

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
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).

1. Name and Address of Reporting Person* <u>JAYHAWK CAPITAL MANAGEMENT LLC</u>			2. Issuer Name and Ticker or Trading Symbol <u>LSB INDUSTRIES INC [ LXU ]</u>			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director <input checked="" type="checkbox"/> 10% Owner Officer (give title below) _____ Other (specify below) _____			
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) <u>03/13/2007</u>			6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person			
5410 WEST 61ST PLACE SUITE 100			4. If Amendment, Date of Original Filed (Month/Day/Year)						
(Street)	(City)	(State)	(Zip)						
MISSION	KS	66205							
(City)	(State)	(Zip)							

**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	(1)	1,725,028	I	Jayhawk Institutional Partners, L.P. <sup>(2)</sup>
Common Stock	03/13/2007		J		570,762	A	(3)	570,762	I	Jayhawk Investments, L.P. <sup>(2)</sup>

**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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Class C Preferred Series 2	(4)	03/13/2007		J		90,720 <sup>(1)(4)</sup>		(4)	(4)	Common Stock	392,726.9 <sup>(4)</sup>	\$0	80,670	I	By Jayhawk Institutional Partners, L.P. <sup>(2)</sup>
Class C Preferred Series 2	(4)	03/13/2007		J		77,130 <sup>(3)(4)</sup>		(4)	(4)	Common Stock	333,895.8 <sup>(4)</sup>	\$0	74,342	I	By Jayhawk Investments, L.P. <sup>(2)</sup>

**Explanation of Responses:**

- 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.
- 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.
- 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.

Kent C. McCarthy, Manager                      03/26/2007

\*\* Signature of Reporting Person                      Date

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

\* 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).

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

**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 Number.**