

SANDS ARTHUR T
Form 4
August 16, 2005

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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 *
SANDS ARTHUR T

2. Issuer Name and Ticker or Trading Symbol
LEXICON GENETICS INC/TX
[LEXG]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
8800 TECHNOLOGY FOREST PLACE

3. Date of Earliest Transaction (Month/Day/Year)
08/15/2005

Director 10% Owner
 Officer (give title below) Other (specify below)
Pres & CEO

(Street)
THE WOODLANDS, TX 773811160

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

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

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 Ownership (Instr. 4) | | | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|---------|---|--------------------------|
| | | | | (A) or (D) | Price | | | | | |
| Common Stock | 08/15/2005 | | M | V | 682,500 | A | \$ 0 (1) | 833,362 | D | |
| Common Stock | 08/15/2005 | | S | | 8,805 | D | \$ 4.71 | 824,557 | D | |
| Common Stock | 08/15/2005 | | S | | 236,895 | D | \$ 4.6 | 587,662 | D | |
| Common Stock | | | | | | | | 817,500 | I | By Sands Associates L.P. |

| | | | |
|-----------------|--------|---|---|
| Common Stock | 60,000 | I | By Spouse as Custodian For Children |
|-----------------|--------|---|---|

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

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(9-02)

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 Underlying Securities (Instr. 3 and 4) | Amount Number Shares |
|---|--|---|---|--------------------------------------|---|--|---|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title |
| Employee Stock Option (right to buy) | \$ 0 ⁽²⁾ | 08/15/2005 | | M | 682,500 | ⁽³⁾ 09/14/2005 | Common Stock | 682,500 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|------------|-------|
| | Director | 10% Owner | Officer | Other |
| SANDS ARTHUR T 8800 TECHNOLOGY FOREST PLACE THE WOODLANDS, TX 773811160 | X | | Pres & CEO | |

Signatures

By: /s/ Arthur T.
Sands 08/16/2005

**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).

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- (1) Purchase price of \$0.00033 per share
- (2) Exercise price of \$0.00033 per share
- (3) Option vested with respect to 1/48th of the shares subject to the option for each month of service following the date of grant (9/14/1995).

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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