

SYPRIS SOLUTIONS INC  
Form DEF 14A  
March 25, 2014  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)**  
**of the Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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|--|--|
| <input type="checkbox"/> Preliminary Proxy Statement                 | <input type="checkbox"/> Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> Definitive Proxy Statement       |  |
| <input type="checkbox"/> Definitive Additional Materials             |  |
| <input type="checkbox"/> Soliciting Material Pursuant to §240.14a-12 |  |

**Sypris Solutions, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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**Notice of 2014 Annual Meeting  
and  
Proxy Statement**

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**SYPRIS SOLUTIONS, INC.**

**101 Bullitt Lane, Suite 450**

**Louisville, Kentucky 40222**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

TIME	10:00 a.m. EDT Tuesday, April 29, 2014
PLACE	Lower Level Seminar Room 101 Bullitt Lane, Louisville, Kentucky 40222
ITEMS OF BUSINESS	(1) To elect four Class III members of the Board of Directors, whose terms are described in the Proxy Statement. (2) An advisory approval of the Company's named executive officer compensation. (3) To transact such other business as may properly come before the meeting and any postponement or adjournment thereof.
RECORD DATE	Holders of record of Sypris Solutions, Inc. Common Stock at the close of business on March 7, 2014 are entitled to vote at the meeting.
ANNUAL REPORT	The Company's 2013 Annual Report, which is not a part of the proxy soliciting materials, is enclosed.
PROXY VOTING	It is important that your shares be represented and voted at the meeting. You can vote your shares in one of four ways: (1) Visit the Web site noted on your proxy card to vote via the Internet; (2) Use the toll-free telephone number on your proxy card to vote by telephone; (3) Sign, date and return your proxy card in the enclosed envelope to vote by mail; or (4) Attend the meeting in person.

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A Proxy Statement describing matters to be considered at the Annual Meeting is attached to this notice.

**John R. McGeeney**

Vice President, General Counsel and Secretary

March 25, 2014

**Important Notice Regarding the Availability of Proxy Materials**

**The notice of annual meeting of stockholders to be held on April 29, 2014, this Proxy Statement, form of proxy card and the Sypris Solutions 2013 Annual Report on Form 10-K are available at [www.sypris.com/proxymaterials](http://www.sypris.com/proxymaterials).**

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Sypris Solutions, Inc.

101 Bullitt Lane, Suite 450

Louisville, KY 40222

**PROXY STATEMENT**

We are providing this Proxy Statement to you in connection with the solicitation by the Board of Directors of Sypris Solutions, Inc. (the Board ) of proxies to be voted at our 2014 annual meeting of stockholders and at any postponement or adjournment thereof. In this Proxy Statement, we refer to Sypris Solutions, Inc. as Sypris, Sypris Solutions, we, our or the Company. We refer to our 2014 annual meeting of stockholders as the Annual Meeting .

You are cordially invited to attend the Annual Meeting on April 29, 2014, beginning at 10:00 a.m. EDT. The Annual Meeting will be held at 101 Bullitt Lane, Lower Level Seminar Room, Louisville, Kentucky 40222.

We are first mailing this Proxy Statement on or about March 25, 2014, to holders of our common stock ( Common Stock ) at the close of business on March 7, 2014 which is the Record Date for the Annual Meeting.

**Proxies, Quorum and Voting Procedures**

*Proxies*

*Stockholder of Record: Shares Registered in Your Name*

Your vote is important. If you are a stockholder of record, you may (a) vote in person at the meeting, (b) vote by proxy using the enclosed proxy card, (c) vote by proxy over the telephone, or (d) vote by proxy on the Internet, in each case as described below. You may still attend the meeting and vote in person even if you have already voted by proxy. In order to vote over the Internet or via telephone, please call the number or go to the website identified on the enclosed proxy card and follow the instructions. The Internet and telephone voting facilities will close at 12:00 a.m. EDT on April 29, 2014.

You can revoke your proxy at any time before it is exercised by timely delivery of a properly executed, later-dated proxy (including an Internet or telephone vote before the deadline) or by voting by ballot at the Annual Meeting. Simply attending the Annual Meeting will not, by itself, revoke your proxy.

*Beneficial Owner: Shares Registered in the Name of Broker, Bank or Other Nominee*

If you are a beneficial owner of shares registered in the name of your broker, bank or other nominee, you should have received a voting instructions card with these proxy materials from that organization rather than from us. Simply complete and mail the voting instructions card to ensure that your vote is counted. Alternatively, you may vote by telephone or over the Internet as instructed by your broker, bank or other nominee. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other nominee. Follow the instructions from your broker, bank or other nominee included with these proxy materials, or contact your broker, bank or other nominee to request a proxy card.

*Quorum*

The Amended and Restated Bylaws of the Company provide that the holders of a majority of the issued and outstanding shares of the Company s Common Stock present in person or by proxy and entitled to vote at the Annual Meeting are necessary to constitute a quorum. Abstentions are counted as present and entitled to vote for



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purposes of determining whether a quorum exists, but shares held by a broker, bank or other nominee and not voted on any matter will not be counted for such purpose. **Therefore, if you hold shares through a broker, bank or other nominee it is important that you contact your broker with your voting instructions.** If there is no quorum, the holders of a majority of shares present at the meeting in person or represented by proxy may adjourn the meeting to another date.

### *Required Vote*

All shares entitled to vote and represented by proxies received prior to the Annual Meeting, and not revoked, will be voted at the Annual Meeting in accordance with the instructions provided. If you hold shares through an account with a broker, bank or other nominee, and you fail to provide voting instructions to your broker, bank or other nominee either using your voting instruction card or by telephone or over the Internet in accordance with the instructions provided, then your shares will not be voted with respect to either of the proposals being considered at the Annual Meeting. **Therefore, if you hold shares through a broker, bank or other nominee it is important that you provide your broker with your voting instructions.**

### **Election of Directors**

Under Delaware law and our Amended and Restated Bylaws, the four nominees who receive the greatest number of votes cast by stockholders, entitled to vote at the meeting, for election as Class III directors will be elected at the conclusion of the tabulation of votes. **A properly executed proxy marked withhold with respect to the election of one or more directors will not be voted with respect to the director or directors as indicated and will not affect the outcome of the election of directors.**

### **Advisory Vote on Executive Compensation**

The affirmative vote of a majority of the shares present in person or by proxy and entitled to vote on the matter is required for the advisory approval of the Company's executive compensation. In determining whether the proposal has received the requisite number of affirmative votes, abstentions will not be counted and will have the same effect as a vote against the proposal. This proposal is advisory in nature, which means that it is not binding on the Board or the Compensation Committee. However, the Board and the Compensation Committee will review the voting results and take them into consideration when making future decisions regarding executive compensation.

**If you submit a proxy card but do not indicate how your shares should be voted on a matter, the shares represented by your proxy will be voted as the Board recommends.** If any other matters are properly presented for consideration at the Annual Meeting, including, among other things, consideration of a motion to adjourn the meeting to another time or place in order to solicit additional proxies in favor of the recommendations of the Board of Directors, the persons named as proxies and acting thereunder will have discretion to vote on those matters according to their best judgment to the same extent as the person delivering the proxy. As of the date of this Proxy Statement, we did not anticipate that any other matters would be raised at the Annual Meeting.

### **Stockholders Entitled to Vote**

Holders of Sypris Common Stock at the close of business on March 7, 2014, the Record Date are entitled to receive notice of and to vote at the Annual Meeting. Each share of Common Stock is entitled to one vote on each matter properly brought before the meeting. Stockholders do not have the right to cumulate their votes in the election of directors.

At the close of business on the Record Date there were 20,377,418 shares of Sypris Common Stock outstanding. A list of stockholders entitled to vote at the Annual Meeting will be available at the Annual Meeting

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and for 10 days prior to the Annual Meeting at the Company's offices at 101 Bullitt Lane, Suite 450, Louisville, Kentucky 40222, between 8:30 a.m. and 5:30 p.m. local time.

### **Gill Family**

As of the Record Date, the Gill family beneficially owned an aggregate of 8,905,186 shares or 43% of the Company's outstanding Common Stock. Additional information on ownership of Common Stock by the Gill family, see the heading *Stock Ownership of Certain Beneficial Owners and Management*.

### **Multiple Stockholders Sharing the Same Address**

Multiple stockholders who share a single address will receive only one Annual Report and Proxy Statement at that address. This practice, known as householding, reduces printing and postage costs. However, if you wish to receive a separate copy of the Annual Report or Proxy Statement in the future, you may contact your broker, bank or other nominee directly or contact Sypris at 101 Bullitt Lane, Suite 450, Louisville, Kentucky 40222 or at 502-329-2000. If you are receiving multiple copies of our Annual Report and Proxy Statement, you can request householding by contacting your bank, broker or other nominee directly or by contacting Sypris in the same manner described above.

### **Cost of Proxy Solicitation**

Sypris will pay the cost of soliciting proxies. Sypris may reimburse brokerage firms and other persons representing beneficial owners of shares for expenses incurred in forwarding solicitation materials to such beneficial owners. Proxies may be solicited on behalf of the Company by directors, officers or employees of the Company, without additional compensation, in person or by telephone, facsimile or other electronic means.

### **Notice Regarding Availability of Proxy Materials**

In accordance with the rules of the Securities and Exchange Commission (SEC), we are advising our stockholders of the availability on the Internet of our proxy materials related to the Annual Meeting described above. These rules allow companies to provide access to proxy materials in one of two ways by either providing stockholders notice of the availability of the materials via the Internet or by delivering a full set of the materials to stockholders. Because we have elected to utilize the full set delivery option, we are delivering to all stockholders paper copies of all the proxy materials, as well as providing access to those proxy materials on a publicly accessible Web site. The notice of the Annual Meeting of stockholders, Proxy Statement, form of proxy card and 2013 Annual Report on Form 10-K are available at [www.sypris.com/proxymaterials](http://www.sypris.com/proxymaterials).

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### **GOVERNANCE OF THE COMPANY**

#### **Board of Directors**

Our Board of Directors has adopted the Sypris Solutions, Inc. Guidelines on Corporate Governance (the "Guidelines"). The Guidelines provide a framework for the Company's corporate governance initiatives and cover topics including, but not limited to, Board and committee composition and operation, director compensation and risk management. The Nominating and Governance Committee is responsible for overseeing and reviewing the Guidelines on an annual basis, and reporting any recommended changes to the Board. A copy of the Guidelines is available on the Company's website at [www.sypris.com](http://www.sypris.com).

During 2013, the Board held five regular meetings, and the committees (all together) held twelve meetings. All directors attended 80% or more of the Board meetings and meetings of committees of which they are members. Although the Company does not have a formal policy regarding attendance by directors at the Company's annual meeting of stockholders, more than a majority of the directors have attended all prior annual meetings. Seven of the nine directors attended the 2013 Annual Meeting.

#### **Independence**

The Board has determined that John F. Brinkley, Gary L. Convis, William G. Ferko, William L. Healey, Sidney R. Petersen and Robert Sroka are "independent" as defined by NASDAQ's listing standards. Additionally, the Board has determined that Robert F. Lentz remains a non-independent director for the present time due to his compensation as a consultant for Sypris Electronics, LLC prior to his election as a director in July 2012. Each of our Audit and Finance, Compensation, and Nominating and Governance committees is composed only of independent directors as identified below under the heading "Committees of the Board of Directors."

In December 2013, the independent directors selected William L. Healey to serve a one-year term as Lead Independent Director. Mr. Healey, as Lead Independent Director, presides over periodic independent sessions of the Board in which only independent directors participate. Additional information regarding the role of the Lead Independent Director is provided below under the heading "Board Leadership and Risk Oversight." Stockholders and other parties interested in communicating directly with the Lead Independent Director or with the independent directors as a group may do so by writing to the Lead Independent Director, c/o Sypris Solutions, Inc., 101 Bullitt Lane, Suite 450, Louisville, Kentucky 40222.

#### **Communications with Stockholders**

Our Board welcomes communications from our stockholders. Stockholders may send communications to the Board, or to any director in particular, c/o Sypris Solutions, Inc., 101 Bullitt Lane, Suite 450, Louisville, Kentucky 40222. Any stockholder correspondence addressed to the Board, or to any director in particular, in care of the Company, is forwarded by us to the addressee.

#### **Committees of the Board of Directors**

During 2013, the Board had three standing committees: the Audit and Finance Committee, the Compensation Committee and the Nominating and Governance Committee.

#### **Audit and Finance Committee**

The current members of the Audit and Finance Committee are Gary L. Convis, William L. Healey, Sidney R. Petersen and Robert Sroka (Chairman). Each member of the Audit and Finance Committee satisfies the additional requirements of the SEC and NASDAQ for audit committee membership, including the additional independence requirements and the financial literacy requirements. The Board of Directors has also determined

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that Robert Sroka qualifies as an audit committee financial expert as defined by SEC rules. During 2013, the Audit and Finance Committee met five times. The functions of the Audit and Finance Committee are described below under the heading *Audit and Finance Committee Report*. The Audit and Finance Committee operates pursuant to a formal written charter that sets out the committee's functions. The Audit and Finance Committee reviews and reassesses the adequacy of the Audit and Finance Committee Charter on an annual basis. The Audit and Finance Committee Charter is available on the Company's website at [www.sypris.com](http://www.sypris.com).

## **Compensation Committee**

The current members of the Compensation Committee are John F. Brinkley, William G. Ferko and William L. Healey (Chairman). During 2013, the Compensation Committee met four times. The functions of the Compensation Committee include administering management incentive compensation plans, establishing the compensation of executive officers and reviewing the compensation of directors. The Compensation Committee generally approves equity awards for the Company's other employees and non-equity compensation for the Company's executive officers. However, the Compensation Committee has delegated to the Company's Chief Executive Officer the discretion to award to non-executive employees in any one calendar year up to 100,000 stock options in the aggregate, with a maximum individual award of 10,000 stock options. The Company's Chief Executive Officer, with assistance from the Corporate Director of Human Resources and his support staff, provides recommendations to the Compensation Committee regarding compensation for those employees reporting directly to the Chief Executive Officer. However, the Compensation Committee retains full discretion to modify any compensation recommendations by the Chief Executive Officer or other members of management.

In 2013, the Company's management engaged the assistance of Pearl Meyer & Partners ( Pearl Meyer ), a compensation consulting firm, to assist the Compensation Committee in reviewing total compensation for the Company's named executive officers, other key employees and directors. Pearl Meyer provided the Compensation Committee with relevant market data and alternatives to consider when making compensation decisions regarding the Chief Executive Officer, the Company's other executives and the directors. In 2013, Pearl Meyer met with the non-employee directors and certain members of the Company's management to provide an overview of the current services provided to the Company's management. Additionally, direct access to Pearl Meyer, with or without management in attendance, was offered to the Compensation Committee, on an as needed basis. Company management also engaged Pearl Meyer for assistance with general trends in compensation and requested clarification on the appropriate compensation benchmarks for unique or hybrid job descriptions. Pearl Meyer's work in 2013 did not raise any conflict of interest concerns. For compensation decisions affecting 2014, the Company will continue to utilize the assistance of Pearl Meyer.

The Compensation Committee operates pursuant to a formal written charter that sets out the functions that it is to perform. The Compensation Committee reviews and reassesses the adequacy of the Compensation Committee Charter on an annual basis. A copy of the Compensation Committee Charter is available on the Company's website at [www.sypris.com](http://www.sypris.com).

## **Nominating and Governance Committee**

The current members of the Nominating and Governance Committee are John F. Brinkley (Chairman), William G. Ferko and Robert Sroka. During 2013, the Nominating and Governance Committee met three times. The functions of the Nominating and Governance Committee include reviewing and recommending nominees to the Board for election as directors of the Company and evaluating the performance and effectiveness of the Board. The Nominating and Governance Committee also makes recommendations to the Board from time to time as to matters of corporate governance.

The Nominating and Governance Committee employs an independent director profile to assess candidates for inclusion in the Company's recommended slate of independent director nominees. The Nominating and Governance Committee takes a number of attributes into account during the nomination process, including an

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individual s demonstrated leadership, maturity and public company experience. The Nominating and Governance Committee also places a value on building a diversity of viewpoints and backgrounds on the Board, including diversity of religions, races, genders, nationalities, educational backgrounds, work experiences and extracurricular interests, which can have a positive impact on the business. A mix of talents, backgrounds, experiences and geographic locations of the individual Board members is also important and is considered in the evaluation of potential candidates. In addition, the Nominating and Governance Committee will consider an individual s integrity and commitment, as well as a candidate s experience in our core market industries, certain targeted knowledge areas, complex multi-industry and/or technological areas and manufacturing or service operations.

Of the four nominees for election at the Annual Meeting; Gary L. Convis, William G. Ferko, Jeffrey T. Gill and Sidney R. Petersen are currently serving as directors and three were previously elected by stockholders. Gary L. Convis was elected by the Board in November of 2013 at the recommendation of the Nominating and Governance Committee, to fill a newly created directorship. To date, the Nominating and Governance Committee has not engaged third parties to identify or evaluate potential director candidates. Currently, subject to any rights stockholders have to nominate director candidates under our Amended and Restated Bylaws, the Company s policy is not to seek or accept director nominations recommended by security holders (other than those directors who are also security holders, acting in their capacity as directors), and has not received any such nominations by any non-director security holders to date. In light of the Company s current size, market position and historically low rates of director turnover, the policy of the Nominating and Governance Committee has been to develop and maintain contacts with potential candidates for future membership on the Board of Directors, primarily through the business relationships of the Company s current and former officers and directors.

The Nominating and Governance Committee operates pursuant to a formal written charter that sets out the committee s functions. The Nominating and Governance Committee reviews and reassesses the adequacy of the Nominating and Governance Committee Charter on an annual basis. A copy of the Nominating and Governance Committee Charter is available on the Company s website at [www.sypris.com](http://www.sypris.com).

## **Board Leadership and Risk Oversight**

The Board consists of our Chairman of the Board, Robert E. Gill, our President and Chief Executive Officer, Jeffrey T. Gill, R. Scott Gill, one other non-independent director, and six independent directors. Additionally, the independent directors annually select a Lead Independent Director. Our independent directors generally meet in executive session, chaired by our Lead Independent Director, several weeks in advance of each regularly scheduled Board meeting. During 2013, the Lead Independent Director presided over four such meetings, reported to the Board on the results of such meetings and periodically inquired of independent directors with any ongoing changes in their respective biographies, any related person transactions and any potential conflicts of interest. The Board has three standing committees Audit and Finance, Compensation, and Nominating and Governance, each of which is comprised solely of independent directors.

The Board with and through its committees is actively involved in oversight of risks that could affect the Company. While the oversight of certain risks related to compensation, financial or governance matters is conducted primarily through designated committees of the Board, as disclosed more fully in the charters of each of such committees, the full Board has retained responsibility for general oversight of risks. The Board satisfies this responsibility through full reports by each committee chair regarding the committee s considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks within the Company.

The Audit and Finance Committee is generally responsible for oversight of the Company s relationship with its public accountants, financial reporting and internal controls, debt and credit agreements, and other financial compliance matters. The Compensation Committee is generally responsible for oversight of the recruitment, retention and motivation of the Company s executive management and other employees, including

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compensation, performance evaluation processes and succession planning matters for directors, officers and other key personnel. The Nominating and Governance Committee is generally responsible for oversight of the nominating and self-evaluative processes with respect to service on the Board, and for oversight of other corporate governance matters.

Pursuant to our Amended and Restated Bylaws, our Guidelines and general practices, the Board reviews and determines the best board leadership structure for the Company at least annually. As part of our periodic board self-evaluation process, we evaluate our leadership structure to ensure that the Board continues to believe that it provides an effective and efficient structure for the Company and stockholders.

We believe that our current board leadership structure has been and will continue to be effective for the Company. We believe that having Mr. Robert E. Gill and Mr. Jeffrey T. Gill serve as Chairman of the Board and Chief Executive Officer, respectively, benefits the Company by enabling each individual to contribute his extensive, in-depth knowledge of Sypris' business to both the Board's deliberations and the Company's operations. Further, having independent chairs for each of the Audit and Finance, Compensation, Nominating and Governance Committees and a Lead Independent Director ensures that the Board provides significant independent and objective oversight. Together with regular executive planning, analysis and reporting, we believe that this structure provides the Company both with strong leadership and effective Board oversight of the material risks and opportunities facing the Company on an ongoing basis.

## **Code of Conduct**

We have a corporate responsibility and compliance program which includes a written code of conduct. We require all employees, including all officers and senior level executives, to adhere to our code of conduct in addressing the legal and ethical issues encountered in conducting their work. The code of conduct requires each of our employees to avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest, fair and ethical manner and otherwise act with integrity. Employees are required to report any conduct they believe to be an actual or apparent violation of the code of conduct or other Company policies and procedures. The code of conduct details the procedures for confidential and anonymous reporting by employees and emphasizes our policy of non-retaliation. Our code of conduct can be found on our corporate website at [www.sypris.com](http://www.sypris.com). We intend to post amendments to or waivers from our code of conduct (to the extent applicable to our principal executive officer, principal financial officer, principal accounting officer or controller) on our website.

## **Transactions with Related Persons**

The Company's code of conduct requires all directors, executive officers and other employees of the Company to disclose and seek prior approval of any transaction with a related person. The Company's directors, including the Chief Executive Officer and President, must report any potential conflict of interest to the Audit and Finance Committee, in accordance with the Guidelines and the Audit and Finance Committee Charter. The other executive officers must report any potential conflict of interest to the President and Chief Executive Officer. The Audit and Finance Committee may approve, ratify or reject the transaction or refer the transaction to the full Board or other appropriate committee of the Board, in its discretion. In addition, the Company requires each director, director nominee and executive officer to disclose any transactions involving related parties, or other potential conflicts of interest, in an annual written questionnaire. For 2013, with the exception of the information reported below no related person transactions (as defined in Item 404(a) of Regulation S-K) were reported or otherwise discovered by the Company. This section describes certain transactions that involve directors and executive officers of the Company and their affiliates.

On December 20, 2011, the Board authorized the Company to enter into an Executive Equity Repurchase Agreement (the "Repurchase Agreement") in which certain members of the Company's management team and directors, may elect to participate on a voluntary basis. By executing the agreement each participant grants the

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Company a first right to purchase shares of Common Stock beneficially owned by the individuals at then-current market prices, subject to certain exceptions. Participants would be required to offer to sell shares of Common Stock they beneficially held to the Company when either (a) they propose to transfer more than 1,500 shares of Common Stock to a third party or (b) they separate service from the Company. In that second circumstance, the Company has the right to acquire all of the shares of Common Stock beneficially owned by the departing person. In both circumstances, the price per share, if accepted by the Company, would be based on the average of the closing prices of the Common Stock on NASDAQ for a trailing five trading day period. The Repurchase Agreement has a five year term, subject to earlier termination by the Company. On December 20, 2011, the Company's Board authorized a share repurchase program authorizing the Company to repurchase up to \$5,000,000 of the Company's outstanding Common Stock from time to time over the twelve months following the authorization, subject to annual renewal by the Board, and the share repurchase program was renewed by the Board for 2014. The Company's repurchases may be executed through open market purchases, privately negotiated transactions, the Repurchase Agreement described above or other arrangements which comply with the provisions of the Securities Exchange Act of 1934, as amended and the terms of the Company's existing credit facility. The program does not require that the Company purchase any specific number of shares or make purchases by a certain time and date. The program may be suspended or discontinued by the Company at any time without prior notice.

Currently all directors, with the exception of R. Scott Gill, and all executive officers have elected to enter into the Repurchase Agreement.

In addition, Robert F. Lentz was elected as a member of the Board of the Company in July 2012 and previously served as a consultant and member of the Senior Advisory Board for the Company's subsidiary Sypris Electronics, LLC ( Sypris Electronics ), from approximately June 2009 through March 2012. In light of his role as a director for the Company, Mr. Lentz agreed to terminate any future consulting services for the Company or its subsidiaries. From January 1, 2011 through May 2012, Mr. Lentz received approximately \$176,250 for Senior Advisory Board membership and consulting services and \$6,722 for reimbursement of expenses including meals, airfare and transportation from Sypris Electronics. It is anticipated that Mr. Lentz will achieve independent status in May of 2015.

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Ernst & Young LLP has served as the Company's independent public accountants since and including the fiscal year ended December 31, 1989. Although the Audit and Finance Committee has not yet completed its process for selecting the independent public accountant for the Company with respect to its 2014 financial statements, the Audit and Finance Committee has approved the interim engagement of Ernst & Young LLP to perform audit and audit-related services with respect to 2014. The Audit and Finance Committee's selection process includes consideration of the following factors: continuity of experience with the Company's business, internal controls and technical accounting experience; independence; history of and reputation for thoroughness, accuracy, excellence and integrity; and reasonableness of fees. The Audit and Finance Committee has approved the fees described below for 2013. The Audit and Finance Committee believes that the fees paid for non-audit services are compatible with the independence of Ernst & Young LLP.

Representatives of Ernst & Young LLP will be present at the Annual Meeting. They will be given an opportunity to make a statement, if they desire to do so, and they will be available to respond to appropriate questions after the meeting.

**Fees Billed by Ernst & Young LLP***Audit and Non-Audit Fees*

The following table presents fees billed for professional audit services rendered by Ernst & Young LLP for the audit of the Company's annual financial statements for the years ended December 31, 2013 and 2012 and fees billed for other services rendered by Ernst & Young LLP during those periods.

	Years Ended December 31,	
	2013	2012
<b>Audit Fees (1)</b>	\$ 848,500	\$ 835,500
<b>Audit-Related Fees (2)</b>	22,865	1,505
<b>Tax Fees (3)</b>	131,263	167,588
<b>All Other Fees (4)</b>		
<b>Total</b>	<b>\$ 1,002,628</b>	<b>\$ 1,004,593</b>

- (1) Audit Fees include fees associated with the annual audit, reviews of the Company's quarterly reports on Form 10-Q, consultation regarding accounting and reporting matters related to the audit, review of documents filed with the SEC and an attestation report on the Company's internal control over financial reporting for 2012.
- (2) Audit-Related Fees principally include technical research tools and assistance in assessing the impact of proposed standards, rules or interpretations by the SEC, FASB, or other regulatory or standard-setting bodies and other agreed upon procedures performed in 2013.
- (3) Tax Fees consist of tax return preparation fees, tax services other than those directly related to the audit of the income tax provision, review of state and local income tax planning opportunities, foreign tax research and international transfer pricing analysis.
- (4) All Other Fees consist of fees other than Audit Fees, Audit-Related Fees and Tax Fees.

*Policy on Audit and Finance Committee Pre-Approval of Audit and Non-Audit Services of Independent Public Accountants*

The Audit and Finance Committee's policy is to pre-approve all audit and non-audit services provided by the independent public accountants, either by a majority vote at any meeting of the committee at which a quorum





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is present or by the committee's authorized delegate for approvals between meetings, all of which are reported to the committee at its next meeting. These services may include audit services, audit-related services, tax services and other services. With some exceptions for certain longer-term projects, pre-approval is generally provided for up to one year, is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent public accountants and management are required to periodically report to the full Audit and Finance Committee regarding the extent of services provided by the independent public accountants in accordance with this pre-approval, and the fees for the services performed to date. None of the services provided by the independent public accountants under the categories Audit-Related and Tax described above were approved by the Audit and Finance Committee pursuant to the waiver of pre-approval provisions set forth in Rule 2-01(c) of Regulation S-X.

### **AUDIT AND FINANCE COMMITTEE REPORT**

The Audit and Finance Committee met with management periodically during the year to consider the adequacy of the Company's internal control over financial reporting and the objectivity of its financial reporting. The Audit and Finance Committee discussed these matters with the Company's independent public accountants and with appropriate Company financial personnel. The Audit and Finance Committee also discussed with the Company's senior management and independent public accountants and auditors the processes used to support the certifications by the Company's Chief Executive Officer and Chief Financial Officer, which are required by the SEC and the Sarbanes-Oxley Act of 2002 for certain of the Company's filings with the SEC.

The Audit and Finance Committee met privately with both the independent public accountants and Company financial personnel, each of whom has unrestricted access to the Audit and Finance Committee.

Management has primary responsibility for the Company's financial statements and the overall reporting process, including the Company's system of internal control over financial reporting. Ernst & Young LLP, the Company's independent public accounting firm, is responsible for performing an independent audit of the Company's financial statements in accordance with U. S. generally accepted auditing standards and expressing an opinion on the conformity of those audited financial statements to U.S. generally accepted accounting principles. The Audit and Finance Committee is responsible for monitoring and overseeing these processes.

The Audit and Finance Committee reviewed with management and Ernst & Young LLP the Company's draft of Annual Report on Form 10-K for the year ended December 31, 2013, including the Company's audited financial statements, and met separately with both management and Ernst & Young LLP to discuss and review those materials prior to issuance and filing with the SEC. Management has represented, and Ernst & Young LLP has confirmed, to the Audit and Finance Committee that the financial statements were prepared in accordance with U.S. generally accepted accounting principles.

The Audit and Finance Committee also discussed with Ernst & Young LLP matters required to be discussed by the United States Public Company Accounting Oversight Board ( PCAOB ) (Communications with Audit Committees).

In addition, the Audit and Finance Committee has received from the independent public accountants the written disclosures and the letter required by applicable requirements of the PCAOB regarding the independent public accountant communications with the Audit and Finance Committee concerning independence, has discussed with the independent public accountants their independence from the Company and its management, and has considered whether the independent public accountants' provision of non-audit services to the Company is compatible with maintaining the auditor's independence. Ernst & Young LLP has confirmed by letter that, in its professional judgment, it is independent of the Company. The Audit and Finance Committee is not aware of any issues which could impair the independence of Ernst & Young LLP.

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The Audit and Finance Committee reviewed and pre-approved Ernst & Young LLP's proposed audit plans, audit scope, identification of audit risks and fees, either by vote of the committee or by approval of the committee's authorized delegate acting between meetings. The Audit and Finance Committee also reviewed and pre-approved all non-audit services performed by Ernst & Young LLP.

In reliance on the reviews and discussions referred to above, the Audit and Finance Committee recommended to the Board of Directors (and the Board of Directors has approved) that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

Robert Sroka (Chairman)

Gary L. Convis

William L. Healey

Sidney R. Petersen

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**PROPOSAL ONE**

**ELECTION OF DIRECTORS**

The Board is divided into three classes with terms that expire at successive annual meetings. Four Class III directors will be elected at the Annual Meeting to serve for a three-year term expiring at our annual meeting in 2017 or until their successors have been elected and qualified, or until the earliest of their death, resignation or retirement. We expect each nominee for election as a director at the Annual Meeting to be able to serve if elected. If any nominee is unable to serve, proxies will be voted in favor of the remainder of those nominees and for such substitute nominee as may be selected by the Board.

The Board has nominated, Gary L. Convis, William G. Ferko, Jeffery T. Gill, and Sidney R. Petersen to be elected at the Annual Meeting as Class III directors whose terms will expire in 2017. All nominees are currently serving as directors. Gary L. Convis was elected by the Board in November 2013, at the recommendation of the Nominating and Governance Committee, to fill a newly created directorship.

Set forth below are the principal occupations of and certain other information regarding the nominees and the other directors whose terms of office will continue after the Annual Meeting. The biographies of each of the nominees and continuing directors that follow contain information regarding the person's service as a director, business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Nominating and Governance Committee and the Board to determine that the person should serve as a director for the Company.

**Vote Required and Recommendation of the Board of Directors**

Nominees receiving the greatest number of votes duly cast for the election of directors will be elected. Abstentions and shares held by a broker as nominee and not voted are not counted as votes cast for purposes of, and therefore will have no impact as to, the election of directors. **The Board recommends a vote FOR the election of the above-named nominees as Class III directors.**

**Table of Contents****CLASS III DIRECTOR NOMINEES FOR TERMS EXPIRING IN 2017****Gary L. Convis**

Age 71

Gary L. Convis has served as a director of Sypris Solutions, Inc. since November 2013. Mr. Convis has served as Senior Advisor for Bloom Energy, a provider of solid oxide fuel cell technology, since November 2013 and as Chief Operations Officer from January 2012 until November of 2013. Mr. Convis served as Special Advisor to the Chief Executive Officer and President of Dana Holding Corporation from January 2010 to December 2011 and as Vice Chairman of Dana Holding Corporation from January 2009 to December 2009. Mr. Convis served as Chief Executive Officer and President of Dana Holding Corporation from April 2008 to January 2009. From 2003 to 2007, Mr. Convis served as an Executive Vice President of Toyota Motor Engineering & Manufacturing North America, Inc. and as Managing Officer of Toyota Motor Corp from May 2003 to July 2007. He started his career with Toyota in 1984 as part of the start-up team for New United Motor Manufacturing, Inc., Toyota's joint venture with General Motors. Additionally, Mr. Convis served 16 years with Ford Motor Corporation following a three-year tenure with General Motors. Mr. Convis has served on the Board for a number of companies, including Toyota Motor Manufacturing Kentucky Inc., where he served as Chairman of the Board (from May 2006 to July 2007); Cooper-Standard Holdings Inc. (from 2007 to May 2010); Dana Holding Corporation (from January 2008 to December 2009); Compass Automotive Group (since 2007) an aluminum die cast company; and Achates Power, Inc. (since 2007) a developer of two stroke opposing position diesel engines. Mr. Convis was elected as a member of the Audit and Finance Committee in December 2013. The Nominating and Governance Committee believes that based on his experience and expertise in the commercial vehicle, off highway and automotive industries and as a former public company Chief Executive Officer in the automotive sector, Mr. Convis' continued service as a director is in the Company's best interest.

**William G. Ferko**

Age 59

William G. Ferko has served as a director of Sypris since January 2005. Mr. Ferko has served as Senior Vice President for Republic Bank & Trust Company since April 2009 and also served as the Chief Risk Management Officer from April 2009 through December 2012. From January 2008 through January 2009, Mr. Ferko served as Chief Financial Officer for Philips BU Professional Luminaires North America, a manufacturer of lighting fixtures and controls. From 1998 through January 2008, he served as Vice President and Chief Financial Officer of Genlyte Group Incorporated, the predecessor to Philips BU Professional Luminaires North America. Prior to 1998, he served in several finance positions for Tenneco Inc., including its automotive and packaging divisions and as Chief Financial Officer for Monroe Auto Equipment Company and Goss Graphic Systems. Mr. Ferko is a member of the Nominating and Governance Committee and the Compensation Committee. The Nominating and Governance Committee believes that based on his experience and expertise in finance, accounting and audit functions, and public policy, Mr. Ferko's continued service as a director is in the Company's best interest.

**Jeffrey T. Gill**

Age 58

Jeffrey T. Gill has served as President and Chief Executive Officer of Sypris and its predecessor since 1992, and as Executive Vice President of its predecessor from 1983 to 1992. Mr. Gill holds a BS degree in Business Administration from the University of Southern California and an MBA from Dartmouth College. Mr. Gill has served as a director of Sypris and its predecessor since 1983. Jeffrey T. Gill is the son of Robert E. Gill and the brother of R. Scott Gill. The Nominating and Governance Committee believes that based on his experience and expertise in financial matters and management, Mr. Gill's continued service as a director is in the Company's best interest.

**Table of Contents****Sidney R. Petersen**

Age 83

Sidney R. Petersen has served as a director of Sypris since 1997 and of Sypris Electronics from 1994 until its merger with Sypris in 1998. Mr. Petersen retired as Chairman of the Board and Chief Executive Officer of Getty Oil in 1984, where he served in a variety of increasingly responsible management positions since 1955. He is a member of the Audit and Finance Committee. The Nominating and Governance Committee believes that based on his experience and expertise in financial matters, accounting and audit, financial markets, capital allocation, strategic planning and as a former public company Chief Executive Officer and Board Chairman, Mr. Petersen's continued service as a director is in the Company's best interest.

**CLASS I DIRECTORS WHOSE TERMS EXPIRE IN 2015****John F. Brinkley**

Age 76

John F. Brinkley has served as a director of Sypris since April 2005. Mr. Brinkley retired as General Manager, North American Automotive Operations Export Sales for Ford Motor Company in 1995 after a 33 year career with Ford. He also served in a variety of responsible management positions with Ford in Europe, including Vice President of Marketing, Director of Southern Europe Sales Operations and Director of Truck Operations. Mr. Brinkley is Chairman of the Nominating and Governance and a member of the Compensation Committee. The Nominating and Governance Committee believes that based on his experience and expertise in the general management, strategic planning and management, marketing, and leadership of a large organization in the automotive sector, Mr. Brinkley's continued service as a director is in the Company's best interest.

**Robert E. Gill**

Age 88

Robert E. Gill has served as Chairman of the Board of Sypris and its predecessor since 1983, and as President and Chief Executive Officer of its predecessor from 1983 to 1992. Prior to 1983, Mr. Gill served in a number of senior executive positions, including Chairman, President and Chief Executive Officer of Armor Elevator Company, Vice President of A. O. Smith Corporation and President and Chief Executive Officer of Elevator Electric Company. Mr. Gill holds a BS degree in Electrical Engineering from the University of Washington and an MBA from the University of California at Berkeley. Robert E. Gill is the father of Jeffrey T. Gill and R. Scott Gill. The Nominating and Governance Committee believes that based on his experience and expertise in financial matters, strategic planning and executive management, Mr. Gill's continued service as a director is in the Company's best interest.

**William L. Healey**

Age 69

William L. Healey has served as a director of Sypris since 1997. Mr. Healey currently serves as a private investor and business consultant. From 2002 to 2005, he served as President and Chief Executive Officer of Cal Quality Electronics, an electronics manufacturing company. Mr. Healey served as a private investor and consultant from 1999 to 2002. He served as Chairman of the Board of Smartflex Systems, an electronics manufacturing company, from 1996 to 1999 and as its President and Chief Executive Officer from 1989 to 1999. Prior to 1989, Mr. Healey served in a number of senior executive positions with Silicon Systems, including Senior Vice President of Operations. Mr. Healey also serves as a director of Microsemi Corporation. Mr. Healey is Chairman of the Compensation Committee, is a member the Audit and Finance Committee and serves as the 2014 Lead Independent Director. The Nominating and Governance Committee believes that based on his experience and expertise in strategic planning and as a former public company Chief Executive Officer in the electronics sector, Mr. Healey's continued service as a director is in the Company's best interest.

**Table of Contents****CLASS II DIRECTORS WHOSE TERMS EXPIRE IN 2016****R. Scott Gill**

Age 55

R. Scott Gill has served as a director of Sypris and its predecessor since 1983. Mr. Gill served as Managing Broker for Baird & Warner, a residential real estate brokerage firm, from June 2007 to October 2011. From June 2005 to June 2007, he served as a Managing Member of Astor & Longwood, LLC, a real estate development and investment company. Mr. Gill served as a Managing Broker with Coldwell Banker Residential Brokerage from 2003 to 2005 and as a Managing Broker and Associate with Koenig & Strey GMAC Real Estate, a residential real estate firm from 1999 to 2003. Mr. Gill served as Senior Vice President and Secretary of Sypris from 1997 to 1998, and as Vice President and Secretary of its predecessor from 1983 to 1998. R. Scott Gill is the son of Robert E. Gill and the brother of Jeffrey T. Gill. The Nominating and Governance Committee believes that based on his experience, in-depth knowledge of the Company and expertise in public policy and business management, Mr. Gill's continued service as a director is in the Company's best interest.

**Robert F. Lentz**

Age 61

Robert F. Lentz has served as a director of Sypris since July 2012. From October 2009 to the present, Mr. Lentz has served as President of Cyber Security Strategies, LLC, a global cyber security consulting company. From November 2007 to October 2009, Mr. Lentz served as Deputy Assistant Secretary of Defense for Cyber, Identity and Information Assurance in the Department of Defense (DoD). From November 2000 to October 2009, he served as the Chief Information Security Officer for DoD. Among his many other responsibilities, Mr. Lentz served as the Chairman of the National Space INFOSEC Steering Council, principal DoD member of the Presidential Sub-Committee on National Security Systems, leader of the DoD IA Steering Council, and the IA Domain Owner of the Global Information Grid Enterprise Information Environment Mission Area. In his capacity as the Chief Information Security Officer, Mr. Lentz was a member of the DoD CIO Executive Council. He also served as the DoD liaison to several private sector boards, including the Center for Internet Security Strategic Advisory Council, the Common Vulnerabilities & Exposures Senior Advisory Council, the International Cyber Center Advisory Board and SAFEcode. Mr. Lentz began his career with the National Security Agency in 1975. The Nominating and Governance Committee believes that based on his experience, expertise and management skills within the Department of Defense, and strategic guidance relating to new and emerging technologies in the cyber security marketplace, Mr. Lentz's continued service as a director is in the Company's best interest.

**Robert Sroka**

Age 64

Robert Sroka has served as a director of Sypris since 1997. Mr. Sroka has served as Partner of Rockland Advisory Group, an investment banking firm since May 2010, and served as Managing Director of Corporate Solutions Group, LLC, an investment banking firm, from December 2003 until May 2010. Mr. Sroka also served as Managing Partner of Lighthouse Partners, a private investment and business consulting company from 1998 to 2005. From June 2007 until his resignation in August 2009, Mr. Sroka was a director of North Shore Acquisition Corp., a blank check company. From November 2004 until February 2007, Mr. Sroka was a Vice President of Ardent Acquisition Company, a blank check company that merged with Avantair, Inc. Mr. Sroka served as Managing Director of Investment Banking-Mergers and Acquisitions for J.P. Morgan from 1994 to 1998. Prior to 1994, Mr. Sroka served in a variety of senior executive positions with J.P. Morgan, including Vice President-Investment Banking and Vice President-Corporate Finance. He also has served as a director of Stampede Meats,

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Inc., a supplier of processed meat products, since 2008. He served as a director of North American Insurance Leaders, Inc., a blank check company that was liquidated in May 2008, and as non-executive chairman of the board of Avado Brands, Inc., an operator of restaurants, from November 2003 until May 2005. On February 4, 2004, Avado Brands, Inc. filed a voluntary petition under the federal bankruptcy laws, from which it emerged in May 2005. He is Chairman of the Audit and Finance Committee and a member of the Nominating and Governance Committee. The Nominating and Governance Committee believes that based on his experience and expertise in finance, investment banking and diverse board service and as a former public company executive officer, Mr. Sroka's continued service as a director is in the Company's best interest.



**Table of Contents****STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information concerning the beneficial ownership of our Common Stock as of March 7, 2014 for (a) each director and nominee for director of the Company; (b) each person who is known by us to own 5% or more of our Common Stock; (c) the person who in 2013 served as the President and Chief Executive Officer of the Company; (d) the two other most highly compensated executive officers named in the Summary Compensation Table; and (e) the directors and executive officers as a group. Except as otherwise noted, the persons named in the table have sole voting and investment power with respect to such securities.

	Shares Beneficially Owned Common Stock	
	Number	Percent
Robert E. Gill (1) 253 Canton Avenue East Winter Park, Florida 32789	31,000	*
Jeffrey T. Gill (2) 101 Bullitt Lane, Suite 450 Louisville, Kentucky 40222	6,493,881	31.4%
R. Scott Gill (3) 1407 Wild Cat Hollow West Lake Hill, Texas 78746	5,654,971	27.8%
GFP I, LP (4) 1220 North Market Street, Suite 606 Wilmington, Delaware 19801	3,274,666	16.1%
Gill Family Capital Management, Inc. (5) 101 Bullitt Lane, Suite 450 Louisville, KY 40222	3,274,666	16.1%
John F. Brinkley (6) Gary L. Convis	44,798	*
William G. Ferko	66,734	*
William L. Healey (7)	54,668	*
Robert F. Lentz (8)	7,000	*
Sidney R. Petersen (9)	95,841	*
Robert Sroka	49,238	*
Paul G. Larochelle	106,640	*
John J. Walsh (10)	228,184	1.1%
Current directors and executive officers as a group (16 persons) (11)	10,234,681	49.3%
Dimensional Fund Advisors LP (12)	1,462,203	7.16%
Aegis financial Corporation (13)	1,182,091	5.79%

\* Less than 1%.

(1) Does not include 3,274,666 shares of the Common Stock of the Company owned by GFP I, LP, a Delaware limited partnership, of which Robert E. Gill's children share beneficial ownership. Pursuant to certain provisions of the GFP I, LP's Partnership Agreement, Robert E. Gill may be deemed to beneficially own shares of Common Stock attributable to the General Partner (defined below). However, Mr. Gill disclaims beneficial ownership relating to all shares held in GFP I, LP. Mr. Gill is a director and executive officer of the Company.

(2) Includes 331,889 shares issuable under currently exercisable stock options and 23,975 shares owned by Jeffrey T. Gill's wife, Patricia G. Gill, with respect to which Jeffrey T. Gill and his wife share voting and



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- investment power. Also includes 3,274,666 shares held by GFP I, LP, of which Jeffrey T. Gill is a limited partner holding a 38.20% ownership interest, of which Patricia G. Gill is a limited partner holding a 2.29% ownership interest, and of which trusts for the benefit of Jeffrey T. Gill's children, of which Jeffrey T. Gill is trustee, are limited partners holding an aggregate of 17.61% ownership interest. Gill Family Capital Management, Inc., a Kentucky corporation (the General Partner), is the general partner of GFP I, LP, with a 0.96% ownership interest in GFP I, LP. Jeffrey T. Gill is the Co-President and Treasurer of the General Partner, is one of two directors of the General Partner, and is a 50% shareholder of the General Partner. On the basis of Jeffrey T. Gill's positions with the General Partner, and pursuant to certain provisions of the Partnership Agreement, Jeffrey T. Gill may be deemed to beneficially own shares of Common Stock attributable to the General Partner. Mr. Gill is also a director and was a named executive officer of the Company during 2013.
- (3) Includes 3,274,666 shares owned by GFP I, LP, of which R. Scott Gill is a limited partner holding a 40.95% ownership interest. R. Scott Gill is the Co-President and Secretary of the General Partner, is one of two directors of the General Partner, and is a 50% shareholder of the General Partner. On the basis of R. Scott Gill's positions with the General Partner, and pursuant to certain provisions of the Partnership Agreement, R. Scott Gill may be deemed to beneficially own shares of Common Stock attributable to the General Partner. Mr. Gill is also a director of the Company.
- (4) Voting and investment power is exercised through the General Partner. See footnotes (2) and (3).
- (5) In its capacity as General Partner. See footnotes (2) and (3).
- (6) Includes 44,798 shares held by a family trust of which Mr. Brinkley is a trustee. Mr. Brinkley shares voting and investment power with respect to the shares held by the family trust.
- (7) Includes 54,668 shares held by a family trust of which Mr. Healey is a co-trustee. Mr. Healey shares voting and investment power with respect to the shares held by the family trust.
- (8) Represents shares held in a joint brokerage account of which Mr. Lentz shares voting and investment power.
- (9) Includes 95,841 shares held by a family trust of which Mr. Petersen is a trustee. Mr. Petersen shares voting and investment power with respect to the shares held by the family trust.
- (10) Includes 60,000 shares issuable under currently exercisable stock options, such options will expire if not exercised on or before March 31, 2014. Mr. Walsh was a named executive officer of the Company during 2013.
- (11) Includes 391,889 shares issuable under currently exercisable stock options. Except as indicated above, the address of the Company's directors and officers is 101 Bullitt Lane, Suite 450, Louisville, Kentucky 40222.
- (12) Based on a Schedule 13G/A filed February 10, 2014 with the SEC by Dimensional Fund Advisors LP and dated December 31, 2013. According to the filing, Dimensional Fund Advisors LP serves as investment manager to certain other commingled group trusts and separate accounts (such investment companies, trusts and accounts, collectively referred to as the Funds). In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. In its role as investment advisor, sub-adviser and/or manager, neither Dimensional Fund Advisors LP nor its subsidiaries (collectively, Dimensional) possess voting and/or investment power over the securities that are owned by the Funds, and may be deemed to be the beneficial owner of the shares held by the Funds. However, all securities reported in the schedule were owned by the Funds. Dimensional disclaims beneficial ownership of the securities. The address of Dimensional is Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas, 78746.

- (13) Based on a Schedule 13G filed jointly on February 14, 2014 with the SEC by Aegis financial Corporation and Scott L. Barbee and dated December 31, 2013. According to the filing, Aegis Financial Corporation and Scott L. Barbee serve as investment adviser to certain investment funds. In their role as investment adviser Aegis Financial Corporation and Scott L. Barbee possess shared voting and/or investment power over the securities that are owned by the funds, and may be deemed to be the beneficial owner of the shares held by the Funds. The address of Aegis Financial Corporation and Scott L. Barbee is 6862 Elm Street, Suite 830, McLean, Virginia 22101.

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**SECTION 16(a) BENEFICIAL OWNERSHIP**

**REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers and persons who beneficially own more than 10% of Sypris Common Stock to file reports of holdings and transactions in Sypris stock with the Securities and Exchange Commission. We believe that all Section 16(a) filings required to be made with the Securities and Exchange Commission by our directors, officers and other beneficial owners for the fiscal year 2013 were timely made.

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**EXECUTIVE OFFICERS**

Executive officers of the Company are appointed by the Board and serve at the Board's discretion. Set forth below are the ages, positions and certain other information regarding current and former executive officers of the Company, as applicable.

**Robert E. Gill**

Age 88

Robert E. Gill has served as Chairman of the Board of Sypris and its predecessor since 1983, and as President and Chief Executive Officer of its predecessor from 1983 to 1992. Prior to 1983, Mr. Gill served in a number of senior executive positions, including Chairman, President and Chief Executive Officer of Armor Elevator Company, Vice President of A. O. Smith Corporation and President and Chief Executive Officer of Elevator Electric Company. Mr. Gill holds a BS degree in Electrical Engineering from the University of Washington and an MBA from the University of California at Berkeley. Robert E. Gill is the father of Jeffrey T. Gill and R. Scott Gill.

**Jeffrey T. Gill**

Age 58

Jeffrey T. Gill has served as President and Chief Executive Officer of Sypris and its predecessor since 1992, and as Executive Vice President of its predecessor from 1983 to 1992. Mr. Gill holds a BS degree in Business Administration from the University of Southern California and an MBA from Dartmouth College. Mr. Gill has served as a director of Sypris and its predecessor since 1983. Jeffrey T. Gill is the son of Robert E. Gill and the brother of R. Scott Gill.

**Paul G. Larochelle**

Age 59

Paul G. Larochelle has served as Vice President of Sypris and as President of its subsidiary, Sypris Technologies, Inc., since October 2009. From 1980 to 2009, Mr. Larochelle served in a number of increasingly responsible executive positions with Dana Corporation, a tier one automotive and heavy truck supplier. Most recently, Mr. Larochelle served with Dana Corporation as Vice President of the Structural Products Group from 2007 to 2009 and as Vice President of Engineering and Program Management from 2004 to 2007. During his tenure with Dana Corporation, Mr. Larochelle served as a member of the Executive Committee and on the boards of directors of Dana Canada and Chassis Systems, Ltd., a Dana joint venture in the United Kingdom. Mr. Larochelle holds a Bachelor of Science Degree in Engineering from Carleton University, Ottawa, Ontario, Canada and is fluent in French.

**John J. Walsh**

Age 55

John J. Walsh has served as Vice President of Sypris since July 2008, and as President of its subsidiary, Sypris Electronics, LLC, since March 2008. Mr. Walsh served as Corporate Executive Vice President of Strategy, Technology and Development for Ducommun Incorporated, a provider of aerospace and defense engineering and manufacturing services, and as President of Ducommun Technologies, a wholly-owned subsidiary of Ducommun Incorporated, from March 2004 to March 2008. From May 1999 through March 2004, he served as Executive Vice President and Chief Operating Officer for Special Devices, Inc., a provider of engineered energetic devices for the Automotive, Defense & Aerospace, and Mining & Blasting industries. Mr. Walsh holds a BS degree in Aeronautical and Astronautical Engineering from Purdue University, an Executive MBA from St. Joseph's University and patents for aerospace, automotive and commercial mining and blasting applications.

**Table of Contents****Brian A. Lutes**

Age 49

Brian A. Lutes served as Vice President and Chief Financial Officer of Sypris from September 2008 until March 14, 2014. From 2007 to 2008, Mr. Lutes served as Chief Financial Officer and Vice Chairman of Finance and Administration for MAG Industrial Automation Systems, a leading manufacturer of machine tools and systems serving the aerospace, automotive, construction, power generation and other durable goods industries. He served as Chief Financial Officer and Vice President of Finance and Administration for The Wornick Company, a provider of shelf-stable, ready-to-eat meals to military and consumer branded food companies, from 2005 to 2007 and as Senior Vice President for Fifth Third Bancorp from 2002 to 2004. Prior to 2002, Mr. Lutes served with the General Electric Company for seventeen years in a number of increasingly responsible executive positions within GE and GE Capital culminating with his assignment as Chief Financial Officer of Global Operations for GE Medical Systems. Mr. Lutes holds Bachelor and Masters degrees in Mechanical Engineering from the University of Louisville's Speed School of Engineering and an MBA from the University of Connecticut's Executive MBA program.

**Richard L. Davis**

Age 60

Richard L. Davis has served as Senior Vice President of Sypris since 1997, as Secretary from 1998 to 2003 and as Vice President and Chief Financial Officer of its predecessor from 1985 to 1997. Prior to 1985, Mr. Davis served in a number of management positions with Armor Elevator and Coopers and Lybrand. Mr. Davis holds a BS degree in Business Administration from Indiana University and an MBA from the University of Louisville. He is a certified public accountant in the state of Kentucky.

**John R. McGeeney**

Age 57

John R. McGeeney has served as Vice President, General Counsel and Secretary of Sypris since August 2011 and as General Counsel and Secretary from June 2003 to July 2011. Mr. McGeeney was Of Counsel to Middleton and Reutlinger, a law firm, in 2003, and served as General Counsel for Inviva, Inc., an insurance holding company, from 2000 to 2002. Mr. McGeeney also served in several senior leadership positions, including General Counsel and Secretary, with ARM Financial Group, a financial services company, from 1994 to 1999, and as Counsel and Assistant General Counsel for Capital Holding Corporation, a financial services company, from 1988 to 1994. Mr. McGeeney holds a BA degree from Amherst College and a JD degree from the University of Notre Dame Law School.

**Anthony C. Allen**

Age 55

Anthony C. Allen has served as Vice President, Treasurer and Assistant Secretary of Sypris since December 2004 and as Vice President of Finance and Information Systems and Assistant Secretary of Sypris from 2003 to December 2004. Mr. Allen served as Vice President, Controller and Assistant Secretary of Sypris from 1997 to 2003. He served as Vice President of Finance of Sypris's predecessor from 1994 to 1998 and as Vice President and Controller from 1987 to 1994. Prior to 1987, Mr. Allen served in a variety of management positions with Armor Elevator. Mr. Allen holds a Bachelors degree in Business Administration from Eastern Kentucky University and an MBA from Bellarmine University. He is a certified public accountant in the state of Kentucky.

**Table of Contents****SUMMARY COMPENSATION TABLE**

The following table sets forth information concerning the compensation of the Company's President and Chief Executive Officer, and the two other most highly compensated executive officers who served in such capacities as of December 31, 2013 (the "named executive officers" or "NEOs"), for services rendered to the Company during the past fiscal year.

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Bonus (\$) (d)(1)	Stock Awards (\$) (e)(2)	Option Awards (\$) (f)(2)	All Other Compensation (\$) (i)(3)	Total (\$) (j)
J. T. Gill, President and Chief Executive Officer	2013	658,154			418,300	64,280	1,140,734
	2012	639,615	75,000		505,700	63,781	1,284,096
J. J. Walsh, Vice President	2013	357,673		99,000		53,793	510,466
	2012	347,333	450,000	101,250		55,877	954,460
P. G. Larochelle, Vice President	2013	335,962		99,000		53,510	488,472
	2012	315,577	80,000	101,250		74,068	570,895

- (1) The amount in column (d) reflects a payment made according to the terms of the Three-Year Bonus Agreements which vested on May 9, 2012 and awarded a cash payment in the amount of \$450,000 to Mr. Walsh. See below for information regarding the Three-Year Bonus Agreements under the heading "Bonus Payments and Time-Based Equity". Additionally, column (d) reflects discretionary bonus payments made in 2012 at the recommendation of the Board to Mr. J.T. Gill and Mr. Larochelle.
- (2) The amounts in column (e) and in column (f) reflect aggregate grant date fair value for each stock and option award granted during each fiscal year for each named executive officer in accordance with ASC Topic 718. Assumptions used in the calculation of these amounts in 2013 and 2012 are included in Note 16 to the Company's audited financial statements for the fiscal year ended December 31, 2013 included in the Company's Annual Report on Form 10-K filed with the SEC.
- (3) The amounts in column (i) include the aggregate dollar amounts of all perquisites and other compensation offered by the Company which included the annual lease value of an automobile for personal and business use, cash reimbursement for unused vacation days earned during the year (for Mr. Walsh), anniversary awards for employment service, the Company's 401(k) matching contributions, premiums on executive life insurance, premiums on long-term disability insurance, premiums for long-term care insurance (for Mr. Gill and his spouse), taxes owed with respect to payments relating to such insurance policies and a variety of other, routine perquisites, including complimentary or discounted food and drink, executive coaching, entertainment and related travel, clothing, gifts or similar benefits which in the aggregate are less than \$10,000 in value per year.

**Compensation Overview**

The fundamental objectives of the Company's executive compensation program are: to attract, retain and motivate highly competent executives necessary for Sypris' growth and leadership and to foster the creation of stockholder value through close alignment of the financial interests of executives with those of Sypris' stockholders. The main components of the Company's executive compensation program are annual salaries, long-term incentives consisting of time-based equity and cash bonus awards.

From time to time the Company has also utilized a number of alternative compensation strategies to retain and motivate key employees and executive officers to meet both near-term and longer-term financial and strategic goals. These strategies reflect the key principles and approaches applied to achieve the desired results for those compensation elements that are awarded, earned by and paid to each of our named executive officers. Over the past several years, the Company has encountered economic uncertainty in a number of periods due in part to the volatile nature of its manufacturing sectors. The Company has a strong commitment to develop its key





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employee base and to focus on sustaining long-term strategic growth despite such fluctuating market conditions. Accordingly, the Company has implemented a multifaceted approach to compensating employees, using tools that allow for flexibility and effective motivation. At times the Company has incorporated retention based incentive cash awards along with time vested restricted stock awards in an effort to deliver a short and long-term impact on employee motivation and productivity which illustrates the Company's respect for, and the value that the Company ascribes to its employees' contributions.

### **401(k) Program**

All employees in the United States not covered by a collective bargaining agreement, including the NEOs, are automatically enrolled in the Company's 401(k) retirement savings plan ( "401(k) Plan" ), a tax-qualified plan, at a pre-tax matching contribution rate of 50% of each participating employee's first 6% of eligible salary. Employees may opt out of the plan or may elect to change their contribution in increments of 1% of pre-tax salary. Those employees who are covered by a collective bargaining agreement are also automatically enrolled in the Company's 401(k) Plan in accordance with the terms of each such respective agreement.

### **Bonus Payments and Time-Based Equity**

Effective May 9, 2009, certain of the Company's executive officers, including Mr. Walsh and other key employees entered into Three-Year Bonus Agreements which vested on May 9, 2012. The Company did not enter into such agreements with either Mr. J.T. Gill or Mr. Larochelle. Under the terms of the agreement a payment of \$450,000 was paid to Mr. Walsh. The Company chose these terms because it was experiencing a severe contraction in the economic conditions of its chosen markets in 2009, including historic reductions in North American heavy vehicle production levels and the related tightening of global credit markets. Due to these factors, the Company believed that in order to leverage significant strategic opportunities which might emerge for the Company as those markets recovered it was critical that a select group of key employees be retained through this period. The Board approved the Three-Year Bonus Agreements which were intended specifically to retain such key employees through the expected recovery period. As a direct result of the agreements, the Company experienced minimal voluntary termination by the employee participants during the three year period. The Company considers this retention program a success.

For the 2012 fiscal year, the President and Chief Executive Officer recommended and the Compensation Committee approved the Sypris Solutions, Inc. Incentive Bonus Plan 2012 Fiscal Year (the "Bonus Plan" ), for certain employees of the Company designated by the Compensation Committee, including Mr. Walsh and Mr. Larochelle. Under the Bonus Plan and consistent with the objectives of the Bonus Plan, participants would have received cash bonuses if certain performance goals were satisfied for the 2012 calendar year period. The Bonus Plan established a bonus pool to be funded with 8.75% of the sum of (i) the year-over-year change in the Company's consolidated profit before tax (adjusted by adding back the annual incentive bonus expenses accrued with respect to each year) and (ii) the year-over-year change in the Company's consolidated free cash flow, excluding the effects of certain asset sales or nonrecurring revenues. The bonus pool was capped at a maximum value of \$2,000,000 for 2012. Each qualified participant was eligible for a specified percentage of the total bonus pool, subject to discretionary review by the Company's President and Chief Executive Officer and final discretionary reviews by the Compensation Committee. Both Mr. Walsh and Mr. Larochelle were participants in the Bonus Plan with bonus target percentages of 5% and 6%, respectively of the pool. Based on the year-end financial results, none of the Plan's performance goals were achieved, and therefore in accordance with the terms of the Bonus Plan no bonus awards were generated.

In December of 2012, in relation to uncertainty in the economic outlook for the 2013 fiscal year, the Company determined that a formal incentive bonus plan with objective criteria would not be practical in light of the continuing fluctuations in overall market conditions. Accordingly, a discretionary budget for a cash pool was developed for 2013, and distributions from the pool were based on recommendations by the Company's President and Chief Executive Officer subject to the final review and approval of the Compensation Committee.

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The Company's Corporate Director of Human Resources and the President and Chief Executive Officer reviewed consolidated salary information from several distinct national compensation market surveys and developed the recommendations, which targeted the bonus amounts between the 25<sup>th</sup> and 50<sup>th</sup> percentile of such consolidated survey data. Distributions under the discretionary pool were awarded to a number of key employees in April 2013, but, NEOs did not receive any such distributions.

On an annual basis, over the past several years, grants of time-based equity have been issued to executive officers and other key employees under the 2010 Sypris Omnibus Plan. The economic value of each grant is targeted, in bands of share award levels, to be approximately equal to the 25<sup>th</sup> percentile of comparable equity awards, as indicated by market survey information provided by Pearl Meyer. The grants are awarded as restricted stock or options to purchase Common Stock. The initial recommendations for these equity awards are developed by the Company's Corporate Director of Human Resources and the President and Chief Executive Officer, subject to the final review and approval of the Compensation Committee, or in the case of the President and Chief Executive Officer, subject to the recommendation of the Committee and the final review and approval of the full Board.

## **Change in Control; Termination and Potential Payments**

Stock options and restricted stock awards granted in 2013 and 2012 were awarded under the 2010 Sypris Omnibus Plan, and are subject to accelerated vesting upon any change in control of the Company, pursuant to the terms of the Plan. For stock options, the valuations below reflect (i) the number of each such individual's unvested stock options on December 31, 2013 multiplied by (ii) the amount, if any, by which the Company's stock price on, December 31, 2013, exceeded the strike price of such options. For restricted stock, the valuations below reflect (i) the number of each such individual's unvested shares of restricted stock on December 31, 2013, multiplied by (ii) the Company's stock price on December 31, 2013. The respective values of the unvested stock options and the unvested shares of restricted stock, calculated as of December 31, 2013 which would have become vested for the named executive officers in the event of a change in control would have been as follows: \$253,980 for Mr. Larochelle and \$260,712 for Mr. Walsh. Additionally, Mr. J.T. Gill's non-qualified stock options would be subject to accelerated vesting upon a change in control of the Company, however, the Company's stock price on, December 31, 2013, was below the strike price of any such options, .

**Table of Contents****OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2013**

Name (a)	Grant Date (b)	OPTION AWARDS				STOCK AWARDS	
		Number of Securities Underlying Unexercised Options (#) Exercisable (c)	Number of Securities Underlying Unexercised Options (#) (d)	Option Exercise Price (\$) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (h)(6)
<b>J. T. Gill</b>	3/2/2010		131,889(1)	2.85	3/2/2015		
	4/1/2011		200,000(1)	4.11	4/1/2016		
	4/1/2012		200,000(1)	4.05	4/1/2017		
	4/1/2013		200,000(1)	3.96	4/1/2018		
<b>J. J. Walsh</b>	3/31/2008	60,000(2)		4.13	3/31/2014		
	3/31/2008					10,200(3)	31,212
	4/1/2011					25,000(4)	76,500
	4/1/2012					25,000(4)	76,500
	4/1/2013					25,000(4)	76,500
<b>P. G. Larochelle</b>	10/26/2009					8,000(5)	24,480
	4/1/2011					25,000(4)	76,500
	4/1/2012					25,000(4)	76,500
	4/1/2013					25,000(4)	76,500

- (1) Stock option awards which vest 100% on the third anniversary of the grant date, with a five-year option term.
- (2) Stock option award which vested 30%, 30% and 40% on the third, fourth and fifth anniversary of the grant date, respectively of a six year option term. The vested shares will expire on March 31, 2014.
- (3) Restricted stock award which vests in one-third increments on the third, fifth and seventh anniversary of the grant date. The remaining unvested restricted shares will vest on March 31, 2015.
- (4) Restricted stock award which vests 100% on the third anniversary of the grant date.
- (5) Restricted stock award which vests 30%, 30% and 40% on the third, fourth and fifth anniversary of the grant date. The remaining unvested shares will vest on October 26, 2014.
- (6) Market value of shares that have not vested in column (h) was calculated using the closing stock price on December 31, 2013.

**Table of Contents****2013 DIRECTOR COMPENSATION**

Name (a)	Fees Earned or		All Other Compensation (\$) (g)(2)	Total (\$) (h)
	Paid In Cash (\$) (b)	Stock Awards (\$) (c)(1)		
J. F. Brinkley	50,000	23,760	5,000	78,760
G. L. Convis(3)	12,500		5,000	17,500
W. G. Ferko	50,000	23,760	5,000	78,760
R. E. Gill(4)			377,375	377,375
R. S. Gill	50,000	23,760	5,000	78,760
W. L. Healey	50,000	23,760	5,000	78,760
R. F. Lentz(5)	50,000		5,000	78,760
S. R. Petersen	50,000	23,760	5,000	78,760
R. Sroka	50,000	23,760	5,000	78,760

- (1) The amounts in column (c) reflect the dollar amounts for the aggregate grant date fair value for each stock award granted during 2013 for each director serving in his position at the end of the first quarter, in accordance with FASB ASC Topic 718, awarded pursuant to the 2010 Sypris Omnibus Plan and the Directors Compensation Program. Because these awards consisted of fully vested shares, the amounts in column (c) are equal to the fair value of all shares awarded in 2013 calculated based on the closing price of our Common Stock as of the time of the award.
- (2) The amounts provided in column (g) represent the annual salary, along with the aggregate dollar amount of all perquisites for Mr. R. E. Gill as an executive officer of the Company including the annual lease value of an automobile for personal and business use, Company 401(k) matching contributions, and a term life policy including taxes owed with respect to payments relating to such insurance policies. Additionally, for each of the directors the aggregate dollar amount includes a variety of routine perquisites, including complimentary or discounted food, drink, entertainment and related travel, clothing, gifts or similar benefits which in the aggregate do not exceed \$10,000 for Mr. R. E. Gill and \$5,000 for all other directors, in value per year.
- (3) Mr. Convis was elected by the Board on November 11, 2013 as a Class III Director, and therefore received a prorated portion of the annual retainer in accordance with the terms of the Directors Compensation Program. Mr. Convis was subsequently paid \$12,500 in the first quarter of 2014 for his service rendered as a director in the fourth quarter of 2013.
- (4) Mr. R. E. Gill does not receive separate compensation for his services as a director in addition to his total compensation for services as an executive officer. Mr. R. E. Gill is also the father of the Company's President and Chief Executive Officer, Jeffery T. Gill, and R. Scott Gill.
- (5) See Transactions with Related Person above for information on payments to Mr. Lentz as a consultant, prior to his appointment as a director in July 2012.

In accordance with the Directors Compensation Program, non-employee directors are paid a cash retainer on a quarterly basis in arrears and receive an award of Common Stock. The annual cash retainer is \$50,000 and the common stock award is 6,000 shares. In 2013 Mr. Convis was eligible to earn a prorated portion of the annual cash retainer beginning with the fourth quarter of 2013 and did not receive the 6,000 shares of Common Stock.

## Edgar Filing: SYPRIS SOLUTIONS INC - Form DEF 14A

All directors are reimbursed for travel and related expenses for attending Board and committee meetings. In 2013, the Company held five meetings which required Board members to travel. We also provide non-employee directors with travel accident insurance when on Company business. Directors who are employees of Sypris or its affiliates are not eligible to receive compensation for services as a director.

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**PROPOSAL TWO**

**ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION**

We are providing our stockholders with an opportunity to vote to approve, on an advisory, non-binding basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the SEC's rules. This proposal, which may be referred to as a "say-on-pay" proposal, is required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act").

Our executive compensation program is designed to attract, motivate, and retain our executive officers, who are critical to our success. As described in the "Summary Compensation" and "Outstanding Equity Awards at Fiscal Year-End 2013" tables above, as well as our accompanying narrative disclosure to such tables, our executive compensation program contains elements of cash and equity-based compensation. We believe our program is designed to align the interests of our named executive officers with those of our stockholders and to reward our named executive officers for the achievement of our near-term and longer-term financial and strategic goals.

The Board is asking our stockholders to approve a non-binding advisory vote on the following resolution:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission under the headings "Summary Compensation Table" and "Outstanding Equity Awards at Fiscal Year-End 2013," including the related footnotes and accompanying narrative disclosure, is hereby approved.

Though this proposal calls for a non-binding advisory vote, our Board and Compensation Committee value the opinions of our stockholders and will consider the outcome of the vote when making future compensation decisions for our named executive officers.

**Vote Required and Recommendation of the Board of Directors**

The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote on the matter is required to approve this Proposal Two. In determining whether this proposal has received the requisite number of affirmative votes, abstentions will not be counted and will have the same effect as a vote against the proposal. **The Board recommends a vote FOR the resolution approving the compensation of the Company's named executive officers.**

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**AVAILABILITY OF ANNUAL REPORT ON FORM 10-K**

A stockholders letter and a copy of our 2013 Annual Report on Form 10-K, which together constitute our Annual Report to Stockholders, has been mailed concurrently with this Proxy Statement to stockholders entitled to notice of and to vote at the Annual Meeting. Such Annual Report is not incorporated into this Proxy Statement and shall not be considered proxy solicitation material. Stockholders may also request a copy of the Company's 2013 Annual Report on Form 10-K which may be obtained without charge by writing to John R. McGeeney, Secretary, Sypris Solutions, Inc., 101 Bullitt Lane, Suite 450, Louisville, Kentucky 40222.

**OTHER MATTERS**

The Board does not intend to bring any other matter before the Annual Meeting and has not been informed that any other matter is to be presented by others. If any other matter properly comes before the Annual Meeting, the proxies will be voted with the discretion of the person or persons voting the proxies.

You are cordially invited to attend the Annual Meeting. Whether or not you plan to attend the Annual Meeting, please vote your shares over the Internet or by telephone, or mark, sign, date and promptly return the proxy card sent to you in the envelope provided. No postage is required for mailing in the United States.

**SUBMISSION OF STOCKHOLDER PROPOSALS**

Any stockholder who intends to present a proposal at the Annual Meeting in the year 2015 (the 2015 Annual Meeting) must deliver the proposal to the Company's corporate Secretary at 101 Bullitt Lane, Suite 450, Louisville, Kentucky 40222 in compliance with the following deadlines and procedures:

For any proposal that a stockholder wishes to include in our proxy materials for the 2015 Annual Meeting pursuant to Rule 14a-8 under the Securities Act of 1934, the proposal must be submitted no later than November 25, 2014. The proposal also must comply with SEC regulations set forth in Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials.

For any proposal that a stockholder wishes to propose for consideration at the 2015 Annual Meeting but does not wish to include in the proxy materials for that meeting pursuant to Rule 14a-8, our Amended and Restated Bylaws require a notice of the proposal to be delivered not later than 10 days after the public announcement of the meeting date or, if earlier, the date on which notice of the meeting was mailed. The notice of the proposal also must comply with the content requirements for such notices set forth in our Amended and Restated Bylaws.

To the extent any proposals are presented for consideration at the 2015 Annual Meeting but are not described in our proxy materials for that meeting, the proxies solicited by Sypris for the 2015 Annual Meeting may confer discretionary authority to the persons named as proxy holders to vote on any such proposals.

John R. McGeeney

Vice President, General Counsel and Secretary

March 25, 2014



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