



A Company with a *Smart Vision*

August 30th, 2011

To: All LSI Lighting Solutions *Plus* Agents

Subject: Ruud Lighting Acquisition

On August 17th, 2011 Cree announced the acquisition of Ruud Lighting, and further communicated that Ruud / BETA LED would continue to operate as a wholly owned subsidiary. In the days that followed the acquisition announcement, Cree / Ruud announced plans to expand the assembly operation in Wisconsin. Clearly, Cree has begun to aggressively pursue a new position in the market place risking its current agent and OEM relationships and creating a new round of line card uncertainty. As you can expect, we are watching these developments closely.

LSI Lighting Solutions *Plus* has been a highly ethical manufacturer and supplier to the electrical market for 35 years, and a leader in the development and production of high quality LED luminaires for more than 6 years.

Today, the foundation of our business model and operating practice remains as it has for more than 3 decades; *a respect for and fair treatment of all **people** associated with our business, **service** being more than a simple word, but rather a demonstrated action, and an attention to detail that produces only the highest **quality** goods and transactions.*

Over the last 6 years, we have invested in acquisitions that include research & development, key intellectual property advances, electronics development, and high levels of vertical production and automation. All of these investments were undertaken with the strategic intent of expanding your agency revenue through new product introduction and increasing overall shareholder value. At LSI, we value and appreciate our agency relationships and regard you as an extension of our business through our representation agreement.

LSI Industries is aware that a limited number of our agency partners have chosen to represent either the Cree or Beta lines in the past; however, this recent acquisition changes our perception of both of these companies from that of complimentary line card and component supplier to direct competitors to our core business. LSI Lighting Solutions *Plus* has always worked very diligently to support our key agency partners as independent business teams, free of the influence that can come with aligning with conglomerates. To that end, we want to advise that it is not our strategic intent to participate in an agency model that includes the newly formed Cree / Ruud/ BetaLED organization. As a reminder, please review the following excerpt from the body of our representation agreement together.

Representative will advise Company of any product lines added or deleted to those he is handling at the time this agreement is signed by the parties. Representative shall not add any product lines, which compete with Company.

If you have any questions or concerns with this topic, please call me directly.

Thank you for your continued support;

A handwritten signature in black ink, appearing to read 'Shawn Toney'.

Shawn Toney