

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported) December 17, 2008

LSB INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

1-7677

73-1015226

(State or other jurisdiction
of incorporation)

(Commission File
Number)

(IRS Employer
Identification No.)

16 South Pennsylvania, Oklahoma City, Oklahoma

73107

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code

(405) 235-4546

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 5 – Corporate Governance and Management

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Principal Officers.

Effective December 17, 2008, the Board of Directors of LSB Industries, Inc. (the “Company”), based on the recommendation and approval of its Compensation and Stock Option Committee (the “Committee”), approved the amendment of the following Company benefit plans in order to address, before year-end, the documentation requirements of Section 409A of the Internal Revenue Code (“Section 409A”):

- (1) Employment Agreement, dated March 21, 1996, as amended April 29, 2003 and May 12, 2005, between the Company and Jack E. Golsen, the Company’s Chief Executive Officer;
- (2) Severance Agreements, each dated January 17, 1989, between the Company and certain officers of the Company, including each of Jack E. Golsen; Barry H. Golsen, President and Chief Operating Officer; Tony M. Shelby, Chief Financial Officer; David R. Goss, Executive Vice President of Operations; and David M. Shear, Senior Vice President and General Counsel (whose Severance Agreement is dated September 25, 1991); and Steven J. Golsen, Chief Executive Officer of one of the Company’s subsidiaries and Chief Operating Officer of the Company’s Climate Control business; and
- (3) Non-Qualified Benefit Plan Agreements, each dated January 1, 1992, between the Company and each of Barry H. Golsen, David M. Shear, and Steven J. Golsen.

The amendments primarily clarify and modify the dates on which certain types of benefits are provided, in order to comply with Section 409A. Where applicable, the amendments require that payments due to a “specified employee” (as such term is defined under Section 409A) upon separation from service must be delayed until the earlier of death or the expiration of a period of six months, among other revisions made to comply with Section 409A.

Except as amended to address Section 409A, the agreements listed above are materially consistent with the respective pre-amendment agreements. This description of the amendments is qualified in its entirety by reference to the amendments, which are filed herewith as Exhibits 99.1, 99.2 and 99.3 and incorporated herein.

Item 9.01. Financial Statement and Exhibits

(d) Exhibits.

<u>Exhibit</u>	<u>Description</u>	<u>□ 0;</u>
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99.1	Third Amendment to Employment Agreement, dated December 17, 2008, between the Company and Jack E. Golsen	
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- 99.2 Amendment to Severance Agreement, dated December 17, 2008, between Barry H. Golsen and the Company. Each Amendment to Severance Agreement with Jack E. Golsen, Tony M. Shelby, David R. Goss and David M. Shear is substantially the same as this exhibit and will be provided to the Commission upon request.
- 99.3 Amendment to Non-Qualified Benefit Plan Agreement, dated December 17, 2008, between Barry H. Golsen and the Company. Each Amendment to Non-Qualified Benefit Plan Agreement with David R. Goss and Steven J. Golsen is substantially the same as this exhibit and will be provided to the Commission upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: December 23, 2008

LSB INDUSTRIES, INC.

By: /s/ Tony M. Shelby
Tony M. Shelby,
Executive Vice President of Finance and Chief Financial Officer

THIRD AMENDMENT
TO
EMPLOYMENT AGREEMENT

This THIRD AMENDMENT TO EMPLOYMENT AGREEMENT (the "Amendment") is entered into this 17th day of December 2008, by and between LSB INDUSTRIES, INC., a Delaware corporation (the "Company"), and JACK E. GOLSEN, an individual ("Golsen"), and amends that certain Employment Agreement, dated March 21, 1996, as amended by the First Amendment to Employment Agreement, dated April 29, 2003, and by the Second Amendment to Employment Agreement, dated May 12, 2005 (collectively, the "Agreement").

WHEREAS, Section 409A of the Internal Revenue Code of 1986, as amended ("the Code"), and the regulations promulgated thereunder (collectively, "Section 409A") require that payments of "nonqualified deferred compensation" to "specified employees" be delayed for six months from "separation from service" (as those terms are defined under Section 409A);

WHEREAS, Golsen is currently a "specified employee" as defined in Section 409A;

WHEREAS, the Agreement provides for the payment of certain severance benefits upon termination of service, which may be considered nonqualified deferred compensation subject to Section 409A; and

WHEREAS, the Company and Golsen desire to amend the terms of the Agreement to comply with Section 409A.

NOW, THEREFORE, the Company and Golsen hereby agree to amend the Agreement as follows:

1. Amendments to Section 4. Section 4 of the Agreement is hereby amended as follows:

1.1. 4.d. Paragraph d of Section 4 of the Agreement is hereby amended by striking the paragraph immediately following paragraph c of Section 4 and inserting the following language in lieu thereof:

Without in any way limiting any of Golsen's other rights or remedies, at law or in equity, which rights and remedies shall be cumulative, and subject to Section 7 hereof, in the event of Golsen's separation from service with the Company for any reason:

1.2. 4.d(1) and (2). Paragraphs d(1) and d(2) of Section 4 are hereby amended by deleting each occurrence of the phrase "in a lump sum cash payment on the date of Golsen's termination of employment" and inserting in lieu thereof the following:

in a single lump sum payment within thirty days after the date of Golsen's separation from service

1.3. 4.e. Paragraph e of Section 4 is hereby deleted in its entirety and replaced with the following:

- e. Subject to Section 10.1 of this Agreement, in the event of Golsen's separation from service with the Company for any reason, other than under paragraphs a or b this Section 4 or disability under Section 5, the Company shall provide, to Golsen and/or Golsen's family or estate, as applicable, the following: (i) during the period commencing on the date of separation from service and ending on the expiration of 18 months, medical, dental and vision coverage at least substantially equal to the coverage that would have been provided to them in accordance with Section 3 hereof, provided that Golsen agrees to elect COBRA coverage to the extent, and for the period, available under the Company's health insurance plans, and the Company shall reimburse the cost of any premiums for such coverage on an after-tax basis on the last business day of each month, (ii) upon the expiration of the COBRA period or such earlier time as COBRA coverage may not be available under the Company's health insurance plans, until the expiration of the Term, with such medical, dental and vision coverage being substantially equal to the coverage that would have been provided to them in accordance with Section 3, and will reimburse Golsen and or Golsen's family or estate, as applicable, the cost of any premiums for such coverage on an after tax basis on the last business day of each month, and (iii) the unrestricted use of a vehicle, a cell phone, and the other benefits listed on Schedule 1 to this Agreement, and on the last day of each month the Company will reimburse Golsen for all out of pocket expenses incurred by Golsen in connection with such benefits. The benefits to be provided pursuant to this paragraph e of Section 4 and subject to Section 10.1 of this Agreement, will be provided in accordance with the most favorable plans, practices, programs or policies of the Company, as may be adopted and amended from time to time. In the event that Golsen suffers a disability, the Company agrees to pay him pursuant to Section 5 hereof.

2. Amendments to Section 5. Section 5 is hereby deleted and a new Section 5 is inserted in lieu thereof:

5. Disability. In the event of Golsen's separation from service from the Company as a result of a disability, (i) the Company shall pay and provide Golsen all salary, bonus and benefits remaining during the Term of this Agreement or any extension thereof, and (ii) thereafter, the Company shall pay to Golsen annual payments equal to 60% of his Present Base Salary

until his death. All amounts payable pursuant to this Section 5 will be paid by the Company in accordance with the Company's regular payroll and bonus practices. For purposes of this Agreement, the term "disability" means Golsen being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

3. New Section 10. The Agreement is hereby amended by inserting the following new Section 10 immediately following Section 9 of this Agreement:

10. Section 409A.

10.1 6-Month Delay. If any amounts that become due under this Agreement constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code, payment of such amounts shall not commence until Golsen incurs a "separation from service," except payments of amounts due pursuant to Section 5 will not commence unless and until Golsen suffers a disability. Notwithstanding anything herein to the contrary, if Golsen is a "specified employee," for purposes of Section 409A of the Code, on the date on which he incurs a separation from service, any payment hereunder that provides for the "deferral of compensation" within the meaning of Section 409A of the Code shall not be paid prior to the first business day after the date that is six months following Golsen's "separation from service;" provided, however, that a payment delayed pursuant to the preceding clause shall commence earlier in the event of Golsen's death prior to the end of the six-month period. Within 10 business days after the end of such six months, Golsen shall be paid a lump sum payment in cash equal to any payments delayed because of the preceding sentence. Thereafter, Golsen shall receive any remaining benefits as if there had not been an earlier delay.

10.2 Certain Definitions. For purposes of this Agreement, the term "separation from service" shall have the meaning set forth in Section 409A(a)(2)(i)(A) of the Code and determined in accordance with the default rules under Section 409A of the Code. The term "specified employee" shall have the meaning set forth in Section 409A(a)(2)(B)(1) of the Code, as determined in accordance with the uniform methodology and procedures adopted by the Employer and then in effect.

10.3 Reimbursements. Anything in this Agreement to the contrary notwithstanding, no reimbursement payable to Golsen pursuant to any provisions of this Agreement or pursuant to any plan or arrangement of the Company covered by this Agreement shall be

paid later than the last day of the calendar year following the calendar year in which the related expense was incurred, except to the extent that the right to reimbursement does not provide for a “deferral of compensation” within the meaning of Section 409A of the Code. No amount reimbursed during any calendar year shall affect the amounts eligible for reimbursement in any other calendar year.

- 10.4 Separate Payments. Each amount payable to Golsen pursuant to paragraph e of Section 4 and pursuant to Section 5 will constitute a separate payment for purposes of Section 409A of the Code.
- 10.5 Intent. The provisions of this Agreement are intended to satisfy the applicable requirements of Section 409A of the Code with respect to amounts subject thereto and shall be performed, interpreted and construed consistent with such intent. If any provision of this Agreement does not satisfy such requirements or could otherwise cause Golsen to recognize income under Section 409A of the Code, Golsen and the Company agree to negotiate in good faith an appropriate modification to maintain, to the maximum extent practicable, the original intent of the applicable provision without violating the requirements of Section 409A of the Code or otherwise causing the recognition of income thereunder.

IN WITNESS WHEREOF, this Agreement is executed effective as of the 17th day of December 2008.

LSB INDUSTRIES, INC.

By: /s/Tony Shelby, _____
Name: Tony Shelby _____
Title: Vice President _____

/s/Jack E. Golsen _____
JACK E. GOLSEN, an individual

AMENDMENT
TO
SEVERANCE AGREEMENT

This SECOND AMENDMENT TO SEVERANCE AGREEMENT (the "Amendment") is entered into this 17th day of December 2008, by and between LSB INDUSTRIES, INC., a Delaware corporation (the "Company"), and Barry H. Golsen, an individual (the "Executive"), and amends that certain Severance Agreement, dated January 17, 1989 (the "Agreement").

WHEREAS, Section 409A of the Internal Revenue Code of 1986, as amended ("the Code"), and the regulations promulgated thereunder (collectively, "Section 409A") require that payments of "nonqualified deferred compensation" to "specified employees" be delayed for six months from "separation from service" (as those terms are defined under Section 409A);

WHEREAS, the Executive is currently a "specified employee" as defined in Section 409A;

WHEREAS, the Agreement provides for the payment of certain benefits upon termination of service following certain changes in control of the Company, which may be considered nonqualified deferred compensation subject to Section 409A; and

WHEREAS, the Company and the Executive desire to amend the terms of the Agreement to comply with Section 409A.

NOW, THEREFORE, the Company and the Executive hereby agree to amend the Agreement as follows:

1. Amendment to Section 2. Section 2 of the Agreement is hereby amended and restated to read as follows:

2. Change of Control. For purposes of this Agreement, a "Change of Control" means any of the following events occurring during the Change of Control Period, provided, however, that vesting and payment of the benefit described in Section 4 will only be made if the occurrence of such event also constitutes a "change in ownership" or "change of effective control" of the Company as those terms are defined in Treas. Regs. Section 1.409A-3:

- (a) individuals who, as of the date hereof, constitute the Board of Directors of the Company (the "Board" generally and as of the date hereof the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be deemed to be, for purposes of this Agreement, a member of the Incumbent Board; or
- (b) the date that any one person, or more than one person acting as a group (as defined in Treas. Regs. Section 1.409A-3), acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company; or
- (c) the date any one person, or more than one person acting as a group (as defined in Treas. Regs. Section 1.409A-3), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing thirty percent (30%) or more of the total voting power of the stock of the Company, other than the acquisition by
 - (i) any Person or group, which as of the date hereof has such ownership; or
 - (ii) any of the Golsen Group (as defined below).

For the purposes of this Agreement, the term "Golsen Group" shall mean:

- (A) Jack E. Golsen;
- (B) the spouse of Jack E. Golsen;
- (C) Barry H. Golsen, Steven J. Golsen and Linda Golsen Rappaport, who are the children of Jack E. Golsen, or any spouse of such children;
- (D) any estate of, or the executor or administrator of any estate of, or any guardian or custodian for, any Person described in subparagraphs (A), (B), or (C), above, so long as such executor, administrator, guardian or custodian is acting only in his, her or its capacity as such;
- (E) any corporation, trust (including any voting trust), general partnership, limited partnership, limited liability company, organization or other entity (whether now existing or hereafter formed) of which at least 80% of the outstanding beneficial voting or equity interest are beneficially owned, directly or indirectly, either (i) by one or more of the Persons described in subparagraphs (A), (B), (C), and (D), above, or (ii) by any combination of one or more of the Persons described in subparagraphs (A), (B), (C), and (D), above; and,
- (F) any other Person (i) who or which is or becomes an Affiliate or Associate of any Person described in subparagraph (A), (B), (C), (D), or (E), above, or (ii) of which any Person described in subparagraph (A), (B), (C), (D), or (E), above, is or becomes an Affiliate or Associate; provided, however, in either case (i) or case (ii) of this subparagraph (F), such other

Person is not the Beneficial Owner of 5% or more of the shares of Common Stock of the Company then outstanding (for purposes of determining the number of shares of Common Stock of the Company of which such other Person is the Beneficial Owner under this subparagraph (vii)), such other Person shall not be deemed to beneficially own shares of any Person described in subparagraphs (A), (B), (C), (D), or (E), above, solely by reason of an Affiliate or Associate relationship of the kind described in (i) or (ii) above in this subparagraph (F)).

2. Amendments to Section 3.

2.1 3.5. Section 3.5 is deleted in its entirety and replaced with the following:

“3.5 Date of Termination. “Date of Termination” means, (a) if the termination is for Cause, the date of receipt of the Notice of Termination or any later date specified therein, (which date shall not be more than fifteen (15) days after the giving of such notice), as the case may be, and (b) if the termination is for Good Reason and the Company has not cured the default prior to the expiration of the Cure Period, the day immediately following the expiration date of the Cure Period. If the Executive’s employment is terminated by the Company in breach of this Agreement, the Date of Termination shall be the date on which the Company notifies the Executive of such termination.”

2.2 New 3.6. The following new Section 3.6 is inserted immediately following Section 3.5:

“3.5 Notice Upon Termination for Good Reason. Notwithstanding any other provision of this Agreement, if the Executive intends to terminate the Executive’s employment with the Company for Good Reason, the Executive must provide a Notice of Termination within ninety (90) days after the initial existence of the event that constitutes Good Reason. The Company will have thirty-five (35) days after receipt of such written notice to cure the default that constitutes Good Reason (the “Cure Period”).”

3. New Section 10. The Agreement is hereby amended by inserting the following new Section 10 immediately following Section 9 of this Agreement:

“10. Section 409A.

10.1 6-Month Delay. If any amounts that become due under this Agreement constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated thereunder (“Section 409A”), payment of such amounts shall not commence until the Executive incurs a “separation from service.” Notwithstanding anything herein to the contrary, if the Executive is a “specified employee,” for purposes of Section 409A of the Code, on the date on which he incurs a separation from service, any payment hereunder that provides for the “deferral of compensation” within the meaning of Section 409A of the Code shall not be paid prior to the first business day after the date that is six months following the Executive’s “separation from service;” provided, however, that a payment delayed pursuant to the preceding clause shall commence earlier in the event of the Executive’s death prior to the end of the six-month period. Within 10 business days after the end of such six months, the Executive shall be paid a lump sum payment in cash equal to any payments delayed because of the preceding sentence. Thereafter, the Executive shall receive any remaining benefits as if there had not been an earlier delay.

10.2 Certain Definitions. For purposes of this Agreement, the term “separation from service” shall have the meaning set forth in Section 409A(a)(2)(i)(A) of the Code and determined in accordance with the default rules under Section 409A. The term “specified employee” shall have the meaning set forth in Section 409A(a)(2)(B)(1) of the Code, as determined in accordance with the uniform methodology and procedures adopted by the Employer and then in effect.

10.3 Intent. The provisions of this Agreement are intended to satisfy the applicable requirements of Section 409A of the Code with respect to amounts subject thereto and shall be performed, interpreted and construed consistent with such intent. If any provision of this Agreement does not satisfy such requirements or could otherwise cause the Executive to recognize income under Section 409A of the Code, the Executive and the Company agree to negotiate in good faith an appropriate modification to maintain, to the maximum extent practicable, the original intent of the applicable provision without violating the requirements of Section 409A of the Code or otherwise causing the recognition of income thereunder.”

IN WITNESS WHEREOF, this Agreement is executed effective as of the 17th day of December 2008.

LSB INDUSTRIES, INC.

By: /s/ Jack E. Golsen

Name: Jack E. Golsen

Title: Board Chairman

(the “Company”)

/s/ Barry H. Golsen

BARRY H. GOLSEN an individual

(the “Executive”)

AMENDMENT TO

NON-QUALIFIED BENEFIT PLAN AGREEMENT

This AMENDMENT TO NON-QUALIFIED BENEFIT PLAN AGREEMENT (the "Amendment"), is effective December 17, 2008, by and between LSB INDUSTRIES, INC., a Delaware corporation (the "Company"), and Barry H. Golsen, an individual (the "Employee").

WHEREAS, the Company and the Employee are parties to the Non-Qualified Benefit Plan Agreement, dated January 1, 1992 (the "Agreement"), which provides for the payment of certain amounts to Employee in the discretion of the Company; and

WHEREAS, each of the Company and the Employee wish to amend the Agreement in order to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, Section 10(a) of the Agreement provides that the Agreement "may be modified or amended by the Company in writing at any time...;"

NOW, THEREFORE, the Agreement is hereby amended as follows:

1. Certain Payments. Notwithstanding anything in the Agreement to the contrary, the payment (or commencement of a series of payments) under the Agreement of any nonqualified deferred compensation (within the meaning of Section 409A of the Code) upon a termination of employment shall be delayed until such time as Employee has also undergone a "separation from service" as defined in Treas. Reg. § 1.409A-1(h), at which time such nonqualified deferred compensation (calculated as of the date of Employee's termination of employment under the Agreement) shall be paid (or commence to be paid) to Employee on the schedule set forth in Agreement as if Employee had undergone such termination of employment (under the same circumstances) on the date of his ultimate "separation from service".

2. Separate Payments. To the extent that the Agreement provides for any payments of nonqualified deferred compensation (within the meaning of Section 409A of the Code) to be made in installments (including, without limitation, any severance payments), each such installment shall be deemed to be a separate payment for purposes of Section 409A of the Code.

3. Delay of Certain Payments for Specified Employees. Notwithstanding anything herein to the contrary, any payment of nonqualified deferred compensation (within the meaning of Section 409A of the Code) that is otherwise required to be made under the Agreement to the Employee upon Employee's separation from service shall be delayed for such period of time as may be necessary to meet the requirements of Section 409A(a)(2)(B)(i) of the Code (the "Delay Period"). On the first business day following the expiration of the Delay Period, Employee shall be paid, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence, and any remaining payments not so delayed shall continue to be paid pursuant to the payment schedule set forth herein.

4. Company's Right to Terminate. The Employee acknowledges and agrees that the Agreement may be terminated by the Company at any time and for any reason prior to the death of the Employee in accordance with Section 10(b) of the Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Amendment effective as of the date first above written.

LSB INDUSTRIES, INC.

By: /s/ Jack E. Golsen

Name: Jack E. Golsen

Title: Board Chairman

(the "Company")

/s/ Barry H. Golsen

BARRY H. GOLSEN, an individual

(the "Employee")