GLOBAL CASINOS INC
Form 10-Q
February 13, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended December 31, 2008

OR

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from ____ to ____

Commission file number 0-15415

GLOBAL CASINOS, INC.

(Exact Name of Small Business Issuer as Specified in its Charter)

Utah	87-0340206
(State or other jurisdiction of incorporation or organization)	I.R.S. Employer Identification number

1507 Pine Street, Boulder, CO 80302
(Address of Principal Executive Offices)

Issuer's telephone number: (303) 527-2903

Former name, former address, and former fiscal year, if changed since last report

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the last 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ] Accelerated filer [ ]

Non-accelerated filer {] Smaller Reporting Company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X].

As of February 10, 2009, the Registrant had 5,955,215 shares of its Common Stock outstanding.

INDEX

PART I -- FINANCIAL INFORMATION

Item 1.	**Financial Statements**	**Page**
	Consolidated Balance Sheet as of December 31, 2008 and June 30, 2008	4
	Consolidated Statements of Operations for the three months ended December 31, 2008 and December 31, 2007	6
	Consolidated Statements of Operations for the six months ended December 31, 2008 and December 31, 2007	7
	Consolidated Statements of Stockholders Equity for the period July 1, 2007 through December 31, 2008	8
	Consolidated Statements of Cash Flows for the six months ended December 31, 2008 and December 31, 2007	9
	Notes to Consolidated Financial Statements	10
Item 2.	**Management's Discussion and Analysis of Financial Condition and Results of Operations**	
	Overview	25
	Results of Operations	26
	Liquidity and Capital Resources	37
Item 3.	**Quantitative and Qualitative Disclosures About Market Risk**	40
Item 4.	**Controls & Procedures**	40

PART II - OTHER INFORMATION

Item 1.	**Legal Proceedings**	42
Item 1A	**Risk Factors**	42

Item 2.	**Unregistered Sale of Equity Securities and Use of Proceeds**	42
Item 3.	**Defaults Upon Senior Securities**	42
Item 4.	**Submission of Matters to a Vote of Security Holders**	43
Item 5.	**Other Information**	43
Item 6.	**Exhibits**	43

PART 1. FINANCIAL INFORMATION

Item 1.

Financial Statements

The consolidated financial statements included herein have been prepared by Global Casinos, Inc. (the Company), pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such SEC rules and regulations. In the opinion of management of the Company the accompanying statements contain all adjustments necessary to present fairly the financial position of the Company as of December 31, 2008 and June 30, 2008, and its results of operations for the three month periods ended December 31, 2008 and 2007 and the six month periods ended December 31, 2008 and 2007, its statements of stockholders equity for the period July 1, 2007 through December 31, 2008, and its cash flows for the six month periods ended December 31, 2008 and 2007. The results for these interim periods are not necessarily indicative of the results for the entire year. The accompanying financial statements should be read in conjunction with the financial statements and the notes thereto filed as a part of the Company's annual report on Form 10-K.

GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2008	*June 30, 2008*
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,020,875	$ 1,163,416
Accrued gaming income	318,006	219,821
Inventory	21,415	16,469
Prepaid expenses and other current assets	47,495	92,972
Total current assets	1,407,791	1,492,678
Acquisition escrow deposit	-	-
Investment in Global Gaming Technologies	54,164	60,847
Land, building and improvements, and equipment:		
Land	517,950	517,950
Building and improvements	4,121,308	4,121,308
Equipment	3,063,233	3,057,670
Total land, building and improvements, and equipment	7,702,491	7,696,928
Accumulated depreciation	(4,113,364)	(3,900,633)
Land, building and improvements, and equipment, net	3,589,127	3,796,295
Goodwill	1,898,496	1,898,496
Total assets	$ 6,949,578	$ 7,248,316

(Continued on following page)

(Continued from previous page)

GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

		December 31, 2008		*June 30, 2008*
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable, trade	$	136,786	$	75,196
Accounts payable, related parties		13,658		68,332
Accrued expenses		334,102		359,461
Accrued interest		6,361		6,390
Joint venture obligation		30,000		30,000
Current portion of long-term debt		2,116,788		589,581
Other		253,786		254,105
Total current liabilities		2,891,481		1,383,065
Long-term debt, less current portion		-		1,659,411
Commitments and contingencies				
Stockholders' equity:				
Preferred stock: 10,000,000 shares authorized				
Series A - no dividends, $2.00 stated value, non-voting,				
2,000,000 shares authorized, 200,500 shares		401,000		401,000

issued and outstanding		
Series B - 8% cumulative, convertible, $10.00 stated value, non-voting,		
400,000 shares authorized, no shares issued and outstanding	-	-
Series C - 7% cumulative, convertible, $1.20 stated value, voting		
600,000 shares authorized, no shares issued and outstanding	-	-
Series D - 8% cumulative, convertible, $1.00 stated value, non-voting		
1,000,000 shares authorized, 700,000 shares issued and outstanding	700,000	700,000
Common stock - $0.05 par value; 50,000,000 shares authorized;		
5,955,215 and 5,865,215 shares issued and outstanding	297,761	293,261
Additional paid-in capital	14,038,971	14,027,093
Accumulated deficit	(11,379,635)	(11,215,514)
Total equity	4,058,097	4,205,840
Total liabilities and stockholders' equity	$ 6,949,578	$ 7,248,316

GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
for the three months ended December 31, 2008 and 2007

	2008	*2007*
Revenues:		
Casino	$ 1,547,593	$ 930,251
Promotional allowances	(37,767)	(38,344)
Net Revenues	1,509,826	891,907
Expenses:		
Casino operations	1,536,430	762,990
Operating, general, and administrative	75,402	42,076
	1,611,832	805,066
Income (loss) from operations	(102,006)	86,841
Other income (expense):		
Interest	(40,607)	(19,127)
Equity in earnings of Global Gaming Technologies	(5,485)	(4,533)
Loss on asset disposals	(1,643)	-
Income (loss) before provision for income taxes	(149,741)	63,181
Provision for income taxes	-	-
Net income (loss)	(149,741)	63,181
Series D Preferred dividends	(14,311)	-
Net income (loss) attributible to common shareholders	$ (164,052)	$ 63,181

Earnings (loss) per common share:				
Basic	$	(0.03)	$	0.01
Diluted	$	(0.03)	$	0.01
Weighted average shares outstanding:				
Basic		5,955,215		5,202,907
Diluted		5,955,215		5,290,311

GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
for the six months ended December 31, 2008 and 2007

	2008	*2007*
Revenues:		
Casino	$ 3,257,358	$ 1,863,225
Promotional allowances	(76,909)	(76,651)
Net Revenues	3,180,449	1,786,574
Expenses:		
Casino operations	3,074,351	1,519,628
Operating, general, and administrative	178,139	98,661
	3,252,490	1,618,289
Income (loss) from operations	(72,041)	168,285
Other income (expense):		
Interest	(82,654)	(39,892)
Equity in earnings of Global Gaming Technologies	(6,683)	(6,222)
Loss on asset disposals	(2,743)	-
Income (loss) before provision for income taxes	(164,121)	122,171
Provision for income taxes	-	-
Net income (loss)	(164,121)	122,171
Series D Preferred dividends	(28,622)	-
Net income (loss) attributible to common shareholders	$ (192,743)	$ 122,171

Earnings (loss) per common share:				
Basic	$	(0.03)	$	0.02
Diluted	$	(0.03)	$	0.02
Weighted average shares outstanding:				
Basic		5,925,867		5,202,907
Diluted		5,925,867		5,290,666

GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
July 1, 2007 through December 31, 2008

	SERIES A PREFERRED STOCK		SERIES D PREFERRED STOCK		COMMON STOCK				
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Additional Paid In Capital	Accumulated (Deficit)	
Balance as of June 30, 2007	200,500	$ 401,000	-	$ -	5,202,907	$ 260,146	$ 13,632,564	$ (11,33[illegible]	[illegible]
Sale of Series D Preferred stock	-	-	700,000	700,000	-	-	-	-	700,
Sales of common stock	-	-	-	-	200,000	10,000	90,000	-	100,
Issue common stock	-	-	-	-	450,000	22,500	315,000	-	337,
Conversion of accounts payable to common stock	-	-	-	-	12,308	615	7,385	-	8,
Series D Preferred dividends	-	-	-	-	-	-	(17,856)	-	(17,8
Net Income	-	-	-	-	-	-	-	123,[illegible]	[illegible]
Balance as of June 30, 2008	200,500	$ 401,000	700,000	$ 700,000	5,865,215	$ 293,261	$ 14,027,093	$ (11,21[illegible]	[illegible]
Common stock issued to officers and directors	-	-	-	-	90,000	4,500	40,500	-	45,
Series D Preferred	-	-	-	-	-	-	(28,622)	-	(28,6

dividends		-							
Net loss	-		-	-	-	-	-	(164,164)	(164,164)
Balance as of December 31, 2008	200,500	$ 401,000	700,000	$ 700,000	5,955,215	$ 297,761	$ 14,038,971	(11,37[illegible])	$ [illegible]

8

GLOBAL CASINOS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the six months ended December 31, 2008 and 2007

		2008		*2007*
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	$	(164,121)	$	122,171
Adjustments to reconcile net income (loss) to net cash				
provided by operating activities				
Depreciation and amortization		310,950		234,768
Equity in losses of Global Gaming Technologies		6,683		6,222
Stock based compensation		45,000		-
Loss on disposals of fixed assets		2,743		-
Amortization of debt discount		15,327		-
Changes in operating assets and liabilities				
Accrued gaming income		(98,185)		(74,869)
Inventories		(4,946)		-
Other current assets		45,477		(501)
Accounts payable and accrued expenses		(18,598)		(24,692)
Accrued interest		(29)		-
Other current liabilities		(319)		1,069
Net cash provided by operating activities		139,982		264,168
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of building improvements and equipment		(80,872)		(38,387)
Proceeds from sale of assets		400		-
Investment in Global Gaming Technologies		-		(10,000)
Net cash used by investing activities		(80,472)		(48,387)
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal payments on long-term debt		(173,584)		(44,231)
Payment of Series D preferred stock dividends		(28,467)		-
Net cash used by financing activities		(202,051)		(44,231)

Net (decrease) increase in cash		(142,541)		171,550
Cash at beginning of period		1,163,416		1,563,968
Cash at end of period	$	1,020,875	$	1,735,518
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid for interest	$	69,521	$	54,580
Cash paid for income taxes	$	-	$	-
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND				
FINANCING ACTIVITIES				
Equipment financing obligations	$	26,053	$	19,630
Accrued and unpaid dividends on Series D preferred stock	$	14,311	$	-

GLOBAL CASINOS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Global Casinos, Inc. (Company) is presented to assist in understanding the Company s financial statements. The financial statements and notes are representations of the Company s management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization and Consolidation

Global Casinos, Inc. (the "Company or "Global"), a Utah corporation, operates two gaming casinos.

As of December 31, 2008, the Company s operating subsidiaries were Casinos USA, Inc. ("Casinos USA, a Colorado corporation), which owns and operates the Bull Durham Saloon and Casino ("Bull Durham"), located in the limited stakes gaming district of Black Hawk, Colorado, and Doc Holliday Casino II, LLC (a Colorado limited liability company), which operates the Doc Holliday Casino (Doc Holliday), located in the limited stakes gaming district of Central City, Colorado. Doc Holliday Casino II, LLC was incorporated in the state of Colorado on June 15, 2007 for the purpose of acquiring substantially all the assets and certain liabilities of the Doc Holliday Casino, and to operate the casino. The acquisition was completed on March 18, 2008. The results of Doc Holliday's operations have been included in the consolidated financial statements since that date.

The consolidated financial statements of the Company include the accounts of its wholly owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates included herein relate to the recoverability of assets, the value of long-lived assets and liabilities, the value of share based compensation transactions, the long-term viability of the business, the future impact of gaming regulations, and future obligations under various tax statutes. Actual results may differ from estimates.

Risk Considerations

The Company operates in a highly regulated environment subject to the political process. Our retail gaming licenses are subject to annual renewal by the Colorado Division o SIZE="1">

R. Scott Gill (2)

5,672,971   26.6%

1407 Wild Cat Hollow

West Lake Hills, Texas 78746

GFP I, LP (3)

3,274,666   15.4%

1013 Centre Road, Suite 403S

Wilmington, Delaware 19805

Gill Family Capital Management, Inc. (4)

3,274,666   15.4%

1013 Centre Road, Suite 403S

Wilmington, Delaware 19805

John F. Brinkley (5)

62,798   *

Gary L. Convis (6)

220,000   1.0

William G. Ferko

94,734 *

William L. Healey (7)

72,668 *

Sidney R. Petersen (8)

113,841 *

Robert Sroka

167,238 *

Anthony C. Allen

325,911 1.5%

John R. McGeeney

236,555 1.1%

Current directors and executive officers as a group (13 persons) (9)

11,030,399 51.7%

Dimensional Fund Advisors LP (10)

1,094,145 5.15%

* Less than 1%.

(1) Includes 400,000 shares issuable under currently exercisable stock options, 200,000 shares issuable under stock options which become exercisable on April 1, 2017, 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 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 2016.

Table of Contents

(2) 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.

(3) Voting and investment power is exercised through the General Partner. See footnotes (1) and (2).

(4) In its capacity as General Partner. See footnotes (1) and (2).

(5) Includes 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.

(6) Included shares held by a family trust of which Mr. Convis is a trustee. Mr. Convis shares voting and investment power with respect to the shares held by the family trust.

(7) Includes 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) Includes 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.

(9) Includes 400,000 shares issuable under currently exercisable stock options and 200,000 shares issuable under stock options which become exercisable on April 1, 2017. Except as indicated above, the address of the Company s directors and officers is 101 Bullitt Lane, Suite 450, Louisville, Kentucky 40222.

(10) Based on a Schedule 13G/A filed February 9, 2017, with the SEC by Dimensional Fund Advisors LP. According to the filing, Dimensional Fund Advisors LP serves as investment adviser registered under Section 203 of the Investment Advisors Act of 1940 (the Act) and furnishes investment advice to four investment companies registered under the Act and serves as investment manager or sub-adviser 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, Dimensional Fund Advisors LP or its subsidiaries (collectively, Dimensional) may possess voting and/or investment power over the securities of the Company 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 on December 31, 2016, and Dimensional has disclaimed beneficial ownership of those securities. The address of Dimensional is Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas, 78746.

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. Based on our information, 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 2016 were timely made.

17

Table of Contents

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.

Jeffrey T. Gill Age 61	Jeffrey T. Gill has served as Chairman, President and Chief Executive Officer of Sypris since October 2016 and as President and Chief Executive Officer of Sypris and its predecessor from 1992 to September 2016. Mr. Gill served as Executive Vice President of Sypris 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 62	Paul G. Larochelle has served as Vice President Sales and Strategic Initiatives of Sypris since August 2015. From October 2009 to August 2015, Mr. Larochelle served as Vice President of Sypris and as President of its subsidiary, Sypris Technologies, Inc. Mr. Larochelle served in a number of increasingly responsible executive positions with Dana Corporation, a tier one automotive and heavy truck supplier from 1980 to 2009. In his last positions with Dana Corporation, Mr. Larochelle served 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 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.
Anthony C. Allen Age 58	Anthony C. Allen has served as Vice President and Chief Financial Officer of Sypris since January 2015 and as Vice President, Treasurer, and Assistant Secretary of Sypris from December 2004 to December 2014. Mr. Allen served as Vice President of Finance and Information Systems and Assistant Secretary of Sypris from 2003 to December 2004 and as Vice President, Controller and Assistant Secretary of Sypris from 1997 to 2003. He served as Vice President of Finance of Sypris 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 serves as a Director and Chairman of the Finance Committee for Columbus Insurance Ltd., a captive reinsurance entity of which the Company is a member; he was appointed as Treasurer in January 2015. Mr. Allen has served as a director of CafePress Inc., an online retailer of personalized products, since May 2015. 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.
Richard L. Davis Age 63	Richard L. Davis has served as Vice President Audit and Compliance since August 2015. From January 1997 until July 2015, Mr. Davis served as Senior Vice President of Sypris, 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.

Table of Contents

John R. McGeeney Age 60	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.
Stephen W. Straub Age 60	Stephen W. Straub has served as Vice President Operations of Sypris since August of 2015. Mr. Straub has also served as Vice President of Operations of Sypris Technologies, Inc. since November of 2007. From February of 2007 to November of 2007, Mr. Straub served as Manufacturing Manager for Southern Motor Company, LLC, a manufacturer of modern classic passenger vehicles. From 2000 to 2007, Mr. Straub served in a number of increasingly responsible executive positions in the commercial vehicle systems area for ArvinMeritor, Inc., a tier one automotive and heavy truck supplier. In his last position, Mr. Straub served as Senior Director of Operation, Trailer Systems with ArvinMeritor, Inc. Mr. Straub holds a Bachelor of Science degree in Mechanical Engineering from the University of Michigan, Ann Arbor and has authored several patents for axle shafts and aviation igniter and ignition systems, and is a Registered Professional Engineer licensed in the State of Michigan.

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, 2016 (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, Chairman, President and Chief	2016	498,173			82,380	38,656	619,209
Executive Officer	2015	622,385			164,260	64,769	851,414
A. C. Allen, Vice President &	2016	276,260	125,000	75,250	59,715	18,322	554,547
Chief Financial Officer	2015	333,269		51,250		38,956	423,475
J. R. McGeeney, Vice President	2016	295,000	112,500	75,250	9,953	21,596	514,299
General Counsel & Secretary	2015	332,142		51,250		41,777	425,169

Former Principal Officer - through August 16, 2016:

Name and Former 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. J. Walsh, Vice President (4)	2016	333,000	210,000		9,953	15,276	568,229
	2015	355,769		51,250		44,063	451,082

(1) The amount in column (d) reflects a discretionary bonus payments made in 2016 at the recommendation of the Board to certain officers and key personnel. See below for information regarding the discretionary bonus payments under the heading Bonus Payments and Time-Based Equity.

(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 2016 and 2015 are included in Note 18 to the Company s audited financial statements for the fiscal year ended December 31, 2016, 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 an annual automobile allowance for personal and business use, 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, entertainment and related travel, clothing, gifts or similar benefits which in the aggregate are less than $5,000 in value per year.

(4) The amounts reported in columns (c), (i) and (j) include various amounts, totaling $128,339 of the compensation that was paid to Mr. Walsh on behalf of ADI in connection with a Transition TSA between SE and ADI, as part of the CSS Sale. Under the terms of the TSA, base salary, 401(k), health insurance, life insurance and other benefits were reimbursed by ADI for Mr. Walsh for a transitional period. As

of January 1, 2017, Mr. Walsh became an employee of ADI and is no longer compensated by the Company, but will receive certain ongoing business expense reimbursements from SE on behalf of ADI under the terms of the TSA.

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

Table of Contents

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 and other difficulties as it transitioned its business from its largest customers. The Company has had to adjust its compensation strategies to meet these challenges. In 2015, we asked our NEOs to reduce their base salaries. In addition, we also entered into one-year employment agreements with Messrs. Allen, Walsh and McGeeney. In 2015 and again in 2016, we entered change-in-control agreements with Mr. Walsh. These agreements were intended to serve an important retention purpose while the Company transitioned through a difficult period. See below under Recent Compensation Actions for a discussion of the recent base salary reductions and our entry into agreements with Messrs. Allen, Walsh and McGeeney in 2015 and 2016.

The Company has a strong commitment to develop its key employee base and to focus on sustaining long-term strategic growth despite fluctuations in 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 and non-qualified stock options 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. 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. Under the plan, the Company generally will match 50% of each employee s contributions, up to a maximum Company contribution of 3% of eligible salary.

Bonus Payments and Time-Based Equity

In January of 2016, the Board of Directors approved a bonus plan and potential bonus pool amounts for the fiscal year 2016 (the 2016 Bonus Plan) for certain Executive Officers and other key employees, including Mr. Allen, Mr. McGeeney and Mr. Walsh. The 2016 Bonus Plan was to be funded by the Company, subject to the discretion of the Compensation Committee, considering the year-over-year improvement in earnings before interest and taxes for each subsidiary as reported in its financial statements, excluding the impact of one-time, non-operating items and after having eliminated the financial results of divested operations, if any. Based on the Company s financial results, the performance goals of the 2016 Bonus Plan were not achieved and therefore no bonus awards were paid under the 2016 Bonus Plan.

In 2015 and again in 2016, the Company also issued Change-In-Control Agreements (CIC Agreements) for certain employees of Sypris Electronics, including Mr. Walsh, which would provide for certain benefits including cash bonuses and accelerated vesting of equity awards, in the event that all, or substantially all, of the assets of Sypris Electronics were acquired by a third party. Although the ultimate sale transaction with Analog Devices, Inc. for the CSS business was for less than all, or substantially all, of the SE business, the Board determined that the additional efforts made by these employees should be rewarded. In connection with the sale of the CSS business, the Board approved accelerated vesting for all outstanding shares of restricted stock and stock options as well as the incentive bonuses consistent with what was otherwise contemplated in each participant s CIC Agreement. Mr. Walsh received a bonus in the amount of $210,000 or approximately 0.5% of the proceeds from the CSS sale.

In September of 2016 and December of 2016, the Board also awarded certain Executive Officers and other key employees, including Mr. Allen and Mr. McGeeney, a special cash bonus and equity award for the individual contributions to the Company s successful completion of transactions between the fiscal years 2015 and 2016 as part of its strategic actions, including the CSS sale, the sale of property in Toluca, Mexico and the sale of its manufacturing facility in Morganton, North Carolina. Mr. Allen and Mr. McGeeney received cash bonuses of $125,000 and $112,500, respectively. Mr. Allen and Mr. McGeeney each received a total of 50,000 shares of restricted stock in connection with these awards. The restricted stock awards will vest on the fourth anniversary of the grant date.

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 2015 Sypris Omnibus Plan. The estimated long-term economic value of each grant is targeted, in bands of share award levels, to be approximately equal to the 25th percentile of comparable equity awards, as indicated by market survey information provided by Pearl Meyer. The grants to Mr. Allen and Mr. McGeeney during 2016 were below the 25th percentile target due to the Company s view of the long-term value of the common stock. The grants are awarded as restricted stock or options to purchase our 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. All awards of equity as well as cash bonuses are subject to the final review and approval of the Compensation Committee, or in the case of the Chairman, President and Chief Executive Officer, are subject to the recommendation of the Committee with the final review and approval of the full Board. In 2016, the Board also approved additional one-time retention awards of restricted stock and stock options to certain key employees. In anticipation of the financial challenges facing the Company in fiscal year 2016, the Board believed that in order to preserve the Company s strategic opportunities, it was critical that a select group of key employees be retained through this period. These one-time awards were intended to specifically retain such key employees through the anticipated recovery period.

Recent Compensation Actions

During 2015, the Board approved the reduction of Mr. J. T. Gill s salary by approximately 11%, effective as of the first pay period in April 2015 and another 8% effective as of the first pay period in 2016. The Board also reduced the salaries of certain other executive officers, including by 10% for Mr. Allen and Mr. McGeeney, effective as of the first pay period in April 2015, and by another 10% and 8% respectively, effective as of the first pay period in August 2015, and by 10% for Mr. Walsh, effective as of the first pay period in April 2015. Additionally, in January 2016, the Board approved the elimination of the car allowance for the executive officers and offered those officers and other key employees the choice of an additional salary reduction in exchange for an award of non-qualified stock options, which included a 10% salary reduction election by Mr. Allen in exchange for 150,000 non-qualified stock options. The initial recommendations for these equity awards were developed by the Company s President and Chief Executive Officer.

Effective as of March 5, 2015, the Company s executive officers and certain other key employees, including Mr. Allen, Mr. McGeeney and Mr. Walsh, entered into one-year employment agreements with the Company which expired on March 4, 2016. Under those contracts, if terminated without cause then (i) these employees would have continued to receive their current salary for a period of 12 months following the date of termination, provided that if they became employed by another entity during such time, these employees would only receive 30% of such salary, and (ii) all of the employee s outstanding restricted stock and stock options would have become 100% vested and remained exercisable until the expiration dates then in effect for any such stock options. In addition, the Company entered into two change-in-control agreements with Mr. Walsh, the first in March of 2015 and the second in March of 2016. Under such agreements, Mr. Walsh would receive an incentive

Table of Contents

bonus ranging from 0.5% to 1.25% of the sales proceeds of certain transactions involving all, or substantially all, of the assets of Sypris Electronics. After a change-in-control, if Mr. Walsh was terminated without cause or resigned for good reason then he would continue to receive his salary for the balance of the 18-month period following the date of such change in control, and his outstanding restricted stock and stock options would become 100% vested and remained exercisable until the expiration dates then in effect for any such stock options. These employment agreements and change-in-control agreements also contained confidentiality, non-compete and non-solicitation covenants by the employee during the term of the agreement and for certain periods after termination.

The Role of Stockholder Say-on-Pay Votes

The Company provides its stockholders with the opportunity to cast an annual advisory vote on executive compensation (a say-on-pay proposal). At the Company s annual meeting of stockholders held in May 2016, approximately 98% of the votes cast on the say-on-pay proposal at that meeting were voted in favor of the proposal. The Compensation Committee believes this affirms stockholders support of the Company s approach to executive compensation and, therefore, did not change its overall approach in 2016, except with respect to the salary reductions and agreements described above under Recent Compensation Actions. The Compensation Committee will continue to consider the outcome of the Company s say-on-pay votes when making future compensation decisions for the NEOs.

Change in Control of the Company; Termination and Potential Payments

Stock options and restricted stock awards granted in 2016 and 2015 were awarded under the 2010 and 2015 Sypris Omnibus Plans, 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 30, 2016, multiplied by (ii) the amount, if any, by which the Company s stock price on, December 30, 2016, 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 30, 2016, multiplied by (ii) the Company s stock price on December 30, 2016. The respective values of the unvested shares of restricted stock calculated as of December 30, 2016, which would have become vested for the named executive officers in the event of such a change-in-control of the Company would have been as follows: $105,600 for Mr. Allen and $110,000 for Mr. McGeeney. Additionally, non-qualified stock options granted to each of Mr. Allen, Mr. McGeeney and Mr. J.T. Gill under the Company s 2010 and 2015 Sypris Omnibus Plans would be subject to accelerated vesting upon a change-in-control of the Company, however, the Company s stock price on, December 30, 2016, was below the strike price of any such options.

Table of Contents

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2016

		OPTION AWARDS				STOCK AWARDS	
Name (a)	Grant Date (b)	Number of Securities Underlying Unexercised Options (#) Exercisable (c)	Number of Securities Underlying Unexercised Options (#) Unexercisable (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)
Jeffrey T. Gill	4/1/2012	200,000(1)		4.05	4/1/2017		
	4/1/2013		200,000(1)	3.96	4/1/2018		
	4/1/2014		200,000(1)	2.80	4/1/2019		
	4/1/2015		200,000(1)	2.05	4/1/2020		
	4/1/2016		200,000(1)	1.00	4/1/2021		
Anthony C. Allen	4/1/2014					20,000(4)	17,600
	4/1/2015					25,000(4)	22,000
	1/25/2016	150,000(2)		0.96	1/24/2020		
	4/1/2016					25,000(4)	22,000
	9/26/2016					25,000(5)	22,000
	12/14/2016					25,000(5)	22,000
John R. McGeeney	4/1/2014					25,000(4)	22,000
	4/1/2015					25,000(4)	22,000
	1/25/2016	25,000(2)		0.96	1/24/2020		
	4/1/2016					25,000(4)	22,000
	9/26/2016					25,000(5)	22,000
	12/14/2016					25,000(5)	22,000
John J. Walsh	1/25/2016		25,000(3)	0.96	1/24/2020		

(1) Stock option awards which vest 100% on the third anniversary of the grant date, with a five-year option term.

(2) Stock option awards which vest 100% on the third anniversary of the grant date, with a four-year option term.

(3) Stock option awards which had accelerated vesting of 100% effective August 16, 2016 by approval of the Board in connection with the CSS business sale to ADI.

(4) Restricted stock award which vests 100% on the third anniversary of the grant date.

(5) Restricted stock award which vests 100% on the fourth anniversary of the grant date.

(6) Market value of shares that have not vested in column (h) was calculated using the closing stock price on December 30, 2016 ($0.88) the last trading day of fiscal year 2016.

2016 DIRECTOR COMPENSATION

The following table sets forth our compensation of directors in 2016, except for Mr. Jeffrey T. Gill, who receives no additional compensation for his services as a director.

Name (a)	Fees Earned or Paid in Cash ($) (b)	Stock Awards ($) (c)(1)(6)	All Other Compensation ($) (g)(2)	Total ($) (h)
J. F. Brinkley	40,000	6,120	5,000	51,120
G. L. Convis	40,000	6,120	5,000	51,120
W. G. Ferko	40,000	6,120	5,000	51,120
R. E. Gill (3)			83,307	82,442
R. S. Gill	40,000	6,120	5,000	51,120
W. L. Healey	40,000	6,120	5,000	51,120
R. F. Lentz (4)	40,000	6,120	5,000	51,120
S. R. Petersen	40,000	6,120	5,000	51,120
R. Sroka (5)	40,000	104,870	5,000	149,870

(1) The amounts in column (c) reflect the dollar amounts for the aggregate grant date fair value for each stock award granted during 2016 for each non-employee director serving in his position at the end of the first quarter, in accordance with FASB ASC Topic 718, awarded pursuant to the 2015 Sypris Omnibus Plan and the Directors Compensation Program. Because these awards consisted of fully vested shares, except for 100,000 shares of restricted stock awarded to Mr. Sroka as noted below, the amounts in column (c) are equal to the fair value of all shares awarded in 2016 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 an annual automobile allowance 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 for a partial year of service. 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 $5,000 for Mr. R. E. Gill s partial year of service and $5,000 for all other directors in value per year.

(3) Mr. R. E. Gill did 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, who passed away in July 2016, is also the father of the Company s President and Chief Executive Officer, Jeffrey T. Gill, and R. Scott Gill.

(4) Mr. Lentz resigned as a Director effective as of January 27, 2017.

(5) The amounts awarded in column (c) include the annual stock award of 6,000 shares and three special restricted stock awards to Robert Sroka, granted in recognition of his exceptional contributions as a director. These amounts reflect the fair values of these awards to Mr. Sroka in accordance with ASC Topic 718, in each case based on the closing price of our Common Stock on the date of the award. Assumptions used in the calculation of the restricted stock amounts are included in Note 18 to the Company s audited financial statements for the fiscal year ended December 31, 2016 included in the Company s Annual Report on Form 10-K filed with the SEC.

(6) The aggregate number of stock and option awards outstanding as of the 2016 fiscal year-end includes 100,000 shares of restricted stock awarded to Robert Sroka under the 2015 Sypris Omnibus Plan.

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. For compensation payable in 2017, the annual cash retainer is $40,000 and the common stock award is 6,000 shares.

Table of Contents

All directors are reimbursed for travel and related expenses for attending Board and committee meetings. In 2016, the Company held four 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.

Table of Contents

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 2016 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.

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. Over the past several years, the Company has encountered economic uncertainty or other difficulties. The Company has had to adjust its compensation strategies to meet these challenges. See above under Recent Compensation Actions for a discussion of the base salary reductions during 2015 and again during 2016 with Messrs. Allen and McGeeney.

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 2016, 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.**

Table of Contents

AVAILABILITY OF ANNUAL REPORT ON FORM 10-K

A copy of our 2016 Annual Report on Form 10-K has been mailed concurrently with this Proxy Statement to stockholders entitled to notice of and to vote at the Annual Meeting. Such Annual Report on Form 10-K 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 2016 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 2017 (the 2017 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 2018 Annual Meeting pursuant to Rule 14a-8 under the Securities Act of 1934, the proposal must be submitted no later than December 7, 2017. 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 2018 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 2018 Annual Meeting but are not described in our proxy materials for that meeting, the proxies solicited by Sypris for the 2018 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

April 5, 2017

Table of Contents

002CSN79D7

Table of Contents

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

Electronic Voting Instructions

You can vote by Internet or telephone!

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 12:01 a.m., Eastern Time, on May 9, 2017.

Vote by Internet

Go to **www.investorvote.com/SYPR**

Or scan the QR code with your smartphone

Follow the steps outlined on the secure website

Vote by telephone

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone

Follow the instructions provided by the recorded message

q **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

A **Proposals** **The Board recommends a vote FOR all nominees and FOR Proposal 2.**

1. Election of Class III Directors for a term of (3) years.

+

	For	**Withhold**
01 - Gary L. Convis		
02 - William G. Ferko		
03 - Jeffrey T. Gill		

	For	**Against**	**Abstain**
2. To approve, on an advisory basis, the compensation of the named executive officers as disclosed in this proxy statement.			

B Non-Voting Items

Change of Address Please print your new address below.

Comments Please print your comments below.

Meeting Attendance
Mark the box to the right if you plan to attend the Annual Meeting.

C Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title. If corporation, please sign full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person.

Date (mm/dd/yyyy)	Please print date below.	Signature 1	Please keep signature within the box.	Signature 2	Please keep signature within the box.

/ /

02JDCC

Table of Contents

2017 Annual Meeting

2017 Annual Meeting of

Sypris Solutions, Inc. Stockholders

Tuesday, May 9, 2017, 10:00 a.m., EDT

Lower Level Seminar Room, 101 Bullitt Lane

Louisville, KY 40222

YOUR VOTE IS IMPORTANT

If you do not vote by telephone or Internet, please sign and date this proxy card and return it promptly in the enclosed postage-paid envelope. If you vote by telephone or Internet, it is not necessary to return this card.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on May 9, 2017: The notice of the annual meeting of stockholders, proxy statement, form of proxy card and the Sypris Solutions 2016 Annual Report to stockholders are available at www.sypris.com/proxymaterials.

q **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

Proxy Sypris Solutions, Inc.

Notice of 2017 Annual Meeting of Stockholders

Lower Level Seminar Room, 101 Bullitt Lane, Louisville, KY 40222

Proxy Solicited by Board of Directors for Annual Meeting May 9, 2017

The undersigned appoints R. Scott Gill and Jeffrey T. Gill, and each of them, as Proxies for the undersigned, or any of them, each with the power of substitution. The Proxies are hereby authorized to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the Annual Meeting of Stockholders of Sypris Solutions to be held on May 9, 2017 or at any postponement or adjournment thereof.

Shares represented by this proxy will be voted by the Proxies as directed. If no such directions are indicated, the Proxies will have authority to vote FOR all nominees and FOR Proposal 2.

In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.

(Items to be voted appear on reverse side.)