LSB INDUSTRIES INC
Form 4
August 16, 2007

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 30(h) of the Investment Company Act of 1940

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

(Print or Type Responses)

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

(Last) (First) (Middle)

5410 WEST 61ST PLACE, SUITE 100

(Street)

MISSION, KS 66205

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
LSB INDUSTRIES INC [LXU]

3. Date of Earliest Transaction (Month/Day/Year)
08/14/2007

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)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	08/14/2007		C		349,220	A	(1)	2,074,248	I	Jayhawk Institutional Partners, L.P. (2)
Common Stock	08/14/2007		C		321,826	A	(3)	892,588	I	Jayhawk Investments, L.P. (2)

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

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SEC 1474 (9-02)

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)		8. De Se (In
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Class C Preferred Series 2	(4)	08/14/2007		C			80,670 (1) (4)	(4)	(4)	Common Stock	349,220	
Class C Preferred Series 2	(4)	08/14/2007		C			74,342 (3) (4)	(4)	(4)	Common Stock	321,826	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
JAYHAWK CAPITAL MANAGEMENT LLC 5410 WEST 61ST PLACE SUITE 100 MISSION, KS 66205		X		

Signatures

/s/ Kent C. McCarthy, Manager	08/16/2007
**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 reporting person, through Jayhawk Institutional Partners, L.P. ("Jayhawk Institutional"), converted 80,670 shares of $3.25 Convertible Exchangeable Class C Preferred Stock, Series 2 ("Class C Preferred Series 2 Stock") on August 14, 2007 into 349,220 shares of common stock in accordance with the terms of the Class C Preferred Series 2 Stock.

(2) As of the reporting date, Jayhawk Capital Management, L.L.C. ("Jayhawk Capital") is deemed the indirect beneficial owner of (i) 2,074,248 shares of common stock held by Jayhawk Institutional and (ii) 892,588 shares of common stock held by Jayhawk Investments, L.P. ("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 securites for purposes of Section 16 or any other purpose.

(3) The reporting person, through Jayhawk Investments, converted 74,342 shares of Class C Preferred Series 2 Stock on August 14, 2007 into 321,826 shares of common stock in accordance with the terms of the Class C Preferred Series 2 Stock.

(4) Each share of the Class C Preferred Series 2 Stock was convertible into 4.329 shares of common stock at any time, and had no expiration date.

Remarks:

This Form 4 is filed by Jayhawk Capital. Form 4s reporting the transactions herein were also filed by Kent C. McCarthy, the m of Jayhawk Capital, and by Jayhawk Institutional. Jayhawk Capital is the general partner and manager of Jayhawk Investment Jayhawk Institutional.

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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