)	Amount or Number of Shares
Incentive Stock Option <sup>(1)</sup> <sub>(2)</sub>	\$ 2.73	05/11/2006		M	4,000	11/29/2005 <sup>(1)(2)</sup> 11/29/2011	Common Stock	4,000
Incentive Stock Option <sup>(1)</sup> <sub>(2)</sub>	\$ 2.73	05/12/2006		M	2,000	11/29/2005 <sup>(1)(2)</sup> 11/29/2011	Common Stock	2,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MURRAY JAMES WILLIAM III 16 SOUTH PENNSYLVANIA AVENUE OKLAHOMA CITY, OK 73107			VP/Sr Assoc Gen Couns/Asst Sec	

## Signatures

James W. Murray, III                      05/15/2006

\_\_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).

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- Incentive Stock Option ("ISO") granted by LSB Industries, Inc. (the "Issuer ") to James W. Murray, III under the Issuer's Incentive Stock
- (1) Option Plans. Each ISO is for a term of ten years from the date of grant. Each ISO vests at the end of year one through year four in the following amounts: 20%, 20%, 30% and 30%. Each option is fully vested at the end of year four.

- (2) An ISO for 10,000 shares of Common Stock, exercisable at \$2.73, was granted to Mr. Murray on November 29, 2001, and Mr. Murray exercised such ISO for 4,000 underlying shares of common stock on May 11, 2006 and 2,000 underlying shares of common stock on May 12, 2006. Mr. Murray previously exercised such ISO for 4,000 underlying shares of common stock under separate transactions dated December 3, 2003, and December 4, 2003.

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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