

**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) September 15, 2006

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 3 - Securities and Trading Markets

Item 3.02: Unregistered Sales of Equity Securities

On September 15, 2006, a holder of 7% Convertible Senior Subordinated Debentures due 2011 (the "Debentures") of LSB Industries, Inc. (the "Company") converted \$2.5 million principal amount of the Debentures. As a result of the conversion, the Company has or will issue to the holder 353,125 shares of the common stock of the Company. Pursuant to the terms of the Indenture, dated March 3, 2006, governing the Debentures, the conversion rate was 141.25 shares of common stock for each \$1,000 principal amount of converted Debentures. In connection with the conversion, the Company agreed to pay the holder an aggregate of \$87,500 in prepaid interest. The issuance of the common stock upon conversion of the Debentures will be made in reliance on the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended (the "Act"). The conversion was made without any form of general solicitation or general advertising. No commission or other remuneration was paid directly or indirectly for soliciting this transaction.

The shares of common stock issued and issuable upon conversion of the outstanding Debentures are registered for resale under the Company's Form S-1 Registration Statement, file number 333-134111, declared effective May 26, 2006.

As a result of the above described conversion, \$14.5 million of the principal amount of the Debentures remain outstanding. During the period from September 1, 2006 to February 28, 2009, the conversion rate of the Debentures declines every six months, starting at 141.25 shares and ending at 129.23 shares per \$1,000 principal amount of Debentures (representing an approximate conversion price of between \$7.08 and \$7.74 during such period). On and after March 1, 2009, the conversion rate is 125 shares per \$1,000 principal amount of Debentures (representing a conversion price of \$8.00 per share). The conversion rate is subject to certain anti-dilution adjustments.

Section 9 - Financial Statements and Exhibits

Item 9.01: Financial Statements And Exhibits.

Exhibit Number	Description
99.1	Press Release, dated September 20, 2006.

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: September 20, 2006

LSB INDUSTRIES, INC.

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

COMPANY CONTACT: Tony M. Shelby
Executive Vice President
(405) 235-4546

Investor Relations Contact: Linda Latman (212) 836-9609
Lena Cati (212) 836-9611
The Equity Group, Inc.

September 20, 2006

AMEX:LXU

**LSB INDUSTRIES, INC. ANNOUNCES
CONVERSION OF \$2.5 MILLION OF ITS
7% CONVERTIBLE DEBENTURES**

Oklahoma City, Oklahoma . . . September 20, 2006 . . . LSB Industries, Inc. (“the Company”), whose common stock is traded on the American Stock Exchange under the symbol LXU (AMEX: LXU), today announced that on September 15, 2006, a holder of the Company’s 7% Convertible Senior Subordinated Debentures due 2011 (the “Debentures”) converted \$2.5 million principal amount of the Debentures into common stock of the Company. As a result, the Company issued or will be issuing to the holder 353,125 shares of the Company’s common stock. In connection with the conversion, the Company agreed to pay the holder \$87,500 in prepaid interest. This conversion decreases debt by \$2.5 million and correspondingly increases stockholders’ equity by \$2.5 million. Pursuant to the terms of the Indenture dated March 3, 2006, governing the Debentures, the conversion rate was 141.25 shares of common stock for each \$1,000 principal amount of converted Debentures.

LSB is a manufacturing, marketing, and engineering company with activities on a world wide basis. LSB’s principal business activities consist of the manufacture and sale of commercial and residential climate control products, the manufacture and sale of chemical products for the mining, agricultural and industrial markets, the provision of specialized engineering services, and other activities.

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