

**WSI INDUSTRIES, INC.  
COMPENSATION COMMITTEE CHARTER**

Composition

The Compensation Committee of the Board of Directors shall be comprised of not less than two directors, all of whom shall be independent. Members of the Committee shall meet the requirements of Section 16 of the Securities Act of 1934, as amended. The members shall be appointed by the Board of Directors upon recommendation of the Governance Committee. Members shall serve until resignation or removal by the Board of Directors. The Compensation Committee chairperson is appointed by the Board of Directors upon recommendation of the Governance Committee.

Responsibilities

The Compensation Committee shall have the following responsibilities:

1. Approve the Company's philosophy and structure for executive compensation.
2. Determine and approve compensation for the Chief Executive Officer and other executive officers. The Committee may hire independent consultants and commission special surveys if it so wishes. The Chief Executive Officer shall not be present during deliberations by the Committee on his compensation.
3. Administer the Company's stock options and other stock-based compensation plans.
4. Approve cash incentive and deferred compensation plans for executives (including any modifications to such plans), and annually approve the performance objectives for the incentive plans.
5. Prepare the report on executive compensation for the Company's proxy statement.
6. Conduct annually a performance evaluation of the Chief Executive Officer.
7. Review and make recommendations to the Board on succession plans for the Chief Executive Officer.
8. Recommend to the Board the compensation and benefits for directors.

Frequency of Meetings

The Committee will meet two times a year or otherwise as required to carry out its responsibilities.