

ILLE BERNARD G
Form 4
July 01, 2009

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 *
ILLE BERNARD G

(Last) (First) (Middle)

16 SOUTH PENNSYLVANIA AVENUE

(Street)

OKLAHOMA, 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)
06/30/2009

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)

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 | | | | | 5,000 | I | | By Spouse's Trust ⁽¹⁾ | | |
| Common Stock | 06/30/2009 | | M | | 15,000 | A | \$ 1.25 | 25,000 | D | |
| Common Stock | 07/01/2009 | | G | V | 15,000 | D | \$ 0 | 10,000 | D | |
| Common Stock | 07/01/2009 | | G | V | 15,000 | A | \$ 0 | 15,000 | I | By Trust ⁽²⁾ |

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 Securities (Instr. 3 and 4) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| Nonqualified Stock Option (3) | \$ 1.25 | 06/30/2009 | | M | 15,000 | (3) 07/08/2009 | Common Stock | 15,000 |
| Nonqualified Stock Option (3) | \$ 7.86 | | | | | (3) 11/13/2018 | Common Stock | 5,000 |

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

ILLE BERNARD G
16 SOUTH PENNSYLVANIA AVENUE X
OKLAHOMA, OK 73107

Signatures

Bernard G. Ille 07/01/2009

**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) These shares are held by the revocable trust of the reporting person's spouse, of which the reporting person's spouse is the settlor and trustee. The reporting person shares with his spouse voting and dispositive power over the issuer securities held in his spouse's revocable trust.

(2) These shares are held by the revocable trust of the reporting person, of which he is the settlor and trustee and possesses a pecuniary interest in the securities held by the trust.

(3)

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Nonqualified Stock Option ("NQSO") granted by the Issuer to the reporting person under the Issuer's Incentive Stock Plans. Each NQSO is for a term of ten years from the date of grant, and the exercise price of each NQSO is based on the fair market value of the Issuer's common stock on the date of grant. An NQSO for 15,000 shares of the Issuer's common stock exercisable at \$1.25, with an expiration date of July 8, 2009, was granted to the reporting person on July 9, 1999. This NQSO is fully vested. An NQSO for 5,000 shares of the Issuer's common stock exercisable at \$7.86, with an expiration date of November 13, 2018, was granted to the reporting person on November 13, 2008. This NQSO vests at the end of years one through six in the following amounts: 16.5%, 16.5%, 16.5%, 16.5%, 16.5% and 17.5%. This NQSO will be fully vested at the end of year six. As of the date of this report, the total number of shares underlying all NQSOs is 5,000.

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.