

Jalbout Fred
Form 4
June 27, 2006

FORM 4

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

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).

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 *
Jalbout Fred

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

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

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

7809 TRANS CANADA

06/26/2006

President, LSI Tech Solu Plus

(Street)

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

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

MONTREAL, A8 H4S 1L3

(City) (State) (Zip)

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| Common Stock | 06/26/2006 | | A | (A) 1,419,355 (2) | (1) 1,419,355 (2) | I | By corporation (3) |

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

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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| 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) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
| | | | | | | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| | | | | | | Code | V | (A) | (D) |
| Option to Buy (4) | \$ 14.36 | 06/26/2006 | | A | 20,000 | 06/02/2007 | 06/02/2016 | Common Stock | 20,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Jalbout Fred 7809 TRANS CANADA MONTREAL, A8 H4S 1L3 | | | President, LSI Tech Solu Plus | |

Signatures

Michael J. Moeddel, Attorney-in-Fact for Fred Jalbout
06/27/2006

**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) Received as partial consideration for all of the issued and outstanding capital stock of 4349466 Canada Inc. ("Canada") pursuant to a Stock Purchase Agreement dated as of June 26, 2006 ("SPA") by and among the Issuer, Jalbout Holdings, Inc. ("Holdings"), Saco Technologies Inc. ("Saco"), 3970957 Canada, Inc. ("Canco"), Canada, the reporting person and Bassam Jalbout. The closing price of the Issuer's common stock on the closing date of the transaction contemplated by the SPA was \$14.36 per share.
- (2) All of the shares will be held in escrow pursuant to the terms of an Escrow Agreement dated as of June 26, 2006 by and among the Issuer, Saco and The Bank of New York Trust Company, N.A. (the "Escrow Agreement"), under which Saco, of which the reporting person beneficially owns 50%, will have the authority to direct the escrow agent thereunder to sell all or a portion of the escrowed shares. The shares held in escrow pursuant to the Escrow Agreement are subject to forfeiture under the terms of the Escrow Agreement for a period following the closing date in order to satisfy claims arising as a result of breaches of representations and warranties or covenants under the SPA by Saco, Canco, Holdings, Bassam Jalbout or the reporting person. Following the termination of the escrow period under the Escrow Agreement, any remaining shares and any proceeds from sales thereof will be distributed to Saco.
- (3) The corporation, Saco, of which the reporting person beneficially owns 50%, acquired these shares pursuant to the SPA, which shares shall be held in escrow, as provided in footnote 2 above. The reporting person disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein, and the inclusion of these shares in this report shall not be deemed an admission of beneficial ownership of all of the reported shares for purposes of Section 16 or any other purpose.
- (4) Non-qualified stock options granted pursuant to the Company's 2003 Equity Compensation Plan. The options are exercisable at a rate of 25% per year of the aggregate grant, beginning on the 1st anniversary of the grant date.

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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