

LSB INDUSTRIES INC

Form 4

March 16, 2006

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

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
**JAYHAWK CAPITAL
MANAGEMENT LLC**

(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)

03/14/2006

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	03/14/2006		P	5,000 A \$ 6.35	945,000	I	By Jayhawk Institutional Partners, L.P.
Common Stock	03/15/2006		P	8,700 A \$ 6.4267	953,700	I	By Jayhawk Institutional Partners, L.P.

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**

SEC 1474
(9-02)

displays a currently valid OMB control number.

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
7% Convertible Senior Subordinated Debentures	\$ 0 ⁽¹⁾	03/14/2006		P		1,000,000 ⁽²⁾		03/14/2006	03/01/2011	Common Stock	1,000,000
Class C Preferred Series 2	\$ 0 ⁽⁴⁾	03/14/2006		P		200		03/14/2006	⁽⁵⁾	Common Stock	200
Class C Preferred Series 2	\$ 0 ⁽⁴⁾	03/15/2006		P		100		03/15/2006	⁽⁵⁾	Common Stock	100

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. McCarthy 03/16/2006

 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).

The conversion price for the 7% Convertible Senior Subordinated Debentures shall be: (i) for the period beginning March 14, 2006 and ending August 31, 2006, \$8.00 per share; (ii) for the period beginning September 1, 2006 and ending February 28, 2007, \$7.08 per share; (iii) for the period beginning March 1, 2007 and ending August 31, 2007, \$7.09 per share; (iv) for the period beginning September 1, 2007 and ending February 29, 2008, \$7.28 per share; (v) for the period beginning March 1, 2008 and ending August 31, 2008, \$7.50 per share; (vi) for the period beginning September 1, 2008 and ending February 28, 2009, \$7.74 per share; and (vii) for the period beginning March 1, 2009 and ending February 28, 2011, \$8.00 per share.

(1) On March 14, 2006, Jayhawk Institutional Partners, L.P. purchased 7% Convertible Senior Subordinated Debentures in the principal amount of \$1,000,000.

(2) The number of shares of Common Stock is equal to the principal amount stated in footnote 2 divided by the conversion price then in effect.

(3) Each share of Class C Preferred Series 2 Stock is convertible into 4.329 shares of Common Stock.

(4) Does not expire.

As of March 15, 2006, the reporting person is the indirect beneficial owner of 168,550 shares of Class C Preferred Series 2 Stock directly owned by Jayhawk Institutional Partners, L.P. and 136,500 shares of Class C Preferred Series 2 Stock directly owned by Jayhawk Investments, L.P.

(5) 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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