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OMB Number: 3235-0145
Expires: February 28, 2009
Estimated average burden hours per response...15

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

SCHEDULE 13D/A

Under the Securities Exchange Act of 1934
(Amendment No. 6)*

LSB INDUSTRIES, INC.

(Name of Issuer)

Common Stock, Par Value \$.010 per share

(Title of Class of Securities)

502160104

(CUSIP Number)

Jayhawk Capital Management, L.L.C.

Attention: Kent C. McCarthy

8201 Mission Road, Suite 110

Prairie Village, Kansas 66208

(913) 642-2611

(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications)

copy to:

Rodney L. Moore

Vinson & Elkins LLP

2001 Ross Avenue

Suite 3700

Dallas, Texas 75201-2975

(214) 220-7781

November 10, 2006

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. o

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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.

1	NAMES OF REPORTING PERSONS: Kent C. McCarthy I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS): (a) <input type="radio"/> (b) <input type="radio"/>	
3	SEC USE ONLY:	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS): PF, AF	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e): <input type="radio"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION: United States	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER: 274,030 ⁽¹⁾
	8	SHARED VOTING POWER: 2,696,626 ⁽²⁾
	9	SOLE DISPOSITIVE POWER: 274,030 ⁽¹⁾
	10	SHARED DISPOSITIVE POWER: 2,696,626 ⁽²⁾
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 2,970,656 Common Stock	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS): <input type="radio"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 16.8%	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS): IN	

- (1) These shares are held of record by the Kent C. McCarthy Revocable Trust ("Trust") of which Mr. McCarthy is the trustee and sole beneficiary. The shares held by the Trust consist of 171,000 shares of Common Stock and 103,030 shares of Common Stock issuable upon conversion of 23,800 shares of \$3.25 Convertible Exchangeable Class C Preferred Stock, Series 2 ("Class C Preferred Stock").
- (2) Of the shares listed, 2,049,397 are beneficially owned directly by Jayhawk Institutional Partners, L.P., a Delaware limited partnership ("Jayhawk Institutional"), and 647,229 are beneficially owned directly by Jayhawk Investments, L.P., a Delaware limited partnership ("Jayhawk Investments"). The shares beneficially owned directly by Jayhawk Institutional consist of 1,053,700 shares of Common Stock, 112,500 shares of Common Stock issuable upon exercise of 112,500 Warrants, 741,947 shares of Common Stock issuable upon conversion of 171,390 shares of Class C Preferred Stock and 141,250 shares of Common Stock issuable upon conversion of \$1,000,000 principle amount of the 7% Convertible Senior Subordinated

Debentures Due 2011 (“7% Debentures”). The shares beneficially owned directly by Jayhawk Investments consist of 647,229 shares of Common Stock issuable upon conversion of 149,510 shares of Class C Preferred Stock. The relationship of the parties filing this Schedule 13D is described in Item 2 ..

1	NAMES OF REPORTING PERSONS: Jayhawk Capital Management, L.L.C./48-1172612 I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS): (a) <input type="radio"/> (b) <input type="radio"/>	
3	SEC USE ONLY:	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS): AF	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e): <input type="radio"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION: Delaware, United States	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER:
	8	SHARED VOTING POWER: 2,696,626 ⁽¹⁾
	9	SOLE DISPOSITIVE POWER:
	10	SHARED DISPOSITIVE POWER: 2,696,626 ⁽¹⁾
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 2,696,626	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS): <input checked="" type="checkbox"/> ⁽²⁾	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 15.4%	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS): 00	

(1) Of the shares listed, 2,049,397 are beneficially owned directly by Jayhawk Institutional and 647,229 are beneficially owned directly by Jayhawk Investments. The shares beneficially owned directly by Jayhawk Institutional consist of 1,053,700 shares of Common Stock, 112,500 shares of Common Stock issuable upon exercise of 112,500 Warrants, 741,947 shares of Common Stock issuable upon conversion of 171,390 shares of Class C Preferred Stock and 141,250 shares of Common Stock issuable upon conversion of \$1,000,000 principle amount of the 7% Debentures. The shares beneficially owned directly by Jayhawk Investments consist of 647,229 shares of Common Stock issuable upon conversion of 149,510 shares of Class C Preferred Stock. The relationship of the parties filing this Schedule 13D is described in Item 2.

(2) Excludes 171,000 shares of Common Stock and 103,030 shares of Common Stock issuable upon conversion of 23,800 shares of Class C Preferred Stock reported herein as held by Kent C. McCarthy, beneficial ownership of which securities is disclaimed pursuant to Rule 13d-4 under the Securities Exchange Act of 1934.

1	NAMES OF REPORTING PERSONS: Jayhawk Institutional Partners, L.P./48-1172611 I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS): (a) <input type="radio"/> (b) <input type="radio"/>	
3	SEC USE ONLY:	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS): WC	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e): <input type="radio"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION: Delaware, United States	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER:
	8	SHARED VOTING POWER: 2,049,397 ⁽¹⁾
	9	SOLE DISPOSITIVE POWER:
	10	SHARED DISPOSITIVE POWER: 2,049,397 ⁽¹⁾
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 2,049,397	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS): <input checked="" type="checkbox"/> ⁽²⁾	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 12.1%	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS): PN	

(1) The shares listed consist of 1,053,700 shares of Common Stock, 112,500 shares of Common Stock issuable upon exercise of 112,500 Warrants, 741,947 shares of Common Stock issuable upon conversion of 171,390 shares of Class C Preferred Stock and 141,250 shares of Common Stock issuable upon conversion of \$1,000,000 principle amount of the 7% Debentures.

(2) Excludes (i) 171,000 shares of Common Stock and 103,030 shares of Common Stock issuable upon conversion of 23,800 shares of Class C Preferred Stock reported herein as held by Kent C. McCarthy and (ii) 647,229 shares of Common Stock issuable upon conversion of 149,510 shares of Class C Preferred Stock reported herein as held by Jayhawk Investments. Beneficial ownership of the securities described in the forgoing clauses (i) and (ii) is disclaimed pursuant to Rule 13d-4 under the Securities Exchange Act of 1934.



1	NAMES OF REPORTING PERSONS: Jayhawk Investments, L.P./48-1172620 I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS): (a) <input type="radio"/> (b) <input type="radio"/>	
3	SEC USE ONLY:	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS): WC	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e): <input type="radio"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION: Delaware, United States	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER:
	8	SHARED VOTING POWER: 647,229 ⁽¹⁾
	9	SOLE DISPOSITIVE POWER:
	10	SHARED DISPOSITIVE POWER: 647,229 ⁽¹⁾
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 647,229	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS): <input checked="" type="checkbox"/> ⁽²⁾	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 3.9%	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS): PN	

(1) The shares listed consist of 647,229 shares of Common Stock issuable upon conversion of 149,510 shares of Class C Preferred Stock.

(2) Excludes (i) 171,000 shares of Common Stock and 103,030 shares of Common Stock issuable upon conversion of 23,800 shares of Class C Preferred Stock reported herein as held by Kent C. McCarthy and (ii) 1,053,700 shares of Common Stock, 112,500 shares of Common Stock issuable upon exercise of 112,500 Warrants, 741,947 shares of Common Stock issuable upon conversion of 171,390 shares of Class C Preferred Stock and 141,250 shares of Common Stock issuable upon conversion of \$1,000,000 principle amount of the 7% Debentures reported herein as held by Jayhawk Institutional. Beneficial ownership of the securities described in the forgoing clauses (i) and (ii) is disclaimed pursuant to Rule 13d-4 under the Securities Exchange Act of 1934.



SCHEDULE 13D/A

This Amendment No. 6 to Schedule 13D (the "Amendment") is being filed jointly by Kent C. McCarthy, Jayhawk Capital Management, L.L.C., a Delaware limited liability company ("Jayhawk"), Jayhawk Institutional Partners, L.P., a Delaware limited partnership ("Jayhawk Institutional"), and Jayhawk Investments, L.P., a Delaware limited partnership ("Jayhawk Investments" and, together with Mr. McCarthy, Jayhawk and Jayhawk Institutional, "Filing Parties") to amend the cover page of each of the Filing Parties and Items 3, 4, 5, 6 and 7 of the initial statement on Schedule 13D relating to shares of Common Stock of LSB Industries, Inc., a Delaware corporation (the "Issuer"), as filed with the Securities and Exchange Commission (the "Commission") on January 18, 2001, as amended by Amendment No. 1 filed with the Commission on March 22, 2002, Amendment No. 2 filed with the Commission on March 28, 2003, Amendment No. 3 filed with the Commission on November 12, 2003, Amendment No. 4 filed with the Commission on January 9, 2004, and Amendment No. 5 filed with the Commission on January 30, 2006 (the "Original Schedule 13D"). Items 1 and 2 of the Original Schedule 13D remain unchanged.

Unless otherwise indicated, capitalized terms used but not defined herein which are defined in the Original Schedule 13D shall have the meaning assigned to such terms in the Original Schedule 13D.

The beneficial ownership reported in this Amendment No. 6 assumes that at December 20, 2006, there were 15,902,806 shares of the Issuer's Common Stock outstanding. This figure is based upon the sum of (1) 14,525,618 shares of Common Stock outstanding as reported in the Issuer's Quarterly Report of Form 10-Q filed with the Commission on November 8, 2006, (2) 353,125 shares of Common Stock issued by the Issuer on November 21, 2006, upon the conversion of certain 7% Convertible Senior Subordinated Debentures of the Issuer due 2011 (the "7% Debentures") as report in the Issuer's Form 8-K filed with the Commission on November 21, 2006, and (3) 1,024,062 shares of Common Stock issued by the Issuer on November 24 and 27, 2006, upon the conversion of certain 7% Debentures as reported in the Issuer's Form 8-K filed with the Commission on November 30, 2006.

Item 3. Source and Amount of Funds.

As of February 18, 2002, Jayhawk Investments had invested \$768,760 in shares of Common Stock and shares of \$3.25 Convertible Exchangeable Class C Preferred Stock, Series 2 ("Class C Preferred"); Jayhawk Institutional had invested \$1,388,502 in shares of Common Stock and Class C Preferred Stock; and Mr. McCarthy had invested \$435,935 in shares of Common Stock and Class C Preferred Stock. The above amounts include any brokerage commissions incurred in the investments. The source of these funds was the working capital of each entity and the personal funds of Mr. McCarthy, and reported as such in Amendment No. 1 filed March 22, 2002.

On March 27, 2003, Jayhawk Institutional purchased 450,000 shares of Common Stock and Warrants to purchase 112,500 shares of Common Stock for an aggregate purchase price of \$1,570,500. The source of funds for this transaction was the working capital of Jayhawk Institutional.

On April 1, 2005, Jayhawk Investments acquired 20,000 shares of Class C Preferred Stock from Primarius Focus, LP ("Primarius Focus"), a fund in which Jayhawk Investments invests, pursuant to a distribution by Primarius Focus on account of Jayhawk's limited partnership interest in Primarius Focus. The aggregate market value of these shares was \$1,000,000.

From June 20, 2005, to January 4, 2006, (i) Jayhawk Institutional purchased an aggregate of 8,700 shares of Class C Preferred Stock for an aggregate purchase price of \$426,652 and (ii) Jayhawk Investments purchased an aggregate of 30,900 shares of Class C Preferred Stock for an aggregate purchase price of

\$1,529,990. The source of funds for these transactions was the working capital of Jayhawk Institutional (in the case of clause (i)) and Jayhawk Investments (in the case of clause (ii)). Beneficial ownership of the Filing Parties giving effect to these purchases is reflected in Amendment No. 5 filed with the Commission on January 30, 2006.

From March 14, 2006, through October 17, 2006, Jayhawk Institutional purchased (i) 13,700 shares of Common Stock for an aggregate purchase price of \$87,662, (ii) \$1,000,000 principle amount of the 7% Debentures (convertible into 141,250 shares of Common Stock) for an aggregate purchase price of \$1,000,000 and (iii) 3,140 shares of Class C Preferred Stock (convertible into 13,593 shares of Common Stock) for an aggregate purchase price of \$196,427. The source of funds for these transactions was the working capital of Jayhawk Institutional.

On October 18, 2006, Jayhawk Investments acquired 9,210 shares of Class C Preferred Stock (convertible into 39,870 shares of Common Stock) as a result of distributions from two entities in which Jayhawk Institutional holds limited partnership interests. Of the 9,210 shares of Class C Preferred Stock, 6,400 shares were distributed by Primarius Focus and 2,810 shares were distributed by Primarius Partners, LP ("Primarius Partners").

From October 19, 2006, through December 14, 2006, Jayhawk Institutional purchased 100,000 shares of Common Stock for an aggregate purchase price of \$1,012,848. The source of funds for these transactions was the working capital of Jayhawk Institutional.

From December 15, 2006, through December 18, 2006, Jayhawk Investments purchased 3,800 shares of Class C Preferred Stock (convertible into 16,450 shares of Common Stock) for an aggregate purchase price of \$284,340. The source of the funds for these transactions was the working capital of Jayhawk Investments.

All of the transactions from October 18, 2006, through December 18, 2006, are reported in more detail in Item 5.

Item 4. Purpose of the Transaction.

The Filing Parties acquired the shares of Common Stock, Class C Preferred Stock, Warrants and 7% Debentures (collectively, the "Securities") for investment purposes. The Filing Parties, as holders of Class C Preferred Stock, participate in the nomination and election of two individuals to serve on the board of directors in accordance with the terms of the Certificate of Designations of the Class C Preferred Stock and, from time to time, Mr. McCarthy and other representatives of the Filing Parties engage in discussions with the Issuer's management and board of directors in an effort to identify opportunities to increase the value of the Securities.

The Filing Parties reserve the right to acquire additional, or dispose of, securities of the Issuer, in the ordinary course of business to the extent deemed advisable in light of the Filing Parties' general investment and trading policies, market conditions, the availability of shares of Common Stock, Class C Preferred Stock, Warrants or 7% Debentures or other factors. Other than as described above and in Item 6 below, no member of the Filing Parties has present plans or proposals that would result in any of the following:

- 1) any extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Issuer or any of its subsidiaries;
- 2) any sale or transfer of a material amount of assets of the Issuer or any of its subsidiaries;

- 3) any material change in the present capitalization or dividend policy of the Issuer;
- 4) any other material change in the Issuer's business or corporate structure;
- 5) any change in the Issuer's charter, by-laws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Issuer by any person;
- 6) causing a class of securities of the Issuer to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association;
- 7) causing a class of securities of the Issuer to become eligible for termination of registration pursuant to Section 12(g)(4) of the Act; or
- 8) any action similar to any of those enumerated above.

Item 5. Interest in Securities of the Issuer.

(a) and (b)

Jayhawk Institutional beneficially owns 2,049,397 shares of Common Stock (which includes 1,053,700 shares of Common Stock held of record by Jayhawk Institutional, 741,947 shares of Common Stock issuable upon conversion of 171,390 shares of Class C Preferred Stock held of record by Jayhawk Institutional, 112,500 shares of Common Stock issuable upon exercise of 112,500 Warrants held of record by Jayhawk Institutional and 141,250 shares of Common Stock issuable upon conversion of \$1,000,000 principle amount of the 7% Debentures held of record by Jayhawk Institutional), which represents 12.1% of the Common Stock (calculated giving effect to (i) the 741,947 shares of Common Stock issuable upon conversion of the Class C Preferred Stock held by Jayhawk Institutional, (ii) the 112,500 shares of Common Stock issuable upon exercise of the Warranty held by Jayhawk Institutional and (iii) the 141,250 shares of Common Stock issuable upon conversion of the 7% Debentures held by Jayhawk Institutional.)

Jayhawk Investments beneficially owns 647,229 shares of Common Stock (which consists solely of 647,229 shares of Common Stock issuable upon conversion of 149,510 shares of Class C Preferred Stock held of record by Jayhawk Investments), which represents 3.9% of the Common Stock (calculated giving effect to the 647,229 shares of Common Stock issuable upon conversion of the Class C Preferred Stock held by Jayhawk Investments).

As a result of the relationship of Jayhawk to Jayhawk Institutional and Jayhawk Investments, Jayhawk may be deemed to have shared power to vote, or direct the vote of, and to dispose, or direct the disposition of, the 2,696,626 shares of Common Stock beneficially owned by Jayhawk Institutional and Jayhawk Investments, which, in the aggregate represents 15.4% of the Common Stock (calculated as described above).

As a result of (i) M. McCarthy being the trustee and sole beneficiary of the Kent C. McCarthy Revocable Trust ("Trust"), Mr. McCarthy is deemed to beneficially own the 274,000 shares of Common Stock (which includes 171,000 shares of Common Stock held of record by the Trust and 103,030 shares of Common Stock issuable upon conversion of 23,800 shares of Class C Preferred Stock held of record by the Trust) and (ii) the relationship of Mr. McCarthy to Jayhawk and Jayhawk to each of Jayhawk Institutional and Jayhawk Investments, Mr. McCarthy may be deemed to have shared power to vote, or direct the vote

of, and to dispose, or direct the disposition of, the Common Stock beneficially owned by Jayhawk Institutional and Jayhawk Investments. The aggregate shares represented by the foregoing clauses (i) and (ii) is 2,970,656, which represents 16.8% of the Common Stock (calculated as described above).

(c) The following transactions were effected within the past sixty days on the open market:

Identity of Entity	Date of Transaction	Type of Security Acquired	Number of Securities Acquired	Price per share of Security
Jayhawk Investments	10/18/2006	Class C Preferred Stock ⁽¹⁾	9,210 ⁽²⁾	⁽³⁾
Jayhawk Institutional	11/17/2006	Common Stock	5,500	\$ 9.83
Jayhawk Institutional	11/17/2006	Common Stock	400	\$ 9.84
Jayhawk Institutional	11/17/2006	Common Stock	4,100	\$ 9.85
Jayhawk Institutional	11/17/2006	Common Stock	1,500	\$ 9.89
Jayhawk Institutional	11/17/2006	Common Stock	2,500	\$ 9.90
Jayhawk Institutional	11/17/2006	Common Stock	300	\$ 9.98
Jayhawk Institutional	11/17/2006	Common Stock	14,900	\$10.00
Jayhawk Institutional	11/17/2006	Common Stock	100	\$10.05
Jayhawk Institutional	11/17/2006	Common Stock	300	\$10.06
Jayhawk Institutional	11/17/2006	Common Stock	900	\$10.07
Jayhawk Institutional	11/17/2006	Common Stock	100	\$10.09
Jayhawk Institutional	11/17/2006	Common Stock	700	\$10.10
Jayhawk Institutional	11/17/2006	Common Stock	200	\$10.11
Jayhawk Institutional	11/17/2006	Common Stock	1,600	\$10.13
Jayhawk Institutional	11/17/2006	Common Stock	3,400	\$10.14
Jayhawk Institutional	11/17/2006	Common Stock	33,000	\$10.15
Jayhawk Institutional	11/17/2006	Common Stock	1,800	\$10.20
Jayhawk Institutional	11/17/2006	Common Stock	9,300	\$10.21
Jayhawk Institutional	11/17/2006	Common Stock	100	\$10.29
Jayhawk Institutional	11/17/2006	Common Stock	700	\$10.30
Jayhawk Institutional	11/17/2006	Common Stock	100	\$10.39
Jayhawk Institutional	11/17/2006	Common Stock	900	\$10.40
Jayhawk Institutional	11/20/2006	Common Stock	1,000	\$10.32
Jayhawk Institutional	11/20/2006	Common Stock	16,600	\$10.35
Jayhawk Investments	12/15/2006	Class C Preferred Stock ⁽²⁾	800 ⁽²⁾	\$74.50
Jayhawk Investments	12/15/2006	Class C Preferred Stock ⁽²⁾	2,500 ⁽²⁾	\$75.50
Jayhawk Investments	12/18/2006	Class C Preferred Stock ⁽²⁾	500 ⁽²⁾	\$72.00

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

(2) The number reported reflects shares of Class C Preferred Stock. Each share of Class C Preferred Stock is convertible into 4.329 shares of Common Stock.

(3) The shares listed were acquired as a result of distributions from Primarius Focus and Primarius Partners of which Jayhawk Investments is a limited partner. Jayhawk Investments received 6,400 shares from Primarius Focus and 2,810 shares from Primarius Partners.

(d) Not Applicable.

(e) Not Applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

On November 10, 2006, the Issuer entered into an Agreement (the "Agreement") with the Filing Parties. The Agreement provides that if the Issuer undertakes, in its sole discretion, within one (1) year from the date of the Agreement, a tender or exchange offer for the Issuer's Class C Preferred Stock, the Filing Parties will (i) tender or exchange an aggregate total of only 180,450 shares of the Class C Preferred Stock owned by the Filing Parties and (ii) waive their rights to all accrued and unpaid dividends on the Class C Preferred Stock tendered or exchanged. The obligations of the Filing Parties described in the foregoing clauses (i) and (ii) are subject to certain conditions, including: (a) the consideration to be paid for each share tendered or exchanged is to be 7.4 shares of Common Stock, (b) the Board of Directors of the issuer shall have received an opinion that the tender or exchange offer and the consideration therefor is fair to the stockholders of the Issuer, (c) the approval by the holders of the Common Stock and Class C Preferred Stock of certain amendments to the Certificate of Designations of the Class C Preferred Stock as described below and, if required by the rules of the AMEX, the approval by the holders of the Common Stock of the issuance of the shares of Common Stock pursuant to the transaction. As the beneficial and record of 340,900 shares of Class C Preferred Stock, the Filing Parties have the power to vote 68.3% of the total votes held by all holders of Class C Preferred Stock, which is sufficient to approve the Amendments on behalf of the Class C Preferred Stock.

The Agreement also provides that the Filing Parties agree to vote their shares of the Issuer's Common Stock and Class C Preferred Stock to amend the Certificate of Designations of the Class C Preferred Stock to (a) allow the Issuer to acquire shares of its Common Stock for a period of five years from the date of completion of the tender or exchange offer, without the approval of the holders of the Class C Preferred Stock, notwithstanding that accrued and unpaid dividends may exist with respect to the Class C Preferred Stock, and (b) provide that the existing right of the holders of Class C Preferred Stock to elect two directors to the Issuer's Board of Directors when dividends on the Class C Preferred Stock are unpaid may be exercised only if and so long as at least 140,000 shares of Class C Preferred Stock remain issued and outstanding.

The Certificate of Designations of the Class C Preferred Stock currently prohibits the Issuer from purchasing, redeeming or otherwise acquiring any shares of Common Stock or other securities ranking junior to the Class C Preferred Stock as to dividends and rights upon liquidation and provides that when dividends on the Class C Preferred Stock are in arrears and unpaid in an amount equal to at least six quarterly dividends the Class C Preferred Stock holders have the exclusive right to vote for and elect two additional directors during period the dividends remain in arrears.

The foregoing is a summary of the material terms of the Agreement. The above discussion is qualified by reference to such copy of the Agreement. A copy of the Agreement is filed herewith as Exhibit 2.

Item 7. Material to be Filed as Exhibits.

1. Joint Filing Agreement dated as of January 9, 2001 (previously filed as Exhibit 99.1 to Original Schedule 13D filed with the Commission on January 18, 2001).
2. Exchange Agreement dated November 10, 2006 between the Issuer and the Filing Parties.

Signature

After reasonable inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: December 22, 2006

JAYHAWK INSTITUTIONAL PARTNERS, L.P.

By: Jayhawk Capital Management, L.L.C.,
Its general partner

By: /s/ Kent C. McCarthy
Kent C. McCarthy, Manager

JAYHAWK INVESTMENTS, L.P.

By: Jayhawk Capital Management, L.L.C.,
Its general partner

By: /s/ Kent C. McCarthy
Kent C. McCarthy, Manager

JAYHAWK CAPITAL MANAGEMENT, L.L.C.

By: /s/ Kent C. McCarthy
Kent C. McCarthy, Manager

KENT C. MCCARTHY

/s/ Kent C. McCarthy
Kent C. McCarthy

AGREEMENT

This AGREEMENT (the “Agreement”) is dated this November 10, 2006, by and among LSB INDUSTRIES, INC., a Delaware corporation (the “Company”), KENT C. MCCARTHY, an individual (“McCarthy”), JAYHAWK CAPITAL MANAGEMENT, L.L.C., a Delaware limited liability company (“Jayhawk”), JAYHAWK INSTITUTIONAL PARTNERS, L.P., a Delaware limited partnership (“Jayhawk Institutional”), and JAYHAWK INVESTMENTS, L.P., a Delaware limited partnership (“Jayhawk Investments”). McCarthy, Jayhawk, Jayhawk Institutional, and Jayhawk Investments are collectively referred to as the “Jayhawk Group.”

WITNESSETH:

WHEREAS, the Company’s outstanding \$3.25 Convertible Exchangeable Class C Preferred Stock, Series 2 (the “Series 2 Preferred”), is registered with the Securities and Exchange Commission under the Form S-2 Registration Statement No. 33-61640, effective May 19, 1993;

WHEREAS, Jayhawk Capital, as the investment advisor and manager of Jayhawk Institutional and the investment advisor and general partner of Jayhawk Investments, is deemed to beneficially own the securities held by Jayhawk Institutional and Jayhawk Investments;

WHEREAS, McCarthy, as the manager and sole member of Jayhawk Capital, has sole voting and dispositive power over the Series 2 Preferred owned by Jayhawk Capital, Jayhawk Institutional and Jayhawk Investments;

WHEREAS, the Jayhawk Group is the record and beneficial owner of 340,900 shares of Series 2 Preferred, which shares of Series 2 Preferred are owned of record by the members of the Jayhawk Group, as set forth in the table below:

<u>Record Owner</u>	<u>Shares of Series 2 Preferred</u>
Kent C. McCarthy	23,800
Jayhawk Institutional Partners, L.P.	171,390
Jayhawk Investments, L.P.	145,710
Total	340,900

WHEREAS, the Jayhawk Group is the record and beneficial owner of 2,837,956 shares of LSB common stock, which includes 1,124,700 shares of common stock, 1,475,756 shares of common stock receivable upon conversion of the 340,900 shares of Series 2 Preferred, 112,500 shares of common stock that may be acquired upon exercise of warrants, and 125,000 shares of common stock that may be acquired upon conversion of \$1 million principal amount of the 7% Convertible Senior Subordinated Debentures due 2011 shares of common stock;

WHEREAS, as of September 30, 2006, the amount of accrued and unpaid dividends on the 340,900 shares of Series 2 Preferred was \$23.2625 per share, resulting in accrued and unpaid dividends on the shares of Series 2 Preferred owned by the Jayhawk Group;

WHEREAS, McCarthy individually, and on behalf of the Jayhawk Group, contacted the Company and solicited the Company to exchange either directly or as a part of a tender offer by the Company of its Series 2 Preferred, a portion of the shares of the Series 2 Preferred owned by the Jayhawk Group for shares of the Company's common stock, par value \$.10 per share, based on an exchange rate of 7.4 shares of the common stock for each share of Series 2 Preferred surrendered to the Company, and to waive all right, title and interest that the Jayhawk Group may have in and to any and all accrued and unpaid dividends on the Series 2 Preferred so tendered or exchanged;

WHEREAS, the Company and the Jayhawk Group desire to amend the Certificate of Designations, filed with the Delaware Secretary of State of the State of Delaware on May 21, 1993 (the "Certificate of Designations") that is included in the Company's Amended and Restated Certificate of Incorporation, filed with the Delaware Secretary of State of the State of Delaware on September 2, 1987, as amended prior to the date hereof (including the Certificate of Designations, the "Charter"), which sets forth the rights, preferences and designations of the Series 2 Preferred to (a) allow the Company to purchase, redeem or otherwise acquire shares of its common stock without the approval of the holders of the Series 2 Preferred, notwithstanding that accrued and unpaid dividends may exist with respect to the Series 2 Preferred, and (b) provide that the existing right of the holders of Series 2 Preferred to elect two directors to the Company's Board of Directors when dividends on the Series 2 Preferred are unpaid may be exercised only if and so long as at least 140,000 shares of Series 2 Preferred remain issued and outstanding; and

WHEREAS, if the Company undertakes, within one (1) year from the date of this Agreement, a tender offer for all of the issued and outstanding Series 2 Preferred, with the consideration to be paid to the holders of Series 2 Preferred that the tender shares of Series 2 Preferred to be 7.4 shares of the common stock for each share of Series 2 Preferred tendered, and, in the event of such tender offer, the Jayhawk Group agrees to tender only 180,450 shares of Series 2 Preferred that it beneficially owns in connection with such tender offer (which constitutes 0.5293341 percent of the Series 2 Preferred beneficially owned by the Jayhawk Group); provided that the Jayhawk Group acknowledge and agree that the Company, as of the date of this Agreement, has not determined to undertake any tender offer for the Series 2 Preferred;

NOW, THEREFORE, in consideration of the terms and conditions contained herein, the Company and the Holder hereby agree as follows:

1. Amendment to Charter. Each member of the Jayhawk Group hereby agrees, whether by written consent or at a meeting of the Company's shareholders held by such purpose, to vote and issue its consent with respect to all of the shares of common stock and Series 2 Preferred beneficially owned by the Jayhawk Group "for" and in favor of the adoption and approval to amend the Certificate of Designations included in the Charter, substantially as follows (collectively, the "Amendments"):

- (a) For a period of five (5) years from the date of completion of the exchange or tender, whichever is applicable, to allow LSB to purchase, redeem or otherwise acquire shares of its common stock (including without limitation, pursuant to the

cashless exercise of Company options) without the approval of the holders of the Series 2 Preferred, notwithstanding that accrued and unpaid dividends may exist with respect to the Series 2 Preferred, and

- (b) to provide that the existing right of the Series 2 Preferred to elect two directors to the Company's Board of Directors when dividends are unpaid on the Series 2 Preferred will be effective only if and so long as at least 140,000 shares of Series 2 Preferred remain issued and outstanding.

Each member of the Jayhawk Group agrees to (y) execute a written consent as a holder of Series 2 Preferred and common stock in accordance with the Delaware General Corporation Law, approving the adoption of the Amendments and (z) to vote "for" and in favor of the adoption and approval of the Amendments if the Company determines to hold a meeting of the holders of the Series 2 Preferred and/or the common stock to vote upon the Amendments.

2. Exchange/Tender Offer. If the Company undertakes, in its sole discretion, within one (1) year from the date of this Agreement, (a) a tender offer for its issued and outstanding shares of Series 2 Preferred or (b) to issue shares of its common stock for a portion of the Series 2 Preferred owned by the Jayhawk Group pursuant to a private exchange, each member of the Jayhawk Group, jointly and severally, agrees to tender or exchange, as applicable, an aggregate total of only 180,450 shares of Series 2 Preferred beneficially owned by the Jayhawk Group pursuant to the terms of the tender offer or exchange, whichever is undertaken by the Company, and waive any and all of the Holders' right, title and interest in and to any and all accrued and unpaid dividends on the Series 2 Preferred so tendered or exchanged, subject to the satisfaction of the following:

- (a) the consideration paid by the Company for each share of Series 2 Preferred so tendered or exchanged to the Company will be 7.4 shares of common stock;
- (b) the Board of Directors of the Company shall have received an opinion, in form satisfactory to the Board of Directors, that the tender offer or exchange and the consideration therefore is fair to the shareholders of the Company;
- (c) the common stock to be issued to the holders of the Series 2 Preferred pursuant to the terms of the tender offer or exchange shall have been approved for listing, upon official notice of issuance, with the American Stock Exchange ("AMEX");
- (d) the holders of the issued and outstanding shares of common stock of the Company and the Series 2 Preferred shall have approved the Amendments and, if required by the rules and regulations of the AMEX, the holders of the issued and outstanding common stock shall have approved the issuance of the shares of common stock pursuant to the tender offer or exchange; and
- (e) the Golsen Group (defined as Jack E. Golsen, his spouse and children, and SBL Corporation and Golsen Petroleum Corporation, which are entities controlled by Jack E. Golsen, his wife and children) shall only exchange or tender in such exchange or tender undertaken by the Company within one (1) year from the date of this Agreement 26,467 shares of the Series 2 Preferred beneficially owned by

the Golsen Group (which represents 0.5293341 percent of the Series 2 Preferred beneficially owned by the Golsen Group) and to waive any and all of the Golsen Group's right, title and interest in and to any and all accrued and unpaid dividends on the 26,467 shares of Series 2 Preferred so tendered or exchanged, subject to the conditions set forth in subparagraphs (a) through (d) of this paragraph 2.

3. Miscellaneous Provisions.

- 3.1 Governing Law; Jurisdiction; Jury Trial. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of Delaware. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.
- 3.2 Counterparts. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party; provided that a facsimile signature shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original, not a facsimile signature.
- 3.3 Headings. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.
- 3.4 Severability. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.
- 3.5 Entire Agreement; Amendments. This Agreement supersedes all other prior oral or written agreements between the Jayhawk Group, the Company, their affiliates and persons acting on their behalf with respect to the matters discussed herein, and this Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein. No provision of this Agreement may be amended other than by an instrument in writing signed by the party against whom the amendment may be enforced. No provision hereof may be waived other than by an instrument in writing signed by the party against whom enforcement is sought.

- 3.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.
- 3.7 No Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.
- 3.8 Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

LSB INDUSTRIES, INC., a Delaware corporation

By: /s/ Jack E. Golsen
Jack E. Golsen, Chief Executive Officer

(the "Company")

/s/ Kent C. McCarthy
KENT C. McCARTHY, an individual

("McCarthy ")

JAYHAWK CAPITAL MANAGEMENT, L.L.C.,
a Delaware limited liability company

By: /s/ Kent C. McCarthy
Name: Kent C. McCarthy
Title: Manager

("Jayhawk ")

JAYHAWK INSTITUTIONAL PARTNERS, L.P., a
Delaware limited partnership

By: /s/ Kent C. McCarthy
Name: Kent C. McCarthy
Title: Manager

(“Jayhawk Institutional”)

JAYHAWK INVESTMENTS, L.P., a Delaware limited
partnership.

By: /s/ Kent C. McCarthy
Name: Kent C. McCarthy
Title: Manager

(“Jayhawk Investments”)