

LSB INDUSTRIES INC

Form 4

March 26, 2007

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
**JAYHAWK CAPITAL
MANAGEMENT LLC**

(Last) (First) (Middle)

**5410 WEST 61ST PLACE, SUITE
100**

(Street)

MISSION, KS 66205

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol
LSB INDUSTRIES INC [LXU]

3. Date of Earliest Transaction
(Month/Day/Year)
03/13/2007

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)
X Form filed by One Reporting Person
____ 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 Indirect Beneficial Ownership (Instr. 4)		
			Code	V	Amount	(A) or (D)	Price		
Common Stock	03/13/2007		J		671,328	A	<u>(1)</u> 1,725,028	I	Jayhawk Institutional Partners, L.P. (2)
Common Stock	03/13/2007		J		570,762	A	<u>(3)</u> 570,762	I	Jayhawk Investments, L.P. (2)

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

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SEC 1474
(9-02)

number.

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)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Class C Preferred Series 2	(4)	03/13/2007		J	90,720 (1) (4)	(4) (4)	Common Stock 392,726.9 (4)
Class C Preferred Series 2	(4)	03/13/2007		J	77,130 (3) (4)	(4) (4)	Common Stock 333,895.8 (4)

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

JAYHAWK CAPITAL MANAGEMENT LLC
5410 WEST 61ST PLACE
SUITE 100
MISSION, KS 66205

X

Signatures

Kent C. McCarthy,
Manager

03/26/2007

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) The reporting person, through Jayhawk Institutional, disposed of 90,720 shares of Class C Preferred Series 2 Stock in exchange for 671,328 shares of Common Stock in an issuer tender offer.

As of the reporting date, Jayhawk Capital is deemed the indirect beneficial owner of (i) 1,725,028 shares of Common Stock and 80,670 shares of Class C Preferred Series 2 Stock held by Jayhawk Institutional and (ii) 570,762 shares of Common Stock and 74,342 shares of

- (2) Class C Preferred Series 2 Stock held by Jayhawk Investments. Jayhawk Capital disclaims beneficial ownership of all securities covered by this statement (except to the extent of any pecuniary interest therein) and this report shall not be deemed an admission that such reporting person is the beneficial owner of such securities for purposes of Section 16 or any other purpose.

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- (3) The reporting person, through Jayhawk Investments, disposed of 77,130 shares of Class C Preferred Series 2 Stock in exchange for 570,762 shares of Common Stock in an issuer tender exchange offer.
- (4) Each share of Class C Preferred Series 2 Stock is convertible into 4.329 shares of Common Stock at any time, and has no expiration date.

Remarks:

This Form 4 is filed by Jayhawk Capital Management, L.L.C. ("Jayhawk Capital"). Form 4s reporting the transactions reported herein was also filed by Kent C. McCarthy, the manager of Jayhawk Capital, and by Jayhawk Institutional Partners L.P. ("Jayhawk Institutional"). Jayhawk Capital is the general partner and manager of Jayhawk Investments, L.P. ("Jayhawk Investments") and of Jayhawk Institutional.

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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