

MCCAULEY DAVID
 Form 4
 August 28, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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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

(Print or Type Responses)

1. Name and Address of Reporting Person *
 MCCAULEY DAVID

(Last) (First) (Middle)

9260 PLEASANTWOOD AVE

(Street)

NORTH CANTON, OH 44720

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
 LSI INDUSTRIES INC [LYTS]

3. Date of Earliest Transaction
 (Month/Day/Year)
 08/24/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

President - LSI Graphics Solut

6. Individual or Joint/Group Filing(Check Applicable Line)
 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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Shares ⁽¹⁾	08/24/2006		A		1,267	A	\$ 17.97
Common Shares							20,605
Common Shares							4,586
Common Shares ⁽²⁾							10,000

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

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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. Amount or Number of Shares
Option to Buy	\$ 11.68					(3) 11/14/2011	Common Shares	2,813
Option to Buy	\$ 9.96					(4) 10/27/2014	Common Shares	20,000
Option to Buy	\$ 17.6	08/24/2006		A	20,000	(5) 08/24/2016	Common Shares	20,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MCCAULEY DAVID 9260 PLEASANTWOOD AVE NORTH CANTON, OH 44720			President - LSI Graphics Solut	

Signatures

Mark A. Weiss, Attorney-in-Fact for David McCauley
08/28/2006

**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).
- (1) Common Shares held in the LSI Industries Inc. Non-Qualified Deferred Compensation Plan.
Shares owned by David McCauley and held in escrow as security for certain liabilities and obligations pursuant to the agreements under which his company was acquired by LSI Industries Inc. As a registered owner of these shares, David McCauley has the power to vote the shares held in escrow but no authority to dispose of the shares. The shares are to be released from escrow under the terms of the agreements.
- (2) Options granted pursuant to the Company's Incentive Stock Option Plans November 14, 2001. Options vest 25% a year commencing on the first anniversary of the date of grant.
- (3) Options granted vest on the anniversary of the grant date, 25% per year, cumulative, beginning October 27, 2005.

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(5) The options vest in equal annual amounts of 25% per year beginning on August 24, 2007.

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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