

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

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

1. Name and Address of Reporting Person* <u>MCCARTHY KENT C</u> (Last) (First) (Middle) 8201 MISSION ROAD SUITE 110 (Street) PRAIRIE VILLAGE KS 66208 (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>LSB INDUSTRIES INC [LXU]</u> 3. Date of Earliest Transaction (Month/Day/Year) 12/29/2006 4. If Amendment, Date of Original Filed (Month/Day/Year)	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)
6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> 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	12/27/2006		G		10,000	D	\$0	161,000	D ⁽¹⁾	
Common Stock	12/27/2006		G		10,000	D	\$0	1,053,700	I	Jayhawk Institutional Partners, L.P. ⁽⁴⁾

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	(2)	12/29/2006		J ⁽³⁾		1,600		(2)	(2)	Common Stock	6,926.4	\$0	151,210	I	By Jayhawk Investments, L.P. ⁽⁴⁾
Class C Preferred Series 2	(2)	12/29/2006		P		100		(2)	(2)	Common Stock	432.9	\$89	151,310	I	By Jayhawk Investments, L.P. ⁽⁴⁾
Class C Preferred Series 2	(2)	01/04/2007		P		162		(2)	(2)	Common Stock	701.298	\$78	151,472	I	By Jayhawk Investments, L.P. ⁽⁴⁾
Class C Preferred Series 2	(2)							(2)	(2)	Common Stock	0		171,390	I	By Jayhawk Institutional Partners, L.P. ⁽⁴⁾
Class C Preferred Series 2	(2)							(2)	(2)	Common Stock	0		23,800	D ⁽¹⁾	

Explanation of Responses:

- The shares listed are owned by the Kent C. McCarthy Revocable Trust.
- 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.
- Pro rata distribution from BCS Capital, LP ("BCS Capital") to Jayhawk Investments, L.P. ("Jayhawk Investments"). Jayhawk Investments is a limited partner of BCS Capital. The relationship of the reporting person to Jayhawk Investments is described in Footnote 4.
- This Form 4 is filed by Kent C. McCarthy. A Form 4 reporting the applicable 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 and Jayhawk Institutional Partners, L.P. ("Jayhawk Institutional"). As of the reporting date, Mr. McCarthy is the indirect beneficial owner of 151,472 shares of Class C Preferred Stock Series 2 owned by Jayhawk Investments and 1,053,700 shares of common stock 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.

Kent C. McCarthy

01/04/2007

** 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.

