

LSI Industries Inc.
Compensation Committee
Charter

As Revised Effective July 1, 2013

Status

The Compensation Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) and serves at the pleasure of the Board.

Membership

The Committee shall consist of no fewer than three directors all of whom in the judgment of the Board shall be independent in accordance with the provisions of Rule 10C-1(b)(1) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and applicable Nasdaq stock market rules. At least two members of the Committee must qualify as “non-employee directors” for the purposes of Rule 16b-3 under the Exchange Act, and as “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code, as amended.

Authority and Responsibilities

The Committee shall have the following authority and responsibilities:

- discharging the responsibilities of the Board relating to compensation of the Company’s CEO and other executive officers;
- reviewing and discussing with the Company’s management the Compensation Discussion and Analysis (the “CD&A”) required to be included in the Company’s annual proxy statement and determine whether to recommend to the Board that the CD&A be so included;
- producing the Compensation Committee Report for inclusion in the Company’s proxy statement in compliance with the rules and regulations of the Securities and Exchange Commission (the “SEC”);
- establishing annual and long-term performance goals and objectives for our executive officers, as well as setting the overall compensation philosophy for the Company;
- overseeing the Company’s compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and the requirement under Nasdaq rules that, with limited exceptions, shareholders approve equity compensation plans;
- evaluating the performance of the CEO and other elected officers in light of the approved performance goals and objectives;
- setting the compensation of the CEO and other elected officers based upon the evaluation of the performance of the CEO and other elected officers, respectively,

provided that, the CEO may not be present during voting or deliberations on CEO compensation;

- making recommendations to the Board with respect to new cash-based incentive compensation plans and equity-based compensation plans; and
- as required by law, regulation or listing standard or in the discretion of the Committee, preparing an annual performance self-evaluation of the Committee and reviewing this charter annually and recommending any proposed changes to the Board for approval.

In addition, as applicable, the Committee:

- administers the Company's equity compensation plans;
- determines and certifies the shares awarded under corporate performance-based plans;
- grants options and awards under the equity compensation plans; and
- advises on the setting of compensation for senior executives whose compensation is not otherwise set by the Committee.

In determining the long-term incentive component of the compensation of the Company's CEO and other executive officers, the Committee may consider: (i) the Company's performance and relative shareholder return; and (ii) the value of similar incentive awards to chief executive officers and elected officers at comparable companies.

The Committee has the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

Advisors

The Committee shall have the authority, in its sole discretion, to retain and terminate (or obtain the advice of) any advisor to assist it in the performance of its duties, but only after taking into consideration factors relevant to the adviser's independence from management specified in Nasdaq Listing Rule 5605(d)(3). The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any adviser retained by the Committee, and shall have sole authority to approve the adviser's fees and other terms and conditions of the adviser's retention. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any adviser retained by the Committee.

Meetings

The Committee shall meet as frequently as it deems necessary to fulfill its responsibilities.