

SIFCO INDUSTRIES INC
Form DEF 14A
December 13, 2013

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

SCHEDULE 14A

(RULE 14A-101)

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

- Filed by the Registrant [X]
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Check the appropriate box:
 [] Preliminary Proxy Statement
 [] Confidential, for Use of the Commission only (as permitted by Rule 14a-6(e)(2))
 [X] Definitive Proxy Statement
 [] Definitive Additional Materials
 [] Soliciting Material Pursuant to Section 240.14a-12

SIFCO Industries, Inc.
(NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

(NAME OF PERSON(S) FILING PROXY STATEMENT, IF OTHER THAN THE REGISTRANT)

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- [X] No fee required.
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 2. Aggregate number of securities to which transaction applies: _____
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 3. Filing Party: _____
 4. Date Filed: _____

SIFCO Industries, Inc.

970 East 64th Street, Cleveland, Ohio 44103

NOTICE OF 2014 ANNUAL MEETING OF SHAREHOLDERS

The 2014 Annual Meeting of Shareholders of SIFCO Industries, Inc. will be held on January 28, 2014 at 9:00 a.m. local time at the Great Lakes Room, 200 Public Square – 3rd Floor, Cleveland, Ohio, 44114, to consider and vote upon proposals to:

1. Elect seven (7) directors, each to serve a one-year term expiring at the 2015 Annual Meeting;
2. Ratify the selection of Grant Thornton LLP as the independent registered public accounting firm of the Company;
3. To cast a non-binding advisory vote on executive compensation (say-on-pay);
4. To vote on the frequency for holding the non-binding advisory vote on say-on-pay (every one, two or three years);
5. To amend Articles II, III and X of our Code of Regulations; and
6. Consider and take action upon such other matters as may properly come before the meeting or any adjournment thereof.

The holders of record of Common Shares at the close of business on December 2, 2013 will be entitled to receive notice of and vote at the meeting.

The SIFCO Industries, Inc. Annual Report for the fiscal year ended September 30, 2013 is included with this Notice.

By order of the Board of Directors.

SIFCO Industries, Inc.

December 13, 2013

Megan L. Mehalko, Corporate Secretary

Kindly fill in, date and sign the enclosed proxy card and promptly return it in the enclosed addressed envelope, which requires no postage if mailed in the United States. If you are present and vote in person at the meeting, your proxy will not be used.

SIFCO Industries, Inc.
970 East 64th Street, Cleveland, Ohio 44103

PROXY STATEMENT

Notice of Internet Availability mailed on or about December 19, 2013

General Information

The proxy that accompanies this statement is solicited by the Board of Directors of SIFCO Industries, Inc. (the "Company") for use at the 2014 Annual Meeting of the Shareholders of the Company to be held January 28, 2014, or at any adjournment thereof.

As permitted by the Securities and Exchange Commission (the "SEC"), the Company is sending a Notice of Internet Availability of Proxy Materials (the "Notice") to all shareholders. All shareholders will have the ability to access this Proxy Statement and the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2013 as filed with the SEC on November 27, 2013 on a website referred to in the Notice or to request a printed set of these materials at no charge. Instructions on how to access these materials over the Internet or to request a printed copy may be found in the Notice.

In addition, any shareholder may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. The cost of solicitation of proxies in the form accompanying this statement will be borne by the Company. Choosing to receive future proxy materials by email will save the Company the cost of printing and mailing documents to shareholders and will reduce the impact of annual meetings on the environment. A shareholder's election to receive proxy materials by email will remain in effect until the shareholder terminates it.

Any shareholder giving a proxy for the meeting may revoke it before it is exercised by giving a later dated proxy or by giving notice of revocation to the Company in writing before or at the 2014 Annual Meeting. However, the mere presence at the 2014 Annual Meeting of the shareholder granting a proxy will not revoke the proxy. Unless revoked by notice as above stated, shares represented by valid proxies will be voted on all matters to be acted upon at the 2014 Annual Meeting. On any matter or matters with respect to which the proxy contains instructions for voting, such shares will be voted in accordance with such instructions. Abstentions and broker non-votes will be deemed to be present for the purpose of determining a quorum for the 2014 Annual Meeting. Abstentions will not affect the vote on Proposal No. 1 and 4, but will be counted as "votes against" with respect to proposal No. 2, 3 and 5. The outcome of Proposal No. 4, the non-binding advisory vote on the frequency for holding the say-on-pay vote (every one, two or three years), will be determined by plurality vote, with the frequency option receiving the greatest number of votes cast being the frequency option for holding the say-on-pay vote approved by the shareholders. Brokers who have not received voting instructions from beneficial owners generally may vote in their discretion with respect to the ratification of the selection of the independent registered public accounting firm, but will not be able to vote with respect to Proposal No. 1, 3, 4 and 5. Broker non-votes will not affect the outcome of any proposals brought before the 2014 Annual Meeting.

OUTSTANDING SHARES AND VOTING RIGHTS

The record date for determining shareholders entitled to vote at the 2014 Annual Meeting is December 2, 2013. As of October 31, 2013, the outstanding voting securities of the Company consisted of 5,373,526 common shares, \$1.00 par value per share (“Common Shares”). Each Common Share, exclusive of treasury shares, has one vote. The Company held no Common Shares in its treasury on October 31, 2013. The holders of a majority of the Common Shares of the Company issued and outstanding, present in person or by proxy, shall constitute a quorum for the purposes of the 2014 Annual Meeting.

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The table below shows the number of shares of our common stock beneficially owned as of October 31, 2013 (unless otherwise indicated) by: each person, who, to our knowledge, beneficially owns more than 5% of our common stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Ms. Janice Carlson and Mr. Charles H. Smith, III, Trustees, Voting Trust Agreement c/o SIFCO Industries, Inc. 970 E. 64 th Street Cleveland, OH 44103	1,994,899 (1)	37.12% (1)
M. and S. Silk Revocable Trust 4946 Azusa Canyon Road Irwindale, CA 91706	702,380 (2)	13.07% (2)
Thomson Horstmann & Bryant, Inc. 501 Merritt 7 Norwalk, CT 06851	357,137 (3)	6.65% (3)

Based on a Schedule 13D/A filed with the Securities and Exchange Commission (“SEC”), as of January 31, 2013, Janice Carlson and Charles H. Smith, III beneficially owned, as Trustees, 1,994,899 Common Shares of the Company and such Common Shares have been deposited with them or their predecessors, as Trustees, under a Voting Trust Agreement entered into as of January 31, 2013. The Voting Trust Agreement is for a two-year term (1) ending January 31, 2015. The Trustees under the Voting Trust Agreement share voting control with respect to all such Common Shares. Although the Trustees do not have the power to dispose of the shares subject to the Voting Trust, they share the power to terminate the Voting Trust or to return shares subject to the Voting Trust to holders of voting trust certificates. Mr. H. D. Smith beneficially owns of record 282,763 shares (5.26%) of the Company, of which 275,893 shares are subject to the Voting Trust Agreement.

Based on a Schedule 13D/A filed with the SEC on May 21, 2009, M. and S. Silk Revocable Trust, Mark J. Silk and Sarah C. Silk, Co-Trustees, share both voting and dispositive power over 700,600 Common Shares of the Company (2) as of May 21, 2009. During fiscal 2011, Mr. Silk was issued 1,780 restricted shares in his capacity as a director of the Company.

(3) Based on a Schedule 13G/A filed with the SEC on February 12, 2012, Thomson Horstmann & Bryant, Inc., an investment advisor registered under section 203 of the Investment Advisors Act of 1940, held voting and dispositive power over 287,145 and 357,137 Common Shares, respectively, of the Company.

PROPOSAL 1 - TO ELECT SEVEN (7) DIRECTORS

Seven (7) directors are to be elected at the 2014 Annual Meeting to hold office until the next annual meeting of shareholders and/or until their respective successors are elected and qualified. Shares represented by validly given proxies will be voted in favor of the following persons to serve as directors unless the shareholder indicates to the contrary on the proxy. The seven (7) nominees receiving the most votes will be elected as directors at the 2014 Annual Meeting. Proxies cannot be voted for a greater number of nominees than the number named in this Proxy Statement.

Each of the below nominees has consented (i) to serve as a nominee, (ii) to being named as a nominee in this Proxy Statement and (iii) to serve as a director if elected. Although the Company does not contemplate that any of the nominees will be unavailable for election, if a vacancy in the slate of nominees is occasioned by death or other unexpected occurrence, it is currently intended that the remaining directors will, by the vote of a majority of their number, designate a different nominee for election to the Board at the 2014 Annual Meeting.

Board Recommendation - The Board of Directors recommends that you vote FOR the election of all nominees. Unless you instruct otherwise on your proxy card or in person, your proxy will be voted in accordance with the Board's recommendation.

Nominees for election to the Board of Directors

Set forth below for each nominee for election as a director is a brief statement, including the age, principal occupation and business experience, and any directorships held. The members of the Nominating and Governance Committee have recommended the persons listed below as nominees for the Board of Directors, all of whom presently are directors of the Company.

The Nominating and Governance Committee reviews and evaluates individuals for nomination, to stand for election as a director, who are recommended to the Nominating and Governance Committee in writing by any of our shareholders pursuant to the procedure outlined below in the section titled "Process for Selecting and Nominating Directors" on the same basis as candidates who are suggested by our current or past directors, executive officers, or other sources. In considering individuals for nomination to stand for election, the Nominating and Governance Committee will consider: (1) the current composition of directors and how they function as a group; (2) the skills, experiences or background, and the personalities, strengths, and weaknesses of current directors; (3) the value of contributions made by individual directors; (4) the need for a person with specific skills, experiences or background to be added to the Board; (5) any anticipated vacancies due to retirement or other reasons; and (6) other factors which may enter into the nomination decision. The Nominating and Governance Committee endeavors to select nominees that contribute requisite skills and professional experiences in order to advance the performance of the Board of Directors and establish a well rounded Board with diverse views that reflect the interests of our shareholders. The Nominating and Governance Committee considers diversity as one of a number of factors in identifying nominees for directors, however, there is no formal policy in this regard. The Nominating and Governance Committee views diversity broadly to include diversity of experience, skills and viewpoint, in addition to traditional concepts of diversity such as race and gender.

When considering an individual candidate's suitability for the Board, the Nominating and Governance Committee does not prescribe minimum qualifications or standards for directors, however, the Nominating and Governance Committee looks for directors who have personal characteristics, educational backgrounds and relevant experience that would be expected to help further the goals of both the Board and the Company. The Nominating and Governance Committee will review the extent of the candidate's demonstrated success in his or her chosen business,

profession, or other career and the skills that the candidate would be expected to add to the Board. The Nominating and Governance Committee may, in certain cases, conduct interviews with the candidate and/or contact references, business associates, other members of boards on which the candidate serves or other appropriate persons to obtain additional information. The Nominating and Governance Committee will make its determinations on whether to nominate an individual candidate based on the Board's then-current needs, the merits of that candidate and the qualifications of other available candidates. The types of key attributes and/or experience that the Nominating and Governance Committee believes the composite board membership needs to possess to ensure the existence of a functionally effective board are: (i) proven leadership capabilities; (ii) familiarity with the organizational and operational requirements of medium and large sized manufacturing organizations; (iii) strategic planning; (iv) experience in mergers and acquisitions and an understanding of financial markets; (v) experience in finance and accounting; (vi) familiarity with the aerospace, defense, energy and related industries and markets, (vii) public company compensation matters and structure; and (viii) service on the boards of directors of other companies – both public and private. The Nominating and Governance Committee believes that each of the nominees possess certain of the key attributes that the Committee believes to be important for an effective board.

Jeffrey P. Gotschall, 65, director of the Company since 1986, Chairman of the Board since 2001. Mr. Gotschall previously served the Company as Chief Executive Officer from 1990 until his retirement in 2009 and served from 1989 to 2002 as President, from 1986 to 1990 as Chief Operating Officer, from 1986 through 1989 as Executive Vice President and from 1985 through 1989 as President of SIFCO Turbine Component Services. Mr. Gotschall's long history with the Company, coupled with his management expertise, enables him to bring valuable perspective to the Board and its discussion of industry issues.

Michael S. Lipscomb, 67, President and Chief Executive Officer since 2009 and a director of the Company since 2010. Mr. Lipscomb also served as a director of the Company from 2002 to 2006. Mr. Lipscomb is currently the CEO of Aviation Component Solutions and the managing Director of GS Capital. Prior to joining the Company, Mr. Lipscomb was Chairman, President and CEO of Argo-Tech Corporation from 1994 to 2007, President from 1990 to 1994, Executive V.P. and Chief Operating Officer from 1988 to 1990, and Vice President of Operations from 1986, when Argo-Tech was formed, to 1988. Mr. Lipscomb joined TRW's corporate staff in 1981 and was appointed Director of Operations for the Power Accessories Division in 1985. Mr. Lipscomb previously served as a director of Argo-Tech and AT Holdings Corporation from 1990 to 2007. He serves on the boards of Ruhlin Construction Company and Altra Holdings, Inc. He is a former board member of the Aerospace Industries Association and General Aviation Manufacturers Association. As a result of his prior executive positions and his public and private company board experience, Mr. Lipscomb brings his accomplished managerial, financial and industry background, as well as his solid understanding of strategy, operations, and sales to his role in management and on the Board of the Company.

John G. Chapman, Sr., CPA, 62, director of the Company since 2011. Mr. Chapman retired in 2011 from his position as Strategic Relationship Management Partner & Senior Contracting Partner with the firm of Deloitte LLP in Cleveland, Ohio. Prior to those responsibilities, Mr. Chapman served as an audit partner for Deloitte LLP, and its predecessor firm Touche Ross & Co. in Cleveland, Ohio starting in 1983. Mr. Chapman started in the Touche Ross & Co. Chicago, Illinois office in 1972. Mr. Chapman currently works as a contracting consultant to Deloitte LLP. Mr. Chapman serves on the board of trustees for Playhouse Square Foundation in Cleveland, Ohio. Mr. Chapman's background with a large accounting firm provides him with an understanding of accounting, audit, financial and information technology issues making him a significant contributor to the Board.

Donald C. Molten, Jr., 56, director of the Company since 2010. Mr. Molten is the Associate Headmaster at University School. Prior to joining University School in 2004, Mr. Molten was a Managing Director and Partner of Linsalata

Capital Partners, a private equity firm that specializes in acquiring middle market companies. Mr. Molten is the former chairman and director of the Tranzonic Companies, Inc. Mr. Molten also continues to serve on the board for U-Line Corporation, Inc., First Choice Packaging, Transpac, and Wellborn Forest Company. Mr. Molten formerly served as director of America's Body Company, CMS / Hartzell, Neff Motivation, Teleco and Degree Communications. Prior to joining Linsalata Capital Partners, Mr. Molten was a vice president of Key Equity Capital and its predecessor, Society Venture Capital. His experience in equity and debt transactions and leveraged buyouts also includes seven years with The Northwestern Mutual Life Insurance Company. Mr. Molten provides significant experience in implementation of growth strategies, execution of strategic acquisitions and divestitures and meaningfully contributes to the Board's discussion of strategic considerations.

Alayne L. Reitman, 49, director of the Company since 2002. Ms. Reitman currently serves as a Trustee of The Cleveland Museum of Natural History and is a member of the Audit Committee of Hawken School. Ms. Reitman serves on the board of Embedded Planet LLC, a high-tech start-up company, where she previously served from 1999 to 2001 as President. Ms. Reitman previously served from 1993 to 1998 as Vice President and Chief Financial Officer of the Tranzonic Companies, Inc.; and from 1991 to 1993 as Senior Financial Analyst for American Airlines. Ms. Reitman received an MBA degree from the Wharton School of the University of Pennsylvania. Ms. Reitman's leadership and her financial management experience permit her to be a significant resource to the Board.

Hudson D. Smith, 62, director of the Company since 1988. Mr. Smith is currently the President of Forged Aerospace Sales, LLC. Mr. Smith previously served the Company as Executive Vice President from 2003 through 2005; as Treasurer from 1983 through 2005; as President of SIFCO Forge Group from 1998 through 2003; as Vice President and General Manager of SIFCO Forge Group from 1995 through 1997; as General Manager of SIFCO Forge Group's Cleveland Operations from 1989 through 1995; and as General Sales Manager of SIFCO Forge Group from 1985 through 1989. Mr. Smith served as board member of the Forging Industry Association from 2004 through 2008. Refer to "Director Compensation" below for a discussion of certain transactions between Mr. Smith and the Company. Mr. Smith's historic and current involvement in the industry make him an invaluable contributor to considerations of industry trends and major customer matters.

Norman E. Wells, Jr., 65, is a Partner and Operating Executive of SFW Capital Partners, LLC ("SFW"). In this capacity, he serves on the board of Spectro, Inc., an SFW portfolio investment. Mr. Wells is also the Chairman of the Board of the Summa Health System, a not-for-profit health care provider. Mr. Wells previously served as Chairman and CEO of Sovereign Specialty Chemicals, Inc. from 2002 to 2005; as CEO of Easco Aluminum, Inc. from 1996 until 1999; and as CEO of CasTech Aluminum Group Inc. from 1991 to 1996. Mr. Wells also served on the boards of Dal-Tile International and Manchester Tank & Equipment Co. Mr. Wells has Bachelor of Science degrees in Metallurgical Engineering and Industrial Engineering from the University of Washington and an MBA from Gonzaga University. Mr. Wells' experience in managerial positions and with boards of directors of other businesses provides valuable business acumen and strategic insight to the Board.

Each of the foregoing nominees was recommended by the Nominating and Governance Committee. There are, and during the past ten years there have been, no legal proceedings material to an evaluation of the ability of any director or executive officer of the Company to act in such capacity or concerning his or her integrity. There are no family relationships among any of the directors and executive officers except that Mr. J. P. Gotschall and Mr. H. D. Smith are cousins.

STOCK OWNERSHIP OF EXECUTIVE OFFICERS, DIRECTORS AND NOMINEES

The following table sets forth, as of October 31, 2013, the number of Common Shares of the Company beneficially owned by each director, nominee for director and named executive officer and all directors and executive officers as a group, according to information furnished to the Company by such persons:

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class
Hudson D. Smith (2)(3)(5)	282,763	5.26%
Michael S. Lipscomb (3)	197,905	3.68%
Jeffrey P. Gotschall (2)(3)(5)	159,141	2.96%
Frank A. Cappello (6)	34,242	*
James P. Woidke (4)	28,701	*
Donald C. Molten, Jr.	13,670	*
John G. Chapman, Sr.	7,630	*
Alayne L. Reitman	7,570	*
Catherine M. Kramer (4)	3,675	*
Norman E. Wells, Jr.	2,378	*
All Directors and Executive Officers as a Group (1)	737,675	13.72%

*Common Shares owned are less than one percent of class.

(1) Unless otherwise stated below, the named person owns all of such shares of record and has sole voting and investment power as to those shares.

(2) In the cases of Mr. J. P. Gotschall and Mr. H. D. Smith, includes 400 shares and 22,955 shares, respectively, owned by their spouses and any children or in trust for them, their spouses and their lineal descendants.

(3) Includes Voting Trust Certificates issued by the aforementioned (see page 3) Voting Trust representing an equivalent number of Common Shares held by such Trust as follows: Mr. J. P. Gotschall – 152,629, Mr. H. D. Smith – 275,893 and Mr. M. S. Lipscomb - 150,000.

(4) A portion of the total number of shares for the following persons represents the target number of shares related to performance-based awards which are outstanding as of September 30, 2013 with respect to the 2007 LTIP: Mr. J. P. Woidke – 16,200 shares and Ms. C. M. Kramer – 3,675 shares. A portion of the total number of shares for the following person represents shares related to performance-based awards which are vested as of September 30, 2013 with respect to the 2007 LTIP: Mr. J. P. Woidke – 3,600 shares.

(5) Mr. J. P. Gotschall and Mr. H. D. Smith are cousins.

(6) Mr. F. A. Cappello left the Company as of December 31, 2012.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 (“Exchange Act”) requires the Company’s officers and directors, and persons who own more than ten percent (10%) of a registered class of the Company’s equity securities, to file reports of ownership and changes in ownership with the U.S. Securities and Exchange Commission (“SEC”). Officers,

directors and greater than ten percent (10%) shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

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Based solely upon a review of Forms 3, 4 and 5 furnished to the Company during, or with respect to, the fiscal year ended September 30, 2013, the Company believes that no director, officer, beneficial owner of more than ten percent (10%) of its outstanding Common Shares or any other person subject to Section 16(a) of the Exchange Act failed to file on a timely basis during fiscal 2013 any reports required by 16(a) of the Exchange Act, except for two directors who each reported one transaction subsequent to the filing date required for Form 4.

CORPORATE GOVERNANCE AND BOARD OF DIRECTORS MATTERS

Board of Directors - The Company's Board of Directors held eight (8) scheduled meetings during fiscal 2013. The Board of Directors' standing committees are the Audit, Compensation, Nominating and Governance Committees. From time-to-time, the Board may determine that it is appropriate to form a special committee of its independent directors to address a particular matter(s) not specific to one of its standing committees. Directors are expected to attend Board meetings, the annual shareholders' meeting, and meetings of the committees on which he or she serves. During fiscal 2013, each director attended at least 75% of the total number of meetings of the Board and the committees on which he or she served. SIFCO's independent directors meet in executive session at each regularly scheduled Board meeting. All of the directors attended the Company's 2013 Annual Meeting of Shareholders.

Director Independence - The members of the Board of Directors' standing committees are all independent directors as defined in Section 803 of the NYSE MKT Company Guide. The Board has affirmatively determined that Mr. D. C. Molten, Jr., Ms. A. L. Reitman, Mr. J. G. Chapman, Sr. and Mr. Norman E. Wells, Jr. meet these standards of independence. There are no undisclosed transactions, relationships, or arrangements between the Company and any of such directors. The Board has affirmatively determined that Mr. J. P. Gotschall, Mr. M. S. Lipscomb and Mr. H. D. Smith do not meet these standards of independence, are therefore not independent and, accordingly, are not members of any of the Board's standing committees. Should the need arise, the Company is permitted under NYSE MKT rules to maintain a board comprised of one-half independent directors, rather than a majority of independent directors, due to its status as a "Smaller Reporting Company" under SEC regulations.

Board Committees

Audit Committee - The functions of the Audit Committee are to select, subject to shareholder ratification, the Company's independent registered public accounting firm; to approve all non-audit related services performed by the Company's independent registered public accounting firm; to determine the scope of the audit; to discuss any special problems that may arise during the course of the audit; and to review the audit and its findings for the purpose of reporting to the Board of Directors. Further, the Audit Committee receives a written statement delineating the relationship between the independent registered public accounting firm and the Company. None of the members of the Audit Committee participated in the preparation of the Company's financial statements at any time during the past three (3) years. The members of the Audit Committee are all independent directors as defined in Section 803 of the NYSE MKT Company Guide and SEC Rule 10A-3. Each member of the Audit Committee is financially literate and A. L. Reitman is designated as the Audit Committee financial expert. None of the Audit Committee members serve on more than one (1) other public company audit committee. The Audit Committee, currently composed of A. L. Reitman (Chairperson), D. C. Molten, Jr., N. E. Wells, Jr. and J. G. Chapman, Sr., held four (4) meetings during fiscal 2013. The Audit Committee operates under a written charter that is available on the Company's website at www.sifco.com.

Compensation Committee - The functions of the Compensation Committee are to review and make recommendations to the Board to ensure that our executive compensation and benefit programs are consistent with our compensation philosophy and corporate governance guidelines and, subject to the approval of the Board, to establish the executive compensation packages offered to directors and officers. Officers' base salary, target annual incentive compensation awards and granting of long-term equity-based incentive compensation, and the number of shares that should be subject to each equity instrument so granted, are set at competitive levels with the opportunity to earn competitive pay for targeted performance as measured against a peer group of companies. The Compensation Committee is appointed by the Board, and consists entirely of directors who are independent directors as defined in Section 803 of the NYSE MKT Company Guide. Our Compensation Committee, currently composed of N.E. Wells, Jr. (Chairperson), A. L. Reitman, D. C. Molten, Jr., and J. G. Chapman, Sr., held five (5) meetings during fiscal 2013 and conducted other committee discussions as a part of a regular board meeting, some of which discussions were conducted without the CEO present. The Compensation Committee operates under a written charter that is available on the Company's website at www.sifco.com.

Nominating and Governance Committee - The functions of the Nominating and Governance Committee are to recommend candidates for the Board of Directors and address issues relating to (i) senior management performance and succession and (ii) the composition and procedures of the Board. The Nominating and Governance Committee is currently composed of J. G. Chapman, Sr. (Chairperson), A. L. Reitman, N. E. Wells, Jr., and D. C. Molten, Jr. The members of the Nominating and Governance Committee are all independent directors as defined in Section 803 of the NYSE MKT Company Guide. The Nominating and Governance Committee held one (1) meeting during fiscal 2013. Other functions of the Nominating and Governance Committee were fulfilled during sessions of the full Board of Directors. The Nominating and Governance Committee operates under a written charter that is available on the Company's website at www.sifco.com.

Board Role in Risk Oversight - The Board reviews the Company's annual plan and strategic plan, which address, among other things, the risks and opportunities facing the Company. The Board also has overall responsibility for executive officer succession planning, and discusses and reviews succession planning with the frequency it deems to be appropriate, based on prevailing circumstances. Certain areas of oversight may be delegated to the relevant committees of the Board and the committees report back on their deliberations. This oversight is enabled by reporting processes that are designed to provide visibility to the Board about the identification, assessment, monitoring and management of enterprise-wide risks. Management incorporates enterprise-wide risk assessment of the Company as part of its annual planning process, including each of its business segments, and presents it to the Board for review as part of senior management's annual planning document. The principal areas of this risk assessment include a review of strategic business, financial, operational, compliance and technology objectives and the potential risk for the Company. In addition, on an ongoing basis: (a) the Audit Committee maintains primary responsibility for oversight of risks and exposures pertaining to the accounting, auditing and financial reporting processes of the Company; (b) the Compensation Committee maintains primary responsibility for risks and exposures associated with oversight of the administration and implementation of our compensation policies; and (c) the Nominating and Governance Committee maintains primary responsibility for risks and exposures associated with corporate governance and succession planning.

Separation of Role of Chairman of the Board and CEO - The Board has appointed Jeffrey P. Gotschall as Chairman of the Board of Directors, separating the role from the Chief Executive Officer. The Company has determined this structure to be most effective as the Chairman serves as a liaison between our directors and management and helps to maintain communication and discussion among the Board and management. The Chairman serves in a presiding capacity at meetings and has such other duties as are determined by the Board from time to time.

Process for Selecting and Nominating Directors - In its role as the nominating body for the Board, the Nominating and Governance Committee reviews the credentials of potential director candidates (including any potential candidates recommended by shareholders), conducts interviews and makes formal recommendations to the Board for the annual and any interim election of directors. The Nominating and Governance Committee will consider shareholder nominations for directors at any time. Any shareholder desiring to have a nominee considered by the Nominating and Governance Committee should submit such recommendation in writing to a member of the Nominating and Governance Committee or the Corporate Secretary of the Company, c/o SIFCO Industries, Inc., 970 East 64th Street, Cleveland, OH 44103. The recommendation letter should include the shareholder's own name, address and the number of shares owned and the candidate's name, age, business address, residence address, and principal occupation, as well as the number of shares the candidate owns. The letter should provide all of the information that would need to be disclosed in the solicitation of proxies for the election of directors under federal securities laws. Finally, the shareholder should also submit the recommended candidate's written consent to be elected and commitment to serve if elected. The Company may also require a candidate to furnish additional information regarding his or her eligibility and qualifications.

Compensation Committee Interlocks and Insider Participation - None of the directors who served on the Compensation Committee during fiscal 2013 was a current or former officer or an employee of the Company or had any relationship with the Company that would be required to be disclosed by the Company under applicable related party transaction requirements. During fiscal 2013, no executive officer of the Company served as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of the Company's Board of Directors or Compensation Committee and, therefore, there were no interlocking relationships (as described in Item 407(e)(iii) of SEC Regulation S-K) between members of the Compensation Committee and the Company. Mr. D. C. Molten, Jr., Ms. A. L. Reitman, Mr. N. E. Wells, Jr. and Mr. J. G. Chapman, Sr. served as the members of the Compensation Committee during fiscal 2013.