

LSB INDUSTRIES INC  
Form 4  
December 29, 2005

**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**

OMB  
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(Print or Type Responses)

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

(Last) (First) (Middle)

8201 MISSION ROAD, SUITE 110

(Street)

PRAIRIE VILLAGE, KS 66208

(City) (State) (Zip)

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

3. Date of Earliest Transaction  
(Month/Day/Year)  
12/27/2005

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<br>Security<br>(Instr. 3) | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3. Transaction<br>Code<br>(Instr. 8) | 4. Securities<br>Acquired (A) or<br>Disposed of (D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form: Direct<br>(D) or Indirect<br>(I)<br>(Instr. 4) | 7. Nature of<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------|
|                                       |                                         |                                                             | Code                                 | V                                                                          | Amount                                                                                                             | (D)                                                                  | Price                                                             |

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

**Persons who respond to the collection of  
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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of<br>Derivative<br>Security<br>(Instr. 3) | 2. Conversion<br>or Exercise<br>Price of | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 4. Transaction<br>Code<br>(Instr. 8) | 5. Number<br>of Derivative<br>Securities<br>Acquired | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) | 7. Title and Amount of<br>Underlying Securities<br>(Instr. 3 and 4) | 8. I<br>Der<br>Sec<br>(In |
|-----------------------------------------------------|------------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|---------------------------|
|-----------------------------------------------------|------------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|---------------------------|

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|                            | Derivative Security |            |   | (A) or<br>Disposed of<br>(D)<br>(Instr. 3, 4,<br>and 5) |   | Date<br>Exercisable | Expiration<br>Date | Title        | Amount<br>or<br>Number<br>of Shares |    |
|----------------------------|---------------------|------------|---|---------------------------------------------------------|---|---------------------|--------------------|--------------|-------------------------------------|----|
|                            |                     |            |   | Code                                                    | V |                     |                    |              |                                     |    |
| Class C Preferred Series 2 | \$ 0 <u>(1)</u>     | 12/27/2005 | P | 200                                                     |   | 12/27/2005          | <u>(2)</u>         | Common Stock | 865.8                               | \$ |
| Class C Preferred Series 2 | \$ 0 <u>(1)</u>     | 12/27/2005 | P | 2,100                                                   |   | 12/27/2005          | <u>(2)</u>         | Common Stock | 9,090.9                             |    |
| Class C Preferred Series 2 | \$ 0 <u>(1)</u>     | 12/28/2005 | P | 700                                                     |   | 12/28/2005          | <u>(2)</u>         | Common Stock | 3,030.3                             |    |
| Class C Preferred Series 2 | \$ 0 <u>(1)</u>     | 12/28/2005 | P | 3,000                                                   |   | 12/28/2005          | <u>(2)</u>         | Common Stock | 12,987                              |    |
| Class C Preferred Series 2 | \$ 0 <u>(1)</u>     | 12/28/2005 | P | 300                                                     |   | 12/28/2005          | <u>(2)</u>         | Common Stock | 1,298.7                             | \$ |
| Class C Preferred Series 2 | \$ 0 <u>(1)</u>     | 12/28/2005 | P | 1,000                                                   |   | 12/28/2005          | <u>(2)</u>         | Common Stock | 4,329                               |    |

## Reporting Owners

| Reporting Owner Name / Address                                                                | Relationships |           |         |       |
|-----------------------------------------------------------------------------------------------|---------------|-----------|---------|-------|
|                                                                                               | Director      | 10% Owner | Officer | Other |
| JAYHAWK CAPITAL MANAGEMENT LLC<br>8201 MISSION ROAD<br>SUITE 110<br>PRAIRIE VILLAGE, KS 66208 |               | X         |         |       |

## Signatures

Kent C.  
McCarthy

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) Each share of Class C Preferred Series 2 Stock is convertible into 4.329 shares of Common Stock.
- (2) Does not expire.
- As of December 28, 2005, the reporting person is the indirect beneficial owner of 168,250 shares of Class C Preferred Series 2 Stock
- (3) directly owned by Jayhawk Institutional Partners, L.P. and 130,400 shares of Class C Preferred Series 2 Stock directly owned by Jayhawk Investments, L.P.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.