

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 | |
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| 1. Name and Address of Reporting Person* <u>SHEAR HEIDI L BROWN</u> (Last) (First) (Middle) <u>16 SOUTH PENNSYLVANIA AVENUE</u> (Street) <u>OKLAHOMA CITY 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>VP/Managing Counsel/Asst Sec</u> |
| | 3. Date of Earliest Transaction (Month/Day/Year) <u>01/13/2004</u> | |
| | 4. If Amendment, Date of Original Filed (Month/Day/Year) | |

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 | | | | | | | | 12,240 | I | As Trustee ⁽¹⁾ |
| Common Stock | | | | | | | | 8,456 | I | By Husband ⁽²⁾ |
| Common Stock | | | | | | | | 22,988 | I | As Trustee ⁽³⁾ |
| Common Stock | 01/13/2004 | | G | V | 10,800 | A | \$0 | 256,120 | I | As Trustee ⁽⁴⁾ |

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 | Amount or Number of Shares | | | | |
| Incentive Stock Option | \$4.875 | | | | | | | (5) | 06/27/2006 | Common Stock | 2,000 ⁽⁵⁾ | | 2,000 ⁽⁵⁾ | D | |
| Incentive Stock Option | \$1.25 | | | | | | | (5) | 07/08/2009 | Common Stock | 12,760 ⁽⁵⁾ | | 12,760 ⁽⁵⁾ | D | |
| Nonqualified Stock Option | \$2.73 | | | | | | | (6) | 11/29/2011 | Common Stock | 10,000 ⁽⁶⁾ | | 10,000 ⁽⁶⁾ | D | |

Explanation of Responses:

- These shares are held by Heidi Brown Shear as the trustee of the Heidi Brown Shear Revocable Trust.
- These shares are owned by her husband, the beneficial ownership of which is disclaimed by Heidi Brown Shear.
- These shares are held by two trusts established for the benefit of each of her children, of which Heidi Brown Shear is the trustee.
- These shares are held by three trusts (the "Children's Trusts") established for the benefit of each of the children of Jack E. Golsen and Sylvia H. Golsen, of which Heidi Brown Shear is the trustee. Heidi Brown Shear has no pecuniary interest in the securities held by the Children's Trusts. As a result, Heidi Brown Shear disclaims beneficial ownership of the shares held in the Children's Trusts.
- Incentive Stock Options ("ISO") granted by LSB Industries, Inc. (the "Company") under the Company's Incentive Stock Option Plans (the "Plans") for the purchase of shares of common stock of the Company. Each ISO is exercisable for a period of ten years from the date of grant and vests at the end of year one through year four in the following amounts: 20%, 20%, 30%, and 30%. The ISO is fully vested at the end of year four. Ms. Shear has acquired 22,240 shares under the ISO granted on July 8, 1999, leaving 12,760 shares remaining to be acquired under such ISO. Ms. Shear has acquired no shares under the ISO granted on June 27, 1996. As of the date of this report, the total number of shares underlying the ISOs held by Heidi Brown Shear is 14,760.
- Nonqualified Stock Option ("NQSO") granted to Ms. Shear under the Company's Non-Qualified Stock Option Agreement - 1999, for the purchase of up to 10,000 shares of the Company's common stock at an option price of \$2.73 per share. The NQSO covering 10,000 shares provides that the NQSO vests and becomes exercisable as to 20% on November 9, 2002, an additional 20% on November 9, 2003, an additional 30% on November 9, 2004, and the remaining 30% on November 9, 2005. The NQSO is fully vested at the end of year four.

Heidi L. Brown Shear 07/27/2004

** 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.

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