MCCARTHY KENT C

Form 4

December 27, 2006

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

1(b).

(Last)

Security

(Instr. 3)

obligations may continue. See Instruction 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

2. Issuer Name and Ticker or Trading

Symbol

LSB INDUSTRIES INC [LXU]

(First) (Middle) 3. Date of Earliest Transaction

(Month/Day/Year) 12/22/2006

8201 MISSION ROAD, SUITE 110

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to

Issuer

(Check all applicable)

OMB APPROVAL

3235-0287

January 31,

2005

0.5

OMB

Number:

Expires:

response...

Estimated average

burden hours per

Director 10% Owner Other (specify Officer (give title

below)

6. Individual or Joint/Group Filing(Check Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

6. Ownership

Form: Direct

(Instr. 4)

(D) or Indirect Beneficial

Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

PRAIRIE VILLAGE, KS 66208

(City) (State) (Zip) 1.Title of 2. Transaction Date 2A. Deemed

(Street)

4. Securities (Month/Day/Year) Execution Date, if TransactionAcquired (A) or Code

Disposed of (D) (Month/Day/Year) (Instr. 8) (Instr. 3, 4 and 5)

5. Amount of Securities Beneficially Owned Following

Reported Transaction(s) (Instr. 3 and 4) Code V Amount (D) Price

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

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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 3. Transaction Date 3A. Deemed Derivative Conversion (Month/Day/Year) Execution Date, if Security or Exercise (Instr. 3) Price of (Month/Day/Year)

4. Transactionof Code Derivative (Instr. 8) Securities

(A)

or

5. Number 6. Date Exercisable and **Expiration Date** (Month/Day/Year)

7. Title and Amount of 8. Price **Underlying Securities** (Instr. 3 and 4)

7. Nature of

Ownership

(Instr. 4)

(9-02)

Indirect

Derivati Security (Instr. 5

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	Derivative Security			() O ()	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)						
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Class C Preferred Series 2	(1)	12/22/2006	P	1	100		<u>(1)</u>	<u>(1)</u>	Common Stock	432.9	\$ 7.
Class C Preferred Series 2	(1)						(1)	<u>(1)</u>	Common Stock	(1)	
Class C Preferred Series 2	(1)						<u>(1)</u>	<u>(1)</u>	Common Stock	<u>(1)</u>	

Reporting Owners

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

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 at any time, and has no expiration date.
 - This Form 4 is filed by Kent C. McCarthy. A Form 4 reporting the 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, L.P. ("Jayhawk Investments") and Jayhawk Institutional, L.P. ("Jayhawk Institutional"). As of the reporting date, Mr.
- (2) McCarthy is the indirect benefical owner of 149,610 shares of Class C Preferred Stock Series 2 owned by Jayhawk Investments 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.
- (3) The shares listed are owned by the Kent C. McCarthy Revokable Trust.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Reporting Owners 2

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