

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 22, 2007

Sypris Solutions, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation)	0-24020 (Commission File Number)	61-1321992 (I.R.S. Employer Identification No.)
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101 Bullitt Lane, Suite 450
Louisville, Kentucky
(Address of Principal
Executive Offices)

40222
(Zip Code)

Registrant's telephone number, including area code: (502) 329-2000

Check the appropriate box below if the Form 8-K filing is intended to
simultaneously satisfy the filing obligation of the registrant under
any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR
230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR
240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange
Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange
Act (17 CFR 240.13e-4(c))

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

On February 22, 2007, Sypris Solutions, Inc. (the "Company")
announced its financial results for the fourth quarter and
fiscal year ended December 31, 2006. The full text of the press
release is set forth in Exhibit 99 hereto.

The information in this Form 8-K and the attached Exhibit is
being furnished pursuant to Item 2.02 "Results of Operations and
Financial Condition" and shall not be deemed "filed" for
purposes of Section 18 of the Securities Exchange Act of 1934 or
otherwise subject to the liabilities of that section, nor shall
it be deemed incorporated by reference in any filing under the
Securities Act of 1933, except as shall be expressly set forth
by specific reference in such filing.

On February 22, 2007, Sypris Solutions, Inc. (the "Company") announced its financial results for the fourth quarter and fiscal year ended December 31, 2006. The full text of the press release is set forth in Exhibit 99 hereto.

The information in this Form 8-K and the attached Exhibit is being furnished pursuant to Item 7.01 "Regulation FD Disclosure" and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description of Exhibit
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99	Press release issued February 22, 2007.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 22, 2007

Sypris Solutions, Inc.

By: /s/ T. Scott Hatton

T. Scott Hatton
Vice President and Chief Financial
Officer

INDEX TO EXHIBITS

Exhibit
Number

Description

99

Registrant's press release dated February 22, 2007.

Sypris Reports Fourth Quarter Results

Cash Flow Remains Strong

LOUISVILLE, Ky.--(BUSINESS WIRE)--Feb. 22, 2007--Sypris Solutions, Inc. (Nasdaq/NM: SYPR) today reported revenue of \$109.5 million for the fourth quarter compared to \$132.1 million for the prior year period. The Company reported a net loss of \$1.0 million, or \$0.05 per diluted share for the fourth quarter compared to a loss of \$0.3 million, or \$0.01 per diluted share for the prior year period. Free cash flow for the fourth quarter reached \$7.1 million.

For the full year ended December 31, 2006, the Company reported revenue of \$497.7 million compared to \$522.8 million for the prior year period and a net loss of \$1.4 million, or \$0.08 per diluted share compared to net income of \$5.3 million, or \$0.29 per diluted share for the same period in 2005. The net loss for 2006 included the impact of adopting SFAS No. 123R, Share-Based Payment, which approximated \$0.6 million, net of taxes, or \$0.04 per diluted share. Free cash flow increased 17% to \$42.5 million for 2006 compared to 2005.

"The Company's fourth quarter earnings performance was in line with our expectations despite lower than expected shipments in each of our Industrial and Electronics groups," said Jeffrey T. Gill, president and chief executive officer. "Softening orders from our commercial vehicle customers reflected an early commencement of the expected 2007 down cycle for the industry, while our Electronics Group experienced lower levels of revenue as a result of the previously-announced rescheduling of shipments for certain classified military and intelligence programs into 2007."

Gill continued, "The year 2006 proved to be more difficult than anyone expected. Record demand in the commercial vehicle market exceeded the Company's demonstrated capacity and resulted in significant inefficiencies, including excessive overtime, punitive logistics costs, and higher levels of scrap, while the bankruptcy filing of a major customer had a significant impact on managerial time and outside advisory fees. When combined with the effects of the reconfiguration and delay of two major programs in our Electronics Group, the results were clearly less than anticipated going into the year."

"Despite these headwinds, the Company continued to generate record levels of free cash flow, which reduced net debt to less than 12% of total capital. As we go forward into 2007, we plan to use this financial strength to reposition the Company for profitable growth in the future. The first step will be to rebalance production in our Industrial Group to increase efficiencies, improve logistics and reduce the cost of the delivered product to our customers. The short-term reduction in demand for commercial vehicles will provide us with a brief window in which to complete this reconfiguration, which is expected to have a meaningful impact on the Company's profitability beginning as early as 2008."

The Industrial Group

Revenue for our Industrial Group was \$80.6 million in the fourth quarter compared to \$86.7 million for the prior year period. Gross profit for the quarter increased to \$2.1 million from \$1.6 million for the same period in 2005, as a result of year over year productivity improvements.

"The near-term outlook for the production of light trucks and sport utility vehicles remains uncertain at best," said Gill. "We have reduced headcount at each of our plants that have been impacted by the announced changes in production outlook, but our sense is that this market will remain challenging for some time to come. We will continue to aggressively pursue initiatives that will enable the Company to succeed in this difficult environment."

The Electronics Group

Revenue for our Electronics Group was \$28.9 million in the fourth quarter compared to \$45.4 million for the prior year period. Gross profit for the quarter was \$5.7 million compared to \$8.9 million for the same period in 2005. The declines in revenue and gross profit reflect a decline in product shipments under certain classified programs with the U.S. Government and the delayed launch of a

successor product to mid 2007.

Revenue for the Aerospace & Defense segment was \$18.4 million compared to \$33.9 million for the prior year period, as prior year programs ended and new programs were rescheduled to early 2007. Revenue from the Test & Measurement segment was \$10.5 million compared to \$11.5 million for the prior year period. Despite strong growth in calibration services, softness in our test services market more than offset calibration gains. Gross profit for the Aerospace & Defense segment was \$3.8 million, as compared to \$6.4 million for the prior year period reflecting the lower volumes, while gross profit for the Test & Measurement segment was \$2.0 million compared to \$2.5 million for the same period in 2005, due to the aforementioned decline in testing services.

"Net orders for our Electronics Group approximated \$32.1 million for the quarter, while backlog grew 3% sequentially from third quarter to \$99.5 million," said Gill. "Despite the short-term delay in the launch of two new classified programs, the outlook remains strong for our A&D segment in 2007 when an additional key classified program is scheduled to resume shipment. As a result, we expect our Electronics Group to resume its top line growth during the coming year."

Outlook

Gill added, "The short-term decline in commercial vehicle production during 2007 is expected to reduce revenue in our Industrial Group by approximately \$100 million when compared to 2006, while growth in our Electronics Group is forecast to begin offsetting a portion of this reduction as early as the third and fourth quarters of this coming year. Since the commercial vehicle market is forecast to increase significantly during 2008, we have initiated actions to rebalance production among the Company's various plants to lower costs and increase efficiencies in preparation for the coming upturn."

As a result of the commercial vehicle downturn and the investments we are making to rebalance production, we expect revenue for the first quarter of 2007 to be in the range of \$98 to \$102 million compared to \$130 million for the first quarter of 2006, while our net loss for the first quarter of 2007 is forecast to be in the range of \$0.13 to \$0.15 per diluted share compared to earnings of \$0.05 per diluted share for the first quarter of 2006, and are consistent with the assumptions reflected in our January outlook."

"The revenue forecast for the full year 2007 remains unchanged and is expected to be in the range of \$410 to \$420 million compared to \$497.8 million for 2006, which represents a 17% decrease in revenue for 2007 at the midpoint of the range. Net loss is forecast to be in the range of \$0.40 to \$0.45 per diluted share compared to a loss of \$0.08 per diluted share for 2006 and reflect the inefficiencies associated with the downturn and the short-term impact of the restructuring costs and investments being made to rebalance production. We continue to expect free cash flow to be positive and in the range of \$15 to \$20 million, which reflects a higher level of capital investment for 2007 when compared to the prior year."

Sypris Solutions is a diversified provider of technology-based outsourced services and specialty products. The Company performs a wide range of manufacturing and technical services, typically under multi-year, sole-source contracts with major corporations and government agencies in the markets for aerospace and defense electronics, truck components and assemblies, and test and measurement services. For more information about Sypris Solutions, visit its Web site at www.sypris.com.

Each "forward-looking statement" herein is subject to serious risks and should not be relied upon, as detailed in our most recent Form 10-K and Form 10-Q and subsequent SEC filings. Briefly, we currently believe that such risks also include: cost and availability of raw materials such as steel, components, freight, natural gas or utilities; cost and inefficiencies associated with increasing our manufacturing capacity and launching new programs; stability and predictability of our costs and margins or our customers' forecasts, financial conditions, late payments, low-margin product mix, market shares, changing product requirements or scheduling demands; costs associated with breakdowns or repairs of machinery and equipment; growth beyond our productive capacity, cyclical or other downturns, adverse impacts of new technologies or other competitive pressures which erode our margins; cost, efficiency and yield of our operations including capital investments, working capital, scrap rates, cycle times, injuries, self-insured risks, wages, freight, production

schedules, overtime costs, or expediting costs; failure to make strategic acquisitions or to integrate and improve results of acquired businesses or to identify and adequately insure environmental or other risks in due diligence; inventory valuation risks due to obsolescence, shrinkage, theft, price, overstocking or underbilling; changes in government funded or other customer programs; reliance on major customers or suppliers, especially in the automotive sector where bankruptcies (such as Dana Corporation's recent filing) could result in the rejection or modification of our contracts; revised contract prices or estimates of major contract costs; dependence on, recruitment or retention of management or other key employees; union negotiations; pension valuation, health care or other benefit costs; labor relations; strikes; risks of foreign operations; currency exchange rates; costs and supply of debt, equity capital, or insurance due to poor operating or financial results, new business risks, credit ratings, debt covenant violations, contract claims, insurance conditions or regulatory developments; impairments or write-offs of goodwill or fixed assets; changes in licenses, security clearances, or other legal rights to operate, manage our work force or import and export as needed; weaknesses in internal controls; costs of compliance with auditing, regulatory or contractual obligations; regulatory actions or sanctions; disputes or litigation, involving customer, supplier, creditor, stockholder, product liability or environmental claims; war, terrorism or political uncertainty; unanticipated or uninsured disasters, losses or business risks; inaccurate data about markets, customers or business conditions; or unknown risks and uncertainties.

SYPRIS SOLUTIONS, INC.

Financial Highlights

(In thousands, except per share amounts)

	Three Months Ended December 31,	
	2006	2005
	(Unaudited)	
Revenue	\$109,479	\$132,112
Net loss	\$(973)	\$(251)
Loss per common share:		
Basic	\$(0.05)	\$(0.01)
Diluted	\$(0.05)	\$(0.01)
Weighted average shares outstanding:		
Basic	18,084	18,037
Diluted	18,084	18,037
	Year Ended December 31,	
	2006	2005
	(Unaudited)	(Note)
Revenue	\$497,664	\$522,766
Net (loss) income	\$(1,362)	\$5,321
(Loss) earnings per common share:		
Basic	\$(0.08)	\$0.30
Diluted	\$(0.08)	\$0.29
Weighted average shares outstanding:		
Basic	18,079	18,016
Diluted	18,079	18,323

Note: The selected data at December 31, 2005 has been derived from the audited consolidated financial statements at that date and does not include all information and footnotes required by accounting principles generally accepted in the United States for a complete set of financial statements.

Sypris Solutions, Inc.

Consolidated Statements of Operations

(in thousands, except for per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005

	(Unaudited)	(Unaudited)	(Note)
Net revenue:			
Industrial Group	\$80,596	\$86,735	\$364,570
Aerospace & Defense	18,397	33,906	87,491
Test & Measurement	10,486	11,471	45,603
Electronics Group	28,883	45,377	133,094
Total net revenue	109,479	132,112	497,664
Cost of sales:			
Industrial Group	78,510	85,100	346,894
Aerospace & Defense	14,647	27,538	73,832
Test & Measurement	8,521	8,989	35,848
Electronics Group	23,168	36,527	109,680
Total cost of sales	101,678	121,627	456,574
Gross profit:			
Industrial Group	2,086	1,635	17,676
Aerospace & Defense	3,750	6,368	13,659
Test & Measurement	1,965	2,482	9,755
Electronics Group	5,715	8,850	23,414
Total gross profit	7,801	10,485	41,090
Selling, general and administrative	8,866	9,511	38,592
Research and development	856	449	1,988
Amortization of intangible assets	165	140	645
Operating (loss) income	(2,086)	385	(135)
Interest expense, net	646	1,413	3,708
Other income, net	(141)	(469)	(387)
(Loss) income before income taxes	(2,591)	(559)	(3,456)
Income tax (benefit) expense	(1,618)	(308)	(2,094)
Net (loss) income	\$ (973)	\$ (251)	\$ (1,362)
(Loss) earnings per common share:			
Basic	\$ (0.05)	\$ (0.01)	\$ (0.08)
Diluted	\$ (0.05)	\$ (0.01)	\$ (0.08)
Dividends declared per common share	\$0.03	\$0.03	\$0.12
Weighted average shares outstanding:			
Basic	18,084	18,037	18,079
Diluted	18,084	18,037	18,079

Note: The statement of operations at December 31, 2005 has been derived from the audited consolidated financial statements at that date but does not include all information and footnotes required by accounting principles generally accepted in the United States for a complete set of financial statements.

Sypris Solutions, Inc.
Consolidated Balance Sheets
(in thousands, except for share data)

	December 31, 2006	December 31, 2005
	(Unaudited)	(Note)
ASSETS		
Current assets:		
Cash and cash equivalents	\$32,400	\$12,060
Restricted cash	1,002	--
Accounts receivable, net	59,876	95,432
Inventory, net	74,146	79,724
Other current assets	34,014	26,020
Total current assets	201,438	213,236
Property, plant and equipment, net	155,341	176,719
Goodwill	14,277	14,277
Other assets	7,977	13,392

Total assets	\$379,033	\$417,624
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$76,291	\$76,567
Accrued liabilities	19,430	24,904
Current portion of long-term debt	5,000	--
Total current liabilities	100,721	101,471
Long-term debt	55,000	80,000
Other liabilities	13,426	22,419
Total liabilities	169,147	203,890
Stockholders' equity:		
Preferred stock, par value \$0.01 per share, 975,150 shares authorized; no shares issued	--	--
Series A preferred stock, par value \$0.01 per share, 24,850 shares authorized; no shares issued	--	--
Common stock, non-voting, par value \$0.01 per share, 10,000,000 shares authorized; no shares issued	--	--
Common stock, par value \$0.01 per share, 30,000,000 shares authorized; 18,342,243 shares issued and 18,338,484 outstanding in 2006 and 18,165,658 shares issued and outstanding in 2005	183	182
Additional paid-in capital	143,537	142,111
Retained earnings	69,816	73,375
Accumulated other comprehensive loss	(3,634)	(1,934)
Treasury stock	(16)	--
Total stockholders' equity	209,886	213,734
Total liabilities and stockholders' equity	\$379,033	\$417,624

Note: The balance sheet at December 31, 2005 has been derived from the audited consolidated financial statements at that date but does not include all information and footnotes required by accounting principles generally accepted in the United States for a complete set of financial statements.

Sypris Solutions, Inc.
Consolidated Cash Flow Statements
(in thousands)

	Year Ended December 31,	
	2006	2005
	(Unaudited)	(Note)
Cash flows from operating activities:		
Net (loss) income	\$(1,362)	\$5,321
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	28,782	25,909
Other noncash items	(2,630)	597
Contributions to pension plans	(1,122)	(79)
Changes in operating assets and liabilities:		
Accounts receivable	35,112	8,595
Inventory	5,123	11,555
Other current assets	(7,113)	3,363
Accounts payable	35	15,119
Accrued liabilities	(4,019)	2,208
Net cash provided by operating activities	52,806	72,588
Cash flows from investing activities:		
Capital expenditures	(10,326)	(36,264)
Proceeds from sale of assets	92	649
Changes in nonoperating assets and liabilities	(335)	(625)

Net cash used in investing activities	(10,569)	(36,240)
Cash flows from financing activities:		
Net change in debt under revolving credit agreements	(20,000)	(37,000)
Cash dividends paid	(2,193)	(2,164)
Proceeds from issuance of common stock	296	816
Net cash used in financing activities	(21,897)	(38,348)
Net increase (decrease) in cash and cash equivalents	20,340	(2,000)
Cash and cash equivalents at beginning of period	12,060	14,060
Cash and cash equivalents at end of period	\$32,400	\$12,060

Note: The cash flow statement at December 31, 2005 has been derived from the audited consolidated financial statements at that date but does not include all information and footnotes required by accounting principles generally accepted in the United States for a complete set of financial statements.

CONTACT: Sypris Solutions, Inc.
T. Scott Hatton, 502-329-2000
Chief Financial Officer