

SAB CAPITAL ADVISORS LLC
 Form 4
 October 11, 2006

FORM 4

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

OMB APPROVAL

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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 *
BOMMER SCOTT A

(Last) (First) (Middle)
 712 FIFTH AVE
 (Street)

NEW YORK, NY 10019

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
TERRA INDUSTRIES INC [TRA]

3. Date of Earliest Transaction
 (Month/Day/Year)
09/22/2006

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)
 ___ Form filed by One Reporting Person
 ___X___ 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)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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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	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)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
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Derivative Security			or Disposed of (D) (Instr. 3, 4, and 5)		Date Exercisable	Expiration Date	Title	Amount Number Shares
			Code	V (A) (D)				
Call Options (Obligation to sell)	\$ 7.5	09/22/2006	S	5,000	09/22/2006	11/18/2006	Common Stock	500,
Call Options (Obligation to sell)	\$ 7.5	09/29/2006	S	5,000	09/29/2006	11/18/2006	Common Stock	500,
Call Options (Obligation to sell)	\$ 7.5	10/04/2006	S	10,000	10/04/2006	11/18/2006	Common Stock	1,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BOMMER SCOTT A 712 FIFTH AVE NEW YORK, NY 10019		X		
SAB CAPITAL ADVISORS LLC		X		
SAB CAPITAL PARTNERS II LP 712 FIFTH AVE NEW YORK, NY 10019		X		
SAB OVERSEAS MASTER FUND, L.P. 712 FIFTH AVENUE, 42ND FLOOR NEW YORK, NY 10019		X		
SAB CAPITAL PARTNERS LP 650 MADISON AVENUE 26TH FLOOR NEW YORK, NY 10022		X		

Signatures

/s/ Michael Casey, as attorney-in-fact for Scott A. Bommer 10/11/2006

__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).

The call options to which this note relates were sold directly by SAB Capital Partners, L.P., a Delaware limited partnership ("SAB"), as to 2,490 options sold on 9/22/2006, 2,853 options sold on 9/29/2006 and 5,338 options sold on 10/04/2006; SAB Capital Partners II, L.P.,

(1) a Delaware limited partnership ("SAB II"), as to 49 options sold on 9/22/2006, 50 options sold on 9/29/2006 and 110 options sold on 10/04/2006; and SAB Overseas Master Fund, L.P., a Cayman Islands exempted limited partnership ("SAB Overseas"), as to 2,461 options sold on 9/22/2006, 2,097 options sold on 9/29/2006 and 4,552 options sold on 10/04/2006.

(2) SAB Capital Advisors, L.L.C. (the "General Partner") serves as the general partner of, and has investment discretion over the securities held by, SAB, SAB II and SAB Overseas. Scott A. Bommer is the managing member of the General Partner. Each of the reporting persons hereof disclaims beneficial ownership of the securities to which this Form 4 relates for purposes of Section 16 of the Securities and Exchange Act of 1934, as amended, except to the extent of such reporting person's pecuniary interest in the securities.

Remarks:

The power of attorney for Mr. Bommer was filed as Exhibit 24 to the Form 3 filed by the reporting persons with regard to the Issuer's securities on August 10, 2006.

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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