

SAB CAPITAL ADVISORS LLC
 Form 3
 August 10, 2006

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF 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)

<p>1. Name and Address of Reporting Person *</p> <p>Â BOMMER SCOTT A</p> <p>(Last) (First) (Middle)</p> <p>SAB CAPITAL PARTNERS, L.P.,Â 712 FIFTH AVENUE, 42ND FLOOR</p> <p>(Street)</p> <p>NEW YORK,,Â NYÂ 10019</p> <p>(City) (State) (Zip)</p>	<p>2. Date of Event Requiring Statement</p> <p>(Month/Day/Year)</p> <p>08/01/2006</p>	<p>3. Issuer Name and Ticker or Trading Symbol</p> <p>TERRA INDUSTRIES INC [TRA]</p>	<p>4. Relationship of Reporting Person(s) to Issuer</p> <p>(Check all applicable)</p> <p><input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input type="checkbox"/> Officer <input type="checkbox"/> Other (give title below) (specify below)</p>	<p>5. If Amendment, Date Original Filed(Month/Day/Year)</p>
				<p>6. Individual or Joint/Group Filing(Check Applicable Line)</p> <p><input type="checkbox"/> Form filed by One Reporting Person <input checked="" type="checkbox"/> Form filed by More than One Reporting Person</p>

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock, without par value ("Common Stock")	9,496,700	I	See Footnote <u>(1)</u> <u>(2)</u>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security	4. Conversion or Exercise	5. Ownership Form of	6. Nature of Indirect Beneficial Ownership (Instr. 5)
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Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Price of Derivative Security	Derivative Security: Direct (D) or Indirect (I)

Reporting Owners

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

Signatures

/s/ Michael Casey, as attorney-in-fact for Scott A. Bommer
08/10/2006

__Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 5(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) The shares of Common Stock to which this note relates are held directly by SAB Capital Partners, L.P., a Delaware limited partnership ("SAB"), as to 4,598,037 shares; SAB Capital Partners II, L.P., a Delaware limited partnership ("SAB II"), as to 95,323 shares; and SAB Overseas Master Fund, L.P., a Cayman Islands exempted limited partnership ("SAB Overseas"), as to 4,803,340 shares.
- (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 disclaims beneficial ownership of the securities to which this Form 3 relates for purposes of Section 16 of the Securities and Exchange Act of 1934, as amended, except as to the extent of such reporting person's pecuniary interest in the securities.

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Remarks:

This Form 3 is being filed as a result of the issuer's repurchase of shares on July 24, 2006, as a result of the issuer's repurchase of shares on August 1, 2006 and not as a result of any acquisition of shares by the issuer.

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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