#### LSB INDUSTRIES INC

Check this box

if no longer

subject to

Section 16.

Form 4 or

obligations

Form 5

Form 4

January 06, 2006

### FORM 4

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

### 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

may continue. 30(h) of the Investment Company Act of 1940 See Instruction

1(b).

(Instr. 3)

(Print or Type Responses)

1. Name and Address of Reporting Person \*

JAYHAWK CAPITAL MANAGEMENT LLC

(Last)

(First) (Middle)

8201 MISSION ROAD, SUITE 110

(Street)

Symbol

LSB INDUSTRIES INC [LXU]

2. Issuer Name and Ticker or Trading

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

01/04/2006

4. If Amendment, Date Original

Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to

Issuer

(Check all applicable)

**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

**OMB APPROVAL** 

3235-0287

January 31,

2005

0.5

Applicable Line)

\_X\_ Form filed by One Reporting Person Form filed by More than One Reporting

Person

PRAIRIE VILLAGE, KS 66208 (City) (State) (Zip)

1.Title of 2. Transaction Date 2A. Deemed Security

(Month/Day/Year) Execution Date, if (Month/Day/Year)

4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 8)

Code V Amount (D) Price

(Instr. 3, 4 and 5)

(A)

or

5. Amount of Securities Beneficially Owned Following Reported

Transaction(s)

(Instr. 3 and 4)

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

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial Ownership (Instr. 4) (Instr. 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 Conversion Security or Exercise (Instr. 3) Price of

3. Transaction Date 3A. Deemed (Month/Day/Year)

Execution Date, if (Month/Day/Year) 4. Transactionof Code Derivative (Instr. 8) Securities

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

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

Deriva Securi (Instr.

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Derivative Acquired Security (A) or Disposed of (D)

of (D) (Instr. 3, 4, and 5)

Code V (A) (D) Date Expiration Title Amount

Exercisable Date

Number of Shares

Class C

Preferred \$ 0 (1) 01/04/2006 P 100 01/04/2006 (2) Series 2

(2) Common Stock

432.9

\$ 5

## **Reporting Owners**

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

JAYHAWK CAPITAL MANAGEMENT LLC 8201 MISSION ROAD SUITE 110 PRAIRIE VILLAGE, KS 66208

X

### **Signatures**

Kent C. 01/06/2006 McCarthy

\*\*Signature of Date
Reporting Person

### **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 January 4, 2006, the reporting person is the indirect beneficial owner of 168,250 shares of Class C Preferred Series 2 Stock directly owned by Jayhawk Institutional Partners, L.P. and 132,300 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.

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