

RHODES HORACE G
Form 4
October 02, 2008

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 *
RHODES HORACE G

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)
201 ROBERT S. KERR, SUITE 200
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
10/02/2008

Director 10% Owner
 Officer (give title below) Other (specify below)

4. If Amendment, Date Original Filed (Month/Day/Year)

6. Individual or Joint/Group Filing (Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

OKLAHOMA CITY, OK 73102

(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) | 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 | 10/02/2008 | | M | | 15,000 | A | \$ 1.25 | 16,000 | D | |
| Common Stock | 10/02/2008 | | G | V | 15,000 | D | \$ 0 | 1,000 | D | |
| Common Stock | 10/02/2008 | | G | V | 15,000 | A | \$ 0 | 15,000 | I | By Trust ⁽¹⁾ |
| Common Stock | | | | | | | | 500 | I | By Spouse's 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 Security (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Nonqualified Stock Option <u>(3)</u> | \$ 1.25 | 10/02/2008 | | M | 15,000 | 07/08/1999 07/08/2009 | Common Stock | 15,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| RHODES HORACE G 201 ROBERT S. KERR, SUITE 200 OKLAHOMA CITY, OK 73102 | | | X | |

Signatures

Horace G. Rhodes 10/02/2008

__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 reporting person's revocable trust of which the reporting person is the settlor and trustee and possesses a pecuniary interest in the securities held by the Trust.
- (2) 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 co-trustee and possesses a pecuniary interest in the securities held by the Trust.
- (3) Nonqualified Stock Option (?NQSO?) to purchase shares of Issuer's Common Stock granted pursuant to the Issuer's Outside Directors Stock Option Purchase Plan (the ?1999 Plan?). NQSOs granted under the 1999 Plan may be exercised at any time after six months from the date the NQSO was granted. To the extent not exercised, the NQSO granted under the 1999 Plan terminates (i) upon the tenth anniversary of the date the NQSO was granted, (ii) three years after the cessation of the optionee as a member of the Board of Directors of the Issuer, or (iii) upon the surrender of the Non-Qualified Stock Option Agreement dated July 8, 1999, for cancellation of the NQSO.

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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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