

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

SIGMATRON INTERNATIONAL INC
Form DEF 14A
August 09, 2005

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:

- Preliminary Proxy Statement.
- CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY
RULE 14a-6(e)(2)).
- Definitive Proxy Statement.
- Definitive Additional Materials.
- Soliciting Material Pursuant to Section 240.14a-12

Sigmatron International, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed
pursuant to Exchange Act Rule 0-11 (set forth the amount on which the
filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

- Fee paid previously with preliminary materials.

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

[] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

PERSONS WHO POTENTIALLY ARE TO RESPOND TO THE COLLECTION OF INFORMATION CONTAINED IN THIS FORM ARE NOT REQUIRED TO RESPOND UNLESS THE FORM DISPLAYS A CURRENTLY VALID OMB CONTROL NUMBER.

SEC 1913 (02-02)

SIGMATRON INTERNATIONAL, INC.
2201 LANDMEIER ROAD
ELK GROVE VILLAGE, IL 60007

August 16, 2005

Notice of Annual Stockholders Meeting:

You are hereby notified that the 2005 Annual Meeting of Stockholders of SigmaTron International, Inc. (the "Company") will be held at the Holiday Inn located at 1000 Busse Road, Elk Grove Village, Illinois 60007 at 10:00 a.m. local time, on Friday, September 16, 2005, for the following purposes:

1. To elect three Class III directors to hold office until the 2008 Annual Meeting.
2. To consider a proposal to ratify the selection of Grant Thornton LLP as independent auditors of the Company for the fiscal year ending April 30, 2006.
3. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on July 29, 2005 as the record date for the determination of stockholders entitled to notice of and to vote at the Meeting and/or adjournments thereof.

You are urged to attend the Meeting in person. Whether or not you expect to be present in person at the Meeting, please mark, date, sign and return the enclosed proxy in the envelope provided.

By Order of the Board of Directors

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

LINDA K. BLAKE
Secretary

SIGMATRON INTERNATIONAL, INC.
2201 LANDMEIER ROAD
ELK GROVE VILLAGE, IL 60007

2005 ANNUAL MEETING OF STOCKHOLDERS
SEPTEMBER 16, 2005

PROXY STATEMENT

GENERAL

This Proxy Statement and the accompanying proxy are furnished to stockholders of SigmaTron International, Inc. (the "Company") in connection with the solicitation of proxies by the Company's Board of Directors for use at the 2005 Annual Meeting of Stockholders (the "Meeting") to be held at the Holiday Inn located at 1000 Busse Road, Elk Grove Village, Illinois, 60007 at 10:00 a.m. local time, on Friday, September 16, 2005, for the purposes set forth in the accompanying Notice of Meeting. This Proxy Statement, the form of proxy included herewith and the Company's Annual Report to Stockholders for the fiscal year ended April 30, 2005 are being mailed to stockholders on or about August 16, 2005.

Stockholders of record at the close of business on July 29, 2005 are entitled to notice of and to vote at the Meeting. On such date there were outstanding 3,752,054 shares of Common Stock, par value \$.01 per share (the "Common Stock"). The presence, in person or by proxy, of the holders of a majority of the shares of Common Stock outstanding and entitled to vote at the Meeting is necessary to constitute a quorum. In deciding all questions, each holder of Common Stock shall be entitled to one vote, in person or by proxy, for each share held on the record date.

If you are a stockholder of record (that is, if you hold your shares in certificate form registered in your name on the books of the Company's transfer agent, American Stock Transfer and Trust Company, as of the close of business on July 29, 2005), and attend the Meeting, you may deliver your completed proxy card in person. However, if you hold your shares in "street name" (that is, not certificate form) (a) you must return your voting instructions to your broker or nominee so that the holder of record can be instructed how to vote those shares or (b) if you wish to attend the Meeting and vote in person, you must obtain and bring to the Meeting a proxy signed by the record holder giving you the right to vote the shares in order to be able to vote at the Meeting. (You may not use the voting instruction form provided by your broker or nominee to vote in person at the Meeting.)

Votes cast by proxy or in person at the Meeting will be tabulated by the election inspector appointed for the Meeting and will determine whether or not a quorum is present. The election inspector will treat abstentions as shares that are present and entitled to vote but as not voted for purposes of determining the approval of any matter submitted to the stockholders for a vote. Abstentions will have the same effect as negative votes. If a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter ("Broker Non-Votes"), those shares will not be considered as present and entitled to vote with respect to that matter.

Properly executed proxies will be voted in the manner directed by the

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

stockholders. If no direction is indicated, such proxies will be voted FOR the election of all nominees named under the caption "Election of Directors" as set forth therein as directors of the Company, and FOR the ratification of the selection of Grant Thornton LLP as the Company's Independent Auditors. If a quorum is present at the Meeting, directors will be elected by a plurality of the votes cast. The ratification of the selection of auditors requires an affirmative vote by holders of a majority of the shares present at the Meeting in person or by proxy and entitled to vote. Any proxy may be revoked by the stockholder at any time prior to the voting thereof by notice in writing to the Secretary of the Company, either prior to the Meeting (at the above address) or at the Meeting if the stockholder attends in person. A later dated proxy will revoke a prior dated proxy.

As of the date of this Proxy Statement, the Board of Directors knows of no other business which will be presented for consideration at the Meeting. If other proper matters are presented at the Meeting, however, it is the intention of the proxy holders named in the enclosed form of proxy to take such actions as shall be in accordance with their best judgment.

The information contained in this Proxy Statement relating to the occupations and security holdings of directors and officers of the Company and their transactions with the Company is based upon information received from each individual as of July 15, 2005.

HOLDINGS OF STOCKHOLDERS, DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information regarding beneficial ownership of Common Stock as of July 15, 2005 by (i) each director of the Company and each nominee, (ii) each executive officer of the Company, (iii) each person (including any "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act")) who is known by the Company to own beneficially more than 5% of the outstanding Common Stock, and (iv) all directors and executive officers as a group. The address of directors and executive officers is c/o SigmaTron International, Inc., 2201 Landmeier Road, Elk Grove Village, Illinois 60007.

BENEFICIAL OWNERSHIP

NAME ----	NUMBER OF SHARES (1) -----	PERCENT -----
BENEFICIAL OWNERS OF AT LEAST 5% OF THE OUTSTANDING CAPITAL STOCK		
Kennedy Capital Management, Inc.(2)..... 10829 Olive Blvd. St. Louis, MO 63141	433,132	11.5%
Cyrus Tang Revocable Trust(3)..... 3773 Howard Hughes Pkwy., Ste. 350N Las Vegas, NV 89109	397,063	10.6%
Fidelity Low-Price Stock Fund(4)..... 82 Devonshire St. Boston, MA 02109	371,000	9.9%
Tang Foundation for the Research of Traditional Chinese Medicine(3)..... 3773 Howard Hughes Pkwy., Ste. 350N Las Vegas, NV 89109	252,099	6.7%

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS

Gary R. Fairhead(5).....	78,203	2.1%
Gregory A. Fairhead(5).....	40,807	1.1%
John P. Sheehan(5).....	26,566	*
Linda K. Blake(5).....	12,428	*
Daniel P. Camp(5).....	21,167	*
Raj B. Upadhyaya.....	0	*
John P. Chen(6).....	5,200	*
Thomas W. Rieck(6) (7) (8).....	9,099	*
Franklin D. Sove(6).....	6,000	*
Carl A. Zemenick(6).....	5,000	*
William L. McClelland(6).....	5,000	*
Dilip S. Vyas(6).....	5,000	*
All directors and executive officers as a group(9).....	214,470	5.5%

 * Less than 1 percent.

(1) Unless otherwise indicated in the footnotes to this table, the Company believes the persons named in this table have sole voting and investment power with respect to all shares of Common Stock reflected in this table. As of July 15, 2005, 3,755,420 shares were outstanding, not including certain options held by various directors and officers as noted in subsequent footnotes. This table is based on information supplied by the Company's officers, directors and principal stockholders and by Schedules 13D and 13G filed with the Securities and Exchange Commission.

2

- (2) Number of shares owned by Kennedy Capital Management, Inc., at November 30, 2004, as reported on Schedule 13G on December 9, 2004.
- (3) The sole beneficiary and trustee of Cyrus Tang Revocable Trust dated March 17, 1997 (the "Trust") is Cyrus Tang. Tang Foundation for the Research of Traditional Chinese Medicine is a not-for-profit foundation. This entity, as well as the Trust, whose combined ownership represents in excess of 17% of the outstanding Common Stock, is controlled by Cyrus Tang.
- (4) Number of shares owned by Fidelity Low-Price Stock Fund at December 31, 2004 as reported by FMR Corp. on Amended Scheduled 13G on February 14, 2005.
- (5) The number of shares includes 28,203, 29,150, 26,565, 12,028 and 21,167 shares issuable upon the exercise of stock options granted to Gary R. Fairhead, Gregory A. Fairhead, John P. Sheehan, Linda K. Blake and Daniel P. Camp, respectively. Said options are deemed exercised solely for purposes of showing total shares owned by such employees, respectively.
- (6) Includes 5,000 shares issuable upon the exercise of director stock options granted on September 2004. Said options are deemed exercised solely for purposes of showing total shares by such non-employee director.
- (7) Includes 4,099 shares issuable upon the exercise of director stock options granted in December 2001. Said options are deemed exercised solely for purposes of showing total shares owned by such non-employee directors.
- (8) In addition to the number of shares set forth on the Beneficial Ownership table, Mr. Rieck is also one of three trustees of Rieck and Crotty, P.C.'s profit sharing plan, which owns 4,000 shares of the Company's Common Stock as of July 15, 2005. Mr. Rieck abstains from all voting and investment

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

decisions with respects to such shares.

- (9) For purposes of calculating the total number of shares for all directors and executive officers as a group consists of 63,258 of shares and 151,212 of options are deemed exercised.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Company is required to report to stockholders those directors, officers and beneficial owners of more than 10% of any class of the Company's equity securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), who fail to file timely reports of beneficial ownership and changes in beneficial ownership, as required by Section 16(a) of the Exchange Act. Based solely upon a review of copies of such reports furnished to the Company, the Company believes that all persons subject to the reporting requirements of Section 16(a) of the Exchange Act timely filed all necessary reports during the fiscal year ended April 30, 2005, except that each of our non-employee directors, Mssers. Chen, McClelland, Rieck, Sove and Vyas each filed one late routine report in connection with stock options granted to them, and Mr. Upadhyaya filed one late report in connection with his initial classification as an executive officer of the Company.

I. ELECTION OF DIRECTORS

Pursuant to the Company's Certificate of Incorporation, the Board of Directors is divided into three classes of directors, each serving overlapping three-year terms. The terms of Class I directors (Messrs. Rieck and McClelland) expire in 2006; the terms of Class II directors (Messrs. Chen and Zemenick) expire in 2007; and the terms of Class III directors (Messrs. Gary Fairhead, Sove and Vyas) expire in 2005. All directors of each class will hold their positions until the annual meeting of stockholders in the year indicated above, at which time the terms of the directors in such class expire, or until their respective successors are elected and qualify, subject in all cases to any such director's earlier death, resignation or removal.

3

NOMINEES FOR ELECTION AS CLASS III DIRECTORS AT THE MEETING

If a quorum is present at the Meeting, three Class III directors will be elected by a plurality of the stockholder votes cast at the Meeting, to serve until the 2008 annual meeting of stockholders or until their successors shall be elected and shall qualify, subject to their earlier death, resignation or removal. Abstentions and Broker Non-Votes will have no effect on the vote. Shares represented by executed proxies will be voted, if the authority to do so is not withheld, for the election of the three nominees named below. The stockholders do not have cumulative voting rights with respect to the election of directors. The following persons have been nominated:

NAME	AGE	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER PUBLIC DIRECTORSHIPS
Gary R. Fairhead..... Class III	53	President and Chief Executive Officer. Gary R. Fairhead has been President of the Company since 1990. Gary R. Fairhead and Gregory A. Fairhead, the Executive Vice President and Assistant Secretary of the Company, are

DIR
C

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

brothers.

Franklin D. Sove..... Class III	71	Mr. Sove was Vice President of Tang Industries, Inc., a privately held company that manufactures and distributes industrial products, until his retirement in December 2002.
Dilip S. Vyas..... Class III	57	Mr. Vyas has been self-employed since December 2004 and from June 2004 to November 2004 was President of Wave Zero Manufacturing LLC, a manufacturer of shielding devices for components used in the electronic industry. Mr. Vyas was self-employed from September 1998 to June 2004 and was a Director and Vice President of Circuit Systems, Inc. (CSI) until September 1998. CSI filed a petition for relief under Chapter 11 of the Bankruptcy Code in September 2000 and ceased to exist in 2003.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE IN FAVOR OF EACH OF THE NOMINEES NAMED ABOVE.

The Board of Directors knows of no reason why any of the foregoing nominees will be unavailable or will decline to serve, but, in the event of any such unavailability, the proxies received will be voted for such substitute nominees as the Board of Directors may recommend. THE ENCLOSED PROXY CANNOT BE VOTED FOR A GREATER NUMBER OF PERSONS THAN THREE, THE NUMBER OF NOMINEES NAMED IN THIS PROXY STATEMENT.

4

NAME	AGE	DIRECTOR WHOSE TERMS EXTEND BEYOND THE MEETING PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS AND OTHER PUBLIC DIRECTORSHIPS	DIR C
----	---	-----	---
Thomas W. Rieck..... Class I	60	Attorney and President of Rieck and Crotty, P.C. Mr. Rieck was an executive officer of CSI.	
William L. McClelland..... Class I	76	Partner in Tower Extrusion LTD, an aluminum extrusion, finishing and remelt company from 1977 until his retirement in 2001.	
John P. Chen..... Class II	51	Chief Financial Officer since 1994 of National Material L.P., a steel processing, stamping and distribution company.	
Carl A. Zemenick..... Class II	60	President and CEO from June 1990 to June 2005 of GF Office Furniture, Ltd. LP, a furniture manufacturer.	

II. PROPOSAL TO RATIFY SELECTION OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors will recommend at the Meeting that the stockholders ratify the appointment of the firm of Grant Thornton LLP to audit the accounts

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

of the Company for the current fiscal year. Representatives of that firm are expected to be present at the Meeting, have the opportunity to make a statement if they desire to do so, and be available to respond to appropriate questions. Grant Thornton LLP was recommended by the Audit Committee and the Board of Directors for the fiscal year 2006.

The ratification of the selection of auditors requires an affirmative vote by holders of a majority of the shares present at the Meeting in person or by proxy and entitled to vote. Abstentions and Broker Non-Votes will have the same effect as negative votes.

THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE IN FAVOR OF RATIFICATION OF THE SELECTION OF GRANT THORNTON LLP.

FISCAL 2005 AND 2004 AUDIT FIRM FEE SUMMARY

During fiscal years 2005 and 2004, the Company retained its auditor, Grant Thornton LLP, to provide services in the following categories and amounts. The following amounts were invoiced by Grant Thornton in fiscal years 2005 and 2004.

	2005	2004
	-----	-----
Audit Fees (a).....	\$ 71,050	\$142,243
Audit-Related Fees (b).....	59,397	31,178
Tax Fees (c).....	132,119	91,675
All Other Fees (d).....	12,851	10,038

(a) Fees for audit services billed in 2005 and 2004 consisted of:

- Audit of the Company's annual financial statements
- Reviews of the Company's quarterly financial statements
- Statutory and regulatory audits, consents and other services related to Securities and Exchange Commission matters

(b) Fees for audit-related services consisted primarily of services for Employee 401(k) Retirement Plan, consolidation issues, startup of a wholly-owned foreign enterprise and acquisitions.

5

(c) Fees for tax services billed in 2005 and 2004 consisted of tax compliance and tax planning and advice. Fees for tax compliance services totaled \$132,119 and \$91,675 in 2005 and 2004, respectively. Tax compliance services consisted of:

- Federal, state and local income tax return preparation
- Assistance with tax return filings and compliance in certain foreign jurisdictions
- Assistance with tax audits and amended tax returns

(d) All other fees are general out of pocket expenses for administrative costs.

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

As described in Audit Committee Charter, it is the Audit Committee's policy and procedure to review and consider and ultimately pre-approve, where appropriate, all audit and non-audit engagement services to be performed by the independent auditors. The Audit Committee's pre-approval policy is included in the Audit Committee Charter which has been attached as Appendix A here to.

CORPORATE GOVERNANCE

Our Board of Directors determined that each of Messrs. Chen, McClelland, Rieck, Sove and Zemenick are independent under the rules of the Nasdaq Stock Market, Inc. As a result, our Board currently has a majority of independent directors under the rules of the Nasdaq Stock Market, Inc. Our Board of Directors has determined that our independent directors shall have regularly scheduled meetings during each fiscal year at which only the independent directors are present.

DIRECTOR COMMITTEES; BOARD MEETINGS

The Board of Directors has established an Audit Committee, a Compensation Committee and a Nominating Committee. A copy of the Audit Committee charter is included in this Proxy Statement as Appendices A and the Nominating Committee charter is available on the Company's website at www.sgmain1.com. The Company believes that the composition of these committees meets the criteria for independence under, and the functioning of these committees complies with, the applicable requirements of, the Sarbanes-Oxley Act of 2002, the current listing standards of the Nasdaq Stock Market, Inc. and Securities and the Exchange Commission rules and regulations.

The functions of the Audit Committee include: (1) selection, evaluation, and where appropriate, replacement of the Company's independent accountants; (2) pre-approval of audit and permitted non-audit services to be performed by the independent accountants; (3) review of the scope of the audit; (4) reviewing, with the independent accountants, the corporate accounting practices and policies and recommending to whom reports should be submitted within the Company; (5) reviewing the final report of the independent accountants; (6) reviewing accounting controls; and (7) being available to the independent accountants and management for consultation purposes. The Audit Committee is comprised of three members: Messrs. Rieck, Sove (Chairman) and Vyas. The Board of Directors has determined that each of the members of the Audit Committee is independent as defined by the Rules of the Securities and Exchange Commission. The Board also determined that Messrs. Rieck and Sove are independent and Mr. Vyas is not independent under the rules of the Nasdaq Stock Market, Inc. based upon Mr. Vyas' role as a manager of SMD International L.L.C., which sold real estate to the Company in November 2003. The Board of Directors has further determined that membership of Mr. Vyas on the Audit Committee is in the best interest of the Company and its stockholders, based upon Mr. Vyas' experience in finance at another public company and his acumen developed in connection with his own business ventures. Mr. Rieck has been determined to be an Audit Committee financial expert as defined in Item 401 of Regulation S-K promulgated under the Exchange Act. The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is included as Appendix A to this Proxy Statement. The report of the Audit Committee to the Stockholders is included in this Proxy Statement below under the heading "Report of the Audit Committee."

The functions of the Compensation Committee are to review and recommend to the Board of Directors annual salaries and bonuses for all executive officers of the Company, to review, approve and recommend to

the Board of Directors the terms and conditions of all employee benefit plans or

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

changes thereto and to administer the Company's stock option plans. Messrs. Rieck (Chairman), Chen and Zemenick are members of the Compensation Committee. The Board of Directors has determined that each of the members of the Compensation Committee are independent under listing standards of the Nasdaq Stock Market, Inc.

The functions of the Nominating Committee are to (1) review and recommend to the Board of Directors the size and composition of the Board and a slate of nominees for each election of members to the Board of Directors; (2) review and recommend changes to the number, classification, and term of directors; (3) identify and recommend to the Board candidates to fill appointments to Board committees; and (4) develop, assess and make recommendations to the Board concerning appropriate corporate policies to identify and recommend to the Board candidates to fill a vacancy in the offices of President and Chief Executive, to receive and review nominations by stockholders with regard to the nomination process. The members of the Nominating Committee are Messrs. Chen (Chairman), McClelland and Zemenick. The Board of Directors has determined that each of the members is independent under the Nasdaq Stock Market, Inc. The charter for the Nominating Committee is available on the Company's website at www.sgmaintl.com.

In evaluating and determining whether to recommend a person as a candidate for election as a director, the Nominating Committee's criteria reflects the requirements of the recently adopted Nasdaq rules with respect to independence as well as the following factors: the needs of the Company with respect to the particular talents and experience of its directors; personal and professional integrity of the candidate; the level of education and/or business experience of the candidate; broad-based business acumen of the candidate; the candidate's level of understanding of the Company's business and the electronic manufacturing services industry; the candidate's abilities for strategic thinking and willingness to share ideas; and the Board of Directors' need for diversity of experiences, expertise and background. The Committee will use these criteria to evaluate all potential nominees.

The Nominating Committee will consider proposed nominees whose names are submitted to it by stockholders. The Nominating Committee has not adopted a formal process for that purpose because it believes that the Committee's process for considering information has been and remains adequate. Historically, stockholders have not proposed any nominees. The Nominating Committee intends to review periodically whether a formal process should be adopted. To be considered, all stockholder nominations must comply with the notice provisions of the Company's by-laws, which generally require that such notice be received by the Secretary of the Company not less than 60 days and not more than 90 days prior to a regularly scheduled annual meeting of stockholders, or within 10 days after receipt of notice of an annual meeting of stockholders if the date of such meeting has not been publicly disclosed within 70 days prior to the meeting date.

The Board of Directors held 13 meetings either in person or by telephone conference during the fiscal year ended April 30, 2005. The Compensation Committee held four meetings in person or by telephone conference and the Audit Committee held five meetings in person or by telephone conference during fiscal 2005. The Nominating Committee held one meeting during fiscal 2005. All directors attended at least 75% of the meetings of the board and each of the committees of which they were members. The Company has a policy of encouraging all directors to attend the annual meeting of stockholders. All directors attended the Company's 2004 annual meeting of stockholders.

STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Stockholders can contact the Board of Directors or any of the individual directors by contacting: Franklin D. Sove, Chairman of the Board, by e-mail at invest1@sgmaintl.com. Inquiries will be reviewed, sorted and summarized by the

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

Chairman of the Board before they will be forwarded to the Board or to an individual director.

COMPENSATION OF DIRECTORS

The Company pays non-employee directors \$1,750 per month. Directors who serve on the Audit Committee are paid an additional \$1,000 per month, and directors who serve on the Compensation Committee

7

are paid an additional \$250 per month. Directors who serve on the Nominating Committee are paid an additional \$250 per month. In addition, under the 2000 Directors' Stock Option Plan, non-employee directors received a grant of options to acquire 7,500 shares of Common Stock at each of the September 2000, December 2001 and September 2002 annual stockholders' meetings. Such options are exercisable for ten years from the respective date of grant at a price based on the price of the Common Stock on the respective grant dates. In addition, under the 2004 Directors' Stock Option Plan, non-employee directors received a grant of options to acquire 5,000 shares of Common Stock at the September 2004 annual stockholders' meeting and will receive a grant of options to acquire 5,000 shares of Common Stock at the September 2005 annual stockholders' meeting. Such options are exercisable for ten years from the respective date of grant at a price based on the price of the Common Stock on the respective grant dates.

EXECUTIVE COMPENSATION

The following table sets forth a summary of all compensation paid by the Company for its fiscal years ended April 30, 2005, 2004 and 2003 to the Company's President and Chief Executive Officer and each executive officer of the Company whose total annual salary and bonus for such year exceeded \$100,000:

NAME AND PRINCIPAL POSITION		ANNUAL COMPENSATION		LONG-TERM	ALL OTHER
		SALARY	BONUS	COMPENSATION	
		(\$)	(\$)	AWARDS	4 (\$)
				OPTIONS (#)	
Gary R. Fairhead..... President and Chief Executive Officer	2005	173,000	160,000 (1)	0	2,350
	2004	172,308	310,000 (2)	0	300
	2003	172,563	310,000 (3)	0	300
Gregory A. Fairhead..... Executive Vice President -- Operations and Assistant Secretary	2005	163,770	145,000 (1)	0	2,350
	2004	162,669	285,000 (2)	0	300
	2003	160,428	260,500 (3)	0	300
John P. Sheehan..... Vice President-Director of Materials and Assistant Secretary	2005	126,300	110,000 (1)	0	2,350
	2004	125,446	220,000 (2)	0	300
	2003	122,599	210,000 (3)	0	300
Linda K. Blake..... Chief Financial Officer, Vice President- Finance, Treasurer and Secretary	2005	121,330	110,000 (1)	0	2,350
	2004	118,785	220,000 (2)	0	300
	2003	110,289	210,000 (3)	0	300
Daniel P. Camp..... Vice President-China Operations	2005	140,600	110,000 (1)	0	2,350
	2004	139,654	175,000 (2)	0	300
	2003	136,500	160,000 (3)	10,000	300

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

- (1) Represents bonus earned in fiscal 2005 and paid in fiscal 2006 and 2005.
- (2) Represents bonus earned in fiscal 2004 and paid in fiscal 2004 and 2003.
- (3) Represents bonus earned in fiscal 2003 and paid in fiscal 2003 and 2002.
- (4) Represents the match and contributions to the Company's 401(k) plan made on behalf of the Company.

8

OPTION/SAR GRANTS IN LAST FISCAL YEAR

There were no options or stock appreciation rights granted to executive officers of the Company in fiscal 2005.

OPTION/SAR EXERCISES AND FISCAL YEAR-END VALUES

The following table sets forth certain information with respect to each named executive officer of the Company concerning the exercise of options during the fiscal year ended April 30, 2005, as well as any unexercised options held as of the end of such fiscal year. The Company has not granted any stock appreciation rights.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR
AND FISCAL YEAR END OPTION/SAR VALUES

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$)	NUMBER OF SHARES	VALUE OF
			UNDERLYING UNEXERCISED OPTIONS AT FY-END (#) EXERCISABLE/ UNEXERCISABLE	IN-THE-M AT FY EXER UNEXE
Gary R. Fairhead.....	--	--	28,203/28,203	246,21
Gregory A. Fairhead.....	--	--	29,150/29,150	254,48
John P. Sheehan.....	--	--	26,566/26,566	231,92
Linda K. Blake.....	--	--	12,068/12,068	105,35
Daniel P. Camp.....	--	--	21,167/ 3,333	171,5

9

EQUITY COMPENSATION PLAN INFORMATION

The following tables provides information as of the fiscal year ended April 30, 2005 with respect to shares of Common Stock that may be issued under the Company's existing equity compensation plans, as detailed below:

	(A)	(B)	NUMBER REMAININ FUTURE
NUMBER OF SECURITIES	---	---	

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

PLAN CATEGORY	TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	EQUITY PLANS SECURITI CO
Equity compensation plans approved by security holders			
--Employee Stock Option Plan 1993.....	6,000	\$ 8.71	
--Employee Stock Option Plan 2000.....	136,053	\$ 2.38	
--Employee Stock Option Plan 2004.....	0	N/A	
--Director Stock Option Plan 2000.....	4,099	\$ 3.69	
--Director Stock Option Plan 2004.....	30,000	\$11.00	
Equity compensation plans not approved by Security holders.....			
	*	*	
Total.....	176,152		

* Not applicable.

EMPLOYMENT CONTRACTS, TERMINATION OF EMPLOYMENT AND CHANGE OF CONTROL AGREEMENTS

The Company adopted an Amended and Restated Change-in-Control Severance Payment Plan on May 30, 2002 (the "CIC Plan"), which covers Executive Officers an Vice Presidents of the Company (each a "CIC Participant"). Under the terms of the CIC Plan, each CIC Participant is entitled to the payment of severance pay in the event such CIC Participant's employment with the Company is involuntarily terminated within twenty-four months of a change of control of the Company.

In general, for purposes of the CIC Plan, a change of control will be deemed to have occurred when (a) any entity, person or group other than Cyrus Tang or his affiliates, acquires more than thirty percent of the outstanding stock entitled to vote for directors of the Company, (b) as a result of or in connection with certain corporate transactions identified in the CIC Plan, the identity of a majority of the members of the Board of Directors immediately before such transaction changes immediately after the transaction, (c) the merger, consolidation, or share exchange of the Company, or (d) a sale of all or substantially all of the Company's assets. In general, a CIC Participant's employment will be deemed to have been involuntarily terminated under the CIC Plan, in the event of such employee's termination by the Company for a reason other than (w) for cause (as defined in the Plan), (x) death, (y) disability, or (z) that employee's voluntary retirement or resignation except on account of the reasons set forth in the agreement (which in general would result in a constructive discharge).

Disputes concerning the CIC Plan and benefits under the CIC Plan are subject to arbitration.

The CIC Plan provides for automatic reduction of the amounts to be paid out under the plan in the event such amounts would constitute "parachute payments" under the Internal Revenue Code. Payments under the CIC Plan are also subject to an aggregate cap equal to 15% of the market value of the Company's outstanding capital stock on such date in the event the employment of one or more of the CIC Participants is terminated voluntarily or involuntarily within seven days after the change-in-control. The Plan is filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended April 30, 2005, filed on July 27, 2005.

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee during the 2005 fiscal year was comprised of Messrs. Rieck, Chen, and Zemenick. None of the members of the Compensation Committee has ever been an officer or employee of the Company. No Compensation Committee interlocking relationships exist as to Messrs. Rieck, Chen and Zemenick.

10

REPORT OF THE AUDIT COMMITTEE

The functions of the Audit Committee include: (1) selection, evaluation, and where appropriate, replacement of the independent accountants; (2) pre-approval of audit and permitted non-audit services to be performed by the independent accountants; (3) review of the scope of the audit; (4) reviewing, with the independent accountants, the corporate accounting practices and policies and recommending to whom reports should be submitted within the Company; (5) reviewing the final report of the independent accountants; (6) reviewing accounting controls; and (7) being available to the independent accountants and management for consultation purposes. The Audit Committee is comprised of three members: Messrs. Rieck, Sove (Chairman) and Vyas. The Board of Directors has determined that each of the members is independent as defined by the Rules of the Securities and Exchange Commission. The Board also determined that Messrs. Rieck and Sove are independent and Mr. Vyas is not independent under the Nasdaq Stock Market, Inc. listing standards based upon Mr. Vyas' role as a manager of SMD International L.L.C., which sold real estate to the Company in November 2003. The Board of Directors has further determined that membership of Mr. Vyas on the Audit Committee is in the best interest of the Company and its stockholders, based upon Mr. Vyas' experience in finance at another public company and his acumen developed in connection with his own business ventures. Mr. Rieck has been determined to be an Audit Committee financial expert as defined in Item 401 of Regulation S-K. The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is included as Appendix A to this Proxy Statement.

The Audit Committee has reviewed and discussed the audited financial statements with management, and discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards (SAS) No. 61 (Codification of Statements on Auditing Standards, AU sec. 380), as the same has been modified or supplemented. The Audit Committee has received the written disclosures and the letter from the independent accountants required by Independence Standards Board Standard No. 1, as the same has been modified or supplemented, and has discussed with the independent accountants the independent accountants' independence. Based on the review and discussions referred to herein, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the last fiscal year for filing with the Securities and Exchange Commission.

THIS REPORT IS SUBMITTED BY THE MEMBERS OF THE COMMITTEE.

Franklin D. Sove (Chairman)
Thomas W. Rieck
Dilip S. Vyas

11

STOCK PRICE PERFORMANCE GRAPH

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

The following performance graph compares the percentage change in the cumulative total stockholder return on the Company's Common Stock during the period from May 2001 through April 2005 with the cumulative total return on (i) a group consisting of the Company's peer corporations on a line-of-business (the "Peer Group") and (ii) the Nasdaq Composite Index (Total Return). The comparison assumes \$100 was invested on May 1, 2001 in the Company's Common Stock, the Peer Group (allocated equally among each of the Peer Group members), and the Nasdaq Composite Index and assumes reinvestment of dividends, if any. The Peer Group consists of IEC Electronics Corp., Nortech Systems Inc., SMTEK International, Inc., and Simclar Inc. (formerly known as Techdyne, Inc.)

Comparison of five year cumulative total among SigmaTron International, Inc., the Peer Group, and the Nasdaq Composite Index (Total Return).

[PERFORMANCE GRAPH]

COMPANY NAME/INDEX	BASE	APR 01	APR 02	APR 03
	PERIOD			
	APR 00			
SIGMATRON INTERNATIONAL INC	100	22.48	78.22	131.90
NASDAQ U.S. INDEX	100	54.70	43.98	38.41
PEER GROUP	100	96.26	85.89	55.29

12

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

OVERVIEW AND PHILOSOPHY

The Company's executive compensation policy is to provide a total compensation and benefit package to enable it to attract, retain and incentivize talented executives. Total compensation includes base salary, annual cash bonuses, long-term incentives and employee benefits. Guiding principles include offering an overall competitive package consisting of (a) base salary and employee benefits; and (b) performance-based incentives designed to assure that management's interests are closely aligned with those of shareholders, including annual cash bonuses and long-term stock-based incentives based on overall Company financial results and individual contributions thereto. The Company seeks to reward outstanding executive performance that contributes to superior Company operating results and enhanced shareholder value.

The Board of Directors administers the Company's executive compensation policy through the Compensation Committee. The base salary and annual cash bonuses of the President and the Chief Executive Officer and the executive officers of the Company are determined by the Board of Directors acting on the recommendations of its Compensation Committee. Annual cash bonuses are based, in large part, upon an informal plan that generates a bonus pool based upon return on net assets deployed in the business, and then the bonus pool is allocated among all of the Company's employees. Stock options may also be granted to employees of the Company as determined by the Compensation Committee pursuant to the Company's stock option plans. The President and Chief Executive Officer

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

recommends to the Compensation Committee the base salaries and annual cash bonuses to be paid, and, in the case of stock options, to be awarded, to all executive officers, based upon guidelines prescribed by the Committee.

REPORT OF 2005 COMPENSATION OF EXECUTIVE OFFICERS

The President and Chief Executive Officer recommended to the Compensation Committee the base salaries and cash bonuses to be paid to the executive officers for fiscal year 2006. After discussion, the Compensation Committee approved the base salaries and cash bonuses recommended, and then the entire Board of Directors adopted the recommendation. The Committee did not grant additional stock options to executive officers during fiscal 2005.

REPORT OF 2005 COMPENSATION OF PRESIDENT AND CHIEF EXECUTIVE OFFICER

The compensation for the Company's President and Chief Executive Officer is set within the philosophy and policy identified above for all executive officers. In setting the salary and determining the cash bonus of the President and Chief Executive Officer of the Company, the Compensation Committee considered many factors, including but not limited to, industry and economic conditions, achievement of Company and personal goals, and effort, but with emphasis placed on the Company's financial results. The President and Chief Executive Officer's salary was increased for cost of living, similar to the other executive officers. The President and Chief Executive Officer's bonus was reduced by approximately 50% from the prior year, also similar to the other executive officers of the Company, and more than rank and file employee decreases, because of a smaller bonus pool as a result of the decrease in the Company's net income of approximately 15% from the prior year. Notwithstanding the decrease in the bonus, the Compensation Committee remains impressed with his overall performance.

THIS REPORT IS SUBMITTED BY THE MEMBERS OF THE COMMITTEE.

Thomas W. Rieck (Chairman)
John P. Chen
Carl A. Zemenick

13

CERTAIN TRANSACTIONS

The Company had a related-party transaction with Circuit Systems, Inc., a former shareholder of the Company which filed for protection under Chapter 11 of the Federal bankruptcy code, and is now known as Circuit Systems, Inc. Liquidating Grantor's Trust, dated October 14, 2001 ("CSI"). CSI divested itself of the investment in common stock of the Company in April 2001. The transaction primarily involved the leasing of operating space. The Company leased space in Elk Grove Village, Illinois, at a base rental of \$33,800 per month, with an additional \$7,000 per month for property taxes. The lease required the Company to pay maintenance and utility expenses. CSI subsequently, sold the building to a non-related party. Rent and property tax expense related to the agreement totaled approximately \$270,000 from May 2003 through mid-November 2003 and \$495,000 for the year ended April 30, 2003.

During 1996, the Company invested \$1,200 in exchange for a 12% limited partnership interest in Lighting Components, L.P. ("LC") and invested \$1,300 in Lighting Components, Inc., which is the general partner of LC, in exchange for 13% of its capital stock. At April 30, 1998, the Company had also made advances to LC in exchange for subordinated debentures and promissory notes totaling \$280,000. The subordinated debentures and promissory notes totaling \$280,000 were fully reserved at April 30, 1998.

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

In addition to the subordinated debentures and promissory notes, at April 30, 2000, the Company had recorded miscellaneous receivables, interest and trade receivables from LC of \$1,560,000, against which a reserve of \$789,000 was recorded. The Company wrote off its investment in LC of \$2,500 in the statement of operations for the year ended April 30, 2001. In April 2001, LC sold certain assets to a third party. In connection with the asset sale, the Company received a \$400,000 promissory note receivable from a third party. Payments were due on the promissory note as follows: \$125,000 plus accrued interest due January 1, 2002, \$125,000 plus accrued interest due January 1, 2003, and \$150,000 plus accrued interest due January 1, 2004. The payment obligations for \$125,000 due January 1, 2003, and 2002, plus accrued interest were paid in December 2002 and 2001, respectively. The payment obligation of \$150,000 due January 1, 2004 was paid in January 2004 plus accrued interest. Interest on the promissory note accrued at 5% per annum. The third party also agreed to pay to LC royalties on certain sales derived from the purchase of the acquired assets as defined in the agreement. LC or its successor are entitled to receive royalty payments through April 30, 2007. Per the terms of a separate agreement, the Company will receive its share of the royalty payments. These royalty payments, if any, will be recorded by the Company as received and reflected as payments on the notes. At April 30, 2005 a royalty receivable of \$50,740 was recorded. The receivable was paid subsequent to April 30, 2005.

In August and September 2004 the Company acquired the interests of all the outside investors in its affiliate SMT Unlimited L.P. ("SMTU") and the general partner of SMTU, SMT Unlimited, Inc. On October 1, 2004 SMT Unlimited, Inc. was merged into the Company, and SMTU was liquidated, thereby becoming an operating division of the Company. Prior to the acquisition by the Company, SMTU was consolidated under FASB Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46R"). The aggregate price paid for all the interests was \$2,814,699. This aggregate price was paid with \$1,330,000 in notes with terms of up to 2 years and cash in the amount of \$1,338,858 and the forgiveness of interest expense of \$145,841. The acquisition was treated as a step acquisition and resulted in goodwill of \$756,959 from one step and negative goodwill of \$452,087 from the second transaction. This was treated as a reduction in the acquired long-lived assets from SMTU. On October 1, 2004 SMT Unlimited, Inc. was merged into the Company, and SMTU was liquidated, thereby becoming an operating division of the Company. Prior to the Company's acquisition, SMTU was consolidated under FIN 46R. The Company purchased the outstanding interest of SMTU in order to provide seamless service to its customers.

MISCELLANEOUS

The Company's 2005 Annual Report to Stockholders is being mailed to stockholders contemporaneously with this Proxy Statement.

14

COST OF SOLICITATION

All expenses incurred in the solicitation of proxies will be borne by the Company. In addition to the use of the mail, proxies may be solicited on behalf of the Company by directors, officers and employees of the Company by telephone or telecopy. The Company will reimburse brokers and others holding Common Stock as nominees for their expenses in sending proxy material to the beneficial owners of such Common Stock and obtaining their proxies.

PROPOSALS OF STOCKHOLDERS

In accordance with the rules of the Securities and Exchange Commission, any

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

proposal of a stockholder intended to be presented at the Company's 2006 Annual Meeting of Stockholders must be received by the Secretary of the Company before April 18, 2006 in order for the proposal to be considered for inclusion in the Company's notice of meeting, proxy statement and proxy relating to the 2006 Annual Meeting.

Stockholders may present proposals that are proper subjects for consideration at an annual meeting, even if the proposal is not submitted by the deadline for inclusion in the proxy statement. The stockholder must comply with the procedures specified by the Company's by-laws which require all stockholders who intend to make proposals at an annual stockholders meeting to send a proper notice which is received by the Secretary not less than 120 or more than 150 days prior to the first anniversary of the date of the Company's consent solicitation or proxy statement released to stockholders in connection with the previous year's election of directors or meeting of stockholders; provided, that if no annual meeting of stockholders or election by consent was held in the previous year, or if the date of the annual meeting has been changed from the previous year's meeting, a proposal must be received by the Secretary within 10 days after the Company has publicly disclosed the date of such meeting.

The Company currently anticipates the 2006 Annual Meeting of stockholders will be held September 15, 2006.

The by-laws also provide that nominations for director may only be made by or at the direction of the Board of Directors or by a stockholder entitled to vote who sends a proper notice which is received by the Secretary no less than 60 or more than 90 days prior to the meeting; provided, however, that if the Company has not publicly disclosed the date of the meeting at least 70 days prior to the meeting date, notice may be timely made by a stockholder if received by the Secretary no later than the close of business on the 10th day following the day on which the Company publicly disclosed the meeting date.

Some brokers and other nominee record holders may be participating in the practice of "householding" corporate communications to stockholders, such as proxy statements and annual reports. This means that only one copy of this proxy statement may have been sent to multiple stockholders in your household. The Company will promptly deliver a separate copy of this proxy statement to you if you call or write us at the following address or phone number: SigmaTron International, Inc., 2201 Landmeier Road, Elk Grove Village, Illinois 60007, Telephone: (800) 700-9095. If you want to receive separate copies of our corporate communications to stockholders such as proxy statements and annual reports in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your broker or other nominee record holders, or you may contact the Company at the above address and phone number.

By order of the Board of Directors

LINDA K. BLAKE
Secretary

Dated: August 16, 2005

15

APPENDIX A

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS SIGMATRON INTERNATIONAL, INC.

I. FUNCTIONS

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

The functions of the Audit Committee (the "Committee") of SigmaTron International, Inc. (the "Company") shall include: (1) review of the scope of the audit; (2) review with the independent accountants the corporate accounting practices and policies and recommend to whom reports should be submitted within the Company; (3) review with the independent accountants their final report; (4) review with the internal and independent accountants overall accounting and financial controls; and (5) being available to the independent accountants and management for consultation purposes.

II. COMPOSITION

The Committee shall be comprised of three or more directors as determined by the Board, each of whom shall satisfy the independence requirements under applicable law, rules and regulations, including the rules of the Nasdaq Stock Market, Inc. ("Nasdaq"). Notwithstanding the foregoing, one director who (a) is not independent as defined in Nasdaq Rule 4200, (b) meets the criteria set in Section 301 in the Sarbanes-Oxley Act of 2002 and the rules and regulations thereunder, (c) does not own or control 20% or more of the Company's voting securities, and (d) is not a current officer or employee or a family member of such officer or employee, may be appointed to the Committee, if the Board, under exceptional and limited circumstances, determines that membership on the Committee by the individual is required by the best interests of the Company and its shareholders, and the Board discloses, in the next annual proxy statement subsequent to such determination, the nature of the relationship and the reasons for that determination. A member appointed under this exception may not serve longer than two years and may not chair the Committee.

Each member of the Committee shall be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement. At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board and shall serve in such capacity until the next annual organizational meeting of the Board or until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full committee membership.

III. MEETINGS

The Committee shall meet at least four times annually, and more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with the chief financial officer and the independent accountants to discuss any matters that the Committee or either of these groups believe should be discussed privately. In addition, the Committee or its Chair should meet in person or by telephone conference call with the independent accountants and management quarterly to review the Company's financials consistent with IV.3 below.

IV. RESPONSIBILITIES

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

The Audit Committee shall have the following responsibilities:

Documents/Reports Review

1. Review this Charter annually and update it as conditions dictate.
2. Review the Company's annual financial reports and other financial information submitted to the Securities and Exchange Commission (the "SEC"), or the public, including any certification, attestation, report, opinion or review rendered by the independent accountants, and the independent accountants' judgment as to the quality of the Company's accounting principles.
3. Review with the chief financial officer or his/her delegate and, if the Committee believes it to be advisable, the independent accountants, quarterly reports on Form 10-Q prior to its filing or prior to the release of earnings. The Chair of the Committee may represent the entire Committee for purposes of this review.
4. Issue a report to the Board disclosing whether (a) the Committee has reviewed and discussed the audited financial statements with management; (b) the Committee has discussed with the independent accountants the matters required to be discussed by SAS 61, as may be modified or supplemented; (c) the Committee has received the written disclosures and the letter from the independent accountants required by ISB Standard No. 1, as may be modified or supplemented, and has discussed with the accountants the accountants' independence; and (d) whether, based on the review and discussions referred to in (a) -- (c) above, the Committee recommended to the Board that the financial statements be included in the Annual Report on Form 10-K or 10-KSB for the last fiscal year for filing with the SEC. These disclosures shall appear over the printed names of each member of the Committee, and shall be included in the Company's proxy statement, if said proxy statement relates to an annual meeting of shareholders at which directors are to be elected (or special meeting or written consents in lieu of such meeting). The disclosures shall be made at least once a year.

Independent Accountants

5. Select, evaluate, and, where appropriate, replace the independent accountants, and, if appropriate, nominate the independent accountants to be proposed for shareholder ratification or approval in any proxy statement. The independent accountants are ultimately accountable to the Committee, which has the sole authority and responsibility to select, evaluate and, where appropriate, replace the independent accountants.
6. Pre-approve all audit and permitted non-audit services to be performed by the independent accountants (subject to the de minimis exceptions under applicable law, rules and regulations). However, the Committee may delegate to one or more designated members of the Committee the authority to grant such pre-approvals, and the decisions of any member to whom such authority is delegated shall be presented to the full Committee at its next regularly scheduled meeting. In determining whether to pre-approve permitted non-audit services, the Committee (or the members with authority to pre-approve) shall consider whether the independent accountants' performance of such services is compatible with independence.
7. Approve the fees and other compensation to be paid to the independent accountants. On at least an annual basis, to determine the

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

accountants' independence, the Committee should discuss with the independent accountants all significant relationships or services the independent accountants have that may impact their objectivity and independence, taking into consideration the written statement that shall be obtained from the accountants to determine the accountants' independence setting forth the relationships between the independent accountants and the Company consistent with ISB Standard No. 1.

17

8. Review the performance of the independent accountants and discharge the independent accountants when circumstances warrant.
9. Receive copies of the annual comments from the independent accountants on accounting practices and policies and systems of control of the Company, and review with them any questions, comments or suggestions they may have relating thereto.
10. Oversee regular rotation of the lead audit partner, as required by applicable law, rules and regulations, and consider whether rotation of the independent accountants or their lead audit partner is necessary to ensure independence.
11. Take other appropriate action to oversee the independence of the independent accountants.

Financial Reporting Processes

12. Review with management and the independent accountants not less than annually the internal controls, disclosure controls and procedures, and accounting and audit activities of the Company.
13. Review with management and the independent accountants significant exposure risks and the plans to appropriately control such risks.
14. Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent accountants, management, or the internal accounting department.
15. Review with management and the independent accountants accounting policies which may be viewed as critical, and review significant changes in the accounting policies of the Company and accounting and financial reporting proposals that may have a significant impact on the Company's financial reports. Review with management accounting estimates in the event (a) an estimate requires the Company to make assumptions about matters that are highly uncertain at the time the accounting estimate is made, and (b) different estimates that the Company reasonably could have used in the current period, or changes in the accounting estimates that are reasonably likely to occur from period to period, would have a material impact on the presentation of the Company's financial condition, changes in financial condition or results of operations.
16. Make or cause to be made, from time to time, such other examinations or reviews as the Committee may deem advisable with respect to the adequacy of the systems of internal controls, accounting practices, internal audit procedures, and disclosure controls and procedures of the Company, taking into account current accounting and regulatory trends and developments, and take such action with respect thereto as may be deemed appropriate by the Committee. The Committee shall have

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

the authority to retain outside advisors to assist it in the conduct of any investigation, examination or review.

17. Review with management and the independent accountants any material financial or non-financial arrangements of the Company which do not appear on the financial statements of the Company.
18. Review communications required to be submitted by the independent accountants concerning (a) critical accounting policies and practices used, (b) alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management and the ramifications of such alternatives and the accounting treatment preferred by the independent accountants, and (c) any other material written communications with management.
19. Review with the independent accountants any problems encountered in the course of their audit, including any change in the scope of the planned audit work and any restrictions placed on the scope of such work and any management letter provided by the independent accountants and management's response to any such letter.

18

Internal Controls and Process Improvement

20. Evaluate whether senior management is setting the appropriate tone at the top by reviewing their communication with other personnel of the Company regarding the importance of internal controls and evaluate whether the members of senior management possess an understanding of their roles and responsibilities.
21. Establish a regular system of reporting to the Committee and internally within the Company by management, the independent accountants and the internal accounting department.
22. Review the scope of the audit to be performed, and the audit procedures to be used, by the independent accountants, as a part of the annual audit process.
23. Review and attempt to resolve disagreements between management and the independent accountants regarding financial reporting.
24. Review, at least annually, the then current and future programs of the internal accounting department, including the procedure for assuring implementation of accepted recommendations made by the independent accountants, and review the implementation of any accepted recommendations.
25. Consider and approve, upon the recommendation of management or upon its own motion, any non-audit services to be performed by providers other than the independent accountants relating to internal controls or current or future programs, functions, or services that are the responsibility of the internal accounting department.
26. Establish procedures in accordance with applicable law, rules and regulations for (a) receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

Other Responsibilities

- 27. Review and make approval decisions regarding all related-party transactions, as required by applicable law, rules and regulations.
- 28. If appropriate, obtain advice and assistance from outside legal, accounting or other advisors and determine the funding for such advice and assistance which shall be paid by the Company.
- 29. If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
- 30. Perform any other activities consistent with this Charter, the Company's By-laws and governing law, rules or regulations as the Committee or the Board deems necessary or appropriate.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to prepare financial statements, plan or conduct audits or determine that the Company's financial statements are complete and accurate and are in accordance with GAAP. This is the responsibility of management and the independent accountants.

19

ANNUAL MEETING OF STOCKHOLDERS OF
 SIGMATRON INTERNATIONAL, INC
 SEPTEMBER 16, 2005

Please date, sign and mail your proxy card in the envelope provided as soon as possible.

v Please detach along perforated line and mail in the envelope provi

 THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF DIRECTORS AND "FOR
 PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE

1. Election of Directors:

- NOMINEES:
- FOR ALL NOMINEES Gary R. Fairhead
 - WITHHOLD AUTHORITY Franklin D. Sove
 - FOR ALL NOMINEES Dilip S. Vyas
 - FOR ALL EXCEPT
(See instructions below)

- 2. PROPOSAL TO RATIFY THE SELECTION
THORNTON LLP AS INDEPENDENT AUDI
- 3. IN THEIR DISCRETION, ON SUCH OTH
AS MAY PROPERLY COME BEFORE THE
(which the Board of Directors do
know of prior to August 16, 2005

Edgar Filing: SIGMATRON INTERNATIONAL INC - Form DEF 14A

THIS PROXY WHEN PROPERLY EXECUTED W DIRECTED HEREIN BY THE UNDERSIGNED MADE, THIS PROXY WILL BE VOTED FOR DIRECTORS AND FOR THE RATIFICATION THORNTON LLP AS INDEPENDENT AUDITOR IN PARAGRAPH 3.

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here: O

RECEIPT IS HEREBY ACKNOWLEDGED OF T PROXY STATEMENT DATED AUGUST 16, 20 ANNUAL REPORT TO STOCKHOLDERS.

PLEASE DATE, SIGN AND RETURN THIS P

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note [] that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Stockholder [] Date: [] Signature of Stockholder []

NOTE: Please sign exactly as your name or names appear on this Proxy. When shares are held When signing as executor, administrator, attorney, trustee or guardian, please give f is a corporation, please sign full corporate name by duly authorized officer, giving a partnership, please sign in partnership name by authorized person.

SIGMATRON INTERNATIONAL, INC.

2201 LANDMEIER ROAD ELK GROVE VILLAGE, IL 60007

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Gary R. Fairhead, Linda K. Blake and Henry J. Underwood, of substitution, attorneys and proxies to represent the undersigned at the 2005 Annual Meeting of INTERNATIONAL, INC. (the "Company") to be held at the Holiday Inn located at 1000 Busse Road, Elk a.m. local time, on Friday, September 16, 2005 or at any adjournment thereof, with all power which personally present, and to vote all shares of stock of the Company which the undersigned may be e follows.

(CONTINUED AND TO BE SIGNED ON THE REVERSE SIDE)