

LSB INDUSTRIES INC  
Form 4  
March 26, 2007

**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 \*  
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	Jayhawk Institutional Partners, L.P. <u>(2)</u>
Common Stock	03/13/2007		J		570,762	A	<u>(3)</u> 570,762	Jayhawk Investments, L.P. <u>(2)</u>

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

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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, 03/26/2007  
Manager

\_\_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 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.
- (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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