

SIGMATRON INTERNATIONAL INC

Form DEF 14A

August 15, 2008

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934**

(Amendment No. ____)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-12

SIGMATRON INTERNATIONAL, INC.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

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

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(1) Amount Previously Paid:

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(4) Date Filed:

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SIGMATRON INTERNATIONAL, INC.

**2201 Landmeier Road
Elk Grove Village, IL 60007**

August 15, 2008

Notice of Annual Stockholders Meeting:

You are hereby notified that the 2008 Annual Meeting of Stockholders of SigmaTron International, Inc. (the Company) will be held at the Holiday Inn located at 1000 Busse Road, Elk Grove Village, Illinois 60007 at 10:00 a.m. local time, on Friday, September 19, 2008, for the following purposes:

1. To elect two Class III directors to hold office until the 2011 Annual Meeting.
2. To elect one Class I director to hold office until the 2009 Annual Meeting.
3. To consider a proposal to ratify the selection of BDO Seidman, LLP as registered public accountants of the Company for the fiscal year ending April 30, 2009.
4. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on July 25, 2008 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and/or adjournments thereof.

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

By Order of the Board of Directors

Linda K. Frauendorfer
Secretary

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SIGMATRON INTERNATIONAL, INC.

**2201 Landmeier Road
Elk Grove Village, IL 60007**

2008 ANNUAL MEETING OF STOCKHOLDERS

September 19, 2008

PROXY STATEMENT

GENERAL

This Proxy Statement and the accompanying proxy are furnished to stockholders of SigmaTron International, Inc. (the Company) in connection with the solicitation of proxies by the Company's Board of Directors for use at the 2008 Annual Meeting of Stockholders (the Meeting) to be held at the Holiday Inn located at 1000 Busse Road, Elk Grove Village, Illinois, 60007 at 10:00 a.m. local time, on Friday, September 19, 2008, for the purposes set forth in the accompanying Notice of Meeting. This Proxy Statement, the form of proxy included herewith and the Company's Annual Report to Stockholders for the fiscal year ended April 30, 2008 are being mailed to stockholders on or about August 15, 2008.

Stockholders of record at the close of business on July 25, 2008 are entitled to notice of and to vote at the Meeting. On such date there were outstanding 3,822,556 shares of common stock, par value \$.01 per share (the Common Stock). The presence, in person or by proxy, of the holders of a majority of the shares of Common Stock outstanding and entitled to vote at the Meeting is necessary to constitute a quorum. In deciding all questions, each holder of Common Stock shall be entitled to one vote, in person or by proxy, for each share held on the record date.

If you are a stockholder of record (that is, if you hold your shares in certificate form registered in your name on the books of the Company's transfer agent, American Stock Transfer and Trust Company, as of the close of business on July 25, 2008), and attend the Meeting, you may deliver your completed proxy card in person. However, if you hold your shares in street name (not certificate form) (a) you must return your voting instructions to your broker or nominee so that the holder of record can be instructed how to vote those shares or (b) if you wish to attend the Meeting and vote in person, you must obtain and bring to the Meeting a proxy signed by the record holder giving you the right to vote the shares in order to be able to vote at the Meeting. (You may *not* use the voting instruction form provided by your broker or nominee to vote in person at the Meeting.)

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

Properly executed proxies will be voted in the manner directed by the stockholders. If no direction is indicated, such proxies will be voted FOR the election of the nominees named under the caption Election of Directors as set forth therein as a director of the Company, and FOR the ratification of the selection of BDO Seidman, LLP as the Company's independent auditors. If a quorum is present at the Meeting, directors will be elected by a plurality of the votes cast. The ratification of the selection of auditors requires an affirmative vote by holders of a majority of the shares present at the Meeting in person or by proxy and entitled to vote. Any proxy may be revoked by the

stockholder at any time prior to the voting thereof by notice in writing to the Secretary of the Company, either prior to the Meeting (at the above address) or at the Meeting if the stockholder attends in person. A later dated proxy will revoke a prior dated proxy.

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

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

The information contained in this Proxy Statement relating to the occupations and security holdings of directors and officers of the Company and their transactions with the Company is based upon information received from each individual as of July 11, 2008.

Table of Contents**HOLDINGS OF STOCKHOLDERS, DIRECTORS
AND EXECUTIVE OFFICERS**

The following table sets forth certain information regarding beneficial ownership of Common Stock as of July 11, 2008 by (i) each director of the Company and each nominee, (ii) each executive officer of the Company, (iii) each person (including any group as defined in Section 13(d)(3) of the Securities Exchange Act of 1934 (the Exchange Act)) who is known by the Company to own beneficially more than 5% of the outstanding Common Stock, and (iv) all directors and executive officers as a group. The address of directors and executive officers is c/o SigmaTron International, Inc., 2201 Landmeier Road, Elk Grove Village, Illinois 60007.

Beneficial Ownership

| <u>Name</u> | <u>Number of Shares(1)</u> | <u>Percent</u> |
|---|---------------------------------------|-----------------------|
| Beneficial Owners of at least 5% of the outstanding Capital Stock | | |
| Cyrus Tang Foundation(2) 8960 Spanish Ridge Ave. Las Vegas, NV 89148 | 397,063 | 10.4% |
| Royce & Associates, LLC(9) 1414 Avenue of the Americas New York, NY 10019 | 411,000 | 10.8% |
| Fidelity Low-Price Stock Fund(3) 82 Devonshire St. Boston, MA 02109 | 371,880 | 9.7% |
| Tang Foundation for the Research of Traditional Chinese Medicine(2) 8960 Spanish Ridge Ave. Las Vegas, NV 89148 | 252,099 | 6.6% |
| Zeff Holding Company, LLC(10) 50 California St., Ste. 1500 San Francisco, CA 94111 | 210,338 | 5.5% |
| Directors, Nominees and Executive Officers | | |
| Gary R. Fairhead(4) | 108,203 | 2.8% |
| Gregory A. Fairhead(4) | 68,307 | 1.8% |
| John P. Sheehan(4) | 51,566 | 1.3% |
| Linda K. Frauendorfer(4)(11) | 37,468 | 1.0% |
| Daniel P. Camp(4) | 49,500 | 1.3% |
| Raj B. Upadhyaya(4) | 22,500 | * |
| John P. Chen(5) | 10,200 | * |
| Thomas W. Rieck(5)(6)(7) | 14,099 | * |
| Franklin D. Sove(5) | 11,000 | * |
| Carl A. Zemenick(5) | 10,000 | * |
| Dilip S. Vyas(5) | 10,000 | * |
| All directors and executive officers as a group(8) | 392,843 | 9.5% |

* Less than 1 percent.

- (1) Unless otherwise indicated in the footnotes to this table, the Company believes the persons named in this table have sole voting and investment power with respect to all shares of Common Stock reflected in this table. As of July 11, 2008, 3,822,556 shares were outstanding, not including certain options held by various directors and officers as noted in subsequent footnotes. This table is based on information supplied by the Company's officers, directors and principal stockholders and by Schedules 13D and 13G filed with the Securities and Exchange Commission.

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- (2) The Tang Foundation and Tang Foundation for the Research of Traditional Chinese Medicine are not-for-profit foundations. The entities, whose combined ownership represents in excess of 16% of the outstanding Common Stock, are controlled by Cyrus Tang.
- (3) Number of shares owned by Fidelity Low-Price Stock Fund at December 31, 2006 as reported by FMR Corp. on Schedule 13G on February 14, 2007.
- (4) The number of shares includes 30,000, 56,650, 51,566, 37,068, 49,500 and 22,500 shares issuable upon the exercise of stock options granted to Gary R. Fairhead, Gregory A. Fairhead, John P. Sheehan, Linda K. Frauendorfer, Daniel P. Camp and Raj B. Upadhyaya, respectively. Said options are deemed exercised solely for purposes of showing total shares owned by such employees, respectively.
- (5) Includes 10,000 shares issuable upon the exercise of director stock options granted on September 2004 and September 2005. Said options are deemed exercised solely for purposes of showing total shares owned by such non-employee director.
- (6) Includes 4,099 shares issuable upon the exercise of director stock options granted in December 2001. Said options are deemed exercised solely for purposes of showing total shares owned by such non-employee directors.
- (7) In addition to the number of shares set forth on the Beneficial Ownership table, Mr. Rieck is also one of three trustees of Rieck and Crotty, P.C.'s profit sharing plan, which owns 4,000 shares of the Company's Common Stock as of July 11, 2008. Mr. Rieck abstains from all voting and investment decisions with respect to such shares.
- (8) For purposes of calculating the total number of shares for all directors and executive officers as a group, 91,460 of shares and 301,383 options are deemed exercised.
- (9) Number of shares owned by Royce & Associates LLC, at December 31, 2007, as reported on Schedule 13G on January 30, 2008.
- (10) Number of shares owned by Zeff Holding Company LLC, at December 31, 2006, as reported on Schedule 13G on February 3, 2007.
- (11) Linda K. Frauendorfer was formally known as Linda K. Blake.

SECTION 16 (a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Company is required to report to stockholders those directors, officers and beneficial owners of more than 10% of any class of the Company's equity securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the Exchange Act), who fail to file timely reports of beneficial ownership and changes in beneficial ownership, as required by Section 16(a) of the Exchange Act. Based solely upon a review of copies of such reports furnished to the Company, the Company believes that all persons subject to the reporting requirements of Section 16(a) of the Exchange Act timely filed all necessary reports during the fiscal year ended April 30, 2008.

I. ELECTION OF DIRECTORS

Pursuant to the Company's Certificate of Incorporation, the Board of Directors is divided into three classes of directors, each serving overlapping three-year terms. The term of Class I directors (Mr. Rieck) expires in 2009; the terms of Class II directors (Messrs. Chen and Zemenick) expire in 2010; and the terms of Class III directors (Messrs. Sove, Fairhead and Vyas) expire in 2008. All directors of each class will hold their positions until the annual meeting of stockholders in the year indicated above, at which time the terms of the directors in such class expire, or until their respective successors are elected and qualify, subject in all cases to any such director's earlier death, resignation or removal.

William L. McClelland did not stand for reelection when his term as a Class I director expired at the 2006 Annual Meeting of Stockholders. The Board of Directors did not fill the vacancy left by the departure of Mr. McClelland. The Board of Directors decided to reduce the number of directors from seven members to six members and to re-designate as of the 2008 Annual Meeting of Stockholders Frank Sove from a Class III director to a Class I director. Upon redesignation as a Class I director in 2008, will hold office until the expiration of the term of the current Class I director at the 2009 Annual Meeting of Stockholders. Mr. Sove's term expires at the 2008 Annual Meeting of Stockholders, and Mr. Sove is standing for election as a Class I director at the 2008 Annual Meeting of Stockholders.

Table of Contents**Nominees for Election as Class III Director at the Meeting**

If a quorum is present at the Meeting, two Class III directors and one class I director will be elected by a plurality of the stockholder votes cast at the Meeting, each class III director to serve until the 2011 Annual Meeting of Stockholders or until his successor shall be elected and qualified, subject to his earlier death, resignation or removal, and the class I director to serve until the 2009 Annual Meeting of Stockholders or until his successor shall be elected and qualified, subject to his earlier death, resignation or removal. Abstentions and Broker Non-Votes will have no effect on the vote. Shares represented by executed proxies will be voted, if the authority to do so is not withheld, for the election of the nominees named below. The stockholders do not have cumulative voting rights with respect to the election of directors. The following persons have been nominated as class II directors:

| Name | Age | | Director of Company Since |
|-------------------------------|------------|---|----------------------------------|
| Gary R. Fairhead Class III | 56 | President and Chief Executive Officer. Gary R. Fairhead has been President and Chief Executive Officer of the Company since 1990. Gary R. Fairhead and Gregory A. Fairhead, the Executive Vice President and Assistant Secretary of the Company, are brothers. Mr. Gary Fairhead has served as a director of Blockshield Corporation plc since December 2004. | 1994 |
| Dilip S. Vyas Class III | 60 | Mr. Vyas has been self-employed since December 2004 and from June 2004 to November 2004 was President of Wave Zero Manufacturing LLC, a manufacturer of shielding devices for components used in the electronic industry. | 1994 |

The following person has been nominated as a class I director:

| | | | |
|-----------------------------|----|--|------|
| Franklin D. Sove Class I | 74 | Mr. Sove was Vice President of Tang Industries, Inc., a privately held company that manufactures and distributes industrial products, until his retirement in December 2002. | 1994 |
|-----------------------------|----|--|------|

The Board of Directors recommends that you vote in favor of the nominees named above.

The Board of Directors knows of no reason why the foregoing nominees will be unavailable or will decline to serve, but, in the event of any such unavailability, the proxies received will be voted for such substitute nominees as the Board of Directors may recommend. **The enclosed proxy cannot be voted for a greater number of persons than three, the number of nominees named in this proxy statement.**

Directors Whose Terms Extend Beyond The Meeting **Director of**

| Name | Age | Principal Occupation(s) During Past Five Years and Other Public Directorships | Company Since |
|------------------------------|------------|--|--------------------------|
| Thomas W. Rieck Class I | 63 | Attorney and President of Rieck and Crotty, P.C. | 1994 |
| John P. Chen Class II | 54 | President SKD Automotive Group, a tier one automotive supplier from January 2006 to present. Chief Financial Officer from 1994 to 2005 of National Material L.P., a steel processing, stamping and distribution company. | 1994 |
| Carl A. Zemenick Class II | 63 | President and CEO from June 1990 until his retirement in June 2005 of GF Office Furniture, Ltd. LP, a furniture manufacturer. | 2001 |

Table of Contents**II. PROPOSAL TO RATIFY SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

The Board of Directors will recommend at the Annual Meeting that the stockholders ratify the appointment of the firm of BDO Seidman, LLP to audit the accounts of the Company for the current fiscal year. Representatives of that firm are expected to be present at the Annual Meeting, have the opportunity to make a statement if they desire to do so, and be available to respond to appropriate questions. BDO Seidman, LLP was recommended by the Audit Committee and the Board of Directors for the fiscal year 2008.

The Board of Directors recommends that stockholders vote in favor of ratification of the selection of BDO Seidman, LLP as the Company's independent public accountants for the fiscal year ending April 30, 2009.

In connection with the audits for the years ended April 30, 2008 and 2007, the Company has had no disagreements with BDO Seidman, LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of BDO Seidman, LLP would have caused it to make reference thereto in its report on the consolidated financial statements for 2008 and 2007.

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

FISCAL 2008 AND 2007 AUDIT FIRM FEE SUMMARY

During fiscal 2008 and 2007, the Company retained auditor, BDO Seidman, LLP, to provide services. The following amounts were charged by BDO Seidman, LLP for services provided in fiscal years 2007 and 2008.

| | 2008 BDO Seidman, LLP | 2007 BDO Seidman, LLP |
|-----------------------|--|--|
| Audit Fees(a) | \$ 186,950 | \$ 172,500 |
| Audit-Related Fees(b) | 8,000 | 7,500 |
| Tax Fees(c) | 57,590 | 57,406 |
| All Other Fees(d) | 0 | 28,612 |

(a) Fees for audit services billed in 2008 and 2007 consisted of:

Audit of the Company's annual financial statements and quarterly financial statements

Statutory and regulatory audits, consents and other services related to Securities and Exchange Commission matters

(b) Fees for audit-related services consisted of services for reviews of the Company's Employee 401(k) Retirement Plan.

(c)

Fees for tax services billed in 2008 and 2007 consisted of tax compliance and tax planning and advice. Tax compliance services consisted of:

Federal, state and local income tax return preparation

Assistance with tax return filings and compliance in certain foreign jurisdictions

Assistance with tax audits and amended tax returns

(d) All other fees are general fees, change in accounting firm transition fees, and transfer pricing studies.

(e) As described in Audit Committee Charter, it is the Audit Committee's policy and procedure to review and consider and ultimately pre-approve, where appropriate, all audit and non-audit engagement services to be performed by the independent public auditors.

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Corporate Governance

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

Director Committees; Board Meetings

The Board of Directors has established an Audit Committee, a Compensation Committee and a Nominating Committee. The Audit Committee Charter, Compensation Committee Charter and the Nominating Committee Charter are available on the Company's website at www.sigmatronintl.com. The Company believes that the composition of these committees meets the criteria for independence under, and the functioning of these committees complies with, the applicable requirements of the current listing standards of the Nasdaq Stock Market, Inc. and the Securities and Exchange Commission's rules and regulations promulgated under the Sarbanes-Oxley Act of 2002 as set forth below.

The functions of the Audit Committee include: (1) selection, evaluation and, where appropriate, replacement of the Company's independent accountants; (2) pre-approval of audit and permitted non-audit services to be performed by the independent accountants; (3) review of the scope of the audit; (4) reviewing, with the independent accountants, the corporate accounting practices and policies and recommending to whom reports should be submitted within the Company; (5) reviewing the final report of the independent accountants; (6) reviewing accounting controls; and (7) being available to the independent accountants and management for consultation purposes. The Audit Committee is comprised of three members: Messrs. Rieck, Sove (Chairman) and Vyas. The Board of Directors has determined that each of the members of the Audit Committee is independent under the rules of the Securities and Exchange Commission. Mr. Rieck has been determined to be an Audit Committee financial expert as defined in Item 401 of Regulation S-K promulgated under the Exchange Act. The Board of Directors has adopted a written charter for the Audit Committee. The report of the Audit Committee to the Stockholders is included in this Proxy Statement under the heading Report of the Audit Committee.

The functions of the Compensation Committee are to review and recommend to the Board of Directors annual salaries and bonuses for all executive officers of the Company, to review and recommend to the Board of Directors compensation for the Directors, to review and recommend to the Board of Directors the terms and conditions of all employee benefit plans or changes thereto and to administer the Company's stock option plans. Messrs. Chen, Rieck (Chairman), and Zemenick are members of the Compensation Committee. The Board of Directors has determined that each of the members of the Compensation Committee is independent under the listing standards of the Nasdaq Stock Market, Inc.

The functions of the Nominating Committee are to (1) review and recommend to the Board of Directors the size and composition of the Board and a slate of nominees for each election of members to the Board of Directors; (2) review and recommend changes to the number, classification, and term of directors; (3) identify and recommend to the Board candidates to fill appointments to Board committees; (4) develop, assess and make recommendations to the Board concerning appropriate corporate governance policies; (5) to identify and recommend to the Board candidates to fill a vacancy in the offices of President and Chief Executive; and (6) to review nominations by stockholders with regard to the nomination process and to establish the procedures by which stockholder candidates will be considered. The members of the Nominating Committee are Messrs. Chen (Chairman), Vyas and Zemenick. The current Board of Directors has determined that each of the members of the Nominating Committee is independent under the Nasdaq Stock Market, Inc. listing standards.

In evaluating and determining whether to recommend a person as a candidate for election as a Director, the Nominating Committee's criteria reflects the requirements of the recently adopted Nasdaq rules with respect to independence as well as the following factors: the needs of the Company with respect to the particular talents and experience of its directors; personal and professional integrity of the candidate; the level of education and/or business experience of the candidate; broad-based business acumen of the candidate; the candidate's level of understanding of the Company's business and the electronic manufacturing services industry; the candidate's

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abilities for strategic thinking and willingness to share ideas; and the Board of Directors need for diversity of experiences, expertise and background. The Committee will use these criteria to evaluate all potential nominees.

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

The Board of Directors held six meetings either in person or by telephone conference during the fiscal year ended April 30, 2008. The Compensation Committee held four meetings in person or by telephone conference and the Audit Committee held six meetings in person or by telephone conference during the fiscal year 2008. The Nominating Committee held one meeting during the fiscal year 2008. All directors attended at least 75% of the meetings of the board and each of the committees of which they were members. The Company has a policy of encouraging all directors to attend the annual meeting of stockholders. All directors attended the Company's 2007 annual meeting of stockholders.

Stockholder Communications with the Board of Directors

Stockholders can contact the Board of Directors or any of the individual directors by contacting: Henry J. Underwood, Corporate Counsel, Defrees & Fiske LLC by regular mail at 200 South Michigan Avenue, Chicago, IL 60604. Inquiries will be reviewed, sorted and summarized by the Corporate Counsel of the Board before they will be forwarded to the Board or to an individual director.

Compensation of Directors

The Company pays non-employee directors \$2,000 per month. Directors who serve on the Audit Committee are paid an additional \$1,250 per month. Directors who serve on the Compensation Committee or the Nominating Committee are paid an additional \$250 per month per committee. In addition, under the 2000 Directors' Stock Option Plan, non-employee directors received a grant of options to acquire 7,500 shares of Common Stock at each of the September 2000, December 2001 and September 2002 annual stockholders' meetings. Such options are exercisable for ten years from the respective date of grant at a price based on the price of the Common Stock on the respective grant dates. In addition, under the 2004 Directors' Stock Option Plan, non-employee directors received a grant of options to acquire 5,000 shares of Common Stock at the September 2004 and September 2005 annual stockholders' meeting. Such options are exercisable for ten years from the respective date of grant at a price based on the price of the Common Stock on the respective grant dates.

Table of Contents**SUMMARY COMPENSATION TABLE**

The individuals listed in the following table are referred to as our Named Executive Officers throughout this proxy statement. The following table sets forth a summary of all compensation paid by the Company for its fiscal years ended April 30, 2008, 2007 and 2006 to the Company's Named Executive Officers:

| Name and Principal Position | | Annual Compensation | | All Other Compensation (4)(\$) | Total Compensation (5) |
|--|------|---------------------|---------------|-----------------------------------|---------------------------|
| | | Salary (\$) | Bonus (\$) | | |
| Gary R. Fairhead President and Chief Executive Officer | 2008 | 193,392 | 70,000(1) | 2,230 | 265,622 |
| | 2007 | 185,813 | 0 | 2,400 | 188,213 |
| | 2006 | 179,175 | 0 | 2,400 | 181,575 |
| Gregory A. Fairhead Executive Vice President, Elk Grove Village and Acuna Operations and Assistant Secretary | 2008 | 184,773 | 60,000(1) | 2,144 | 246,917 |
| | 2007 | 177,534 | 40,000(2) | 2,400 | 219,934 |
| Linda K. Frauendorfer Chief Financial Officer, Vice President Finance, Treasurer and Secretary | 2008 | 155,029 | 45,000(1) | 1,821 | 201,850 |
| | 2007 | 130,310 | 30,000(2) | 2,400 | 162,710 |
| | 2006 | 125,185 | 0 | 2,400 | 127,585 |
| Daniel P. Camp Vice President, Acuna Operations(6) | 2008 | 157,163 | 45,000(1) | 1,760 | 203,923 |
| | 2007 | 151,006 | 30,000(2) | 2,400 | 183,406 |
| | 2006 | 145,729 | 20,000(3) | 2,400 | 168,129 |
| Raj B. Upadhyaya Executive Vice President, Hayward and Tijuana Operations | 2008 | 185,954 | 45,000(1) | 2,155 | 233,109 |
| | 2007 | 175,318 | 81,812(2)(5) | 2,400 | 259,530 |
| | 2006 | 152,828 | 163,897(3)(5) | 2,400 | 319,125 |

(1) Represents bonus earned in fiscal 2008 and paid in fiscal 2009.

(2) Represents bonus earned in fiscal 2007 and paid in fiscal 2008.

(3) Represents bonus earned in fiscal 2006 and paid in fiscal 2007.

(4) Represents the match and contributions to the Company's 401(k) plan made by the Company.

(5) Represents bonus earned in conjunction with the Company's purchase of SMT Unlimited L.P. (SMTU) in the amount of \$51,812, and \$103,897 in fiscal 2007 and 2006, respectively.

(6) Mr. Camp was the Vice President of China Operations until September 2007.

Employment Contracts, Termination of Employment and Change of Control Agreements

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

a change of control of the Company.

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

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

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The CIC Plan provides for automatic reduction of the amounts to be paid out under the plan in the event such amounts would constitute parachute payments under the Internal Revenue Code. Payments under the CIC Plan are also subject to an aggregate cap equal to 15% of the market value of the Company's outstanding capital stock on such date in the event the employment of one or more of the CIC Participants is terminated voluntarily or involuntarily within seven days after the change-in-control.

Potential Severance Payments upon Change-In-Control

The following table describes approximate potential severance payments under the CIC Plan to which the Named Executive Officers would be entitled upon change-in-control of the Company, assuming that the change in control of the Company occurred on April 30, 2008 and that our common stock is valued at \$5.55, which was the closing market price for our common stock on April 30, 2008. The actual amount of payments can only be determined at the time of a change-in-control and will vary from the estimated amounts in the table below.

| | Gary R. Fairhead | Gregory A. Fairhead | Linda K. Frauendorfer | Daniel P. Camp | Raj B. Upadhyaya |
|---------------------------|-----------------------------|--------------------------------|----------------------------------|---------------------------|-----------------------------|
| Change In Control Payment | \$ 486,928 | \$ 496,532 | \$ 312,734 | \$ 291,109 | \$ 211,607 |

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

The following table sets forth certain information with respect to each Named Executive Officer of the Company concerning the exercise of options during the fiscal year ended April 30, 2008, as well as any unexercised options held as of the end of such fiscal year. The Company has not granted any stock appreciation rights.

| Name | Number of Securities Underlying Unexercised Options (#) Exercisable | Option Exercise Price (\$) | Option Expiration Date |
|-----------------------|--|---|---------------------------------------|
| Gary R. Fairhead | 30,000 | 9.17 | 9/15/15 |
| Linda K. Frauendorfer | 12,068 | 2.20 | 2/12/12 |
| | 25,000 | 9.17 | 9/15/15 |
| Gregory A. Fairhead | 29,150 | 2.20 | 2/12/12 |
| | 27,500 | 9.17 | 9/15/15 |
| Daniel P. Camp | 14,500 | 2.20 | 2/12/12 |
| | 10,000 | 3.99 | 2/26/13 |
| | 25,000 | 9.17 | 9/15/15 |
| Raj B. Upadhyaya | 22,500 | 9.17 | 9/15/15 |

DIRECTOR COMPENSATION TABLE**Fees**

| Name | Earned or Paid in Cash (\$) | Total (\$) |
|------------------|--|-----------------------|
| Franklin D. Sove | 39,000 | 39,000 |
| Thomas W. Reick | 45,000 | 45,000 |
| John P. Chen | 30,000 | 30,000 |
| Carl A. Zemenick | 30,000 | 30,000 |
| Dilip S. Vyas | 42,000 | 42,000 |

Table of Contents**EQUITY COMPENSATION PLAN INFORMATION**

The following tables provides information as of the fiscal year ended April 30, 2008 with respect to shares of Common Stock that may be issued under the Company's existing equity compensation plans, as detailed below:

| Plan category | (a) | (b) | (c) |
|--|--|--|---|
| | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in Column(a)) |
| Equity compensation plans approved by security holders | | | |
| Employee Stock Option Plan 1993 | 149,049 | \$ 11.06 | 7,505 |
| Employee Stock Option Plan 2000 | 96,517 | \$ 2.71 | 0 |
| Employee Stock Option Plan 2004 | 189,041 | \$ 8.81 | 50,959 |
| Director Stock Option Plan 2000 | 4,099 | \$ 3.69 | 0 |
| Director Stock Option Plan 2004 | 60,000 | \$ 10.08 | 0 |
| Equity compensation plans not approved by Security holders | * | * | * |
| Total | 498,706 | | 58,464 |

* Not applicable.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee during the 2008 fiscal year was comprised of Messrs. Chen, Rieck, and Zemenick. None of the members of the Compensation Committee has ever been an officer or employee of the Company. No Compensation Committee interlocking relationships exist as to Messrs. Chen, Rieck and Zemenick.

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REPORT OF THE AUDIT COMMITTEE

The functions of the Audit Committee include: (1) selection, evaluation, and where appropriate, replacement of the independent public accountants; (2) pre-approval of audit and permitted non-audit services to be performed by the independent public accountants; (3) review of the scope of the audit; (4) reviewing, with the independent public accountants, the corporate accounting practices and policies and recommending to whom reports should be submitted within the Company, (5) reviewing the final report of the independent public accountants (6) reviewing accounting controls, and (7) being available to the independent public accountants and management for consultation purposes. The Audit Committee is comprised of three members Messrs. Rieck, Sove (Chairman) and Vyas. The Board of Directors has determined that each of the members is independent as defined by the rules of the Securities and Exchange Commission and under the Nasdaq Stock Market Inc. listing standards. Mr. Rieck has been determined to be an Audit Committee financial expert as defined in Item 401 of Regulation S-K. The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is accessible at the Company's web site, www.sigmatronintl.com.

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

This report is submitted by the members of the Committee.

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

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**COMPENSATION COMMITTEE REPORT ON
EXECUTIVE COMPENSATION**

Following is the 2008 Compensation Discussion and Analysis, which is a discussion of the Company's executive compensation programs and policies written from the perspective of how the Compensation Committee and management view and use such policies and programs. Given the Compensation Committee's role in providing oversight to the design of those programs and policies, and in making specific compensation decisions for Named Executive Officers (those individuals identified in the Summary Compensation Table on page 8) and other key employees using those policies and programs, the Compensation Committee initiated preparation of the Compensation Discussion and Analysis, reviewing successive drafts of the document, and then participated with management in finalizing the document. After the Compensation Committee discussed the Compensation Discussion and Analysis document with management, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

Thomas W. Rieck (Chairman)
John Chen
Carl Zemenick

2008 Compensation Discussion and Analysis

General Philosophy. We compensate our Named Executive Officers primarily through a combination of base salary and bonus and, secondarily, depending upon availability, equity compensation, in an effort to be competitive with comparable employers and, at the same time, to align management's incentives with the long-term interests of our stockholders. At the senior-most levels, incentive compensation is heavily-weighted on Company-wide performance. At lower levels, incentive compensation is to reward the achievement of specific operational goals within areas under the control of the relevant employees, although Company-wide performance is also a factor.

Base Salaries. We attempt to set salaries competitive with salaries paid to executives with similar responsibilities at comparable electronic manufacturing service companies. We make some industry-related comparisons including companies referenced on the Stock Price Performance Graph in our Form 10-K for the year ended April 30, 2008; we do not presently use any other market data, nor do we presently engage any compensation specialists. We take into account the differing levels of competition for employees in our various geographic locations. Company-wide cost-of-living increases are generally made annually.

Bonuses. We award performance bonuses based primarily upon overall Company performance, on specific location performance, and on individual performance. There are no Company-wide specific performance objectives other than to increase Company profitability. Because of issues related to the acquisition of Able and the write-off of goodwill, the Company has abandoned its historical reference to a return on invested assets benchmark when considering performance bonuses and, thus, the performance bonus for the fiscal year 2008 is entirely discretionary. When in our opinion performance bonuses haven't been earned, we sometimes award a retention payment to retain and incentivize key employees who we believe are integral to the Company's success. We require that such a retention payment be repaid in the event the key employee voluntarily terminates employment within a period of time after receipt of the award. The bonuses awarded to all officers for fiscal year 2008 are equally for performance and for retention.

Equity Compensation. Historically, we have awarded qualified stock options across-the-board to Company employees after fiscal year end. These options are generally used for two purposes: first, they are informally reserved for award to new higher-level employees in an effort to induce them to join the Company and to immediately align their interests with those of the stockholders; and second, when available, options are granted to key employees as incentive

compensation based upon their salary level, performance, potential and impact on Company performance.

The Company did not grant any options in the 2008 fiscal year to any Named Executive Officers. As of April 30, 2008, there are only 58,464 options available to grant. At the present time, the Company is not planning to increase the number of options available to grant.

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The exercise price of all options historically granted by the Company has been the closing price of the Company's stock on the date of grant, and fair market value is based upon that price. The timing of the grants is not coordinated with the release of material non-public information. Option grants customarily vest incrementally over a three to five year period.

The Company adopted SFAS 123(R) on May 1, 2006 and implemented the new accounting standard for stock options utilizing the modified prospective application transition method. As of April 30, 2008, there was approximately \$41,600 of unrecognized compensation cost related to the Company's stock option plans. This compensation cost is being amortized over a three or four year period on a straight line basis.

Other Benefits. Named Executive Officers participate in the Company's other benefit plans on the same terms as other employees. These plans include group medical and dental insurance, voluntary life and disability insurance, and a 401(k) plan, to which the Company annually matches employee contributions to \$300 per employee. Relocation and other benefits are individually negotiated when they occur.

Change in Control Severance Payment Plan. The Company adopted an Amended and Restated Change-in-Control Severance Payment Plan on May 30, 2002 (the "CIC Plan"), which covers Named Executive Officers and certain other officers of the Company. The CIC Plan is described in detail elsewhere in this Proxy Statement. The Company has no pension or other benefits for terminated officers, whether the termination is voluntary or involuntary. Relative to the overall value of the Company, these potential change in control benefits are relatively minor and are capped as a group. We believe that the benefits under the CIC Plan are consistent with the general practice among comparable employers, although we have not conducted a study to confirm this.

Board Process. The President and Chief Executive Officer meets periodically with the Compensation Committee throughout the year on various compensation issues. The President and Chief Executive Officer, keeping in mind the Company's compensation philosophy and practice, makes the initial bonus, stock option, and other benefit change recommendations, if any, to the Compensation Committee. Thereafter the Compensation Committee meets to review the recommendations, separately and with the President and Chief Executive Officer. The Compensation Committee makes the recommendation for the President and Chief Executive Officer based upon the philosophy described above. After further deliberation, the Compensation Committee thereafter submits its recommendations of the proposed compensation and other awards to officers and other key employees to the entire Board of Directors which makes the final decision on all compensation issues.

Compensation of Named Executives.

President and Chief Executive Officer Mr. Gary Fairhead has been President and Chief Executive Officer of the Company since its inception in 1990. His total 2008 fiscal year compensation of \$265,622 (including a bonus of \$70,000 for fiscal year 2008) increased by 41.1% from the 2007 fiscal year. His base salary in fiscal 2008 increased 4.1% solely for a cost-of-living increase similar to the increase granted to most Company employees. The Committee has recommended that Mr. Fairhead be awarded a bonus for fiscal year 2008 in the amount of \$70,000, one-half of which is as a retention payment and the other half based on the performance of the Company and his own individual performance. The Committee continues to be impressed by Mr. Fairhead's tireless efforts. Mr. Fairhead did not receive a performance or retention bonus in fiscal years 2006 and 2007.

Chief Financial Officer Ms. Frauendorfer has been Chief Financial Officer of the Company since 1994. Her total 2008 fiscal year compensation of \$201,850 (including a bonus of \$45,000 for fiscal year 2008) increased by 24.1% from the 2007 fiscal year. Her base salary in fiscal 2008 increased 19.0% due to the fact her salary lagged behind those of Chief Financial Officers in comparable companies and the progress she has made in integrating the Company's multiple operations. The Committee has recommended that Ms. Frauendorfer be awarded a bonus of

\$45,000 in fiscal 2008, one-half of which is as a retention payment and the other half based on the overall performance of the Company and her own individual performance, particularly with reference to addressing issues prompted by Sarbanes-Oxley Act of 2002 and her increased role in the integration of the Hayward and Tijuana operations into the Company.

Executive Vice President Elk Grove Village and Acuna Operations Mr. Gregory A. Fairhead joined the Company in 1991 in charge of manufacturing, and is now Executive Vice President Elk Grove Village and

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Acuna Operations, with primary responsibility for operations in Elk Grove Village, Illinois and Acuna, Mexico. His total 2008 fiscal year compensation of \$246,917 (including a bonus of \$60,000 for fiscal year 2008) increased by 12.3% from the 2007 fiscal year. His base salary in fiscal 2008 increased approximately 4.1% solely for a cost-of-living increase similar to the increase granted to most Company employees. The Committee has recommended that Mr. Fairhead be awarded a bonus of \$60,000 in fiscal 2008, one-half of which is as a retention payment and the other half because of the success of the Elk Grove Village and Acuna, Mexico operations.

Executive Vice President Hayward Operations Mr. Upadhyaya was an officer of the Company's former affiliate, SMTU, located in Fremont, California. After the remaining minority interest in SMTU was acquired by the Company and SMTU was liquidated in late 2004, Mr. Upadhyaya became Executive Vice President of Fremont Operations. After the Able acquisition and consolidation of the Fremont and Hayward operations into a single location in Hayward, California, Mr. Upadhyaya became Executive Vice President of Hayward and Tijuana Operations. His total 2008 fiscal year compensation of \$233,109 (including a bonus of \$45,000 for fiscal year 2008) decreased by 10.2% from the 2007 fiscal year. Mr. Upadhyaya's total compensation in fiscal years 2005, 2006 and 2007 included a bonus in conjunction with the sale of SMTU. Mr. Upadhyaya's base salary in fiscal 2008 increased 6.1% in an effort to bring his salary consistent with salary levels for executives with similar responsibilities in the Silicon Valley and for cost-of-living increase similar to the increase granted to most Company employees. The Committee has recommended that Mr. Upadhyaya be awarded a bonus of \$45,000 in fiscal 2008, one-half of which is as a retention payment and the other half based upon because of the increased responsibilities for both the Hayward and Tijuana locations and the improved performance at both locations in fiscal year 2008.

Vice President Mexico Operations Daniel P. Camp. Mr. Camp joined the Company as Director of Operations, Mexico, in 1994, became Vice President China Operations in 2004 and through September 2007, and then became Vice President Mexico Operations. His total 2008 fiscal year compensation of \$203,923 (including a bonus of \$45,000 for fiscal year 2008) increased by 11.2% from the 2007 fiscal year. His base salary in fiscal 2008 increased 4.1% for a cost-of-living increase similar to the increase granted to most Company employees. The Committee has recommended Mr. Camp be awarded a bonus of \$45,000 in fiscal 2008, one-half of which is as a retention payment and the other half primarily as a result of the success of the China operation until September 2007 and then the Acuna, Mexico operation, the single largest division of the Company, which he has managed since October 2007.

CERTAIN TRANSACTIONS

There are no reportable related party transactions.

Related Person Transaction Policy

The Board has adopted a written policy addressing the Company's procedures with respect to the review, approval and ratification of Related Person Transactions that are required to be disclosed pursuant to Item 404(a) of Regulation S-K. Related Person includes any of an Executive Officer (as defined in Item 404(a)), director, a nominee for director, a beneficial owner of more than 5% of any class of voting securities of the Company, and with respect to each of them, their immediate family members. Related Person Transaction means any transaction involving an amount in excess of \$120,000 in which the Company is a participant and in which a Related Person has or will have a direct or indirect material interest.

To identify Related Person Transactions, each year the Company requires its Executive Officers, directors and nominees to complete an annual questionnaire which seeks information relating to any potential Related Person Transaction involving themselves and their immediate family members that are known to them. The Audit Committee will evaluate identified Related Person Transactions, which will be approved or ratified (i) by the Audit Committee or (ii) if the Audit Committee determines that the approval or ratification should be considered by all of the disinterested

directors, by a majority vote of the disinterested directors. In its review of Related Person Transactions, the Audit Committee or the disinterested directors will consider all factors that they believe are relevant to the Related Person Transaction, including the following: (i) the nature and extent of the Company's participation in the transaction; (ii) the size of the transaction and the amount payable to the Related Person; (iii) the nature of the interest of the Related Person in the transaction; (iv) whether the transaction involves a conflict of interest or the appearance of a conflict of interest; and (v) whether the transaction involves the provision of goods or

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services to the Company that are available from unaffiliated third parties and, if so, whether the transaction is on terms and made under circumstances that are at least as favorable to the Company as would be available in comparable transactions with or involving unaffiliated third parties.

MISCELLANEOUS

The Company's 2008 Annual Report to Stockholders is being mailed to stockholders contemporaneously with this Proxy Statement.

Proposals of Stockholders

In accordance with the rules of the Securities and Exchange Commission, any proposal of a stockholder intended to be presented at the Company's 2009 Annual Meeting of Stockholders must be received by the Secretary of the Company before April 16, 2009 in order for the proposal to be considered for inclusion in the Company's notice of meeting, proxy statement and proxy relating to the 2009 Annual Meeting.

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

The Company currently anticipates the 2009 Annual Meeting of stockholders will be held September 18, 2009.

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

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

By order of the Board of Directors

Linda K. Frauendorfer

Secretary

Dated: August 15, 2008

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

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Gary R. Fairhead, Linda K. Frauendorfer and Henry J. Underwood, and each of them, with full power of substitution, as attorneys and proxies to represent the undersigned at the 2008 Annual Meeting of Stockholders of SIGMATRON INTERNATIONAL, INC. (the Company) to be held at the Holiday Inn located at 1000 Busse Road, Elk Grove Village, Illinois at 10:00 a.m. local time, on Friday, September 19, 2008 or at any adjournment thereof, with all power which the undersigned would possess if personally present, and to vote all shares of stock of the Company which the undersigned may be entitled to vote at said Meeting as follows.

(Continued and to be signed on the reverse side)

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**ANNUAL MEETING OF STOCKHOLDERS OF
SIGMATRON INTERNATIONAL, INC.**

September 19, 2008

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

ê Please detach along perforated line and mail in the envelope provided. ê

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**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF DIRECTORS AND
FOR PROPOSAL 3 AND 4.
PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK
YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE ý**

| | | FOR | AGAINST | ABSTAIN |
|--|---|-----------------------|-----------------------|-----------------------|
| 1 & 2. Election of Two Class III Directors and Election of One Class I Director: | | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| | NOMINEES: | | | |
| <input type="radio"/> FOR ALL NOMINEES | <input type="radio"/> Gary R. Fairhead Class III Director | | | |
| <input type="radio"/> WITHHOLD AUTHORITY FOR ALL NOMINEES | <input type="radio"/> Dilip S. Vyas Class III Director | | | |
| <input type="radio"/> FOR ALL EXCEPT (See Instructions below) | <input type="radio"/> Franklin D. Sove Class I Director | | | |
| | 3. PROPOSAL TO RATIFY THE SELECTION OF BDO SEIDMAN, LLP AS INDEPENDENT AUDITORS | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| | 4. IN THEIR DISCRETION, ON SUCH OTHER MATTERS AS MAY PROPERLY COME | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES FOR DIRECTORS AND FOR THE RATIFICATION OF THE SELECTION OF BDO SEIDMAN, LLP AS INDEPENDENT AUDITORS, AND WILL CONFER THE AUTHORITY IN

PARAGRAPH 4.

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: = **Receipt is hereby acknowledged of the Notice of the Meeting and Proxy Statement dated August 15, 2008 as well as a copy of the 2008 Annual Report to Stockholders.**

PLEASE DATE, SIGN AND RETURN THIS PROXY IN THE ENCLOSED ENVELOPE.

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

Signature of Stockholder

Date:

Signature of Stockholder

Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.