

KHASHOGGI LAYLA
Form 4
February 24, 2006

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 *
KHASHOGGI LAYLA

2. Issuer Name and Ticker or Trading Symbol
EARTHSHELL CORP [ERTH]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction
(Month/Day/Year)
10/11/2005

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

C/O E. KHASHOGGI INDUSTRIES, LLC, 3916 STATE STREET, SUITE 110

(Street)

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

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

SANTA BARBARA, CA 93105

(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 Ownership (Instr. 4)
				(A) or (D) Price			
Common Stock	10/11/2005		J ⁽¹⁾	279,048 A	6,860,270	I	See Footnote (2) (3)
Common Stock					10,000	D	

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

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SEC 1474 (9-02)

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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 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)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Transaction (Instr. 5)
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Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

KHASHOGGI LAYLA
C/O E. KHASHOGGI INDUSTRIES, LLC
3916 STATE STREET, SUITE 110
SANTA BARBARA, CA 93105

X

Signatures

/s/ Layla

Khashoggi

02/23/2006

**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).

(1) Issued pursuant to that certain Agreement (the "Agreement") by and between Issuer and E. Khashoggi Industries, LLC, an affiliate of the Reporting Person, dated as of October 11, 2005. Pursuant to the Agreement, the aggregate principal amount and all accrued and unpaid interest on certain debt obligations of Issuer in favor of E. Khashoggi Industries, LLC, totaling \$837,145, was converted into shares of Issuer's common stock at a conversion price of \$3.00 per share.

(2) By Reporting Person's husband, Reporting Person's children and E. Khashoggi Industries, LLC. Includes 2,250 shares held in a trust for which the Reporting Person's husband is trustee.

(3) The Reporting Person disclaims beneficial ownership in these shares to the extent that she does not have a pecuniary interest therein.

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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