

WSI INDUSTRIES, INC.  
Form 4  
July 06, 2007

**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 \*  
**SHEELY PAUL D**

(Last) (First) (Middle)  
213 CHELSEA ROAD  
(Street)

MONTICELLO, MN 55362

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**WSI INDUSTRIES, INC. [WSCI]**

3. Date of Earliest Transaction (Month/Day/Year)  
07/05/2007

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)  
Chief Financial Officer

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 Stock	07/05/2007		M		10,000	A	\$ 4.125
Common Stock	07/05/2007		D		6,517	D	\$ 6.33
Common Stock	07/05/2007		F		1,473	D	\$ 6.33
Common Stock	07/05/2007		M		3,333	A	\$ 1.22
Common Stock	07/05/2007		D		642	D	\$ 6.33

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Common Stock	07/05/2007	F	1,138	D	\$ 6.33	7,063	D
Common Stock	07/05/2007	M	6,666	A	\$ 2.75	13,729	D
Common Stock	07/05/2007	D	2,896	D	\$ 6.33	10,833	D
Common Stock	07/05/2007	F	1,595	D	\$ 6.33	9,238	D
Common Stock	07/05/2007	M	10,000	A	\$ 3.44	19,238	D
Common Stock	07/05/2007	D	5,434	D	\$ 6.33	13,804	D
Common Stock	07/05/2007	F	1,931	D	\$ 6.33	11,873	D
Common Stock	07/05/2007	S	7,800	D	\$ 6.31	4,073	D
Common Stock	07/05/2007	S	573	D	\$ 6.95	3,500	D

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

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(9-02)

**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)	Amount or Number of Shares
Stock Option with Tandem SAR	\$ 4.125	07/05/2007		M	10,000	07/06/2007 <sup>(2)</sup> 01/06/2010	Common Stock	10,000
Stock Option	\$ 1.22	07/05/2007		M	3,333	07/07/2003 <sup>(2)</sup> 01/07/2013	Common Stock	3,333

with  
Tandem  
SAR

Stock  
Option  
with  
Tandem  
SAR

\$ 2.75

07/05/2007

M

6,666

07/08/2004<sup>(2)</sup>

01/08/2014

Common  
Stock

6,666

Stock  
Option  
with  
Tandem  
SAR

\$ 3.44

07/05/2007

M

10,000

07/04/2006<sup>(2)</sup>

01/04/2016

Common  
Stock

10,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SHEELY PAUL D 213 CHELSEA ROAD MONTICELLO, MN 55362			Chief Financial Officer	

## Signatures

By April Hamlin, Attorney-In-Fact for Paul D.  
Sheely

07/05/2007

\_\_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) All holdings include 2,500 shares of restricted stock.
- (2) Option vests 6 months, 18 months and 30 months from date of grant as to 1/3 of the shares.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.