

WSI INDUSTRIES, INC.

Form 8-K

October 29, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
Date of Report (date of earliest event reported): October 23, 2007
WSI Industries, Inc.
(Exact name of Registrant as Specified in its Charter)
Minnesota
(State Or Other Jurisdiction Of Incorporation)**

000-00619

41-0691607

(Commission File Number)

(I.R.S. Employer Identification No.)

213 Chelsea Road
Monticello, MN

55362

(Address Of Principal Executive Offices)

(Zip Code)

(763) 295-9202

Registrant's Telephone Number, Including Area Code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Items under Sections 1, 3, 4 and 6 through 8 are not applicable and therefore omitted.

Item 2.02 Results Of Operations And Financial Condition.

WSI Industries, Inc. (the Company) issued a press release on October 23, 2007 disclosing material non-public information regarding its results of operations for the fourth quarter and fiscal year ending August 26, 2007. In the press release the Company incorrectly reported that its sales from its energy business were \$1.4 million in the fourth quarter. This statement should have read that sales from the Company s energy business were \$1.0 million for the fourth quarter. Sales from the Company s energy business were \$1.4 million year-to-date. The Company hereby furnishes a corrected press release, which is attached hereto as Exhibit 99.1. The Company reiterates its guidance for fiscal 2008 sales from its energy business of \$10 million to \$11 million.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers; Compensatory Arrangements of Certain Officers.

On October 23, 2007, the Compensation Committee of Board of Directors of the Company recommended, and the Board of Directors approved, the 2008 Executive Bonus Program (the Program) for executive officers and other members of management. The Compensation Committee also approved the bonus that may be earned by executive officers under the Program, as a percentage of the executive officer s salary, at the threshold, target and maximum levels.

Under the Program, executive officers are eligible for a bonus depending upon the Company s fiscal year 2008 performance against goals established by the Compensation Committee relating to return on assets. Return on assets is defined as pretax income before incentive compensation divided by average tangible assets. The Compensation Committee set threshold, target and maximum goals for fiscal year 2008 relating to return on assets. If the threshold level is not met, the executive officers will not earn any bonus under the Program. Under the Program, Michael Pudil, the Company s Chief Executive Officer is eligible for a bonus of 30%, 60% and 80% of his salary at the threshold, target and maximum levels of return on assets, respectively. Paul Sheely, the Company s Chief Financial Officer, is eligible for a bonus of 25%, 50% and 70% of his salary at the threshold, target and maximum levels of return on assets, respectively. If the Company achieves a level of return on assets that falls between the levels established by the Compensation Committee, the executive officer s bonus will be prorated.

All bonuses at the threshold and target levels and between the threshold and target levels will be paid out in cash. If the Company achieves a return on assets in excess of the target level and up to the maximum level, the executive officer s bonus will be paid out in cash up to the target level amount and for the bonus in excess of the target level amount, the bonus will be paid by lapse of restrictions on shares of restricted stock granted by the Compensation Committee.

On October 23, 2007, the Compensation Committee also approved grants of performance based restricted stock to executive officers and other members of management under the Program, with the number of shares granted to each participant representing the maximum number of shares that could be earned under the Program. The number of shares of performance based restricted stock granted to Messrs. Pudil and Sheely was 6,570 and 3,704 shares, respectively. The shares of performance based restricted stock may not be transferred unless and until the restrictions lapse upon achievement of a return on assets in excess of the target level and up to the maximum level. The holder of the performance based restricted stock is entitled to vote and receive dividends and exercise all other rights with respect to the shares. The number of shares as to which restrictions would lapse would be based on the cash equivalent of bonus earned by the executive officer divided by the per share price of the Company s common stock on the date of grant of the performance based restricted stock, which was \$6.91 per share. Any shares of performance based restricted stock as to which restrictions do not lapse will be forfeited.

Also on October 23, 2007, the Compensation Committee approved cash bonuses under the Company's 2007 Executive Bonus Program for Messrs. Pudil and Sheely. Under that program, the cash bonuses would be paid based on achievement relating to increased revenues in fiscal year 2007 from business that will diversify the customer base and return on tangible assets for fiscal year 2007. For fiscal year 2007, the Company exceeded the maximum goal relating to increased revenues from certain customers, resulting in a bonus earned by Mr. Pudil and Mr. Sheely of 30% of their respective base salaries. The Company also exceeded the maximum goal relating to return on assets, resulting in a bonus earned by Mr. Pudil and Mr. Sheely of 20% of their respective base salaries. Therefore, under the 2007 Executive Bonus Program, Mr. Pudil earned an aggregate cash bonus of \$111,827 and Mr. Sheely earned an aggregate cash bonus of \$64,000.

Item 9.01 Financial Statements And Exhibits.

Exhibit No.	Description
99.1	Press Release issued on October 23, 2007, as corrected

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WSI INDUSTRIES, INC.

By: /s/ Michael Pudil
Michael Pudil
President and Chief Executive Officer

Date: October 29, 2007