

LSB INDUSTRIES INC

Form 4

January 04, 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 *
MCCARTHY KENT C

(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)

12/29/2006

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)
Common Stock	12/27/2006		G	10,000 D \$ 0	161,000	D ⁽¹⁾	
Common Stock	12/27/2006		G	10,000 D \$ 0	1,053,700	I	Jayhawk Institutional Partners, L.P. (4)

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

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information contained in this form are not
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(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. P		
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Derivative Security (Instr. 3)
Class C Preferred Series 2	(2)	12/29/2006		J ⁽³⁾		1,600		(2)	(2)	Common Stock	6,926.4	
Class C Preferred Series 2	(2)	12/29/2006		P		100		(2)	(2)	Common Stock	432.9	\$
Class C Preferred Series 2	(2)	01/04/2007		P		162		(2)	(2)	Common Stock	701.298	\$
Class C Preferred Series 2	(2)							(2)	(2)	Common Stock	0	
Class C Preferred Series 2	(2)							(2)	(2)	Common Stock	0	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MCCARTHY KENT C 8201 MISSION ROAD SUITE 110 PRAIRIE VILLAGE, KS 66208			X	

Signatures

Kent C.
McCarthy

01/04/2007

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.
- (2) 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.
- (3) Pro rata distribution from BCS Capital, LP ("BCS Capital") to Jayhawk Investments, L.P. ("Jayhawk Investments"). Jayhawk Investments is a limited partner of BCS Capital. The relationship of the reporting person to Jayhawk Investments is described in Footnote 4.

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

- (4) indirect beneficial owner of 151,472 shares of Class C Preferred Stock Series 2 owned by Jayhawk Investments and 1,053,700 shares of common stock and 171,390 shares of Class C Preferred Stock Series 2 owned by Jayhawk Institutional. 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.

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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