

LSB INDUSTRIES INC  
Form 4  
March 26, 2007

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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 \*  
MCCARTHY KENT C

(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)  
01/23/2007

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	01/25/2007		G		10,000	D	\$ 0 0	D <sup>(1)</sup>
Common Stock	02/13/2007		G		10,000	D	\$ 0 0	D <sup>(1)</sup>
Common Stock	02/15/2007		G		10,000	D	\$ 0 0	D <sup>(1)</sup>
Common Stock	03/13/2007		J		93,240	A	<u>2</u> 224,240	D <sup>(1)</sup>
Common Stock	03/13/2007		J		671,328	A	<u>3</u> 1,725,028	I Jayhawk Institutional Partners, L.P.

Common Stock	03/13/2007	J	570,762	A	(5)	570,762	I	(4) Jayhawk Investments, L.P. (4)
--------------	------------	---	---------	---	-----	---------	---	--------------------------------------

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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 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	(6)	02/23/2007		G	11,200 (6)	(6) (6)	Common Stock 48,484.8 (6)
Class C Preferred Series 2	(6)	03/13/2007		J	12,600 (2) (6)	(6) (6)	Common Stock 54,545.4 (6)
Class C Preferred Series 2	(6)	03/13/2007		J	90,720 (3) (6)	(6) (6)	Common Stock 392,726.9 (6)
Class C Preferred Series 2	(6)	03/13/2007		J	77,130 (5) (6)	(6) (6)	Common Stock 33,895.8 (6)

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MCCARTHY KENT C 5410 WEST 61ST PLACE SUITE 100 MISSION, KS 66205			X	

## Signatures

Kent C.  
McCarthy

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 shares listed are owned by the Kent C. McCarthy Revocable Trust (the "Trust").
  - (2) The reporting person, through the Trust, disposed of 12,600 shares of Class C Preferred Series 2 Stock in exchange for 93,240 shares of Common Stock in an issuer tender offer.
  - (3) 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, McCarthy 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. Mr. McCarthy 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.
  - (5) 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 offer.
  - (6) 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 Kent C. McCarthy. Form 4s reporting the transactions reported herein were also filed by Jayhawk Institutional Partners, L.P. ("Jayhawk Institutional") and by Jayhawk Capital Management, L.L.C. ("Jayhawk Capital"). Mr. McCarthy is the manager of Jayhawk Capital, which is the general partner and manager of Jayhawk Institutional and Jayhawk Investments, L.P. ("Jayhawk Investments").

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.