#### SHILOH INDUSTRIES INC

Form DEF 14A
January 19, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 14A (Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

#### **SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ý

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))
- x Definitive Proxy Statement
- " Definitive Additional Materials
- "Soliciting Material Pursuant to Section 240.14a-12.

#### SHILOH INDUSTRIES, 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):

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- "Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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- 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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- which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.
- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:

- (3) Filing Party:(4) Date Filed:

Shiloh Industries, Inc. 880 Steel Drive Valley City, Ohio 44280 Telephone: (330) 558-2600

January 19, 2018

Dear Shiloh Stockholder:

On behalf of the Board of Directors of Shiloh Industries, Inc., you are cordially invited to attend the 2018 Annual Meeting of Stockholders of Shiloh Industries, Inc. (the "Company"), which will be held on Thursday, March 1, 2018, at 10:00 a.m., at the MTD Products Inc. Lodge, 6029 Grafton Road, Valley City, Ohio, 44280.

We are delivering our Proxy Statement and annual report this year under the Securities and Exchange Commission rules that allow companies to furnish proxy materials to their stockholders over the Internet. We will mail to our stockholders, on or about January 19, 2018, a notice containing instructions on how to access our proxy materials. The notice will also include instructions on how you can receive a paper copy of the proxy materials.

This packet includes the Notice of Annual Meeting and the Proxy Statement, which contain information about the formal business to be acted on by the Company's stockholders, including the election of three Directors. I urge you to read the accompanying Proxy Statement thoroughly. As described in greater detail in the Proxy Statement, the Board of Directors of the Company recommends a vote "FOR" the election of each of the three Directors.

You may vote your shares electronically via the Internet or, if you request a paper copy of the proxy materials, by completing, dating, signing and returning the proxy card provided. The 2018 Proxy Statement and the 2017 Annual Report are available at http://www.edocumentview.com/SHLO. Casting your vote electronically as soon as possible, or if you request paper materials, returning your proxy card as soon as possible, will assure your representation at the meeting, whether or not you plan to attend. If you are a registered holder and attend the meeting, you may revoke your proxy should you wish to vote in person. Simply attending the meeting will not revoke your proxy.

Sincerely,

/s/ Ramzi Y. Hermiz Ramzi Y. Hermiz President and Chief Executive Officer

Shiloh Industries, Inc. 880 Steel Drive Valley City, Ohio 44280

# NOTICE OF ANNUAL MEETING OF STOCKHOLDERS March 1, 2018

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The Annual Meeting of Stockholders of Shiloh Industries, Inc., a Delaware corporation (the "Company"), will be held on Thursday, March 1, 2018, at 10:00 a.m. (the "Annual Meeting"), at the MTD Products Inc. Lodge, 6029 Grafton Road, Valley City, Ohio 44280, for the purpose of:

- the election of three Class I Directors to serve a term of three years and until their successors have been duly elected and qualified; and
- 2. transacting such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on January 8, 2018 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof.

By Order of the Board of Directors

/s/ Kenton M. Bednarz Kenton M. Bednarz Secretary

January 19, 2018

This Proxy Statement is first being made available to stockholders electronically via the Internet on or about January 19, 2018.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MARCH 1, 2018:

This Proxy Statement and the Company's 2017 Annual Report are also available at http://www.edocumentview.com/SHLO.

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SHILOH INDUSTRIES, INC. 880 Steel Drive Valley City, Ohio 44280		
PROXY STATEMENT		

#### ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MARCH 1, 2018

This Proxy Statement ("Proxy Statement") is furnished in connection with the solicitation by the Board of Directors (the "Board of Directors" or "Directors") of Shiloh Industries, Inc., a Delaware corporation (the "Company"), of proxies to be used at the Annual Meeting of Stockholders of the Company to be held on March 1, 2018 at 10:00 a.m., at the MTD Products Inc. Lodge, 6029 Grafton Road, Valley City, Ohio, 44280 (the "Annual Meeting"). This Proxy Statement and the accompanying proxy card and annual report to stockholders for the fiscal year ended October 31, 2017 are first being made available to stockholders on or about January 19, 2018.

Notice of Electronic Availability of Proxy Statement and Annual Report

As permitted by the rules of the United States Securities and Exchange Commission (the "SEC"), the Company is making its proxy materials, which include this Proxy Statement and the accompanying proxy card, notice of meeting and annual report to stockholders, available to its stockholders electronically via the Internet. On or about January 19, 2018, we will mail a notice (the "Notice") to our stockholders containing instructions on how to access and review our proxy materials. The Notice also contains instructions as to how to submit your proxy via the Internet. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice.

## Record Date and Voting

Stockholders of record of the Company at the close of business on January 8, 2018 will be entitled to vote at the Annual Meeting. On that date, 23,344,959 shares of common stock, par value \$0.01 per share ("Common Stock"), were outstanding and entitled to vote. Each share of common stock is entitled to one vote. At the Annual Meeting, inspectors of election will determine the presence of a quorum and will tabulate the results of the vote of the stockholders. The holders of a majority of the total number of outstanding shares of Common Stock entitled to vote must be present in person or by proxy to constitute the necessary quorum for any business to be transacted at the Annual Meeting. Broker non-votes, if any, will be considered "present" for purposes of determining whether a quorum has been achieved at the Annual Meeting. A broker non-vote occurs if your shares are held in "street name" by a broker or nominee for a non-routine matter and the broker or nominee reports your shares as non-votes because you did not provide your broker or nominee with voting instructions for your shares.

Purposes of the Annual Meeting

The Annual Meeting is being held for the following purposes:

the election of three Class I Directors to serve a term of three years and until their successors have been duly elected and qualified; and

to conduct such other business as may properly be brought before the Annual Meeting or any adjournments or postponements thereof.

The three nominees for Director receiving the greatest number of votes cast at the Annual Meeting in person or by proxy will be elected. Consequently, any shares of Common Stock present in person or by proxy at the Annual Meeting, but not voted for any reason, including abstentions and broker non-votes, will have no impact in the election of Directors.

Stockholders have no right to cumulative voting as to any matter, including the election of Directors.

The shares represented by all valid proxies received will be voted in the manner specified on the proxies. Where specific choices are not indicated on a valid proxy, the shares represented by such proxy will be voted for the nominees for Director named

in this Proxy Statement, and in accordance with the best judgment of the persons named in the enclosed proxy, or their substitutes, for any other matters that properly come before the Annual Meeting.

Voting via the Internet or by Mail

#### Registered Holders

If you are a "registered holder" (meaning your shares are registered in your name with our transfer agent, Computershare), then you may vote either in person at the Annual Meeting or by proxy. If you decide to vote by proxy, you may vote via the Internet or, if you request a paper copy of our proxy materials, by mail and your shares will be voted at the Annual Meeting in the manner you direct.

The Notice provides information on how to vote via the Internet or receive a paper proxy card to vote by mail. Internet voting facilities for stockholders of record will close at 1:00 a.m. on Thursday, March 1, 2018.

For those stockholders who request and receive a paper proxy card, instructions for voting via the Internet are set forth on the proxy card or such stockholders can complete, sign and return the mailed proxy card in the prepaid and addressed envelope that was enclosed with the proxy materials.

#### Beneficial Holders

If, like most stockholders, you are a beneficial owner of shares held in "street name" (meaning a broker, trustee, bank, or other nominee holds shares on your behalf), you may vote in person at the Annual Meeting only if you obtain a legal proxy from the nominee that holds your shares and present it to the inspector of elections with your ballot at the Annual Meeting. Alternatively, you may provide instructions to the nominee that holds your shares to vote by completing, signing and returning the voting instruction form that the nominee provides to you, by using telephone or Internet voting arrangements described on the voting instruction form or other materials that the nominee provides to you or by following any other procedures that the nominee communicates to you.

## Revocability of Proxies

You may revoke or change a previously delivered proxy at any time before the Annual Meeting by delivering another proxy with a later date, by voting again via the Internet, or by delivering written notice of revocation of your proxy to Kenton M. Bednarz, our Secretary, at our principal executive offices before the beginning of the Annual Meeting. You may also revoke your proxy by attending the Annual Meeting and voting in person, although attendance at the Annual Meeting will not, in and of itself, revoke a valid proxy that was previously delivered. If you hold shares in street name, you must contact the nominee that holds the shares on your behalf to revoke any prior voting instructions. You also may revoke any prior voting instructions by voting in person at the Annual Meeting if you obtain a legal proxy as described above.

#### Solicitation of Proxies

The Company will bear the costs of soliciting proxies from its stockholders. In addition to the use of the mails, proxies may be solicited by the Directors, officers and employees of the Company by personal interview or telephone. Such Directors, officers and employees will not be additionally compensated for such solicitation but may be reimbursed for out-of-pocket expenses incurred in connection with such solicitation. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial owners of Common Stock held of record by such persons, and the Company will reimburse such brokerage houses, custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred in connection with such solicitation.

#### THE PROPOSALS

#### Proposal No. 1 — The Election of Directors

The Company's Restated Certificate of Incorporation provides that the Board of Directors will be divided into three classes of Directors, to be as nearly equal in number of Directors as possible. Class I consists of Jean A. Brunol, Michael S. Hanley and David J. Hessler, and their current term of office will expire at the 2018 Annual Meeting. Class II consists of Cloyd J. Abruzzo, George G. Goodrich, and Dieter Kaesgen, and their current term of office will expire at the 2019 Annual Meeting of Stockholders. Class III consists of Curtis E. Moll, Ramzi Y. Hermiz and Robert J. King, and their current term of office will expire at the 2020 Annual Meeting of Stockholders. At each annual meeting of stockholders, Directors are elected for a term of three years and hold office until their successors are elected and qualified or until their earlier removal or resignation. Newly created directorships resulting from an increase in the authorized number of Directors or any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause may be filled by a majority of the remaining Directors then in office.

The Board of Directors unanimously recommends that you vote FOR the election of Jean A. Brunol, Michael S. Hanley, and David J. Hessler at the Annual Meeting. If any nominee becomes unavailable for any reason before the election, which event is not anticipated, the proxies will be voted for the election of such other person as a Director as the Board of Directors may recommend.

#### THE BOARD OF DIRECTORS

Information regarding the nominees for Director and the continuing Directors of the Company is set forth below:

Nominating and

Name	Ag	e Position(s)	Aud	itCompensatio	n Executiv	e Financ	eCorporate Governance	Strategic Planning and Technology
Curtis E. Moll	78	Chairman of the Board of Directors	S		C			
Cloyd J. Abruzzo	67	Director	X	C		X	X	
Jean A. Brunol	65	Director	X	X				C
George G. Goodrich	77	Director	C	X	X			
Michael S. Hanley	62	Director	X	X			С	X
Ramzi Y. Hermiz	52	Director			X			X
David J. Hessler	74	Director				X	X	X
Dieter Kaesgen	81	Director				X		X
Robert J. King, Jr.	62	Director			X	C	X	
Number of f	iscal	2017 meetings	6	5	0	4	4	4

C - Chair X - Member

#### **Directors Nominated for Election**

JEAN A. BRUNOL has served as a Director of the Company since 2013. Mr. Brunol currently serves as director of Ashok Leyland Limited, a publicly traded company that is the second largest commercial vehicle manufacturer in India. He serves as a board member for the audit, technology, investment and independent director committees and has served in such positions since 2012. Mr. Brunol served as Senior Vice President and Strategy Board Member of Federal-Mogul Corporation, a publicly held company that designs, engineers, manufactures and distributes technologies to improve fuel economy, reduce emissions and enhance vehicle safety, from 2005 until 2012. Prior to 2005, Mr. Brunol served at Iveco, the commercial vehicle manufacturer of the Fiat Group, as Senior Vice President Product and Business Strategy, International Operations. Prior to this position, Mr. Brunol served as Chief Executive Officer of SAFT, a worldwide high technology battery company. Mr. Brunol is a board member of Houghton International, a privately-held manufacturer of advanced metalworking fluids, and serves as Chairman of its compensation committee. Since May 2016, he has also served as a board member of SPPP, a small privately-held French automotive paint and paint accessories company. Mr. Brunol was the President of the French Society of Automotive Engineers until May 2016.

In addition to his professional experience described above, the Board of Directors believes that Mr. Brunol's qualifications to serve as a Director include his in-depth industry knowledge, business acumen and international experience. Mr. Brunol has held a variety of senior management positions in the automotive supply and manufacturing industries.

MICHAEL S. HANLEY has served as a Director of the Company since 2014. Mr. Hanley currently serves as director of Borg Warner, a leading global supplier of highly engineered automotive systems and components primarily for powertrain applications, and has served in such position since November 2016. Mr. Hanley retired from Ernst and Young LLP ("EY") in 2014 where he served as the Global Automotive Leader from 2003 to 2014. In this role, Mr. Hanley was responsible for developing the firm's automotive industry strategy and initiatives worldwide. As a Certified Public Accountant and during his 37 year career at EY, Mr. Hanley provided assurance and advisory services to many global automotive clients, including vehicle manufacturers, component suppliers and aftermarket manufacturers.

In addition to his professional experience described above, the Board of Directors believes that Mr. Hanley's qualifications to serve as a Director include his experience as a speaker on the state of the automotive industry. Mr. Hanley has led conferences and executive discussions covering global and regional automotive megatrends, urban mobility, and doing business in developing markets.

DAVID J. HESSLER has served as a Director of the Company since it was formed in April 1993 and served as Secretary of the Company until March of 2016. Mr. Hessler is a Senior Partner in the law firm of Wegman, Hessler & Vanderburg, and has worked at the firm or its predecessors since 1968. In addition, Mr. Hessler is currently serving as Secretary of MTD Holdings, Inc. ("MTD Holdings"), beneficial owner of approximately 33.9% of the issued and outstanding Common Stock of the Company as of December 31, 2017, and served as a director of MTD Holdings through January 2011. Mr. Hessler has also served as the Secretary of MTD Products, Inc. ("MTD Products"), an outdoor power equipment manufacturer and wholly owned subsidiary of MTD Holdings, from 1977 through January 2003. Mr. Hessler served as Director of such entity from January 2003 through January 2006.

Mr. Hessler has counseled clients in governance and business matters in his role as a lawyer, including serving the Company as a legal adviser since the Company's formation. In addition to his legal and management experience described above, the Board of Directors believes that Mr. Hessler's qualifications to serve as a Director include his thoughtful analysis, sound judgment and insight into best practices. In addition, his extensive professional experiences strengthen the Board of Directors' collective qualifications, skills and experience.

## **Continuing Directors**

CURTIS E. MOLL has served as a Director of the Company since it was formed in April 1993 and became Chairman of the Board of Directors in April 1999. From 1980 through January 2010, Mr. Moll served as the Chairman of the Board and Chief Executive Officer of MTD Products. Mr. Moll is Chairman of the Board and Chief Executive Officer of MTD Holdings and continues to serve as a director of MTD Products. Mr. Moll formerly served as a director of AGCO Corporation, a manufacturer of agricultural machinery, and The Sherwin-Williams Company, a manufacturer of paint products.

Mr. Moll has been active in the affairs of the Company since the Company was formed. In addition to his experience and business background described above, the Board of Directors believes that Mr. Moll should serve as a Director because he has extensive experience in the manufacturing, distribution and automotive industries, which provides a historical as well as an internal perspective of the Company's business to the Board of Directors. Additionally, Mr. Moll has leadership and management experience and has served as a member of the board of two other publicly traded companies.

CLOYD J. ABRUZZO has served as a Director of the Company since March 2004. Mr. Abruzzo retired in December 2003 from Stoneridge, Inc., a global designer and manufacturer of specialty electrical components and systems for the automotive and commercial vehicle markets. From May 1993 until his retirement, Mr. Abruzzo was a director and President and Chief Executive Officer of Stoneridge. Mr. Abruzzo joined Stoneridge in 1980 and held several positions prior to becoming President and Chief Executive Officer in May 1993.

In addition to his professional experience described above, the Board of Directors believes that Mr. Abruzzo's qualifications to serve as a Director include his in-depth industry knowledge, business acumen and leadership, which strengthens

the Board of Directors' collective qualifications, skills and experience. He is a Certified Public Accountant in Ohio and is a member of the American Institute of Certified Public Accountants (AICPA).

GEORGE G. GOODRICH has served as a Director of the Company since March 2004. Mr. Goodrich has been the Executive in Residence at the Boler School of Business at John Carroll University since January 2003 and had served on its board

of directors from 1994 until June 2005. Mr. Goodrich retired from Arthur Andersen & Co., a public accounting firm, in August 2001 after spending 37 years with the firm. At the time of his retirement, Mr. Goodrich was a partner of the firm and was Director of Global Tax and Assistant Treasurer for Andersen Worldwide, the parent organization of Arthur Andersen & Co. From 1990 to 1996, Mr. Goodrich also was the Managing Partner of the Cleveland office of Arthur Andersen & Co.

Mr. Goodrich qualifies as an audit committee financial expert due to his extensive background in accounting and finance built through his career in public accounting. In addition to his professional and accounting experience described above, the Board of Directors believes that Mr. Goodrich's qualifications to serve as a Director include his extensive business experience, which strengthens the Board of Directors' collective qualifications, skills and experience. Mr. Goodrich is a CPA, licensed in the State of Ohio. He is a member of the AICPA and Ohio Society of Certified Public Accountants (OSCPA).

RAMZI Y. HERMIZ was appointed as President and Chief Executive Officer of the Company effective September 2012 and elected to the Board of Directors in 2013. Prior to joining the Company, Mr. Hermiz served as Senior Vice President, Vehicle Safety and Protection of Federal-Mogul since 2009. He was also a member of Federal-Mogul's Strategy Board since 2005. He served as Federal-Mogul's Senior Vice President, Aftermarket Products and Services from 2007 to 2009 and Senior Vice President of Sealing Systems from 2005 to 2007.

The Board of Directors believes Mr. Hermiz's qualifications to serve as a member include his extensive leadership experience in the automotive supply industry, which includes overseeing all phases of operations, as well as his unique position as President and Chief Executive Officer of the Company. Mr. Hermiz's leadership, financial and operational experience and his intimate understanding of the Company's operations strengthen the Board of Directors' collective qualifications, skills and experience.

DIETER KAESGEN became a Director of the Company in May 2002. Mr. Kaesgen previously served as a Director of the Company from December 1995 until December 1999. Currently, Mr. Kaesgen is director and President of MTD Holdings. Prior to his current position at MTD Holdings, Mr. Kaesgen served from January 2005 until February 2009 as Special Assistant to the Chairman of the Board of MTD Products. Mr. Kaesgen has been a director of MTD Products since 1983. From January 2001 until January 2005, Mr. Kaesgen served as President and Chief Operating Officer of MTD Products. From October 1996 until January 2001, Mr. Kaesgen served as President of the Consumer Products Group of MTD Products. Mr. Kaesgen served as Executive Vice President and Chief Operating Officer of MTD Products from August 1988 to October 1996. Mr. Kaesgen has been employed with MTD Products since 1962 in various operational capacities.

Mr. Kaesgen has been active in the affairs of the Company for many years. In addition to his experience and business background described above, the Board of Directors believes that Mr. Kaesgen's qualifications to serve as a Director include his historical internal knowledge of the Company, which provides an important perspective of the Company's business to the Board of Directors and strengthens its collective qualifications, skills, and experience.

ROBERT J. KING, JR. has served as a Director of the Company since February 2005. In September 2009, Mr. King was appointed President and Chief Executive Officer of Park View Capital Corp. and Park View Federal Savings Bank and served in that capacity until its sale to FNB Corp. in October 2013. Park View Capital Corp. was the public parent of Park View Federal Savings Bank, a Northeast Ohio regional bank. Following the sale, Mr. King served as a Senior Advisor to FNB Corp., a financial services corporation. From October 2006 to September 2009, Mr. King was Senior Managing Director of FSI Group, Inc., a manager of private equity funds. From January 2006 to October 2006, Mr. King served as managing director of Western Reserve Partners LLC, an investment banking firm. Mr. King retired in January 2005 from Fifth Third Bancorp, a diversified financial services company. From August 1997 until his retirement, Mr. King was President and Chief Executive Officer of Fifth Third Bank (Northeastern Ohio).

Mr. King also served as Regional President of Fifth Third Bank from June 2002 until his retirement. From 1990

through July 1997, Mr. King served as President and Chief Executive Officer of Fifth Third Bank (Northwestern Ohio). Mr. King joined Fifth Third Bank in 1975 and held a variety of positions prior to becoming President and Chief Executive Officer (Northwestern Ohio). Mr. King is a director of MTD Holdings, MTD Products, The Andersons, Inc. and Medical Mutual of Ohio.

The Board of Directors believes Mr. King's qualifications to serve as a Director include his extensive experience implementing acquisition strategies, financial transactions and capitalization initiatives throughout his career. His industry and leadership experience from both an operational and financial perspective strengthen the Board of Directors' collective qualifications, skills and experience.

#### Structure

Currently, Mr. Hermiz serves as President and Chief Executive Officer ("CEO") of the Company and Mr. Moll serves as Chairman of the Board of Directors. The Board of Directors does not have a policy regarding the separation of the roles of the

CEO and Chairman of the Board of Directors because the Board of Directors believes it is in the best interests of the Company to make that determination based on the position and direction of the Company and the membership of the Board of Directors. At this time, the Board of Directors has determined that having a separate director, who is not also serving as the Company's CEO, serve as Chairman is in the best interest of the Company's stockholders. The Board of Directors believes that this structure is conducive to a greater role for the non-executive Directors in the oversight of the Company and active participation of all the Directors in setting agendas and establishing Board of Director priorities and procedures. Further, this structure promotes the President and CEO's focus on the strategic direction and management of the Company's day-to-day operations.

The Board of Directors held six meetings in fiscal 2017. All of the Directors attended at least 75% of the total meetings held by the Board of Directors and by all committees on which they served in fiscal 2017. Although the Company does not have a policy with respect to attendance by the Directors at the Annual Meeting, Directors are encouraged to attend. Seven members of the Board of Directors at that time attended the 2017 Annual Meeting of Stockholders.

#### Risk Oversight

It is management's responsibility to manage risk and bring to the Board of Directors' attention the most material risks to the Company. The Board of Directors oversees the processes established to report and monitor systems for material risks applicable to the Company. The Audit Committee regularly reviews enterprise-wide risk management matters, systems of internal accounting controls, audit plans and results, financial and accounting risks, legal and compliance risks, and other risk management functions. The Compensation Committee considers risks related to the attraction and retention of talent and related to the design of compensation programs and arrangements. The Compensation Committee and management believe that the Company maintains appropriate compensation policies and practices so as not to have a material adverse effect on the Company or encourage excessive risk taking. The full Board of Directors considers strategic risks and opportunities and regularly receives reports from management on risk and from the committees regarding risk oversight in their areas of responsibility.

#### **Director Independence and Qualifications**

The Company defines an "independent" director in accordance with the Nasdaq Listing Rules. To be considered "independent," a director must be determined by the Board of Directors to have no relevant material relationship with the Company, other than as a director of the Company. As the concern is independence from management, the Board of Directors does not view ownership of even a significant amount of stock, by itself, as a bar to an independence finding. The Board of Directors has made an affirmative determination that each of Messrs. Abruzzo, Brunol, Goodrich, Hanley, Hessler, Kaesgen, King and Moll are independent under Nasdaq's corporate governance rules. The independent Directors meet regularly in executive session.

The Board of Directors, in consultation with the Nominating and Corporate Governance Committee, periodically reviews the desired skills and characteristics for directors as well as the composition of the Board of Directors as a whole. As part of this assessment, the Board of Directors considers each director's qualifications and independence, as well as diversity, age, skill and experience in the context of the needs of the Board of Directors. At a minimum, directors should share the values of the Company and should possess the following characteristics: high personal and professional integrity; the ability to exercise sound business judgment; an inquiring mind; and the time available to devote to Board of Directors' activities and the willingness to do so. The Board of Directors does not have a formal policy specifically focusing on the consideration of diversity; however, diversity is one of the many factors that the Board of Directors considers when identifying candidates. In addition to the foregoing considerations, the Board of Directors will consider nominees suggested by Directors and management. Ultimately, the Board of Directors will consider prospective nominees the Board of Directors believes will be effective, in collaboration with the other members of the Board of Directors, in collectively serving the long-term interests of the Company's stockholders.

The Board of Directors does not have a formal policy with regard to the consideration of any director candidates recommended by stockholders. Because of the size of the Board of Directors and the small turnover of its members historically, the Board of Directors addresses the need to retain members and fill vacancies after discussion among current members and the Company's management. Accordingly, the Board of Directors has determined that it is appropriate not to have a formal policy at this time. The Board of Directors, however, will consider director candidates recommended by stockholders. Any stockholder that wishes to nominate a director candidate should submit complete information as to the identity and qualifications of the director candidate pursuant to the procedures set forth under Communication with the Board of Directors. The Board of Directors does not have any specific qualifications that have to be met by director candidates and does not have a formal process for identifying and evaluating director candidates.

#### Communication with the Board of Directors

Stockholders or other interested third-parties who wish to communicate with the Board of Directors or a particular Director may do so by sending a letter to the Secretary of the Company at 880 Steel Drive, Valley City, Ohio 44280, or by sending an email addressed to CorporateSecretary@Shiloh.com. The mailing envelope or email subject line, as applicable, must contain a clear notation indicating that the enclosed communication is a "Stockholder-Board Communication" or "Stockholder-Director Communication." All such communications must clearly state whether the author is a stockholder and whether the intended recipients are all members of the Board of Directors or certain specified individual Directors. The Secretary will make copies of all such letters and emails he or she deems to be appropriate and circulate them to the applicable Director or Directors.

#### Code of Conduct

The Board of Directors has adopted a Code of Conduct which applies to all of the Company's employees, officers and Directors. Among other things, the Code of Conduct: provides guidance for maintaining ethical behavior; requires that employees, officers and Directors comply with applicable laws and regulations; provides guidance for keeping complete and accurate records; regulates conflicts of interest; addresses the Company's policies with respect to gifts and political contributions; and provides mechanisms for reporting violations of the Company's policies and procedures, including the Code of Conduct. The full text of the Code of Conduct is available on the Company's website (http://shiloh.com/corporate-governance/). The information contained on or accessible through the Company's website is not incorporated by reference into this Proxy Statement, and you should not consider such information to be part of this Proxy Statement.

#### Committees of the Board of Directors

The Board of Directors has six standing committees: the Executive Committee, the Audit Committee, the Compensation Committee, the Finance Committee, the Nominating and Corporate Governance Committee and the Strategic Planning and Technology Committee. In addition, the Board of Directors has affirmatively determined that all members of the audit, compensation, and nominating and corporate governance committees meet the applicable committee independence requirements provided in Nasdaq Listing Rules.

#### **Audit Committee**

The Board of Directors has adopted an Audit Committee charter that complies with Nasdaq Listing Rules. The charter of the Audit Committee is available on the Company's website (http://shiloh.com/corporate-governance/). The information contained on or accessible through the Company's website is not incorporated by reference into this Proxy Statement, and you should not consider such information to be part of this Proxy Statement. Among other things, the Audit Committee is responsible for overseeing the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. The Audit Committee is also directly responsible for the appointment, compensation, retention and oversight of the work of the Company's independent auditors, including the resolution of disagreements between management and the auditors regarding financial reporting. Additionally, the Audit Committee approves all related-party transactions that are required to be disclosed pursuant to Item 404 of Regulation S-K.

Messrs. Abruzzo, Brunol, Goodrich and Hanley served on the Audit Committee during fiscal 2017. The Board of Directors has determined that Mr. Goodrich qualifies as an "audit committee financial expert," as defined in Regulation S-K. The Audit Committee held six meetings in fiscal 2017.

## **Compensation Committee**

As specified in more detail in its charter, the Compensation Committee's primary duties and responsibilities include oversight of the Company's executive compensation policies and practices, discharge of the responsibilities of the Board of Directors relating to executive compensation by reviewing and approving the compensation of the Company's CEO and the Company's other executive officers, and administration of incentive and equity-based compensation programs. Messrs. Abruzzo, Brunol, Goodrich and Hanley served on the Compensation Committee during fiscal 2017. No officer or employee of the Company served on the Compensation Committee. Additionally, none of our executive officers serves or served during fiscal 2017 on the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

The Compensation Committee is governed by a charter adopted by the Board of Directors and the Compensation Committee may form and delegate its authority to subcommittees as appropriate. The charter of the Compensation Committee is available on the Company's website (http://shiloh.com/corporate-governance). The information contained on or accessible through the Company's website is not incorporated by reference into this Proxy Statement, and you should not consider such information to be part of this Proxy Statement. The Compensation Committee held five meetings in fiscal 2017.

#### Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for, among other things, reviewing the qualifications of, and recommending to our Board of Directors nominees for election as Director, selecting, or recommending that our Board of Directors select the Director nominees for the next annual meeting of stockholders and advising our Board of Directors on corporate governance matters applicable to the Company. The Nominating and Corporate Governance Committee is also responsible for developing procedures for stockholders to communicate with the Board of Directors, as well as making recommendations to the Board of Directors regarding any nominee submitted by stockholders. Messrs. Abruzzo, Hanley, Hessler and King served on the Nominating and Corporate Governance Committee during fiscal 2017. The Nominating and Corporate Governance Committee is governed by a charter adopted by the Board of Directors. The charter of the Nominating and Corporate Governance Committee is available on the Company's website (http://shiloh.com/corporate-governance/). The information contained on or accessible through the Company's website is not incorporated by reference into this Proxy Statement, and you should not consider such information to be part of this Proxy Statement. The Nominating and Corporate Governance Committee held four meetings during fiscal 2017.

#### Strategic Planning and Technology Committee

The Strategic Planning and Technology Committee is responsible for, among other things, reviewing the Company's strategic initiatives, conducting reviews of industry trends and assessment of the effects on the Company's businesses, conducting assessments of the Company's products, services and offerings and the viability of such portfolio in meeting the needs of the markets served, providing recommendations to the Board of Directors to establish a new and/or alter the current strategic direction of the Company, and assisting the Board of Directors in its oversight of the Company's management of risks regarding product technology. The Strategic Planning and Technology Committee is governed by a charter adopted by the Board of Directors. The charter of the Strategic Planning and Technology Committee is available on the Company's website (http://shiloh.com/corporate-governance/). The information contained on or accessible through the Company's website is not incorporated by reference into this Proxy Statement, and you should not consider such information to be part of this Proxy Statement. Messrs. Brunol, Hanley, Hermiz, Hessler and Kaesgen served on the Strategic Planning and Technology Committee during fiscal 2017. The Strategic Planning and Technology Committee held four meetings during fiscal 2017.

## Finance Committee

As specified in more detail in its charter, the Finance Committee primary duties and responsibilities include review of the Company's capital structure and related material transactions prior to execution, strategies for managing certain exposures to financial, economic and/or hazard risks as well as funding strategies and actions for any Company pension or other post-employment benefit programs. The charter of the Finance Committee is available on the Company's website (http://shiloh.com/corporate-governance/). The information contained on or accessible through the Company's website is not incorporated by reference into this Proxy Statement, and you should not consider such information to be part of this Proxy Statement. The current members of the Finance Committee are Messrs. Abruzzo, Hessler, Kaesgen and King. The Finance Committee held four meetings during fiscal 2017.

#### **Executive Committee**

The Executive Committee exercises the power and authority of the Board of Directors on all matters, except as expressly limited by applicable law, in the interim period between Board of Directors' meetings. The Executive Committee does not have a written charter. The current members of the Executive Committee are Messrs. Hermiz, King and Moll. The Executive Committee did not meet separately in fiscal 2017.

#### Recent Developments

At the meeting of the Board of Directors on December 13, 2017, the following changes were made to the committees of the Board of Directors: Mr. Hessler left the Nominating and Corporate Governance Committee, Mr. Goodrich left the Executive Committee, and Mr. Hanley became Chairman of the Audit Committee.

#### Audit Committee Report

The Audit Committee has reviewed and discussed with the Company's management and Grant Thornton LLP, the Company's independent registered public accounting firm, the audited financial statements of the Company for the year ended October 31, 2017. The Audit Committee also discussed with Grant Thornton LLP, the matters required to be discussed by Auditing Standard No. 16, (Communications with Audit Committee) as adopted by Public Company Accounting Oversight Board.

The Audit Committee has received and reviewed the written disclosures and the letter from Grant Thornton LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding Grant Thornton LLP's communications with the Audit Committee concerning independence and has discussed with Grant Thornton LLP such independent auditors' independence. The Audit Committee has also considered whether Grant Thornton LLP's provision of services to the Company beyond those rendered in connection with its audit and review of the Company's financial statements is compatible with maintaining its independence.

Based on the review and discussions referred to above, 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 fiscal year ended October 31, 2017 for filing with the SEC.

This report is submitted by the Audit Committee.

Michael S. Hanley, Chairman Cloyd J. Abruzzo Jean A. Brunol George G. Goodrich

#### 2017 Director Compensation

Compensation for non-employee Directors was comprised of cash compensation, consisting of annual retainer fees and equity compensation consisting of restricted stock and restricted stock units. The amounts paid in compensation and stock awards issued during fiscal 2017 are set forth below:

Name	Fees Earned or Paid in Cash	Stock Awards (2)	Total
Curtis E. Moll	\$ 65,500	\$ 47,253	\$ 112,753
Cloyd J. Abruzzo	67,000	47,253	\$ 114,253
Jean A. Brunol (1)	67,900	47,253	\$ 115,153
George G. Goodrich	67,000	47,253	\$ 114,253
Michael S. Hanley	62,000	47,253	\$ 109,253
David J. Hessler	59,000	47,253	\$ 106,253
Dieter Kaesgen	58,500	47,253	\$ 105,753
Robert J. King, Jr.	62,000	47,253	\$ 109,253

- (1) Earned fees includes \$5,400 for carrying out additional duties as a committee member as requested by and on behalf of the committees on which he served.
- (2) Grant date fair value of stock award computed in accordance with FASB ASC Topic 718.

#### **Annual Retainer Fees**

For the first quarter of fiscal 2017, non-employee Directors received a quarterly cash retainer of \$13,750. An additional quarterly retainer of \$250 per committee of the Board of Directors was provided for regular committee members. For Directors who served as chairman of a committee, the quarterly fees received were either \$2,000 for the Audit and Compensation Committees, and \$1,000 for the Finance, Nominating and Corporate Governance Committee and Strategic Planning and Technology Committees. In addition, the Chairman of the Board of Directors received a quarterly fee of \$2,000.

At the February 2017 Board of Directors meeting, the Compensation Committee, based on information provided by our external compensation consultant, determined that both the cash portion and equity portion of the Directors' compensation was below market median level. The Compensation Committee approved an increase in the quarterly retainer to \$15,000, an increase to the Chairman of the Audit Committee's quarterly fee to \$2,500, and removal of the \$250 quarterly retainer per committee of the Board of Directors. Finally, each Director is reimbursed for any reasonable travel expenses incurred attending Board of Directors' meetings and executing their duties as a member.

## **Equity Compensation**

On March 9, 2017, the Board of Directors awarded each non-employee United States resident member of the Board of Directors with shares of Company restricted common stock valued at approximately \$45,000 and each non-employee foreign resident member of the Board of Directors with Company restricted stock units valued at approximately \$45,000. The shares and units were awarded under the 2016 Equity and Incentive Compensation Plan with a one-year vesting period.

#### BENEFICIAL OWNERSHIP OF COMMON STOCK

Except as otherwise noted, the following table sets forth certain information as of December 31, 2017 as to the security ownership of those persons owning of record or known to the Company to be the beneficial owner of more than five percent of the voting securities of the Company and the security ownership of equity securities of the Company by each of the Directors and each of the named executive officers ("NEOs"), and all Directors and executive officers as a group. Unless otherwise indicated, all information with respect to beneficial ownership has been furnished by the respective Director, executive officer or five-percent beneficial owner, as the case may be. Unless otherwise indicated, the persons named below have sole voting and investment power with respect to the number of shares set forth opposite their names. Beneficial ownership of the Common Stock has been determined for this purpose in accordance with the applicable rules and regulations promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and includes options held by such entities and individuals that were exercisable on December 31, 2017 or within 60 days thereafter. As of December 31, 2017, the Company had 23,344,959 shares of Common Stock outstanding.

z,- ,- ,	Amount and Nature	Dargantaga of
Names And Addresses	of Beneficial	Shares of Common
of Beneficial Owners	Ownership of	Stock Beneficially
of Beneficial Owners	Common Stock	· · · · · · · · · · · · · · · · · · ·
CEDITAIN DENIEFICIAL OWNIEDG	Collinon Stock	Owned (%)
CERTAIN BENEFICIAL OWNERS:	<b>=</b> 00 <b>= 0</b> 66	22.04
MTD Holdings Inc (1)	7,905,266	33.9%
5965 Grafton Road		
Valley City, Ohio 44280		
Dimensional Fund Advisors, Inc. (2)	1,364,603	5.8%
Palisades West, Building One		
6300 Bee Cave Road		
Austin, Texas 78746		
DIRECTORS AND EXECUTIVE OFFICERS:		
Cloyd J. Abruzzo (3)	33,524	*
Jean A. Brunol	3,119	*
Gary DeThomas	16,355	*
George G. Goodrich	18,524	*
Michael S. Hanley	15,524	*
Ramzi Y. Hermiz (4)	293,189	1.3%
David J. Hessler (5)	95,759	*
Dieter Kaesgen (6)	7,968,101	34.1%
Robert J. King, Jr.	17,024	*
Curtis E. Moll (7)	8,125,112	34.8%
Jay Potter (8)	72,441	*
All Directors and executive officers as a group (11 persons)	8,733,406	37.4%

<sup>\*</sup>Less than one percent

Information reported is based on a Schedule 13D/A as filed with the SEC on July 19, 2017. MTD Holdings owns 100% of the capital stock of MTD Products. Includes 798,996 shares of Common Stock beneficially owned by the MTD Products Inc. Master Employee Benefit Trust, a trust fund established and sponsored by MTD Products.

(1) MTD Holdings had sole voting power over 7,300,866 shares of Common Stock, shared voting power over 604,400 shares of Common Stock, sole dispositive power over 7,300,866 shares of Common Stock and shared dispositive power over 604,400 shares of Common Stock.

Information reported is based on a Schedule 13G/A as filed with the SEC on February 9, 2017. Dimensional Fund Advisors L.P. ("Dimensional"), an investment advisor registered under Section 203 of the Investment Advisers Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts. (These investment companies, trusts and accounts are the "Funds"). In its role as investment advisor and investment manager, Dimensional had sole voting power over 1,318,592 shares of Common Stock and sole dispositive power over 1,364,603 shares of Common Stock as of December 31, 2016. The Funds own all securities reported and Dimensional disclaims beneficial ownership of such securities.

- (3) Includes 18,000 shares of Common Stock which are held by KKM Investments LLC, a limited liability company of which Mr. Abruzzo is a member.
  - Includes 80,257 shares of restricted Common Stock granted pursuant to the terms of the Amended and Restated 1993 Key Employee Stock Incentive Plan, 67,945 shares of restricted Common Stock granted on March 10, 2016
- (4) pursuant to the terms of the 2016 Equity and Incentive Compensation Plan, 60,238 shares of restricted Common Stock granted on December 14, 2016 pursuant to the terms of the 2016 Equity and Incentive Compensation Plan and 45,532 shares of restricted Common Stock granted on December 13, 2017 pursuant to the terms of the 2016 Equity and Incentive Compensation Plan.
- Includes 1,000 shares of Common Stock owned by Mr. Hessler's spouse and 20,000 shares of Common Stock held (5) by the Jochum Moll Foundation, a charitable organization in which Mr. Hessler shares voting and investment power over all the foundation's assets. Mr. Hessler disclaims beneficial ownership of these 21,000 shares of Common Stock.
  - Includes 7,300,866 shares of Common Stock which are owned of record by MTD Holdings and 604,400 shares of Common Stock beneficially owned by the MTD Products Inc. Master Employee Benefit Trust, a trust fund
- (6) established and sponsored by MTD Products. Mr. Kaesgen is a director and president of MTD Holdings and a director of MTD Products. Mr. Kaesgen's address is c/o MTD Holdings Inc, 5965 Grafton Road, Valley City, Ohio 44280. Includes 40,000 shares of Common Stock held under the Dietrich Kaesgen Declaration of Trust U/A/D/5/7/2007 of which Mr. Kaesgen is the trustee.
  - Includes 7,300,866 shares of Common Stock which are owned of record by MTD Holdings and 604,400 shares of Common Stock beneficially owned by the MTD Products Inc. Master Employee Benefit Trust, a trust fund established and sponsored by MTD Products. Mr. Moll is Chairman of the Board of Directors and CEO of MTD
- (7) Holdings and is director of MTD Products. Also includes 1,104 shares of Common Stock held by Mr. Moll's spouse, 4,146 shares held by Mr. Moll's children and 20,000 shares of Common Stock held by the Jochum Moll Foundation, a charitable organization, in which Mr. Moll shares voting and investment power over all the foundation's assets. Mr. Moll's address is c/o MTD Holdings, Inc, 5965 Grafton Road, Valley City, Ohio 44280.
  - Includes 29,000 shares of restricted Common Stock granted pursuant to the terms of the Amended and Restated 1993 Key Employee Stock Incentive Plan, 22,482 shares of restricted Common Stock granted on March 10, 2016
- (8) pursuant to the terms of the 2016 Equity Incentive Compensation Plan 13,687 shares of restricted Common Stock granted on December 14, 2016 pursuant to the terms of the 2016 Equity and Incentive Compensation Plan and 11,326 shares of restricted Common Stock granted on December 13, 2017 pursuant to the terms of the 2016 Equity Incentive Compensation Plan.

#### Section 16(a) Beneficial Ownership Reporting Compliance

Based solely on a review of reports of ownership, reports of changes of ownership and written representations under Section 16(a) of the Exchange Act which were furnished to the Company during or with respect to fiscal 2017 by persons who were, at any time during fiscal 2017, directors or officers of the Company or beneficial owners of more than 10% of the outstanding shares of Common Stock, all Section 16(a) filing requirements for reporting persons were met.

Certain Relationships and Related Transactions

The law firm of Wegman, Hessler & Vanderburg, of which David J. Hessler is a Senior Partner, provided services on an on-going basis to the Company. In fiscal 2017 services provided amounted to \$426,235 and in fiscal 2016, services provided amounted to \$264,801. Mr. Hessler is a Director of the Company and currently serves on the Finance Committee and Strategic Planning and Technology Committee.

In fiscal 2017 and 2016, the Company had sales to MTD Products and its affiliates in the aggregate amount of approximately \$5.1 million and \$5.7 million, respectively. Curtis E. Moll is the Chairman of the Board of Directors and CEO of MTD Holdings and director of MTD Products, Dieter Kaesgen is a director and president of MTD Holdings and a director of MTD Products, Mr. Hessler is the Secretary of MTD Holdings and Robert J. King, Jr. is a director of MTD Holdings. Mr. Moll and Mr. Kaesgen are cousins.

All of the foregoing transactions were reviewed and approved by the Audit Committee.

#### COMPENSATION DISCUSSION AND ANALYSIS

The following discusses the various components of compensation paid to, or earned by, the NEOs of the Company for fiscal 2017. As used in this Proxy Statement, the term "NEOs" refers to:

Name Latest Role in 2017

Ramzi Y. Hermiz President and Chief Executive Officer (Principal Executive Officer)

W. Jay Potter Senior Vice President and Chief Financial Officer (Principal Financial Officer)

Gary DeThomas Vice President, Corporate Controller (Principal Accounting Officer)

#### **Executive Summary**

An Overview of Our Executive Compensation Philosophy

The philosophy underlying our executive compensation program is to provide our executives with an attractive, dynamic, and market-based total compensation program that pays for performance and aligns with the interests of our stockholders. Our objective is to use our executive compensation program to recruit, motivate and retain outstanding talent that will deliver exceptional products to our customers and will lead to sustained high performance and value for our stockholders.

Market-Based Program: Our executive compensation program provides a total compensation package comprised of a base salary, target annual cash bonus and long-term cash and stock based incentive opportunities. We target total compensation of our executives within a competitive range of the median total compensation offered by similarly-sized industrial companies to their executives. While we target paying our executives total compensation within this market range of total compensation medians, the Compensation Committee has the discretion to adjust target total compensation levels outside of this range as necessary and appropriate (up or down) to administer the executive compensation program, retain key team members and enhance our ability to recruit outstanding talent.

Pay for Performance: We believe that our executives should be incentivized through their compensation to create value for our stockholders so our executive compensation program places a significant amount of our executives' total compensation at risk. Accordingly, the total compensation earned by our executives depends on the achievement of Company, business unit and individual performance targets designed to enhance stockholder value. Our executives earn larger amounts when the Company achieves superior performance and smaller amounts if we do not achieve target performance.

Summary of the Company's 2017 Business

2017 Company Performance Highlights

The Company finished fiscal year 2017 with good momentum in our business despite the presence of several headwinds that presented challenges throughout the year. In addition, the Company continued to make solid progress on our stated strategy to upgrade the use of our technology, expand our suite of products and establish a global presence. Positive developments for fiscal 2017 include:

Continuing our status as a primary industry provider of lightweighting technology solutions while focusing on sustainable mobility and a safer, healthier environment.

Completing an equity offering which raised \$40.2 million and issued 5,250,000 shares of common stock.

Gross profit improving \$18 million and gross margin improving 200 basis points to 11%.

Improving our balance sheet by reducing debt by \$75.9 million to \$183 million.

Winning business estimated at \$661 million in sales across all product brands with General Motors, Honda, Scania, Subaru and Volvo.

Recognition by our customers for supplier excellence.

## **Key Operational Measures**

The Compensation Committee believes executive compensation should align with operational measures of cash flow, productivity, and profit. The Compensation Committee believes earnings before interest, taxes, depreciation and amortization (as adjusted by the Compensation Committee, "EBITDA"), and return on capital employed (as adjusted by the Compensation Committee, "ROCE"), align with the interest of our stockholders and therefore were selected as key operational measures for the executive compensation program.

Executive Compensation Program: Structure and Highlights

The following is an overview of the key components of the 2017 program, which components are further described throughout this CD&A.

Summary of the Company's Executive Compensation Program

Key Pay Elements	Base Salary	Short-Term/Annu Incentives	aLong-Term Incentives
Form of Compensation Delivered	Cash	Cash	Cash Restricted Stock / Restricted Stock Units
Performance Metrics	n/a	EBITDA Average ROCE	3-year cumulative EBITDA 3-year average ROCE
Purpose	Provide fixed compensation to attract and retain NEOs	Reward and motivate NEOs for achieving key short-term performance objectives	Reward and motivate NEOs for achieving key longer-term performance objectives, and further align NEO interests with those of our stockholders

#### Robust Compensation Program Governance

The Company places high value on strong compensation governance practices. These governance practices include:

Practices We Employ

Pay is linked to performance

Change-in-Control ("CIC") severance requires a "double trigger" (in other words, a change in control event and a timely qualifying termination after the change in control event)

The Compensation Committee reviews NEO pay annually

The Compensation Committee is comprised entirely of independent directors

The Compensation Committee engages an independent consultant The Compensation Committee regularly has executive sessions without management present Practices We Avoid

Hedging or short sales of stock is not permitted

Dividends or dividend equivalents are not provided on unearned equity awards

No excise tax gross-ups are provided to any executives

We do not provide additional supplemental executive retirement service credit as a recruitment tool for executive hires

#### **Executive Compensation Program Details**

#### **Executive Compensation Principles**

Our executive compensation program is designed and administered to balance the achievement of near-term operational results and long-term growth goals with the ultimate objective of increasing long-term stockholder value. Our key compensation principles are as follows:

Provide a Competitive Base Salary: Base salaries provide a form of fixed compensation and are reviewed annually by the Compensation Committee using salary surveys, internal equity and performance as discussed in the "Pay Levels vs. Market" section below. General knowledge of the market is used as a reference point, but internal equity within our NEO group is also important. Increases were made to salaries for fiscal 2017 as shown below.

Pay for Performance: Executive compensation should be tied to performance, including contribution to both short-term and long-term corporate financial and operational performance and stockholder value creation.

Team-Based Management Approach: We use a team-based management approach, so 100% of incentives awarded to NEOs are contingent on achieving a common set of goals for our consolidated financial and operational performance.

Incentive Compensation Should be a Greater Part of Total Compensation for More Senior Positions: As employees assume more responsibility and have greater opportunity to affect Company performance and stockholder value, an increasing share of their total compensation package is derived from variable incentive compensation.

Interests of Our Executive Group Should be Aligned with Stockholders: Through the targeted use of restricted stock, we have aligned the long-term interests of our NEOs with those of our stockholders.

#### Key Components of Executive Compensation Program

The key elements of the Company's executive compensation program consist of base salary, short-term incentives, long-term incentives (cash and restricted stock), qualified retirement plans (cash balance retirement plan) and certain perquisites and personal benefits.

#### **Base Salary**

Base salaries serve as a primary means of compensation for the NEOs. Base salaries are intended to be equitable and high enough to keep qualified executives from being over-dependent on cash bonuses in a cyclical industry.

During fiscal year 2017, the base salary earned by each NEO was as follows:

NEO Base Salaries

	NEO Dasc L	bararies			
Name and Principal Position	Fiscal 2016	Fiscal 2017	% Incre	ease	Rationale for Change
Ramzi Y. Hermiz					Merit increase
W. Jay Potter	\$375,000	\$386,250	3.0	%	Merit increase
Gary DeThomas	\$231,000	\$231,000	_	%	n/a

#### Short-Term/Annual Incentives

The Company maintained the Shiloh Industries, Inc. Management Incentive Plan ("MIP") through fiscal 2017 to provide its eligible employees with annual cash incentives for short-term performance. The MIP, which was reapproved by the stockholders of the Company at the 2014 Annual Meeting of Stockholders, is administered by the

Compensation Committee and entitles eligible employees to be paid a cash bonus based upon the attainment of certain performance criteria established annually by the Compensation Committee.

The fiscal 2017 MIP award was calculated based on our achievement against the following performance measures established by the Compensation Committee: the Company's EBITDA and the Company's ROCE. EBITDA comprises 75% and ROCE comprises 25% of the 2017 MIP award. Meeting the performance measures permits the participants to be paid a bonus

based upon varying percentages of their respective base salaries and the level of achievement of EBITDA and ROCE in relation to the targets established by the Compensation Committee. The Compensation Committee established the target bonus payout for Mr. Hermiz at 100%, for Mr. Potter at 50%, and for Mr. DeThomas at 40% of their respective base salaries. The fiscal 2017 MIP award would payout at 100% if EBITDA reached \$65.1 and if ROCE reached 6.30%. If the 2017 MIP performance measures exceeded their 100% targets, the payout would increase until the maximum payment of 200% was reached, subject to adjustment based on the Compensation Committee's and the President and CEO's evaluation of each participant's personal performance achievement.

#### Performance Results Against Targets

As shown in the following table, actual 2017 Company performance against the established measures produced an overall payout of 104.00% because the targeted levels of \$65.1 for EBITDA and 6.30% for ROCE were achieved, as determined by the Compensation Committee:

MIP Measure	Threshold (50% Payout)	Target (100% Payout)	Maximum (Up to 200% Payout)	ActualPayout
EBITDA (\$M) (1) (Weighted 75%)	\$52.1	\$65.1	\$81.4	\$67.9 104.00%
ROCE (2) (Weighted 25%) Total MIP Performance	5.04%	6.30%	7.88%	6.70% 105.00% 104.00%

- (1) EBITDA is calculated as follows: earnings before interest, taxes, depreciation and amortization as adjusted by the Compensation Committee see Appendix A.
- (2) ROCE is calculated as follows: earnings before interest and taxes for the fiscal year divided by the average capital employed for the fiscal year as adjusted by the Compensation Committee see Appendix A.

The Compensation Committee approved the MIP payout to Mr. Hermiz, Mr. Potter, and Mr. DeThomas of \$910,000, \$193,125, and \$106,260, respectively, based on the Company surpassing targeted performance metrics.

#### **Long-Term Incentives**

The Company maintains the 2016 Equity and Incentive Compensation Plan ("Plan") approved by stockholders at the 2016 Annual Meeting of Stockholders. The Plan, a means to provide its eligible employees with cash, and various forms of equity such as restricted common stock and restricted stock units as long-term incentives, is administered by the Compensation Committee and entitles eligible employees to be rewarded based upon the attainment of certain performance criteria established annually by the Compensation Committee.

For fiscal 2017, the Company provides cash and equity-based long-term incentives through a mix of 50% long-term cash based on achievement of 3-year average ROCE and 3-year EBITDA goals, where payout can range from 0% to 200% based on the achievement of performance goals, and 50% in the award of restricted stock or restricted stock units, which vest based on the passage of time and fluctuate in value based on changes in our stock price. Long-term cash awards cliff vest at the end of the 3-year performance period, while restricted stock and restricted stock units vest on an annual basis ratably over a 3-year period of employment.

We believe EBITDA, in particular, is a critical metric of our long-term success. This is why it is incorporated into our annual and long-term incentive. By utilizing it in the long-term incentive, we reinforce the importance of generating consistent earnings over the long-term.

We believe it is important to deliver a portion of compensation in equity to further align NEOs with stockholders and create a tie to the long-term market performance of our stock. The Compensation Committee believes that

equity-based awards align eligible employees' interests with those of stockholders by reinforcing the risk of ownership and the importance of providing competitive long-term returns to stockholders. Such awards were granted under the Plan, and awards are generally based on the recipient's position within the Company and other personal performance factors such as leadership qualities. During fiscal 2017, Messrs. Hermiz, Potter and DeThomas received a restricted stock grant of 60,238, 13,687 and 3,274 shares, respectively, as part of the executive compensation program.

### **Employee Benefits and Perquisites**

Employee Benefits: The Company provides all employees, including the NEOs, a variety of benefits including a 401(k) plan, medical benefits, disability benefits, life insurance, and accidental death and dismemberment insurance, which is available to the NEOs of the Company on the same basis as all other eligible employees of the Company. The 401(k) plan is designed to provide participants with a means by which to save for retirement. The 401(k) plan is a qualified plan to which the Company has made matching contributions on behalf of the plan's participants. Until October 31, 2006, the Company also provided a cash balance retirement plan ("Cash Balance Plan"), which is described below in the section entitled "Fiscal Year 2017 Pension Benefits" in the "Compensation Tables and Related Disclosures" section of this Proxy Statement.

Other Executive Perquisites: The Company provides a comparable car allowance for all NEOs. The Compensation Committee believes that these benefits are reasonable and consistent with its overall compensation program and better enable us to attract and retain superior executive talent.

Executive Employment Agreements and Executive Change in Control Agreement: The Company is party to an executive employment agreement with Mr. Hermiz and Mr. Potter and executive change in control agreement with Mr. Hermiz. More information concerning the terms of the employment agreements and the change in control agreement, and the amounts payable pursuant to the agreements, is provided under the section entitled "Employment Agreements and Change in Control Agreement" in the "Compensation Tables and Related Disclosures" section of this Proxy Statement.

### **Process for Determining Executive Compensation**

Compensation Committee. The Compensation Committee, composed solely of independent directors, is responsible for our executive officer compensation decisions. The Compensation Committee works closely with its independent consultant and management to examine pay and performance matters throughout the year. The Compensation Committee held five meetings over the course of fiscal 2017, all of which either ended or started with an executive session without management present. The charter of the Compensation Committee is available on the Company's website (http://shiloh.com/about-us/corporate-governance/). The information contained on or accessible through the Company's website is not incorporated by reference into this Proxy Statement, and you should not consider such information to be part of this Proxy Statement.

In the first quarter of each fiscal year, the Compensation Committee reviews the Board of Directors' assessment of the CEO's performance with the CEO and reviews Company results for the prior year. In addition, the Compensation Committee approves the following, as explained below: MIP payout, if any, for the previous fiscal year, changes to executive officer base salaries and incentive targets, if any, for the current fiscal year; executive compensation program design, and targets for the current fiscal year including stock-based awards, vesting conditions, goals and grants for the current fiscal year. Agenda items for the second quarter vary each year but always include a review of Company performance and progress toward the achievement of incentive plan targets. The Compensation Committee generally conducts its annual review of executive compensation in the second or third quarter of each fiscal year. The Compensation Committee is provided a report from its independent compensation consultant who compares the compensation of Company executives to survey data - companies from within the manufacturing sector - and provides recommendations for compensation actions. Following this review, in the final quarter of the fiscal year or the first quarter of the subsequent fiscal year, management generally presents the Compensation Committee with recommended executive compensation changes for each element of compensation.

The designs of the short-term and long-term incentive programs are typically discussed over multiple meetings prior to the actual approval of the plan in the first quarter of each year. The discussions generally focus on the metrics to be utilized, the difficulty of the performance goals and the weightings for each metric. Other items that are addressed on

an annual basis include a review of the Compensation Committee's charter and a compensation-related risk assessment.

Executive Management. Our Senior Vice President, Human Resources, Information Technology and Supply Chain ("SVP HR IT and Supply Chain"), acting under the supervision of the CEO and working with members of our Human Resources, Legal and Finance departments, is responsible for designing and implementing executive compensation and discussing significant proposals or topics impacting our executive compensation with the Compensation Committee. This includes development of compensation recommendations for our executives, in accordance with the compensation philosophy and policies more fully described elsewhere in this CD&A. The CEO, SVP HR IT and Supply Chain, and the Vice President, Legal and Government Affairs are invited to, and generally do, attend Compensation Committee meetings.

The Compensation Committee has exclusive authority for approving the compensation of the CEO and the other NEOs. The CEO meets with the Compensation Committee and the compensation consultant to discuss Company and individual performance objectives and outcomes, and review compensation recommendations for executive officers directly reporting to him. Thereafter, the Compensation Committee meets privately with the independent compensation consultant to review and determine compensation of our CEO. Mr. Hermiz does not provide recommendations for his own compensation. In addition, the Compensation Committee sets (approves) the targets each year for our executive compensation program performance metrics for our executives; management provides input and recommendations, as well as information and analyses, as requested by the Compensation Committee.

Independent Compensation Consultant. The Compensation Committee has the authority to retain and/or terminate a compensation consultant, and to approve the consultant's fees and all other terms of such engagement. The Compensation Committee directly retains Compensation Advisory Partners LLC ("CAP") as its independent compensation consultant. The scope of the work done by CAP for the Compensation Committee has included the following:

Preparing analyses and recommendations to inform the Compensation Committee's decisions related to executive and director compensation;

Providing updates on market trends and the regulatory environment, as they relate to executive and director compensation;

Reviewing and commenting on management proposals presented to the Compensation Committee; and Supporting preparation of the incentive compensation risk assessment.

The Compensation Committee assessed the independence of CAP pursuant to SEC and Nasdaq listing rules and concluded that no conflict of interest exists that would prevent CAP from independently representing the Compensation Committee. CAP will not perform other services for the Company without the consent of the Chair of the Compensation Committee. CAP meets with the Compensation Committee Chair and the Compensation Committee outside the presence of management. In addition, CAP participates in all of the Compensation Committee's meetings and, when requested by the Compensation Committee Chair, in preparatory meetings and executive sessions.

Pay Levels vs. Market. The Compensation Committee, with the assistance of its independent compensation consultant, reviewed market survey data to assess the competitiveness of NEO compensation versus market. With respect to these surveys, data consisted of companies in the manufacturing sector, with median revenues of approximately \$1 billion, and the identity of individual companies comprising the survey data is not considered by the Compensation Committee in its evaluation process. The Compensation Committee uses this information as an input into assessing the overall compensation program, as the Compensation Committee recognizes that a competitive compensation program is critical to attracting, retaining and rewarding top talent, all of which is critical to executing our strategy and delivering value to our stockholders. The Compensation Committee does not target a specific market point, but uses the market median as a general guideline, while also considering other factors such as company performance, individual experience, job responsibilities and individual performance factors.

Strong Say-on-Pay Support. We last conducted a say-on-pay vote at the 2016 Annual Meeting of Stockholders. While this vote is not binding, our Board of Directors and the Compensation Committee value the opinions of our stockholders. The say-on-pay vote that occurred at the 2016 Annual Meeting of Stockholders resulted in 99% of stockholders approving the compensation paid to our NEOs, including those who abstained from voting. Management and the Compensation Committee considered our stockholders' affirmative 2016 Say on Pay vote, and believe it to be an indication of support for our executive compensation program and practices, therefore, the Compensation Committee did not consider changing our compensation policies as a result of the vote. We include a non-binding resolution seeking stockholder approval in the annual proxy materials every three years. The next say-on-pay vote is expected to take place at our 2019 Annual Meeting of Stockholders.

Compensation Risk Analysis. In August 2017, the Compensation Committee reviewed the conclusions of a risk assessment of our compensation policies and practices covering all employees, which was conducted by a cross-functional team with representatives from Human Resources, Legal, and Finance, with the assistance of the Compensation Committee's independent compensation consultant. The Compensation Committee evaluated the levels of risk-taking that potentially could be encouraged by our compensation arrangements, taking into account the arrangements' risk-mitigation features, to determine whether they are appropriate in the context of our strategic plan and annual budget, our overall compensation arrangements, our compensation objectives and our Company's overall risk profile. Select identified risk mitigation features included the following: use of financial performance metrics that are readily monitored and reviewed; use of common performance metrics for incentives across the Company's management team; capped payout levels for annual incentives; and multiple levels of review and approval of incentive awards, including Compensation Committee approval of all executive compensation proposals.

The Compensation Committee concluded that we have a balanced pay and performance executive compensation program that does not drive excessive financial risk-taking. Our compensation consultant concluded and the Compensation Committee agrees that we do not use compensation policies or practices that create risks that are reasonably likely to have a material adverse effect on the Company.

Anti-hedging Policies. Pursuant to our insider trading policy, our Directors and NEOs are subject to certain anti-hedging restrictions, including the prohibition from making pledges, short sales, or transactions including options and other derivatives related to Company stock.

Clawback Policy. Under the Sarbanes-Oxley Act of 2002, in the event of misconduct that results in a financial restatement that would have reduced previously paid incentive compensation, the amount of improper payments to our Chief Executive Officer and principal financial officer can be recouped. In addition, we intend to implement a clawback policy in accordance with the requirements of the Dodd-Frank Act and the regulations that will be issued under that Act. We have elected to defer adoption of a clawback policy until the SEC issues final regulations on this matter, to ensure that we are able to implement a single fully compliant policy at one time, rather than implementing a policy that may require significant modifications after the final SEC regulations are issued.

Deductibility of Executive Compensation. Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") generally disallows a federal income tax deduction to publicly traded companies for compensation paid to certain executives to the extent such compensation exceeds \$1 million per executive in any fiscal year. Compensation that satisfies the Code's requirements for qualified performance-based compensation is not subject to that deduction limitation. Historically, the Compensation Committee has maintained the flexibility to pay incentive compensation, or other compensation that does not meet requirements specified under the Code Section 162(m) and is not deductible as performance-based compensation. As a result, the tax deductibility of our components of compensation, including base salaries above \$1 million, time-based restricted stock, and the taxable value of executive benefits and perquisites, is potentially limited under current tax rules. The Compensation Committee believes that tax deductibility is only one of several relevant considerations in setting compensation, and that the tax deduction limitation should not be permitted to compromise the Company's ability to design and maintain executive compensation arrangements that will attract and retain the executive talent to compete successfully. Accordingly, achieving the desired flexibility in the design and delivery of compensation has and may continue to result in compensation that in certain cases is not deductible for federal income tax purposes.

The Compensation Committee may decide from time to time to grant compensation that will not qualify as "performance-based" compensation for purposes of the Code when, in the Compensation Committee's judgment, those payments or grants are needed to achieve the Compensation Committee's overall compensation objectives. Moreover, even if the Compensation Committee intends to grant compensation that qualifies as "performance-based" compensation for purposes of the Code, the Company cannot guarantee that such compensation will so qualify or ultimately will be deductible.

Accounting Implications. In designing our compensation and benefit programs, the Compensation Committee reviews and considers the accounting implications of its decisions, including the accounting treatment of amounts awarded or paid to our officers.

Other Compensation Program and Governance Features

**Compensation Committee Report** 

The Compensation Committee, which is comprised entirely of independent Directors, is responsible to the Board of Directors and our stockholders for the oversight and administration of our executive compensation. The Compensation Committee approves the principles guiding our compensation philosophy, reviews and approves executive compensation levels (including cash compensation, equity incentives, benefits and perquisites for executives) and reports its actions to the Board of Directors for review and, as necessary, approval. The Compensation Committee is responsible for interpreting our executive compensation plans and programs. It is our practice that all material compensation decisions affecting our executives must be reviewed and approved by the Compensation Committee. Additional details regarding the role and responsibilities of the Compensation Committee are defined in the Compensation Committee Charter, located in the Corporate Governance section of our website (http://shiloh.com/corporate-governance/). The information contained on or accessible through our website is not incorporated by reference into this Proxy Statement, and you should not consider such information to be part of this Proxy Statement.

The Compensation Committee has reviewed and discussed the foregoing CD&A with management. Based on our review and discussions with management, we recommend to the Board of Directors that the CD&A be included in this Proxy Statement and in our Annual Report on Form 10-K for the year ended October 31, 2017.

The Compensation Committee: Cloyd J. Abruzzo, Chair Jean Brunol George Goodrich Michael S. Hanley

Compensation Committee Interlocks and Insider Participation

In 2017, none of our executive officers served on the compensation committee (or equivalent) or board of directors of another entity whose executive officer(s) served on the Compensation Committee or our Board of Directors.

### Compensation Tables and Related Disclosures

### Fiscal Year 2017 Summary Compensation Table

The following table summarizes, for our three most recently completed fiscal years (as applicable), the compensation of our NEOs. The amounts shown include compensation for services in all capacities that were provided to the Company and its direct and indirect subsidiaries and predecessors.

(a)	(b)	(c)	(d)	(e)	(f)	(g) Change in Pension	(h)	(i)
Name and Principal Position	Fiscal Year	Salary	Bonus (1)	Stock Awards (2)	Non-Equity Incentive Plan Compensation (3)	Value and Nonqualified	All Other Compensation (4)	Total
Ramzi Y. Hermiz	2017	\$853,846	\$250,000	\$425,883	\$910,000	\$0	\$19,700	\$2,459,429
President and Chief	2016	\$850,000	n/a	\$424,998	\$0	\$0	\$19,700	\$1,294,698
Executive Officer	2015	\$822,308	n/a	\$0	\$0	\$0	\$30,042	\$852,350
Jay Potter Senior Vice President and Chief Financial Officer	2017 2016	\$387,980 \$381,635		\$96,767 \$248,900	\$193,125 \$0	\$0 \$0	\$20,294 \$18,296	\$762,566 \$648,831
Gary DeThomas	2017	\$231,000	\$31,500	\$23,147	\$106,260	\$0	\$18,197	\$410,104
Vice President	2016	\$226,985	\$35,000	\$22,001	\$0	\$0	\$18,606	\$302,592
Corporate Controller	2015	\$139,615	n/a	\$30,390	\$0	\$0	\$9,858	\$179,863

The amounts in column (d) for 2017 represent discretionary bonuses paid to our named executive officers in the second quarter of fiscal 2017 with respect to the progress made by the executives and by the Company in transforming the Company from a commodity product processing company to a leading supplier of lightweighting solutions.

The amounts in column (e) for 2017 reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of awards of restricted stock granted pursuant to both the Amended and Restated 1993 Key

<sup>(2)</sup> Employee Stock Incentive Plan which was replaced with the 2016 Equity and Incentive Compensation Plan. During 2017, Mr. Hermiz, Mr. Potter and Mr. DeThomas were each granted a number of shares of restricted stock with the value of \$425,883, \$96,767 and \$23,147, respectively. The 2017 restricted stock awards vest ratably over three years on the applicable anniversary of the grant date.

<sup>(3)</sup> The amounts in column (f) for 2017 represent bonuses paid to our named executive officers under the MIP program related to fiscal 2017 performance results. For more information on these bonuses, see "Compensation

Discussion and Analysis - Executive Summary - Performance Results Against Targets" above.

The amounts shown in column (h) for 2017 are attributable to the following: Mr. Hermiz, Mr. Potter and Mr. DeThomas each received \$8,400 in fiscal 2017 for an auto allowance. In addition, included are the Company's contributions to the Company's defined contribution plan on behalf of each NEO. Mr. Hermiz received a (4) contribution of \$10,600 for fiscal 2017. Mr. Potter received a contribution of \$11,194 in fiscal 2017. Mr. DeThomas received a contribution of \$9,797 in fiscal 2017. Also included are the Company's contributions to the Company's high deductible medical insurance plan. Both Messers. Hermiz and Potter received a contribution of \$700 for fiscal 2017. Mr. DeThomas did not participate in that plan for fiscal 2017.

Fiscal Year 2017 Grants of Plan-Based Awards

(a)	(b)	(c)	(d) Estimated Non-Equit		(f) youts Unde e Plan	(g) r	(h)	
			Awards					
Name	Award	Grant Date	Threshold (1)	Target (1)	Maximum (1)	All Other Stock Awards: Number of Shares of Stock or Units	Grant Date Fair Value of Stock and Option Awards	
Ramzi Y. Hermiz	Long-Term Cash Incentive	12/14/2016	5\$218,875	\$437,750	\$875,500	n/a	n/a	
Jay Potter	Long-Term Cash Incentive	12/14/2016	5\$48,281	\$96,563	\$193,126	n/a	n/a	
Gary DeThomas	Long-Term Cash Incentive	12/14/2016	5\$11,550	\$23,100	\$46,200	n/a	n/a	

The amounts shown in columns (d), (e), and (f) reflect the threshold, target and maximum cash award opportunities for the NEOs under the 2017 long-term incentive compensation program under the Plan. The threshold award (1) represents 50% of the target award and the maximum award represents 200% of the target award. 100% of this long-term incentive award was based on EBITDA and ROCE performance. The target award levels represent 50%, 25% and 20%, respectively, of Messrs. Hermiz, Potter and DeThomas's 2017 base salary rates.

### Outstanding Equity Awards at Fiscal Year-End 2017

Name	Grant Date	Stock Awards Number of Shares of Stock that Have Not Vested	Market Value of Shares that Have Not Vested (3)
Ramzi Y. Hermiz	3/10/2016 (2)	67,945	\$630,530
	12/14/2016 (2)	60,238	\$559,009
Jay Potter	12/16/2015 (1)	23,200	\$215,296
	3/10/2016 (2)	14,988	\$139,089
	12/14/2016 (2)	13,687	\$127,015
Gary DeThomas	8/25/2015 (1)	1,500	\$13,920
	3/10/2016 (2)	3,517	\$32,638
	12/14/2016 (2)	3,274	\$30,383

<sup>1.</sup> These shares of restricted stock vest as to 20% of such shares on the first anniversary of the grant date, 30% of such shares on the second anniversary of the grant date, and 50% of such shares on the third anniversary of the grant date.

<sup>2.</sup> These shares of restricted stock vest in 1/3 increments on each of the first three anniversaries of the grant date.

<sup>3.</sup> The market value of unvested shares of restricted stock is calculated using \$9.28 per share, which was the closing market price of our common stock on the Nasdaq Stock Market on the last trading day of fiscal 2017.

Fiscal Year 2017 Stock Vested

The following table sets forth certain information regarding restricted stock that vested during 2017 for the NEOs.

Stock Awards

Number

of

Named Executive Officer

Shares Value Realized on Vesting Acquired

Vesting

Ramzi Y. Hermiz 33,973 \$491,929 Jay Potter 13,294 \$148,011 2,376 \$30,733 Gary DeThomas

### Fiscal Year 2017 Pension Benefits

Until October 31, 2006, the Company provided benefits under the Cash Balance Plan. The Company froze contributions to the Cash Balance Plan. As a result, the Cash Balance Plan ceased to accrue current service costs effective January 31, 2007. Benefit obligations that were earned through January 31, 2007 by participants remained and will continue to accrue interest and vest in accordance with the plan's vesting requirements, with 100% vesting achieved after five years of service. None of the Company's NEOs are entitled to benefits under this plan.

Employment Agreements and Change in Control Agreement

Employment Agreements in Effect During 2017 with the Named Executive Officers.

During 2017, the Company was party to employment agreements with Messrs. Hermiz and Potter as described below.

Term. On September 4, 2012, the Company entered into an employment agreement with Mr. Hermiz. On December 16, 2016, the Company entered into a three-year employment agreement with Mr. Potter.

Base Salary and Benefits. The employment agreements with Messrs. Hermiz and Potter provided for minimum base salaries as disclosed in the "Compensation Discussion and Analysis" section. Mr. Hermiz's base salary remained at \$850,000 and Mr. Potter's base salary of \$375,000 was established under his employment agreement when he joined the Company. In addition, both Messrs. Hermiz and Potter are eligible to participate in the employee benefit plans established by the Company for its employees from time to time in accordance with the terms and conditions of those programs and plans as in effect from time to time. Both Messrs, Hermiz's and Potter's base salary are subject to annual review and adjustment by the Compensation Committee, and may be increased but not decreased at that time.

Annual Performance-Based Incentive Compensation; Long-Term Incentive Compensation. Both Messrs. Hermiz and Potter are eligible to participate in the Company's MIP which includes an annual cash incentive targeted at 100% of base salary for Mr. Hermiz and 50% of base salary for Mr. Potter, and the actual payout determined based on performance against objectives. Both Messrs. Hermiz and Potter are eligible to receive long-term incentive compensation (including equity grants) under the Plan (or any successor plan thereto) as determined by the Compensation Committee. The target annual opportunity for both the MIP and the Plan is subject to annual review and adjustment by the Compensation Committee.

Termination. If the Company separates Mr. Hermiz from service (other than for cause), Mr. Hermiz causes a separation from service for good reason or Mr. Hermiz dies or suffers a disability, then the Company must pay Mr. Hermiz a lump sum cash severance payment equal to the sum of his annual then-current base salary, any earned but unpaid bonus payment for the previous year, and his target bonus opportunity under the MIP for the year during which the separation from service occurs. The severance payment is conditioned on execution of a release of any claims Mr. Hermiz may have against the Company and its subsidiaries. Pursuant to the employment agreement, Mr. Hermiz will not receive the severance payment if he is entitled to compensation and benefits under the Change in Control Agreement described below. If the Company separates Mr. Potter from service (other than for cause), Mr. Potter causes a separation from service for good reason or Mr. Potter dies or suffers a disability, then the Company must pay Mr. Potter a cash severance payment

equal to the sum of his annual then-current base salary payable in normal pay practices, any earned but unpaid bonus payment for the previous year, and his target bonus opportunity under the MIP for the year during which the separation from service occurs, prorated by the number of months Mr. Potter was employed during the fiscal year. The severance payment is conditioned on execution of a release of any claims Mr. Potter may have against the Company and its subsidiaries.

Benefits Upon a Termination. Both Messrs. Hermiz and Potter are eligible to continuation coverage under the Company's medical plan pursuant to Part 6 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974, as amended ("COBRA"), reimbursement for a portion of the executive's monthly COBRA payment (provided such reimbursement does not result in any penalties for the Company) in an amount equal to the portion of the medical plan premium the Company pays for actively employed executives who elect similar coverage plus an additional "gross-up" amount intended to make the executive whole for his federal, state and local tax liability with respect to the amount of such reimbursement, until the earlier of (x) his eligibility for any such coverage under another employer's medical plan or (y) the date that is 12 months after the termination of his employment.

Change in Control Agreement. The Company has entered into a Change in Control Agreement with Mr. Hermiz. Under the agreement, certain benefits are payable by the Company to Mr. Hermiz in connection with a termination of the employment of Mr. Hermiz within 24 months following a "change in control", which is defined to include the following events: (1) any person or group of persons (with certain limited exceptions) becomes the beneficial owner of 35% or more of either the then outstanding shares of Common Stock of the Company or the combined voting power of the outstanding voting securities of the Company; (2) a change in the composition of the Board of Directors results in a majority of the Directors that are not incumbent directors; (3) with certain limited exceptions, a merger, reorganization, consolidation or sale or other disposition of all or substantially all of the Company's assets or other such reorganization of the Company is consummated; or (4) our stockholders approve a complete liquidation or dissolution of the Company.

If the Company terminates Mr. Hermiz other than due to cause, death or total disability, or Mr. Hermiz terminates employment for good reason within 24 months following a change in control (or within 180 days prior to a change in control in certain circumstances where the termination was at the request of a third party who has taken steps to effect the change in control or the termination otherwise arose in connection with or anticipation of the change in control), the Company must pay Mr. Hermiz (in addition to certain accrued compensation) severance compensation, including a lump sum equal to two times the sum of his effective annual salary and target bonus. In addition to the severance compensation described above, the Company will reimburse Mr. Hermiz for the full cost of any group health continuation coverage that the Company would otherwise be required to offer under COBRA until the earlier of the date (1) Mr. Hermiz becomes covered by comparable health coverage offered by another employer or Medicare, or (2) 18 months after the termination of his employment. In addition, beginning on the first day of the month after the expiration of Mr. Hermiz's COBRA continuation coverage period and provided that Mr. Hermiz has not obtained comparable health care coverage offered by another employer, the Company will make a monthly payment to Mr. Hermiz in the amount of the monthly COBRA coverage premium in effect under the Company's group health plan on the date the COBRA continuation coverage period began until the earlier of the date that:

- •Mr. Hermiz becomes covered by comparable health care coverage offered by another employer, or Medicare; or
- •is 24 months after the date of termination of Mr. Hermiz's employment.

To the extent a payment is made to Mr. Hermiz under his Change in Control Agreement and would be subject to excise taxes imposed by Sections 4999 and 280G of the Internal Revenue Code, then the Company will pay Mr. Hermiz the greater of (1) the change in control payment less the applicable excise taxes and (2) the change in control payment reduced by an amount necessary so there are no excise taxes imposed by Sections 4999 and 280G of the Internal Revenue Code.

Payments under the Change in Control Agreement is conditioned upon the Mr. Hermiz's compliance with the non-competition provisions of such agreements which extend for 24 months and execution of a customary release of claims against the Company.

Potential Payments Upon Termination of Employment or Change-in-Control

This section describes and quantifies certain compensation that would have become payable under existing plans and arrangements if each NEO's employment had terminated on October 31, 2017 (the last business day of the Company's 2017 fiscal year), given such NEO's compensation and service levels as of that date.

Payments Other than in Connection with a Change in Control

The following table reflects the amounts that would have been payable under the various arrangements assuming termination of employment occurred at October 31, 2017 and did not follow a change in control. Termination Scenarios (Including Severance, if eligible)

	ν ε	/				
Name		Voluntary	For Cause	Death	Disability	Without Cause
Ramzi Y. Hermiz Cash Severance Amount (1)		\$0	\$0	\$875,000	\$875,000	\$1,750,000
	Unvested Restricted Shares (2)	0	0	1,189,538	1,189,538	0
	Life Insurance Proceeds (3)	0	0	850,000	0	0
	Disability Insurance Proceeds (4)	0	0	0	3,448,125	0
	Total	0	0	\$2,914,538	3\$5,512,663	\$\$1,750,000
Jay Potter	Cash Severance Amount (1)	0	0	0	0	579,375
	Unvested Restricted Shares (2) (5)	0	0	481,400	481,400	215,296
	Life Insurance Proceeds (3)	0	0	386,250	0	0
	Disability Insurance Proceeds (4)	0	0	0	1,404,844	0
	Total	0	0	\$867,650	\$1,886,244	\$794,671
Gary DeThomas	Cash Severance Amount	0	0	0	0	0
	Unvested Restricted Shares (2) (5)	0	0	76,940	76,940	13,920
	Life Insurance Proceeds (3)	0	0	231,000	0	0
	Disability Insurance Proceeds (4)	0	0	0	1,611,225	0
	Total	\$0	\$0	\$307,940	\$1,688,165	\$\$13,920

Mr. Hermiz's severance would be payable in a lump sum within 60 days of separation. Mr. Potter's severance is payable in normal payroll pay practices during the 12 months immediately following the date of termination.

1. Messrs. Hermiz and Potter would also receive any earned but unpaid bonus payment for the year during which the separation from service occurred. Mr. Hermiz's amount would be \$875,000 and Mr. Potter's amount would be \$193,125, payable in a lump sum deferred or unpaid amount due from the fiscal 2017 management incentive plan.

Reported amounts consist of Mr. Hermiz's 128,183 unvested restricted shares, includes Mr. Potter's 23,200 unvested restricted shares awarded under the Amended and Restated 1993 Key Employee Stock Incentive Program ("1993 Plan") and 28,675 unvested restricted shares awarded under the 2016 Plan and Mr. DeThomas's 1,500 unvested restricted shares awarded under the 1993 Plan and 6,791 unvested restricted shares awarded under the 2016 Plan valued at our closing stock price on October 31, 2017 of \$9.28 per share, which shares either accelerate and vest or continue to vest or forfeit as a result of the triggering event.

3. Reported amount consists of our estimate of the available life insurance death benefit.

Reported amount consists of our estimate of payments for short-term disability paid out at 100% for the first three months of salary and the second three months paid out at 50%. After, long-term disability is paid out beginning the seventh month at 60% of base salary. Mr. Hermiz is capped at \$20,000 per month until the age of 65 and Mr. Potter is capped at \$15,000 per month until the age of 65.

<sup>5.</sup> Reported amounts of unvested restricted shares awarded under the 1993 Plan immediately vest upon termination without cause.

### Payments in Connection with a Change in Control

Had a change of control occurred within 24 months prior to October 31, 2017, the last business day of fiscal year 2017, and an NEO had terminated employment with the Company on such date, the following aggregate consideration would have been due to the NEOs currently employed by the Company: Mr. Hermiz, \$3,446,977. The preceding amounts are composed of the change of control payment and the value of continued healthcare benefits. The amount of the change of control payment and the value of continued healthcare benefits, respectively, for each currently employed NEO is as follows:

Named Executive	Change of Control	Value of Continued	Excise Tax Gross-up	Total Change of Control
Officer	Payment	Healthcare Benefits	or Reduction	Aggregate Consideration
Ramzi Y. Hermiz	\$3,425,000	\$21,977	_	\$3,446,977
Jay Potter	n/a	n/a	n/a	n/a
Gary DeThomas	n/a	n/a	n/a	n/a

The change of control payment would be paid in a lump sum. In addition to such payments, in the event of such a change of control and termination of employment, each NEO would also receive the value for the acceleration or continued vesting of his unvested restricted shares as previously described above.

### Fees Paid to Grant Thornton LLP and Audit Committee Pre-Approval Policies and Procedures

The Audit Committee has adopted a formal policy on auditor independence requiring the approval by the Audit Committee of all professional services rendered by the Company's independent auditor prior to the commencement of the specified services. Set forth below are the fees paid by the Company to its independent registered public accounting firm, Grant Thornton LLP, for the years indicated, all of which were pre-approved by the Audit Committee in accordance with Company policy. The Audit Committee believes that the non-audit services provided by Grant Thornton LLP are compatible with maintaining Grant Thornton LLP's independence. Representatives of Grant Thornton LLP are expected to attend the Annual Meeting and stockholders will have the opportunity to make a statement or to have appropriate questions answered.

	Years Ended			
	October 31,			
Nature of the Fees	2017	2016		
	(dollars i	n		
	thousands)			
Audit fees	\$1,428	\$1,501		
Audit-related fees	_	_		
Tax fees	194	525		
All other fees	_			
Total	\$1,622	\$2,026		

#### **Audit Fees**

Consists of fees for professional services rendered for the audit of the Company's annual consolidated financial statements, and internal control over financial reporting included in the Company's Annual Report on Form 10-K, for the reviews of the condensed consolidated financial statements included in the Company's Quarterly Reports on Form 10-Q and services normally provided by our independent registered public accounting firm in connection with statutory filings.

#### Tax Fees

Consists of fees for tax compliance and tax consultation services. Corporate tax services encompass a variety of permissible services, including: technical tax advice related to U.S. and international tax matters; assistance with foreign income and withholding tax matters; assistance with sales tax, value added tax and equivalent tax related matters in local jurisdictions; preparation of reports to comply with local tax authority transfer pricing documentation requirements; and assistance with tax audits.

The Board of Directors has decided not to submit the selection of an independent registered public accounting firm for ratification by the stockholders.

### ADDITIONAL INFORMATION

Stockholder Proposals for the 2019 Annual Meeting of Stockholders

A stockholder who wishes to have a proposal included in the Company's Proxy Statement for the 2019 Annual Meeting of Stockholders must submit the proposal in writing to Shiloh Industries, Inc., 880 Steel Drive, Valley City, Ohio 44280, Attn: Kenton M. Bednarz, Secretary, by certified mail, return receipt requested, for receipt no later than September 21, 2018.

### Request for Proxy Materials

The Company will furnish without charge to each person whose proxy is being solicited, upon written request of any such person on or before February 23, 2018, a copy of the Annual Report on Form 10-K of the Company for the fiscal year ended October 31, 2017, as filed with the SEC, including the financial statements and schedules thereto. Requests for additional copies of such Annual Report on Form 10-K should be emailed to investor@shiloh.com or visit the Company's website at shiloh.com.

### Householding

The SEC's rules permit us to deliver a single Notice or set of proxy materials to one address shared by two or more of our stockholders. This delivery method is referred to as "householding" and can result in significant cost savings to us. To take advantage of this opportunity, we have delivered only one Notice to multiple stockholders who share an address, unless we received contrary instructions from the impacted stockholders prior to the mailing date. We agree to deliver promptly, upon written or oral request, a separate copy of the Notice and, if applicable, proxy materials, as requested, to any stockholder at the shared address to which a single copy of these documents was delivered. If you prefer to receive separate copies of the Notice, Proxy Statement or annual report, contact Broadridge Financial Solutions, Inc. by calling 1-800-542-1061 or in writing at Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717.

### Other Matters

The Directors know of no other matters which are likely to be brought before the Annual Meeting. The Company did not receive notice by October 1, 2017 of any other matter intended to be raised by a stockholder at the Annual Meeting. The enclosed proxy card grants to the persons named in the proxy card the authority to vote in their best judgment regarding all other matters properly raised at the Annual Meeting.

By Order of the Board of Directors

/s/ Kenton M. Bednarz KENTON M. BEDNARZ Secretary

January 19, 2018

### YOUR VOTE IS IMPORTANT

It is important that proxies be submitted promptly in order to ensure your representation at the Annual Meeting. You may submit your proxy via the Internet or, if you request and receive a paper proxy card, you may vote your shares by

completing, signing and dating the proxy card as promptly as possible and returning it in the enclosed envelope (to which no postage need be affixed if mailed in the United States). Please refer to the section entitled "Voting via the Internet or by Mail" on page 2 for a description of voting methods. If your shares are held by a bank, brokerage firm or other nominee that holds shares on your behalf and you have not given that nominee instructions to do so, your nominee will generally NOT be able to vote your shares at the Annual Meeting. We strongly encourage you to vote.

## APPENDIX A

	2017				
Reconciliation of net loss to EBITDA as adjusted by the Compensation Committee:	<b></b>				
Net loss	\$(697	)			
Adjustments:					
Interest expense, net	15,084				
Depreciation and amortization	41,648				
Income tax provision	7,120				
EBITDA	63,155				
Restructuring costs	4,777				
EBITDA as adjusted by the Compensation Committee	\$67,932	2			
		2017			
Reconciliation on Return on Capital Employed as adjusted by the Compensation Com	ımittee:				
Net loss		\$(697	)		
Adjustments:					
Interest expense, net		15,084			
Income tax provision		7,120			
EBIT		21,507			
Restructuring costs		4,777			
EBIT as adjusted by the Compensation Committee		26,284			
Average capital employed (average of net debt plus total stockholders' equity)					
Return on capital employed		6.7	%		