



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

FORM 10-Q

(Mark One)

Quarterly Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934
For the quarterly period ended April 5, 2009

OR

Transition Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934
For the transition period from _____ to _____

Commission file number: 0-24020

SYPRIS SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

61-1321992

(I.R.S. Employer
Identification No.)

**101 Bullitt Lane, Suite 450
Louisville, Kentucky 40222**

(Address of principal executive
offices) (Zip code)

(502) 329-2000

(Registrant's telephone number,
including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such reports). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

As of April 30, 2009, the Registrant had 19,645,107 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SYPRIS SOLUTIONS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except for per share data)

	Three Months Ended	
	April 5, 2009	March 30, 2008
	(Unaudited)	
Net revenue:		
Outsourced services	\$ 63,479	\$ 88,672
Products	18,212	17,590
Total net revenue	81,691	106,262
Cost of sales:		
Outsourced services	63,870	79,975
Products	13,466	13,221
Total cost of sales	77,336	93,196
Gross profit	4,355	13,066
Selling, general and administrative	10,472	10,492
Research and development	1,168	995
Amortization of intangible assets	28	71
Nonrecurring expense	1,981	—
Operating (loss) income	(9,294)	1,508
Interest expense, net	1,269	952
Other expense, net	307	8
(Loss) income before income taxes	(10,870)	548
Income tax expense	475	163
Net (loss) income	\$ (11,345)	\$ 385
(Loss) earnings per common share:		
Basic	\$ (0.62)	\$ 0.02
Diluted	\$ (0.62)	\$ 0.02
Dividends declared per common share	\$ —	\$ 0.03
Weighted average shares outstanding:		
Basic	18,434	18,342
Diluted	18,434	18,372

The accompanying notes are an integral part of the consolidated financial statements.

SYPRIS SOLUTIONS, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except for share data)

	April 5, 2009	December 31, 2008
	(Unaudited)	(Note)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,080	\$ 13,717
Restricted cash	450	464
Accounts receivable, net	46,053	44,695
Inventory, net	41,701	48,394
Other current assets	12,158	12,009
Total current assets	105,442	119,279
Investment in marketable securities	2,470	2,769
Property, plant and equipment, net	101,498	105,219
Goodwill	13,837	13,837
Other assets	11,521	12,101
Total assets	\$ 234,768	\$ 253,205
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 39,419	\$ 44,645
Accrued liabilities	25,909	28,433
Current portion of long-term debt	75,000	—
Total current liabilities	140,328	73,078
Long-term debt	—	73,000
Other liabilities	46,469	47,142
Total liabilities	186,797	193,220
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; 20,019,347 shares issued and 19,613,907 outstanding in 2009 and 19,496,620 shares issued and 19,296,003 outstanding in 2008	200	195
Additional paid-in capital	146,803	146,741
Retained deficit	(78,483)	(67,205)
Accumulated other comprehensive loss	(20,545)	(19,744)
Treasury stock, 405,440 and 200,617 shares in 2009 and 2008, respectively	(4)	(2)
Total stockholders' equity	47,971	59,985
Total liabilities and stockholders' equity	\$ 234,768	\$ 253,205

Note: The balance sheet at December 31, 2008 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.

The accompanying notes are an integral part of the consolidated financial statements.

SYPRIS SOLUTIONS, INC.

CONSOLIDATED CASH FLOW STATEMENTS

(in thousands)

	Three Months Ended	
	April 5, 2009	March 30, 2008
	(Unaudited)	
Cash flows from operating activities:		
Net (loss) income	\$ (11,345)	\$ 385
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	4,901	6,971
Noncash compensation expense	83	432
Other noncash items	349	(5,340)
Changes in operating assets and liabilities:		
Accounts receivable	(1,414)	(7,382)
Inventory	5,992	(1,941)
Other current assets	(188)	5,159
Accounts payable	(5,506)	15,690
Accrued liabilities	(766)	4,613
Net cash (used in) provided by operating activities	(7,894)	18,587
Cash flows from investing activities:		
Capital expenditures, net	(1,873)	(3,219)
Proceeds from sale of assets	26	—
Changes in nonoperating assets and liabilities	142	(471)
Net cash used in investing activities	(1,705)	(3,690)
Cash flows from financing activities:		
Net change in debt under revolving credit agreements	2,000	(10,000)
Debt modification costs	(652)	—
Cash dividends paid	(386)	(572)
Net cash provided by (used in) financing activities	962	(10,572)
Net (decrease) increase in cash and cash equivalents	(8,637)	4,325
Cash and cash equivalents at beginning of period	13,717	14,622
Cash and cash equivalents at end of period	\$ 5,080	\$ 18,947

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Nature of Business

Sypris is a diversified provider of outsourced services and specialty products. The Company performs a wide range of manufacturing, engineering, design, testing, and other technical services, typically under multi-year, sole-source contracts with corporations and government agencies in the markets for truck components & assemblies, aerospace & defense electronics, and test & measurement equipment.

(2) Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of Sypris Solutions, Inc. and its wholly-owned subsidiaries (collectively, Sypris or the Company), and have been prepared by the Company in accordance with the rules and regulations of the Securities and Exchange Commission. All significant intercompany transactions and accounts have been eliminated. These unaudited consolidated financial statements reflect, in the opinion of management, all material adjustments (which include only normal recurring adjustments) necessary to fairly state the results of operations, financial position and cash flows for the periods presented, and the disclosures herein are adequate to make the information presented not misleading. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results for the three months ended April 5, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements, and notes thereto, for the year ended December 31, 2008 as presented in the Company's Annual Report on Form 10-K.

Certain prior period amounts have been reclassified to conform to the current period presentation.

(3) Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 157, *Fair Value Measurements* (SFAS No. 157). The objective of SFAS No. 157 is to increase consistency and comparability in fair value measurements and to expand disclosures about fair value measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. SFAS No. 157 was effective for the Company on January 1, 2008. However, in February 2008, the FASB released FASB Staff Position (FSP) SFAS No. 157-2, *Effective Date of FASB Statement No. 157*, which delayed the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The adoption of SFAS No. 157 for financial assets and liabilities did not have a material impact on the Company's consolidated financial statements. The adoption of SFAS No. 157 for non-financial assets and liabilities, effective January 1, 2009, did not have a significant impact on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements — an amendment to ARB No. 51* (SFAS No. 160). SFAS No. 160 requires all entities to report noncontrolling interests in subsidiaries as equity in the consolidated financial statements, but separate from the equity of the parent company. The statement further requires that consolidated net income be reported at amounts attributable to the parent and the noncontrolling interest, rather than expensing the income attributable to the minority interest holder. This statement also requires that companies provide sufficient disclosures to clearly identify and distinguish between the interests of the parent company and the interests of the noncontrolling owners, including a disclosure on the face of the consolidated statements for income attributable to the noncontrolling interest holder. This statement is effective for fiscal years beginning on or after December 15, 2008. The adoption of this statement did not have a significant impact on the Company's consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133* (SFAS No. 161). SFAS No. 161 applies to all derivative instruments and nonderivative instruments that are designated and qualify as hedging instruments pursuant to paragraphs 37 and 42 of Statement 133, and related hedged items accounted for under FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS No. 133). SFAS No. 161 requires entities to provide greater transparency through additional disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, results of operations, and cash flows. This statement is effective for fiscal years beginning on or after November 15, 2008. The adoption of this statement did not have a significant impact on the Company's disclosures included in its consolidated financial statements.

In April 2008, the FASB issued FASB Staff Position SFAS 142-3, *Determination of the Useful Life of Intangible Assets* (FSP 142-3). FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142). FSP 142-3 is effective for fiscal years beginning after December 15, 2008. The adoption of this statement did not have a significant impact on the Company's consolidated financial position and results of operations.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* (SFAS No. 162). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements that are presented in conformity with generally accepted accounting principles in the United States. This statement is not expected to change existing practices but rather reduce the complexity of financial reporting. This statement will go into effect 60 days after the SEC approves related auditing rules.

In June 2008, the FASB issued FASB Staff Position EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* (FSP EITF 03-6-1). This FSP addresses whether instruments granted in share-based payment transactions may be participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing basic earnings per share (EPS) pursuant to the two-class method described in paragraphs 60 and 61 of SFAS No. 128, *Earnings Per Share*. A share-based payment award that contains a non-forfeitable right to receive cash when dividends are paid to common shareholders irrespective of whether that award ultimately vests or remains unvested shall be considered a participating security as these rights to dividends provide a non-contingent transfer of value to the holder of the share-based payment award. Accordingly, these awards should be included in the computation of basic EPS pursuant to the two-class method. The guidance in this FSP is effective for fiscal years beginning after December 15, 2008 and interim periods within those years. Under the terms of the Company's restricted stock awards, grantees are entitled to receive dividends on the unvested portions of their awards. There is no requirement to return these dividends in the event the unvested awards are forfeited in the future. Accordingly, the Company evaluated the impact of FSP EITF 03-6-1 and determined that the impact was not material and determined the basic and diluted earnings per share amounts, as reported, are equivalent to the basic and diluted earnings per share amounts calculated under FSP EITF 03-6-1.

In April 2009, the FASB staff issued FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (FSP FAS 107-1 and APB 28-1). This FSP amends FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*, to require disclosures about fair value of financial instruments in interim financial statements as well as in annual financial statements. This FSP also amends Accounting Principles Board Opinion No. 28, *Interim Financial Reporting*, to require these disclosures in all interim financial statements. This staff position is effective for interim reporting periods ending after June 15, 2009 and is not expected to have a material impact on disclosures in the Company's consolidated financial statements.

In April 2009, the FASB staff issued FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP FAS 157-4). This FSP provides additional guidance for estimating fair value in accordance with FAS 157 when the volume and level of activity for the asset or liability have significantly decreased. This FSP also includes guidance on identifying circumstances that indicate a transaction is not orderly (i.e., a forced liquidation or distressed sale). This staff position is effective for interim reporting periods ending after June 15, 2009 and is not expected to have a material impact on the Company's consolidated financial statements.

(4) Dana Claim

On March 3, 2006, the Company's largest customer, Dana, and 40 of its U.S. subsidiaries, filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. On August 7, 2007, the Company entered into a comprehensive settlement agreement with Dana to resolve all outstanding disputes between the parties, terminate previously approved arbitration payments and enter into a new long-term supply contract running through 2014. In addition, Dana provided the Company with an allowed general unsecured non-priority claim in the amount of \$89,900,000, which was recorded by the Company at its estimated fair value of \$76,483,000 as of the August 7, 2007 settlement date. The claim entitled the Company to receive an initial distribution of 3,090,408 shares of common stock in Dana, the right to participate in additional distributions of reserved shares of common stock of Dana if certain disputed matters are ultimately resolved for less than Dana's reserves for those matters (estimated by the Company to represent an additional 739,000 shares) and the right to receive a distribution of cash of \$6,891,000.

Dana emerged from bankruptcy on January 31, 2008, and on February 1, 2008, the newly issued shares of Dana Holding Corporation began trading on the New York Stock Exchange. On February 11, 2008, the Company received its initial distribution of common stock (3,090,408 shares), and on March 18, 2008 the Company received its cash distribution totaling \$6,891,000. On April 21, 2008, July 30, 2008 and October 10, 2008, the Company received 114,536, 152,506 and 384,931 of Dana common shares, respectively. To date, the Company has received approximately 98% of the total common shares it expects to receive.

The aforementioned cash distribution was recorded as a reduction in the Company's \$76,483,000 recorded basis in the claim. Of the remaining \$69,592,000, \$56,162,000 was attributed to the initial distribution of shares received by the Company in February 2008, \$2,081,000 was attributed to the shares received in April 2008, \$2,771,000 was attributed to the shares received in July 2008 and \$6,995,000 was attributed to the shares received in October 2008 (approximately \$18.17 per share). The remaining \$1,583,000 was attributed to the 87,000 in additional shares expected to be received by the Company. If the Company ultimately receives fewer additional shares than expected, the recorded costs of shares held would be adjusted on a pro rata basis.

The Company accounts for its common stock in Dana as available-for-sale securities in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities* (SFAS No. 115). Based on an analysis of other-than-temporary impairment factors, the Company recorded an other-than-temporary impairment of \$66,758,000 during the fourth quarter of 2008. The non-cash impairment was based on Dana's closing stock price of \$0.74 per share on December 31, 2008. The Company has not sold any of its common stock in Dana, and at April 5, 2009, the basis and fair value of the Company's holdings of Dana common stock amounted to \$2,769,000 and \$2,470,000, respectively. In accordance with SFAS No. 115, the \$299,000 decline in value was considered temporary and was recorded as an unrealized holding loss in other comprehensive loss for the first quarter of 2009.

At April 5, 2009, the Company's right to participate in additional distributions of Dana common stock, presently estimated to be 87,000 additional shares, is carried at \$64,000 in other assets. Had these shares been received at April 5, 2009, the Company would have recorded an additional \$7,000 unrealized holding loss to other comprehensive loss.

(5) Restructuring, Impairments and Other Nonrecurring Charges

As announced during the fourth quarter of 2008, the Company committed to a restructuring program, which included the closure of its Kenton and Marion, Ohio facilities and the integration of its Aerospace & Defense subsidiaries. The purpose of the restructuring program was to reduce fixed costs, accelerate integration efficiencies, exit certain unprofitable product lines and significantly improve operating earnings on a sustained basis. The Company expects to complete its program by early 2010. As a result of these initiatives, in 2008, the Company recorded a restructuring charge of \$45,086,000, or \$2.45 per share. In the first quarter of 2009, the Company recorded \$1,981,000, or \$0.11 per share, of costs related to these initiatives in nonrecurring expense. Of this amount, \$1,242,000 was recorded within the Industrial Group and \$739,000 was recorded within the Aerospace & Defense segment. Of these costs, \$711,000 was for severance and benefit-related costs, \$712,000 related to equipment relocation costs, \$121,000 represented non-cash impairment costs and \$437,000 represented other costs, primarily related to IT and process reengineering consultants. The Company expects to incur additional pre-tax costs of \$3,307,000 as outlined in the table below. Of the aggregate \$50,374,000 of pre-tax costs for the total program, the Company expects \$13,800,000 will be cash expenditures, the majority of which will be spent in 2009. A summary of the pre-tax charges is as follows (in thousands):

	Total Program	Recognized as of April 5, 2009	Remaining Costs to be Recognized
Severance and benefit-related costs	\$ 4,031	\$ 3,433	\$ 598
Asset impairments	12,302	12,302	—
Deferred contract costs write-offs	16,102	16,102	—
Inventory related charges	7,895	7,895	—
Equipment relocation costs	1,856	951	905
Asset retirement obligations	1,500	1,500	—
Contract termination costs	3,209	3,209	—
Other	3,479	1,675	1,804
	<u>\$ 50,374</u>	<u>\$ 47,067</u>	<u>\$ 3,307</u>

Severance and benefit-related costs tied to workforce reductions were recorded in accordance with SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* (SFAS No. 146) and SFAS No. 112, *Employers' Accounting for Postemployment Benefits* (SFAS No. 112). Under SFAS No. 146, one-time termination benefits that are conditioned on employment through a certain transition period are recognized ratably between the date employees are communicated the details of the one-time termination benefit and their final date of service. Accordingly, the Company recorded \$2,723,000 in 2008, \$711,000 in the first quarter of 2009 and expects to record an additional \$598,000 during the remainder of 2009.

The Company evaluates its long-lived assets for impairment when events or circumstances indicate that the carrying value may not be recoverable in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS No. 144). The Company's strategic decision to close certain facilities and transfer production among other facilities led to a \$12,181,000 non-cash impairment charge in 2008 and a \$121,000 non-cash charge in the first quarter of 2009. The charges were based on the excess of carrying value of certain assets not expected to be redeployed over their respective fair value. Fair values for these assets were determined based on third-party appraisals and discounted cash flow analyses. For assets to be redeployed to other Company locations, the Company incurred \$239,000 in relocation costs in 2008, \$712,000 in the first quarter of 2009 and expects to incur \$905,000 in additional costs during the remainder of 2009 and early 2010.

Forecasted volumes for one of the Company's link encryption products was significantly reduced during the fourth quarter of 2008 due to revised demand estimates from the National Security Agency. The Company had incurred and deferred over \$20,000,000 in pre-contract costs since 2005. Based on this revision in demand, the Company recorded a non-cash charge of \$16,102,000 in 2008 to write off a portion of these deferred contract costs in accordance with American Institute of Certified Public Accountants Statement of Position No. 81-1, *Accounting for Performance of Construction-Type Contracts* (SOP 81-1). Additionally, as a result of integration efforts within the Aerospace & Defense segment and the exit from certain other non-core product lines, the Company recorded non-cash inventory charges totaling \$7,895,000 for inventory determined to be excess or obsolete as of December 31, 2008.

Asset retirement obligations recorded during 2008 relate to the expected closure of two Industrial Group facilities. Although the Company is indemnified for major environmental conditions that existed prior to the acquisition of these facilities, certain other matters, including emptying residual chemicals from remaining storage tanks, purging operating pipelines within the facilities, and filling pits following the relocation of strategic operating equipment to other facilities, remain the responsibility of the Company. Such costs are estimated to be \$1,500,000, of which \$7,000 was expended during the first quarter of 2009.

In connection with the Company's restructuring, rights conveyed under certain leases ceased being used during the fourth quarter of 2008. Aggregate discounted lease payments and a \$915,000 lease termination payment to be made in 2009 were accrued in 2008 in accordance with SFAS No. 146. Total lease contract termination costs amounted to \$3,209,000 for 2008.

A summary of restructuring activity and related reserves at April 5, 2009 is as follows (in thousands):

	Accrued Balance at December 31, 2008	2009 Charge	Gross Cash Payments	Accrued Balance at April 5, 2009
Severance and benefit related costs	\$ 2,045	\$ 711	\$ (1,184)	\$ 1,572
Asset retirement obligations	1,500	—	(7)	1,493
Contract termination costs	3,141	—	(662)	2,479
Other	—	437	(299)	138
	<u>\$ 6,686</u>	<u>\$ 1,148</u>	<u>\$ (2,152)</u>	<u>\$ 5,682</u>

A summary of total charges by reportable segment is as follows (in thousands):

	Industrial Group	Aerospace & Defense	Total
Severance and benefit-related costs	\$ 2,487	\$ 946	\$ 3,433
Asset impairments	12,302	—	12,302
Deferred contract costs write-offs	—	16,102	16,102
Inventory related charges	—	7,895	7,895
Equipment relocation costs	951	—	951
Asset retirement obligations	1,500	—	1,500
Contract termination costs	1,868	1,341	3,209
Other	62	1,613	1,675
	<u>\$ 19,170</u>	<u>\$ 27,897</u>	<u>\$ 47,067</u>

The Company expects to incur additional pre-tax costs of approximately \$2,655,000 in the Industrial Group and \$652,000 in the Aerospace & Defense segment. The total pre-tax costs of \$50,374,000 expected to be incurred includes \$21,825,000 within the Industrial Group and \$28,549,000 within the Aerospace & Defense segment.

(6) Stock-Based Compensation

On February 25, 2009, the Company granted 296,000 restricted stock awards under a long-term incentive program. Fifty percent of the awards vest on each of the first and second anniversaries of the grant date. Additionally, the Company granted 405,000 restricted stock awards under a special incentive key employee award program. These shares vest on the third anniversary of the grant date. The Company also granted 300,000 options on February 25, 2009 with a five year life and cliff vesting at three years of service. The grants did not have a significant impact on the Company's consolidated financial statements during the current period.

Effective as of March 2, 2009, the Company's Compensation Committee exercised its discretion under a long-term incentive program to cancel 336,201 shares of previously awarded, Performance Restricted Stock. As the performance requirements for these awards had not been probable, no additional expense was recognized during the period.

(7) **(Loss) Earnings Per Common Share**

On January 1, 2009, the Company adopted FSP EITF 03-6-1. This FSP addresses determinations as to whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share (EPS) under the two-class method described in paragraphs 60 and 61 of SFAS No. 128, *Earnings Per Share*. Restricted stock awards granted to employees contain nonforfeitable dividend rights and, therefore, are now considered participating securities in accordance with FSP EITF 03-6-1. Accordingly, the Company evaluated the impact of FSP EITF 03-6-1 and determined that the impact was not material and determined the basic and diluted earnings per share amounts, as reported, are equivalent to the basic and diluted earnings per share amounts calculated under FSP EITF 03-6-1.

A reconciliation of the weighted average shares outstanding used in the calculation of basic and diluted (loss) earnings per common share is as follows (in thousands):

	Three Months Ended	
	April 5, 2009	March 30, 2008
	(Unaudited)	
Shares used to compute basic (loss) earnings per common share	18,434	18,342
Dilutive effect of stock options and restricted stock	—	30
Shares used to compute diluted (loss) earnings per common share	<u>18,434</u>	<u>18,372</u>

(8) **Investment in Marketable Securities**

The Company's investment in marketable securities consists exclusively of shares in Dana common stock. The Company's investment in Dana common stock is classified as an available-for-sale security in accordance with SFAS No. 115 and measured at fair value as determined by a quoted market price (a level 1 valuation under SFAS No. 157). The related unrealized holding losses are excluded from operations and recorded in accumulated other comprehensive loss on the consolidated balance sheets. At April 5, 2009 and December 31, 2008, the Company owned 3,742,381 common shares of Dana with a market value of \$0.66 per share and \$0.74 per share, respectively. At April 5, 2009, the gross unrealized loss was approximately \$299,000. This decline is considered temporary. There were no unrealized gains or losses at December 31, 2008. Realized gains and losses and declines in value judged to be other-than-temporary will be included in other expense, if and when recorded. In accordance with SFAS No. 157, the fair value of the shares was valued based on quoted market prices in active markets for identical shares at April 5, 2009 and December 31, 2008.

The following table summarizes marketable securities as of April 5, 2009 and December 31, 2008 (in thousands):

	Basis	Gross Unrealized Gain/(Loss)	Gross Recorded Gain/(Loss)	Fair Value At Quoted Prices in Active Markets (Level 1)
Marketable securities, April 5, 2009	\$ 2,769	\$ (299)	\$ —	\$ 2,470
Marketable securities, December 31, 2008	\$ 2,769	\$ —	\$ —	\$ 2,769

(9) **Inventory**

Inventory consisted of the following (in thousands):

	<u>April 5, 2009</u>	<u>December 31, 2008</u>
	<u>(Unaudited)</u>	
Raw materials, including perishable tooling of \$403 and \$737 in 2009 and 2008, respectively	\$ 14,567	\$ 16,423
Work in process	8,290	9,804
Finished goods	5,836	8,337
Costs relating to long-term contracts and programs, net of amounts attributed to revenue recognized to date	22,390	24,230
Progress payments related to long-term contracts and programs	—	(781)
Reserve for excess and obsolete inventory	(9,382)	(9,619)
	<u>\$ 41,701</u>	<u>\$ 48,394</u>

(10) **Debt**

Debt consists of the following:

	<u>April 5, 2009</u>	<u>December 31, 2008</u>
	<u>(Unaudited)</u>	
Revolving credit facility	\$ 45,000	\$ 43,000
Senior notes	30,000	30,000
	75,000	73,000
Less current portion	(75,000)	—
	<u>\$ —</u>	<u>\$ 73,000</u>

In March 2009, our Revolving Credit Agreement and Senior Notes were amended to, among other things, i) waive the defaults as of December 31, 2008, ii) limit total borrowings, iii) revise the maturity date for the Credit Agreement and Senior Notes to January 15, 2010, iv) revise certain financial covenants, v) restrict the payment of dividends, vi) require mandatory prepayment to the extent that marketable securities or other collateral is sold, and vii) increase our interest rate structure. Maximum borrowings on the Revolving Credit Agreement are \$50.0 million, and standby letters of credit up to a maximum of \$15.0 million may be issued under the Revolving Credit Agreement of which \$1,963,000 were issued at April 5, 2009.

As a result of the aforementioned modifications, the Company deferred \$652,000 of loan costs, which are included in other assets in the consolidated balance sheets.

(11) Segment Data

The Company is organized into two business groups, the Industrial Group and the Electronics Group. The Industrial Group is one reportable business segment, while the Electronics Group includes two reportable business segments, Aerospace & Defense and Test & Measurement. There was no intersegment net revenue recognized in any of the periods presented. The following table presents financial information for the reportable segments of the Company (in thousands):

	Three Months Ended	
	April 5, 2009	March 30, 2008
	(Unaudited)	
Net revenue from unaffiliated customers:		
Industrial Group	\$ 37,498	\$ 69,815
Aerospace & Defense	30,211	23,424
Test & Measurement	13,982	13,023
Electronics Group	<u>44,193</u>	<u>36,447</u>
	<u>\$ 81,691</u>	<u>\$ 106,262</u>
Gross profit (loss):		
Industrial Group	\$ (2,702)	\$ 6,829
Aerospace & Defense	3,256	2,899
Test & Measurement	3,801	3,338
Electronics Group	<u>7,057</u>	<u>6,237</u>
	<u>\$ 4,355</u>	<u>\$ 13,066</u>
Operating (loss) income:		
Industrial Group	\$ (6,684)	\$ 4,154
Aerospace & Defense	(1,225)	(752)
Test & Measurement	866	510
Electronics Group	<u>(359)</u>	<u>(242)</u>
General, corporate and other	<u>(2,251)</u>	<u>(2,404)</u>
	<u>\$ (9,294)</u>	<u>\$ 1,508</u>
	April 5, 2009	December 31, 2008
	(Unaudited)	
Total assets:		
Industrial Group	\$ 134,362	\$ 146,964
Aerospace & Defense	64,931	65,077
Test & Measurement	29,716	29,892
Electronics Group	<u>94,647</u>	<u>94,969</u>
General, corporate and other	<u>5,759</u>	<u>11,272</u>
	<u>\$ 234,768</u>	<u>\$ 253,205</u>

(12) Commitments and Contingencies

The provision for estimated warranty costs is recorded at the time of sale and periodically adjusted to reflect actual experience. The Company's warranty liability, which is included in accrued liabilities in the accompanying balance sheets, as of April 5, 2009 and December 31, 2008 was \$500,000 and \$466,000, respectively. The Company's warranty expense for the quarters ended April 5, 2009 and March 30, 2008 was \$138,000 and \$3,000, respectively.

Additionally, the Company sells three and five-year extended warranties for one of its link encryption products. The revenue from the extended warranties is deferred and recognized ratably over the contractual term. As of April 5, 2009 and December 31, 2008, the Company had deferred \$791,000 and \$476,000, respectively, related to extended warranties, which is included in other liabilities in the accompanying balance sheets.

The Company bears insurance risk as a member of a group captive insurance entity for certain general liability, automobile and workers' compensation insurance programs and a self-insured employee health program. The Company records estimated liabilities for its insurance programs based on information provided by the third-party plan administrators, historical claims experience, expected costs of claims incurred but not paid, and expected costs to settle unpaid claims. The Company monitors its estimated insurance-related liabilities on a quarterly basis. As facts change, it may become necessary to make adjustments that could be material to the Company's consolidated results of operations and financial condition. The Company believes that its present insurance coverage and level of accrued liabilities are adequate.

The Company is involved in certain litigation and contract issues arising in the normal course of business. While the outcome of these matters cannot, at this time, be predicted in light of the uncertainties inherent therein, management does not expect that these matters will have a material adverse effect on the consolidated financial position or results of operations of the Company.

As of April 5, 2009, the Company had outstanding purchase commitments of approximately \$28,636,000, primarily for the acquisition of inventory and manufacturing equipment. As of April 5, 2009, the Company also had outstanding letters of credit approximating \$1,963,000 primarily under the aforementioned captive insurance program.

(13) Income Taxes

The provision for income taxes includes federal, state, local and foreign taxes. The Company's effective tax rate varies from period to period due to the proportion of foreign and domestic pre-tax income expected to be generated by the Company. The Company provides for income taxes for its domestic operations at a statutory rate of 35% and for its foreign operations at a statutory rate of 28%. The Company's foreign operations are also subject to minimum income taxes in periods where positive cash flows exceed taxable income. In the first quarter of 2009, minimum income taxes were required for the Company's foreign operations. Reconciling items between the federal statutory rate and the effective tax rate also include state income taxes, valuation allowances and certain other permanent differences.

The Company recognizes liabilities or assets for the deferred tax consequences of temporary differences between the tax bases of assets or liabilities and their reported amounts in the financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes* (SFAS No. 109). These temporary differences will result in taxable or deductible amounts in future years when the reported amounts of assets or liabilities are recovered or settled. SFAS No. 109 requires that a valuation allowance be established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. The Company evaluates its deferred tax position on a quarterly basis and valuation allowances are provided as necessary. During this evaluation, the Company reviews its forecast of income in conjunction with other positive and negative evidence surrounding the realizability of its deferred tax assets to determine if a valuation allowance is needed. Based on the Company's current forecast, a valuation allowance of \$4,206,000 was recorded through earnings for the three months ended April 5, 2009; however, there can be no assurances that the Company's forecasts are now, or in the future will be, accurate or that other factors impacting this deferred tax asset will not materially and adversely affect its business, results of operations and financial condition. There was no valuation allowance recorded for the three months ended March 30, 2008.

(14) **Employee Benefit Plans**

Pension expense (benefit) consisted of the following (in thousands):

	Three Months Ended	
	April 5, 2009	March 30, 2008
	(Unaudited)	
Service cost	\$ 18	\$ 25
Interest cost on projected benefit obligation	595	580
Net amortizations, deferrals and other costs	252	27
Expected return on plan assets	(587)	(813)
	<u>\$ 278</u>	<u>\$ (181)</u>

(15) **Other Comprehensive Loss**

The Company's accumulated other comprehensive loss consists of the accumulated net unrealized losses on available-for-sale investments, employee benefit related adjustments and foreign currency translation adjustments.

The components of comprehensive loss, net of tax, are as follows for the periods indicated (in thousands):

	Three Months Ended	
	April 5, 2009	March 30, 2008
	(Unaudited)	
Net (loss) income	\$ (11,345)	\$ 385
Other comprehensive loss:		
Unrealized loss on available-for-sale securities	(299)	(21,231)
Foreign currency translation adjustments	(502)	534
Total comprehensive loss	<u>\$ (12,146)</u>	<u>\$ (20,312)</u>

Accumulated other comprehensive loss consisted of the following (in thousands):

	April 5, 2009	December 31, 2008
	(Unaudited)	
Foreign currency translation adjustments	\$ (6,439)	\$ (5,937)
Unrealized loss on available-for-sale securities	(299)	—
Employee benefit related adjustments	<u>(13,807)</u>	<u>(13,807)</u>
Accumulated other comprehensive loss	<u>\$ (20,545)</u>	<u>\$ (19,744)</u>

Results of Operations

The table presented below, which compares our first quarterly period of operations from 2009 to 2008, presents the results for each period, the change in those results from 2009 to 2008 in both dollars and percentage change and the results for each period as a percentage of net revenue. The columns present the following:

- The first two data columns in the table show the absolute results for each period presented.
- The columns entitled "Year Over Year Change" and "Year Over Year Percentage Change" show the change in results, both in dollars and percentages. These two columns show favorable changes as positive and unfavorable changes as negative. For example, when our net revenue increases from one period to the next, that change is shown as a positive number in both columns. Conversely, when expenses increase from one period to the next, that change is shown as a negative number in both columns.
- The last two columns in the table show the results for each period as a percentage of net revenue. In these two columns, the cost of sales and gross profit for each are given as a percentage of that segment's net revenue. These amounts are shown in italics.

In addition, as used in the table, "NM" means "not meaningful."

Three Months Ended April 5, 2009 Compared to Three Months Ended March 30, 2008

	<u>Three Months Ended,</u>		<u>Year Over</u>	<u>Year Over</u>	<u>Results as Percentage of</u>	
	<u>April 5,</u>	<u>March 30,</u>	<u>Year</u>	<u>Year</u>	<u>Net Revenue for the Three</u>	
	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>Change</u>	<u>April 5,</u>	<u>March 30,</u>
			<u>Favorable</u>	<u>Favorable</u>	<u>2009</u>	<u>2008</u>
			<u>(Unfavorable)</u>	<u>(Unfavorable)</u>		
(in thousands, except percentage data)						
Net revenue:						
Industrial Group	\$ 37,498	\$ 69,815	\$ (32,317)	(46.3)%	45.9%	65.7%
Aerospace & Defense	30,211	23,424	6,787	29.0	37.0	22.0
Test & Measurement	13,982	13,023	959	7.4	17.1	12.3
Electronics Group	44,193	36,447	7,746	21.3	54.1	34.3
Total	81,691	106,262	(24,571)	(23.1)	100.0	100.0
Cost of sales:						
Industrial Group	40,200	62,986	22,786	36.2	107.2	90.2
Aerospace & Defense	26,955	20,525	(6,430)	(31.3)	89.2	87.6
Test & Measurement	10,181	9,685	(496)	(5.1)	72.8	74.4
Electronics Group	37,136	30,210	(6,926)	(22.9)	84.0	82.9
Total	77,336	93,196	15,860	17.0	94.7	87.7
Gross profit (loss):						
Industrial Group	(2,702)	6,829	(9,531)	(139.6)	(7.2)	9.8
Aerospace & Defense	3,256	2,899	357	12.3	10.8	12.4
Test & Measurement	3,801	3,338	463	13.9	27.2	25.6
Electronics Group	7,057	6,237	820	13.1	16.0	17.1
Total	4,355	13,066	(8,711)	(66.7)	5.3	12.3
Selling, general and administrative	10,472	10,492	20	0.2	12.8	9.9
Research and development	1,168	995	(173)	(17.4)	1.4	0.9
Amortization of intangible assets	28	71	43	60.6	-	0.1
Nonrecurring expense	1,981	—	(1,981)	NM	2.4	-
Operating (loss) income	(9,294)	1,508	(10,802)	NM	(11.3)	1.4
Interest expense, net	1,269	952	(317)	(33.3)	1.6	0.9
Other expense, net	307	8	(299)	NM	0.4	-
(Loss) income before income taxes	(10,870)	548	(11,418)	NM	(13.3)	0.5
Income tax expense	475	163	(312)	(191.4)	0.6	0.1
Net (loss) income	\$ (11,345)	\$ 385	\$ (11,730)	NM	(13.9)%	0.4%

Backlog. At April 5, 2009, backlog for our Aerospace & Defense segment decreased \$12.4 million to \$95.1 million from \$107.5 million at March 30, 2008, on a 36% decrease in net orders to \$20.4 million in the three months ended April 5, 2009 compared to \$31.9 million in net orders in the first three months of 2008. Backlog for our Test & Measurement segment decreased \$0.9 million to \$6.1 million at April 5, 2009, on \$13.2 million in net orders compared to \$12.3 million in net orders for the first three months of 2008. We expect to convert approximately 74% of the Aerospace & Defense backlog and 100% of the Test & Measurement backlog at April 5, 2009 to revenue during the next twelve months.

Net Revenue. The Industrial Group primarily derives its revenue from manufacturing services and product sales. Compared to the prior year, net revenue in the Industrial Group decreased 46.3% or \$32.3 million for the three months ended April 5, 2009. Depressed market conditions for heavy and light trucks and commercial vehicles have contributed to volume related reductions in net revenue of \$18.2 million. Volume declines for trailer axles caused a \$5.5 million reduction from 2008. Revenue also declined approximately \$7.9 million from the discontinued sale of axle shafts to an automotive customer. Further, contractual settlements and price reductions resulted in a \$4.3 million decrease in net revenue from 2008. Partially offsetting the volume change was an increase in steel prices, which is passed through to customers under certain contracts, resulting in an increase in net revenue of \$3.6 million.

The Aerospace & Defense segment derives its revenue from product sales and technical outsourced services. Aerospace & Defense segment net revenue for the first quarter increased 29.0% or \$6.8 million from the prior year, primarily due to increased sales of link encryption products and certain data recording products.

The Test & Measurement segment derives its revenue from technical services and product sales. Technical services revenue accounted for approximately 85% and 88% of total Test & Measurement revenue in the first three months of 2009 and 2008, respectively. Test & Measurement segment net revenue increased 7.4% or \$1.0 million for the first quarter primarily due to a \$0.7 million increase in volumes of magnetic meters and a \$0.5 million increase in calibration services, partially offset by a \$0.2 million decrease in product test services.

Gross Profit. The Industrial Group's gross profit decreased to a loss of \$2.7 million in the first quarter of 2009 as compared to profit of \$6.8 million in the first quarter of 2008. The significant decrease in sales volume and related loss of fixed overhead absorption resulted in a reduction in gross profit of approximately \$6.4 million. Higher utilities combined with an increase in employee benefit related costs resulted in a reduction in gross profit of approximately \$0.7 million. The Industrial Group also realized a decline in gross profit of \$4.3 million as a result of lower revenue from contractual settlements and pricing as compared to the prior year period. The decreases in gross profit were partially offset by approximately \$1.9 million in productivity improvements.

The Aerospace & Defense segment's gross profit increased \$0.4 million in the first quarter of 2009, primarily due to increased revenues. Gross profit as a percentage of revenue in the first quarter of 2009 declined to 10.8% as compared to 12.4% in the prior year period.

The Test & Measurement segment's gross profit increased \$0.5 million for the first quarter of 2009, primarily due to increased revenues. Gross profit as a percentage of revenue increased to 27.2% from 25.6% in the prior year period as a result of an increase in higher margin product sales.

Selling, General and Administrative. Selling, general and administrative expense remained flat at \$10.5 million and increased as a percentage of revenue to 12.8% from 9.9% in the prior year. The current period results include approximately \$0.5 million of non-capitalized legal and professional fees related to the debt amendment in the first quarter of 2009.

Research and Development. Research and development costs increased \$0.2 million to \$1.2 million from the prior year quarter primarily due to new product development efforts within our Aerospace & Defense segment.

Nonrecurring Expense, Net. In December 2008, we announced a restructuring program, which included the closure of the Industrial Group's Kenton and Marion, Ohio facilities and the consolidation of Sypris Electronics and Sypris Data Systems into a single operation within the Aerospace & Defense segment. Additionally, we have exited several programs within the Aerospace & Defense segment. The purpose of the restructuring program was to reduce fixed costs, accelerate integration efficiencies, and significantly improve operating earnings on a sustained basis. As a result of these initiatives, we recorded, or expect to record in future periods, aggregate pre-tax expenses of approximately \$50.4 million, consisting of the following: \$4.0 million in severance and benefit costs, \$12.3 million in non-cash asset impairments, \$16.1 million in non-cash deferred contract costs write-offs, \$7.9 million in inventory related charges, \$1.9 million in equipment relocation costs, \$1.5 million in asset retirement obligations, \$3.2 million in contract termination costs and \$3.5 million in other restructuring charges. Of the aggregate \$52.8 million in pre-tax costs, the Company expects approximately \$13.8 million to be cash-related. Of the total program, we recorded \$2.0 million, or \$0.11 per share, related to these initiatives during the three months ended April 5, 2009, which is included in nonrecurring expense on the consolidated statement of operations. The charge consisted of \$0.7 million for employee severance and benefit costs, \$0.7 million in equipment relocation costs, \$0.1 million in non-cash asset impairments, and \$0.5 million in other various charges. See Note 5 to the consolidated financial statements included in this Form 10-Q.

Interest Expense. Interest expense for the first quarter increased \$0.3 million primarily due to an increase in the weighted average debt outstanding, partially offset by a decrease in the weighted average interest rate. Our weighted average debt outstanding increased to \$72.5 million for the first quarter of 2009 from \$53.7 million during the first quarter of 2008. The weighted average interest rate decreased to 5.8% in the first quarter of 2009 from 7.1% in the first quarter of 2008. However, as a result of the debt amendment during the first quarter of 2009, our interest rate increased, which is expected to result in higher interest expense for the balance of 2009.

Income Taxes. The provision for income taxes in the first quarter of 2009 is associated exclusively with our foreign subsidiaries and includes minimum taxes required to be paid in Mexico.

Liquidity, Capital Resources and Financial Condition

Net cash used by operating activities was \$7.9 million in the first quarter of 2009, as compared to net cash provided of \$18.6 million in 2008, primarily due to significantly lower revenues during the quarter. Additionally net cash provided by operating activities for the first quarter of 2008 included the receipt of \$6.9 million as part of the Dana Settlement. Accounts receivable increased within the Aerospace & Defense segment and used \$5.7 million of cash as a result of an increase in shipments toward the end of the period. Approximately 45% of the Aerospace & Defense segment's shipments occurred during the last month of the first quarter. Partially offsetting this was a decrease in accounts receivable within the Industrial Group as a result of collection efforts and the reduction in revenue, which provided \$4.9 million of cash during the period. Other current assets increased and used \$0.2 million primarily as a result of the timing of prepaid expenses. Inventory decreased and provided \$6.0 million primarily as a result of a focus on bringing inventory levels down to meet current demand. In the first quarter of 2009, accounts payable decreased and used \$5.5 million primarily due to the timing of payments to and from our suppliers and reduced purchases by our Industrial Group. Accrued liabilities decreased and used \$0.8 million primarily as a result of the timing of various accruals.

Net cash used in investing activities decreased \$2.0 million to \$1.7 million for the first three months of 2009, primarily due to lower capital expenditures.

Net cash provided by financing activities was \$1.0 million in the first three months of 2009, as compared to net cash used of \$10.6 million in the first three months of 2008. We borrowed an additional \$2.0 million on the Revolving Credit Agreement during the three months ended April 5, 2009 as compared to making payments of \$10.0 million during the three months ended March 30, 2008. Additionally, we paid \$0.7 million in financing fees in conjunction with modifications of our debt in 2009.

We had total borrowings under our Revolving Credit Agreement of \$45.0 million at April 5, 2009 and an unrestricted cash balance of \$5.1 million. Approximately \$2.3 million of the unrestricted cash balance relates to our Mexican subsidiaries. In March 2009, our Revolving Credit Agreement and Senior Notes were amended to, among other things, i) waive the defaults as of December 31, 2008, ii) limit total borrowings, iii) revise the maturity date for the Credit Agreement and Senior Notes to January 15, 2010, iv) revise certain financial covenants, v) restrict the payment of dividends, vi) require mandatory prepayment to the extent that marketable securities or other collateral is sold outside of the ordinary course of business, and vii) increase our interest rate structure. As of April 5, 2009, we were in compliance with all covenants.

Maximum borrowings under the Revolving Credit Agreement are \$50.0 million, and standby letters of credit up to a maximum of \$15.0 million may be issued under the Revolving Credit Agreement, of which \$2.0 million were issued at April 5, 2009.

We also had purchase commitments totaling approximately \$28.6 million at April 5, 2009, primarily for inventory and manufacturing equipment.

Assuming we are able to renegotiate our current Revolving Credit Agreement and Senior Notes, we believe that sufficient resources will be available to satisfy our cash requirements for at least the next twelve months. Our assessment of the availability of funds for the next twelve months is based in part on our intent to renegotiate our current Revolving Credit Agreement and Senior Notes or to retire both of these obligations in connection with the execution of new debt financing agreements. There can be no assurance that any additional required financing will be available through bank borrowings, debt or equity financings or otherwise, or that if such financing is available, it will be available on terms acceptable to us. If adequate funds are not available on acceptable terms, our business, results of operations and financial condition could be adversely affected.

Cash requirements for periods beyond the next twelve months depend on our profitability, our ability to manage working capital requirements and our rate of growth. If our largest customers experience financial difficulty, or if working capital and capital expenditure requirements exceed expected levels during the next twelve months or in subsequent periods, we may require additional external sources of capital. There can be no assurance that any additional required financing will be available through bank borrowings, debt or equity financings or otherwise, or that if such financing is available, it will be available on terms acceptable to us. If adequate funds are not available on acceptable terms, our business, consolidated results of operations and financial condition could be materially adversely affected.

Critical Accounting Policies

See the information concerning our critical accounting policies included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operation - Critical Accounting Policies in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008. There have been no significant changes in our critical accounting policies during the first quarter of 2009.

Forward-looking Statements

This quarterly report, and our other oral or written communications, may contain "forward-looking" statements. These statements may include our expectations or projections about the future of our industries, business strategies, potential acquisitions or financial results and our views about developments beyond our control, including domestic or global economic conditions, trends and market developments. These statements are based on management's views and assumptions at the time originally made, and we undertake no obligation to update these statements, even if, for example, they remain available on our website after those views and assumptions have changed. There can be no assurance that our expectations, projections or views will come to pass, and undue reliance should not be placed on these forward-looking statements.

A number of significant factors could materially affect our specific business operations, and cause our performance to differ materially from any future results projected or implied by our prior statements. Many of these factors are identified in connection with the more specific descriptions contained throughout this report. Other factors which could also materially affect such future results currently include: the effects of a continuing economic downturn which could reduce our revenues, negatively impact our customers or suppliers and materially, adversely affect our financial results; our ability to liquidate our equity interests in Dana Holding Corporation at satisfactory valuation levels; potential impairments, non-recoverability or write-offs of goodwill, assets or deferred costs, including deferred tax assets in the U.S. or Mexico; fees, costs or other dilutive effects of refinancing, compliance with covenants in, or acceleration of, our loan and other debt agreements; unexpected or increased costs, time delays and inefficiencies of restructuring our manufacturing capacity; breakdowns, relocations or major repairs of machinery and equipment; our inability to successfully launch new or next generation programs; the cost, efficiency and yield of our operations and capital investments, including working capital, production schedules, cycle times, scrap rates, injuries, wages, overtime costs, freight or expediting costs; cost and availability of raw materials such as steel, component parts, natural gas or utilities; volatility of our customers' forecasts, financial conditions, market shares, product requirements or scheduling demands; adverse impacts of new technologies or other competitive pressures which increase our costs or erode our margins; failure to adequately insure or to identify environmental or other insurable risks; inventory valuation risks including obsolescence, shrinkage, theft, overstocking or underbilling; changes in government or other customer programs; reliance on major customers or suppliers, especially in the automotive or aerospace and defense electronics sectors; revised contract prices or estimates of major contract costs; dependence on, recruitment or retention of key employees; union negotiations; pension valuation, health care or other benefit costs; labor relations; strikes; risks of foreign operations; currency exchange rates; the costs and supply of debt, equity capital, or insurance (including the possibility that our common stock could cease to qualify for listing on the NASDAQ Stock Market due to a sustained decline in prices per share, or that any reverse stock split or other restructuring of our debt or equity financing could be accompanied by the deregistration of our common stock or other "going private" transactions); 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; the costs of compliance with our auditing, regulatory or contractual obligations; regulatory actions or sanctions; disputes or litigation, involving customer, supplier, creditor, stockholder, product liability, asbestos-related 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 and the risk factors disclosed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

In this quarterly report, we may rely on and refer to information and statistics regarding the markets in which we compete. We obtained this information and these statistics from various third party sources and publications that are not produced for the purposes of securities offerings or reporting or economic analysis. We have not independently verified the data and cannot assure the accuracy of the data we have included.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined in Item 10 of Regulation S-K and thus are not required to report the quantitative and qualitative measures of market risk specified in Item 305 of Regulation S-K.

ITEM 4. CONTROLS AND PROCEDURES

(a) *Evaluation of disclosure controls and procedures.* Based on the evaluation of our disclosure controls and procedures (as defined in Securities Exchange Act of 1934 Rules 13a-15(e) or 15d-15(e)) required by Securities Exchange Act Rules 13a-15(b) or 15d-15(b), our Chief Executive Officer and our Chief Financial Officer have concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective.

(b) *Changes in internal controls.* There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

Information regarding risk factors appears in "MD&A — Forward-Looking Statements," in Part I — Item 2 of this Form 10-Q and in Part I — Item 1A of our Report on Form 10-K for the fiscal year ended December 31, 2008.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On January 12, 2009, and March 2, 2009, the restrictions on 49,000 and 19,610 restricted shares expired, respectively. As a result, 9,997 and 7,276 shares, respectively, were withheld by the Company for payment of employee payroll taxes related to such vesting. Common shares repurchased were immediately cancelled. The following table summarizes our repurchases during the first quarter ended April 5, 2009:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as a Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
January 12, 2009	9,997	\$ 1.20	-	\$ -
March 2, 2009	7,276	\$ 0.85	-	\$ -

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
10.1	Redacted copy of 2009A Amendment to Loan Documents between JP Morgan Chase Bank, NA, Sypris Solutions, Inc., Sypris Test & Measurement, Inc., Sypris Technologies, Inc., Sypris Electronics, LLC, Sypris Data Systems, Inc., Sypris Technologies Marion, LLC and Sypris Technologies Kenton, Inc. dated April 1, 2009.
10.2	Redacted copy of Fourth Amendment to the Note Purchase Agreement dated as of April 1, 2009 between Sypris Solutions, Inc., Sypris Test & Measurement, Inc., Sypris Technologies, Inc., Sypris Electronics, LLC, Sypris Data Systems, Inc., Sypris Technologies Marion, LLC, Sypris Technologies Kenton, Inc., Sypris Technologies Mexican Holdings, LLC; and The Guardian Life Insurance Company Of America, Connecticut General Life Insurance Company , Life Insurance Company of North America, Jefferson Pilot Financial Insurance Company, Lincoln National Life Insurance Company, Lincoln Life & Annuity Company of New York.
10.3	Form of Employment Agreement between Sypris Solutions, Inc. and participants in the Sypris Solutions, Inc. Executive Long-Term Incentive Program for 2009 dated March 9, 2009 (incorporated by reference to Exhibit 99.1 to the Company's Form 8-K filed on March 13, 2009 (Commission File No. 000-24020)).
31(i).1	CEO certification pursuant to Section 302 of Sarbanes - Oxley Act of 2002.
31(i).2	CFO certification pursuant to Section 302 of Sarbanes - Oxley Act of 2002.
32	CEO and CFO certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002.

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 thereunto duly authorized.

SYPRIS SOLUTIONS, INC.
(Registrant)

Date: May 20, 2009

By: /s/ Brian A. Lutes
(Brian A. Lutes)
Vice President & Chief Financial Officer

Date: May 20, 2009

By: /s/ Rebecca R. Eckert
(Rebecca R. Eckert)
Controller (Principal Accounting Officer)

***A portion of this material is confidential and has been omitted and filed separately with the Securities and Exchange Commission.**

2009A AMENDMENT TO LOAN DOCUMENTS

THIS 2009A AMENDMENT TO LOAN DOCUMENTS (this "Amendment"), is made and entered into as of April 1, 2009, by and among (i) JPMORGAN CHASE BANK, N.A., a national banking association (the "Agent Bank") (JPMORGAN CHASE BANK, N.A. may also be referred to as a "Bank"); (ii) the BANKS identified on Schedule 1.1 hereto (each a "Bank" and collectively, the "Banks"); (iii) SYPRIS SOLUTIONS, INC., a Delaware corporation, with its principal office and place of business and registered office in Louisville, Jefferson County, Kentucky (the "Borrower") and (iv) the GUARANTORS identified on Schedule 1.2 hereto (each a "Guarantor" and collectively, the "Guarantors").

PRELIMINARY STATEMENT:

A. Certain of the Guarantors and their Affiliates entered into a Loan Agreement dated as of March 21, 1997, with the Agent Bank (the "Original Loan Agreement"), whereby the Agent Bank extended in favor of the Guarantors a revolving line of credit in the amount of \$20,000,000, a term loan in the amount of \$10,000,000 and a swing line of credit subfacility in the amount of \$5,000,000.

B. The predecessors to the Borrower and certain of the Guarantors entered into a 1997A Amended and Restated Loan Agreement dated as of November 1, 1997, with the Agent Bank (the "1997A Loan Agreement"), whereby the Agent Bank increased the revolving line of credit to \$30,000,000 and the term loan to \$15,000,000 and provided the swing line of credit subfacility in the amount of \$5,000,000. The 1997A Loan Agreement was subsequently amended by, among other amendments, the 1998A Amendment to Loan Documents dated as of February 18, 1998.

C. The Borrower, certain of the Guarantors, the Agent Banks and the Banks entered into the 1999 Amended and Restated Loan Agreement dated as of October 27, 1999 (the "1999 Loan Agreement"), which amended, restated and replaced the Original Loan Agreement and the 1997A Loan Agreement, as amended. The 1999 Loan Agreement provided for a revolving line of credit in the amount of \$100,000,000, a swing line subfacility of \$5,000,000 and a letter of credit subfacility of \$15,000,000. The 1999 Loan Agreement was subsequently amended by among other amendments, (i) the 2000A Amendment to Loan Documents dated as of November 9, 2000 (the "2000A Amendment"); (ii) the 2001A Amendment to Loan Documents dated as of February 15, 2001 (the "2001A Amendment"); (iii) the 2002A Amendment to Loan Documents dated as of December 21, 2001 and having an effective date of January 1, 2002 (the "2002A Amendment"); (iv) the 2002B Amendment to Loan Documents dated as of July 3, 2002 (the "2002B Amendment"); (v) the 2003A Amendment to Loan Documents dated as of October 16, 2003 (the "2003A Amendment"); (vi) the 2005A Amendment to Loan Documents dated as of March 10, 2005 (the "2005A Amendment"); (vii) the 2005B Amendment to Loan Documents dated as of May 10, 2005 (the "2005B Amendment"); (viii) the 2005C Amendment to Loan Documents dated as of August 3, 2005 (the "2005C Amendment"); and (ix) and the 2006A Amendment to Loan Documents dated as of February 28, 2006 (the "2006A Amendment").

D. The Agent Bank and the Banks in May, 2004 consented to the Borrower's issuance of \$55,000,000 of senior notes (the "Senior Notes") pursuant to a Note Purchase Agreement dated as of June 1, 2004 (as amended, the "Note Purchase Agreement").

E. The Borrower in April, 2004 created a new subsidiary, Sypris Technologies Kenton, Inc., a Delaware corporation ("STK"), and the Agent Bank and the Banks consented to the creation of STK as a subsidiary, on the condition that STK become a Guarantor under the Loan Agreement. STK became a Guarantor under the Loan Agreement by executing and delivering to the Agent Bank a Guaranty Agreement dated June 1, 2004, guarantying the obligations of the Borrower to the Banks (the "STK Guaranty").

F. The Borrower in June, 2004 requested that the Banks consent to the Borrower's acquisition of a facility in Toluca, Mexico (the "Toluca Facility"). The Banks consented to the acquisition of the Toluca Facility. The Borrower created the following second tier subsidiary and third tier subsidiaries related to the Toluca Facility: (i) Sypris Technologies Mexican Holdings, LLC (the interests of which are held by Sypris Technologies, Inc.) and (ii) Sypris Technologies Mexico, S. de R.L. de C.V. and Sypris Technologies Toluca, S.A. de C.V. (the interests of which are held by Sypris Technologies Mexican Holdings, LLC and Sypris Technologies, Inc.) (all of the foregoing Subsidiaries are referred to as the "Toluca Subsidiaries").

G. The Borrower, the Guarantors, the Agent Bank and the Banks completely amended and restated the 1999 Loan Agreement and related documents by entering into an Amended and Restated Loan Agreement dated as of April 6, 2007 (the "2007 Loan Agreement" or the "Loan Agreement"), providing for, among other things (i) the Revolving Credit Facility in the amount of \$50,000,000; (ii) consent to the Borrower's redemption of a portion of the outstanding principal amount of the Senior Notes, reducing the outstanding principal amount of the Senior Notes to \$30,000,000 and (iii) certain other changes.

H. The Borrower, the Guarantors, the Agent Bank and the Banks executed and held in escrow a 2007A Amendment to Loan Documents, pending satisfaction of certain conditions. Those conditions were never satisfied, so the proposed 2007A Amendment to Loan Documents never took effect.

I. On or prior to the date of this Amendment, the Borrower has failed to observe and/or perform certain provisions of the Loan Agreement, which failures are continuing, including the following:

1. The Borrower has failed to observe or perform Section 7.6 of the Loan Agreement by failing to maintain the ratio set forth therein as of its fourth Fiscal Quarter of 2008 and its first Fiscal Quarter of 2009 (the "Fixed Charge Coverage Failure").

2. The Borrower has failed to observe or perform Section 7.7 of the Loan Agreement by failing to maintain the ratio set forth therein as of its fourth Fiscal Quarter of 2008 and its first Fiscal Quarter of 2009 (the "Adjusted Funded Debt to EBITDA Ratio Failure").

3. The Borrower has failed to observe or perform Section 7.8 of the Loan Agreement by failing to maintain level set forth therein as of its fourth Fiscal Quarter of 2008 and its first Fiscal Quarter of 2009 (the "Minimum Net Worth Failure").

4. Any breach of the representations or warranties in Section 5 of the Loan Agreement arising from the Fixed Charge Coverage Failure, the Adjusted Funded Debt to EBITDA Ratio Failure, and the Minimum Net Worth Failure (the "Representations and Warranties Failures").

5. Any failure to satisfy the conditions subsequent requirements of Section 4.3 of the Loan Agreement within the times required (the "Conditions Subsequent Failures").

6. Any failure to timely notify the Agent Bank, or any other Person, of the Borrower's knowledge of the foregoing specific failures to observe or perform as specifically disclosed in this Recital I (the "Notice Failures").

7. Any failure to provide within the time required or otherwise any of the information reports due prior to the date of this Agreement required by Section 6.3 of the Loan Agreement (the "Reporting Failures").

The Fixed Charge Coverage Failure, the Adjusted Funded Debt to EBITDA Ratio Failure, the Minimum Net Worth Failure, the Representations and Warranties Failures, the Conditions Subsequent Failures, the Notice Failures or the Reporting Failures as they are in effect on the date of this Amendment, are collectively referred to as the "Failures".

J. The Borrower, the Guarantors, the Agent Bank and the Banks now wish to amend the 2007 Loan Agreement and the other Loan Documents (as defined in the Loan Agreement in order to (1) waive the Failures, (2) modify the definition of "Revolving Loan Commitment Termination Date," (3) change interest rates and fees, (3) provide for certain mandatory prepayments and commitment reductions in certain circumstances, (4) modify certain covenants of the Loan Agreement and add certain covenants to the Loan Agreement, and (5) make certain other changes, all as set forth in this Amendment.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein and for other good and valuable consideration, the mutuality, receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. RECITALS, DEFINED TERMS AND EFFECTIVE DATE. The recitals to this Amendment are incorporated into the text of this Amendment and the parties agree that they have the same force and effect as the other provisions of this Amendment. Terms not defined herein shall have the meanings set forth in the Loan Agreement. None of the amendments and changes set forth in this Amendment shall take effect or have any legal effect until the satisfaction of all conditions precedent set forth in Section 8 hereof and upon satisfaction of such conditions precedent, such amendments and changes shall be effective as of the date of this Amendment.

2. AMENDMENT OF LOAN AGREEMENT.

(a) Amendment Existing Definitions. The following definitions set forth in Section 1 of the Loan Agreement are hereby amended and restated to read in their entirety as follows:

1.7 "Applicable Base Rate Margin" means three percent (3.00%) per annum.

1.15 "Base Rate" means at any time the variable rate of interest that is the Agent Bank's Prime Rate as announced publicly and changing from time to time when such Prime Rate changes.

1.27 "Compliance Certificate" means a certificate substantially in the form of Exhibit A annexed to the 2009A Amendment to Loan Documents and delivered by the Borrower to the Agent Bank pursuant to Section 6.3D hereof.

1.38 "Dana Payment" means any cash payment received (including by way of setoff) by the Borrower or any Subsidiary (or otherwise paid in accordance with the instructions of the Borrower or any Subsidiary) (i) under the terms of any one or more of the Dana Supply Agreements upon any termination or rejection of such agreement or agreements in connection with or arising out of the Dana Bankruptcy Proceedings, (ii) constituting cash proceeds (including by way of setoff) from the sale, disposition, transfer or liquidation of any interest in any claim of the Company or any Subsidiary for damages arising out of such termination or rejection, or (iii) constituting cash proceeds from the sale, disposition, transfer or liquidation of any and all Capital Stock of Dana Holding Corporation.

1.42 "Default Rate" means, for any Loan, the Base Rate plus six percent (6.00%).

1.82 “Loan Documents” means this Loan Agreement, as amended by the 2009A Amendment to Loan Documents, the Security Agreement, the Revolving Credit Notes, each Application and Agreement for Letter of Credit, the Guaranty Agreements, any Rate Management Transaction Agreement and all other agreements, documents and instruments now or hereafter evidencing and/or pertaining to this Loan Agreement and/or the other Obligations, and as may be further amended, supplemented or otherwise modified from time to time.

1.97 “Pricing Level” means, for any Pricing Period, the 2009A Amendment Pricing Level, which shall be in effect from the date of the 2009A Amendment through and until the Revolving Loan Commitment Termination Date; provided that, the Default Rate shall be in effect upon the occurrence and during the continuation of any Event of Default.

1.113 “Revolving Credit Facility” means the revolving line of credit established by the Banks in favor of the Borrower in the principal amount of Fifty Million Dollars (\$50,000,000), pursuant to which the Borrower may obtain Revolving Credit Loans from the Banks and/or Letters of Credit from the Agent Bank during the term of the Revolving Credit Facility upon the terms and conditions set forth in this Loan Agreement. The Revolving Credit Facility includes as a sublimit the Letter of Credit Subfacility and the Swing Line Credit Subfacility. All references to the “aggregate principal balance of the Revolving Credit Loans outstanding” or similar phrases in this Loan Agreement or in the Revolving Credit Notes shall mean, as of the date of determination thereof, the sum of (i) the entire aggregate outstanding principal balance of all Revolving Credit Loans made by the Banks pursuant to this Loan Agreement, (ii) the then existing Letter of Credit Usage and (iii) the then existing Swing Line Usage.

1.119 “Revolving Loan Commitment Termination Date” means the Revolving Loan Commitment Termination Date then in effect, which shall be the earliest of (i) January 15, 2010, (ii) the date as of which the Obligations shall have become immediately due and payable pursuant to Section 8 of the Loan Agreement and (iii) the date on which all of the Obligations are paid in full (including, without limitation, the repayment, expiration, termination or cash collateralization of Letters of Credit pursuant to this Loan Agreement) and the Revolving Loan Commitments are reduced to zero.

(b) Additional Definitions. Section 1 of the Loan Agreement is hereby supplemented to add the following definitions which shall read in its entirety as follows:

1.137 “2009A Amendment Pricing Level” means the Pricing Level identified in the table in Section 2.2A, which will be in effect for any applicable Pricing Period from the date of the 2009A Amendment through and until the Revolving Loan Commitment Termination Date, as reflected in the table in Section 2.2A(ii) of the Loan Agreement; provided that, the Default Rate shall be in effect upon the occurrence and during the continuation of any Event of Default.

1.138 "2009A Amendment to Loan Documents" means the 2009A Amendment to Loan Documents dated as of April 1, 2009 by and among the Agent Bank, the Banks, the Borrower and the Guarantors.

1.139 "2009A Amendment Closing Date" means April 1, 2009.

1.140 "2009 Monthly Business Plan" means Borrower's projected financial plan, which is based upon a set of financial projections prepared in accordance with GAAP and includes a consolidated balance sheet, monthly income statement and monthly cash flow statement.

1.141

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(c) Deletion of Section 2.1G; Restatement of Schedule 2.1. Section 2.1G (which had provided for increases in the Revolving Loan Commitments under certain circumstances) is hereby deleted from the Loan Agreement. Schedule 2.1 to the Loan Agreement is hereby restated as Schedule 2.1 to the 2009A Amendment to Loan Documents.

(d) Amendment of Section 2.2A. Three changes are hereby made to section 2.2A of the Loan Agreement: (1) The interest rate grid in Section 2.2A is hereby amended and restated in its entirety as follows in the grid below, (2) the clause following the grid set forth below shall be added to the end of Section 2.2A, (3) the last paragraph of Section 2.2A is hereby deleted, and (4) the Borrower shall not be entitled to elect to receive a Base Rate Loan:

<u>Pricing Level</u>	<u>Applicable LIBOR Margin*</u>
2009A Amendment Pricing Level	5.75%

*Overdue principal, interest, fees and other amounts prior to the occurrence of an Event of Default shall bear interest at the Adjusted LIBOR Rate, plus the Applicable LIBOR Margin, plus two percent (2.00%). Following and during the continuance of an Event of Default, such amounts shall bear interest at the Default Rate.

(e) Amendment of Section 2.3B (Waiver Fee and Success Fee). Section 2.3B is hereby amended and restated as follows:

“2.3B Waiver Fee and Success Fee. The Borrower shall pay to the Agent Bank on the 2009A Amendment Closing Date for the benefit of the Banks in proportion to their respective Revolving Credit Facility Pro Rata Shares on the 2009A Amendment Closing Date, a waiver fee (the “Waiver Fee”) equal to 75/100 of one percent (0.75%) of the \$50,000,000 of Revolving Loan Commitments. Additionally, on the date (the “Payoff Date”) upon which all of the Obligations are paid in full (including, without limitation, the repayment, expiration, termination or cash collateralization of Letters of Credit issued pursuant to the Loan Agreement) and the Revolving Loan Commitments are reduced to zero (the “Payoff”), the Borrower shall pay to the Agent Bank for the benefit of the Banks in proportion to their respective Revolving Credit Facility Pro Rata Shares on such Payoff Date, a percentage as depicted in the grid set forth below multiplied by the Revolving Loan Commitments on the 2009A Amendment Closing Date.”

Payoff Date Occurring:	Payoff Fee (expressed as percentage of Revolving Loan Commitments):
On or before July 31, 2009	0.0%
August 1, 2009 to August 31, 2009	0.25%
September 1, 2009 to September 30, 2009	0.5%
October 1, 2009 to October 31, 2009	1.0%
November 1, 2009 and thereafter	1.5%

(f) *****

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(g) Amendment of Section 2.7F (Letters of Credit – Compensation). The Letter of Credit Fee grid in Section 2.7F is amended and restated in its entirety as follows:

Pricing Level	Applicable Letter of Credit Percentage
2009A Amendment Pricing Level	3.50%

(h) Amendment and Restatement of Compliance Certificate Delivery Requirement. Section 6.3D of the Loan Agreement is amended and restated to read in its entirety as follows:

“D. Compliance Certificate. On or before the 25th day of each fiscal month, the Borrower, for itself and the Guarantors, shall deliver to the Agent Bank a Compliance Certificate in substantially the form of Exhibit A to the 2009A Amendment to Loan Documents with all blanks completed and (x) stating that the Authorized Officer of the Borrower, for itself and the Guarantors, signing the Compliance Certificate has reviewed the relevant terms of this Loan Agreement, the Revolving Credit Notes, the Negative Pledge Agreement and the other Loan Documents to which the Borrower and the Guarantors are party, and such Authorized Officer has no actual knowledge (after making such inquiry as is consistent with the scope of his or her duties) of any event or condition which constitutes an Event of Default hereunder, or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Borrower has taken or is taking or proposes to take with respect thereto, and (y) demonstrating in reasonable detail compliance at the end of such accounting period with Sections 7.6 through 7.9 of this Loan Agreement to the extent applicable to such period; provided, that to the extent the Borrower has timely submitted (e.g. within 15 days after the end of a fiscal month) to the Agent Bank a Liquidity Certificate in compliance with the requirements of Section 7.9 for such period, and to the extent the information contained in the Liquidity Certificate remains true and correct as of the date of submission of the Compliance Certificate, the Borrower may omit information regarding Section 7.9 from the Compliance Certificate for that particular fiscal month.”

(i) Addition of Paragraphs to Section 6.3 (Financial Statements and Reports). The following subsections K, L, M and N, O, and P are hereby added to Section 6.3:

“K. *****OMITTED*****

L. ***** OMITTED *****

OMITTED*****

(a) ***** OMITTED *****

(i) *****

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M. Bi-Weekly Updates. The Borrower shall provide bi-weekly updates to the Banks telephonically with sufficient time for questions and answers.

N. 13 Week Cash Flow Budget. The Borrower shall provide a 13 week cash flow report with a comparison to budget for each week by the last calendar day of each subsequent week.

O. Informational Undertakings. As soon as practicable, but in no event more than [3] Business Days after receipt or delivery, as applicable, by the Borrower, the following: (i) all material, written reports, provided to any Holder of the Senior Notes, (ii) *****
*****, (iii) ***** **OMITTED** *****
*****, and (iv) monthly updates of its 2009 Monthly Business Plan.

P. Pro Rata Payments to Banks. The Borrower will not, and will not permit any of the Guarantors to, pay, defease or otherwise satisfy (in whole or in part) in any manner (whether by setoff, exercise of remedies or otherwise), the principal amount of any of the Senior Notes, unless the Revolving Loan Commitments are permanently reduced concurrently with such principal payment, defeasance or other satisfaction, such that each of the Banks receives its pro rata share of the total amount of Debt then being repaid (calculated based on the Principal Exposure (as defined in the Collateral Sharing Agreement)), together with accrued and unpaid interest thereon. By way of example, as of a date of payment on the Senior Notes, if (a) the Principal Exposure of the Banks is \$50 million and (b) the Principal Exposure of the Holders of the \$55,000,000 Senior Notes is \$30 million, and the Borrower makes a principal payment to the Holders of the \$55,000,000 Senior Notes in the amount of \$3 million (10 percent of the \$30 million Principal Exposure), the Borrower would be required to make a payment to the Banks in the amount of \$5 million (10 percent of the \$50 million Principal Exposure) and the Revolving Loan Commitments would be reduced by such \$5 million payment.

(j) Amendment of Sections 7.6 (Fixed Charge Coverage Ratio), 7.7 (Ratio of Adjusted Funded Debt to EBITDA) and 7.8 (Minimum Net Worth) and New Section 7.7. Sections 7.6., 7.7 and 7.8 are hereby deleted and, in lieu thereof, new Sections 7.7, 7.8 and 7.9 are added to the Loan Agreement, as follows:

“7.7 Cumulative Consolidated EBITDAR. The Borrower will not permit the result of (i) EBITDA plus rent paid (“EBITDAR”) for any period beginning April 6, 2009 and ending on a date set forth in the table below, *plus*, (ii) to the extent deducted in determining such EBITDAR, restructuring charges as recorded in the Borrower’s financial statements, as determined on a consolidated basis in accordance with GAAP, ***** **OMITTED** ***** *plus*, (iv) to the extent deducted in determining such EBITDAR, any impairment of long-lived assets, goodwill, intangibles or any of the shares of the stock of the Dana Entities; and (v) *plus or minus* any translation gains or losses on the Borrower’s statement of operations due to changes in foreign currency exchange rates, all as determined on a consolidated basis in accordance with GAAP (such result, “Cumulative Consolidated EBITDAR”), to be less than the amount set forth opposite such date (all amounts shown in parentheses indicate negative numbers):

If Such Date is During the Period From April 6, 2009 Through:	Minimum Cumulative Consolidated EBITDAR
July 5, 2009	\$ (2,000,000)
October 4, 2009	\$ (500,000)
December 31, 2009	\$ 2,000,000

7.8 Adjusted Consolidated Net Worth. The Borrower will not permit the sum of Adjusted Consolidated Net Worth (as defined in the Note Purchase Agreement) as of the last day of any fiscal quarter noted in the table below *plus* the aggregate amount of any impairment of long-lived assets, goodwill, intangibles or any of the shares of the stock of the Dana Entities taken during year-to-date through such fiscal quarter and reflected in such Adjusted Consolidated Net Worth, to be less than the amount set forth such day in such table:

Date	Minimum Levels
July 5, 2009	\$ 55,000,000
October 4, 2009	\$ 50,000,000
December 31, 2009	\$ 45,000,000

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(k) Amendment of Section 7.10 (Capital Expenditures). Section 7.10 is amended and restated as follows:

“7.10 Capital Expenditures. Other than as set forth in Schedule 7.10 to the 2009A Amendment to Loan Documents, the Borrower and its Subsidiaries shall not incur Capital Expenditures in excess of \$2,000,000 through the Revolving Loan Commitment Termination Date.”

(l) New Section 7.17 (Dividends and Distributions). A new Section 7.17 is added to the Loan Agreement, which shall read in its entirety as follows:

“7.17 Dividends and Distributions. The Borrower shall not make any distribution or declare or pay any dividends (in cash or other property) on, or purchase, acquire, redeem, or retire any of, the Borrower’s stock, whether now or hereafter outstanding.”

(m) New Section 7.18 (Credit Card and Other Debt). A new Section 7.18 is added to the Loan Agreement, which shall read in its entirety as follows:

“7.18 Credit Card and Other Debt Except for the amounts due under the Loan Agreement and due to holders of the \$55,000,000 Senior Notes, the Borrower shall be prohibited from incurring credit card debt in excess of One Million Dollars (\$1,000,000) through April 23, 2009 and in excess of Five Hundred Thousand Dollars (\$500,000.00) thereafter, and from incurring any other Debt permitted under the Loan Agreement in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000.00).”

3. RATIFICATION. Except as specifically amended by the provisions of this Amendment set forth above, all of the Loan Documents remain in full force and effect. The Borrower and Guarantors reaffirm and ratify all of their respective obligations to Agent Bank and the Banks under all of the Loan Documents, as amended and modified hereby, including, but not limited to, the Loan Agreement, the Revolving Credit Notes, the Security Agreement, the Guaranty Agreement, and all other agreements, documents and instruments now or hereafter evidencing and/or pertaining to the Loan Agreement. Each reference to all or any of the Loan Documents contained in any other of the Loan Documents shall be deemed to be a reference to such Loan Document, as modified hereby.

4. **WAIVER OF CERTAIN EVENTS OF DEFAULT BY THE AGENT BANK AND THE BANKS.** The Agent Bank and the Banks hereby grant a limited waiver to the Borrower with respect to the Failures as in effect on the date of this Amendment under the terms of the Loan Agreement as in effect prior to this Amendment. By virtue of this waiver, the Administrative Agent and the Banks agree that they will not regard the Failures as Potential Defaults or Events of Default. This waiver is specifically limited to the Failures, is not a waiver of any other breaches or failures, and shall not establish a course of dealing or be construed as evidence of any willingness on the part of the Agent Bank or the Banks to grant future waivers or consents, should any be requested.

5. **WAIVER OF SPECIAL DAMAGES; RELEASE BY THE BORROWER AND THE GUARANTORS.** **THE BORROWER AND THE GUARANTORS WAIVE, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT THEY MAY HAVE TO CLAIM OR RECOVER FROM THE AGENT BANK OR THE BANKS IN ANY LEGAL ACTION OR PROCEEDING ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES. AS A MATERIAL INDUCEMENT TO THE AGENT BANK AND THE BANKS TO ENTER INTO THIS AMENDMENT, WHICH THE BORROWER AND THE GUARANTORS HAVE DETERMINED TO BE TO THEIR DIRECT ADVANTAGE AND BENEFIT, THE BORROWER AND THE GUARANTORS HEREBY RELEASE AND DISCHARGE THE AGENT BANK, THE BANKS AND THEIR PAST AND PRESENT EMPLOYEES, AGENTS, ATTORNEYS, OFFICERS AND DIRECTORS AND ALL AFFILIATES THEREFROM (COLLECTIVELY, THE "BANK RELEASEES") FROM ANY AND ALL CLAIMS, LIABILITIES, DEMANDS, ACTIONS, AND CAUSES OF ACTIONS OF ANY KIND WHATSOEVER, WHETHER KNOWN OR UNKNOWN, CONTINGENT OR NON-CONTINGENT, LIQUIDATED OR UNLIQUIDATED, WHICH IN ANY WAY RELATE TO ANY EVENT, CIRCUMSTANCE, ACTION, OR FAILURE TO ACT FROM THE BEGINNING OF TIME TO THE DATE THIS AMENDMENT IS ACTUALLY DELIVERED RELATED TO THE LOAN DOCUMENTS, THIS AMENDMENT, ANY COURSE OF DEALING OR OTHER BUSINESS RELATIONSHIP (WHETHER OR NOT RELATED TO THE LOAN DOCUMENTS) AND/OR ANY OTHER CREDIT OR OTHER BUSINESS RELATIONSHIP AMONG THE PARTIES (OR ANY ONE OR MORE OF THEM) TO THIS AMENDMENT. THE BORROWER AND THE GUARANTORS HEREBY ACKNOWLEDGE AND AGREE THAT THE BANK RELEASEES AT ALL TIMES HAVE ACTED IN GOOD FAITH AND IN COMPLIANCE WITH ALL OBLIGATIONS THAT MIGHT HAVE BEEN IMPOSED UNDER ANY AGREEMENTS BETWEEN OR AMONG, OR OTHER BUSINESS RELATIONSHIP BETWEEN OR AMONG, THE BANK RELEASEES, THE BORROWER AND THE GUARANTORS. THE BORROWER AND THE GUARANTORS FURTHER ACKNOWLEDGE AND AGREE THAT THE BANK RELEASEES HAVE TAKEN NO ACTION, AND HAVE NOT FAILED TO TAKE ANY ACTION, WHICH WOULD IMPAIR ANY COLLATERAL SECURING ANY OBLIGATIONS OF ANY OF THEM TO THE BANK RELEASEES OR ANY RIGHTS OR ACTIONS THAT THE BANK RELEASEES MIGHT HAVE AGAINST ANY OF THE BORROWER OR THE GUARANTORS. THIS RELEASE IS NON-CONTINGENT AND ABSOLUTE.**

6. REPRESENTATIONS, WARRANTIES, AND COVENANTS OF THE BORROWER. To induce the Agent Bank and the Banks to enter into this Amendment, the Borrower represents and warrants to Agent Bank and the Banks as follows:

(a) The Borrower has full power, authority, and capacity to enter into this Amendment, and this Amendment constitutes the legal, valid and binding obligation of the Borrower, enforceable against it in accordance with its respective terms.

(b) No uncured Event of Default under the Revolving Credit Notes or any of the other Loan Documents has occurred which continues unwaived by the Agent Bank, and no Potential Default exists as of the date hereof.

(c) The Person executing this Amendment on behalf of the Borrower is duly authorized to do so.

(d) The representations and warranties made by the Borrower in any of the Loan Documents are hereby remade and restated as of the date hereof.

(e) Except as previously disclosed to the Agent Bank or disclosed in the Borrower's filings with the Securities and Exchange Commission, copies of which have been provided previously to the Agent Bank, there are no material actions, suits, legal, equitable, arbitration or administrative proceedings pending or threatened against the Borrower, the adverse determination of which could have a material adverse effect on the Loan Documents, the business operations or financial condition of the Borrower and the Guarantors taken as a whole, or the ability of the Borrower to fulfill its obligations under the Loan Documents.

(f) The Borrower makes the representations and warranties set forth in 3.7 of the NPA Amendment to the Banks.

(g) The 2009 Monthly Business Plan provides a reasonable estimate of the future financial performance of the Borrower and the Guarantors for the periods set forth therein. The 2009 Monthly Business Plan has been prepared on the basis of the assumptions set forth therein, which the Borrower believes are fair and reasonable in light of current and reasonably foreseeable business conditions at the time submitted to the Banks.

7. REPRESENTATIONS, WARRANTIES, AND COVENANTS OF THE GUARANTORS. To induce the Agent Bank and the Banks to enter into this Amendment, the Guarantors represent and warrant to the Agent Bank and the Banks as follows:

(a) Each Guarantor has full power, authority, and capacity to enter into this Amendment, and this Amendment constitutes the legal, valid and binding obligations of such Guarantor, enforceable against such Guarantor in accordance with their terms.

(b) The Person executing this Amendment on behalf of each Guarantor is duly authorized to do so.

(c) The representations and warranties made by each Guarantor in any of the Loan Documents are hereby remade and restated as of the date hereof.

(d) Except as previously disclosed to the Agent Bank, there are no material actions, suits, legal, equitable, arbitration or administrative proceedings pending or threatened against any Guarantor, the adverse determination of which could have a material adverse effect on the Loan Documents, the business operations or financial condition of the Borrower and the Guarantors taken as a whole or the ability of any Guarantor to fulfill its obligations under the Guaranty Agreement.

(e) The Guarantors make the representations and warranties set forth in 3.7 of the NPA Amendment to the Banks.

8. CONDITIONS PRECEDENT. The obligations of the Agent Bank and the Banks under this Amendment (including but not limited to the amendment of the definition of the Revolving Loan Commitment Termination Date and the waivers provided in Section 4 of this Amendment) are expressly conditioned upon, and subject to the following:

(a) the execution and delivery by the Borrower and the Guarantors of this Amendment;

(b) the payment to the Agent Bank, for the benefit of the Banks, of the Waiver Fee in the amount of \$375,000, plus payment of Agent Bank's counsel fees in preparation and closing of this Amendment and the documents associated with this Amendment and any other out-of-pocket costs;

(c) Delivery to the Agent Bank of a copy of the certificate of the corporate secretary of Borrower certifying resolutions of the Borrower's board of directors to the effect that execution, delivery and performance of this Amendment have been duly authorized and as to the incumbency of those authorized to execute and deliver this Amendment and all other documents to be executed in connection herewith;

(d) With respect to each corporate Guarantor, delivery to the Agent Bank of a copy of the certificate of the corporate secretary of each corporate Guarantor certifying resolutions of such Guarantor's board of directors to the effect that execution, delivery and performance of this Amendment have been duly authorized and as to the incumbency of those authorized to execute and deliver this Amendment and all other documents to be executed in connection herewith;

(e) With respect to each non-corporate Guarantor, delivery to the Agent Bank of a copy of the certificate of the Secretary or other appropriate representative of such Guarantor (i) certifying as to the authenticity, completeness and accuracy of, and attaching copies of the written consent of the managers of such Guarantor authorizing the execution, delivery and performance of this Amendment, and (ii) certifying the names and true signatures of the officers of such Guarantor authorized to execute and deliver on behalf of such Guarantor this Amendment;

(f) Delivery to the Agent Bank of opinions of counsel to Borrower and the Guarantors, satisfactory to the Agent Bank;

(g) The Agent Bank shall have reviewed the Fourth Amendment to Note Purchase Agreement between the Borrower and the holders of the \$55,000,000 Senior Notes (the "NPA Amendment"), the provisions of which shall be in form and substance satisfactory to the Agent Bank and the Banks (which provisions shall include, but not be limited to, provisions extending the maturity of the 7.25% Senior Notes, Series A from June 30, 2009 to at least January 15, 2010 and provisions eliminating any requirement for a minimum amount of Revolving Loan Commitments following pro rata reductions of the Revolving Loan Commitments and the Senior Notes), and such Fourth Amendment to Note Purchase Agreement shall have been executed by the Borrower and the holders of the \$55,000,000 Senior Notes;

(h) The Borrower shall have received, and delivered to the Banks, the final drafts of the audited financial statements for its 2008 fiscal year together with the final drafts of the certificates and auditors' opinion as required by Section 6.3 of the Loan Agreement, which financial statements and opinion shall be not subject to any footnote or qualification which specifies that the Borrower may not continue as a going concern for the year 2009; and

(i) the Borrower shall have delivered to the Banks a copy of the Borrower's 2009 Monthly Business Plan certified as true, correct and complete and in full force and effect by a Responsible Officer of the Borrower, and such plan be in form and substance satisfactory to the Banks.

9. MISCELLANEOUS.

A. Final Financial Statements. The Borrower shall deliver to the Banks, within two Business Days after the 2009A Amendment Closing Date, the final versions of the audited financial statements for its 2008 fiscal year together with the final versions of the certificates and auditors' opinion as required by Section 6.3 of the Loan Agreement*****
OMITTED*****. Failure to comply with this provision shall be an Event of Default.

B. Illegality. In case any one or more of the provisions contained in this Amendment should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

C. Changes in Writing. No modification, amendment or waiver of any provision of this Amendment nor consent to any departure by the Borrower or any of the Guarantors therefrom, will in any event be effective unless the same is in writing and signed by the Agent Bank, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

D. Successors and Assigns. This Amendment will be binding upon and inure to the benefit of the Borrower, the Guarantors, the Agent Bank and the Banks and their respective successors and assigns; provided, however, that neither the Borrower nor the Guarantors may assign this Amendment in whole or in part without the prior written consent of the Agent Bank, and the Agent Bank and the Banks at any time may assign this Amendment in whole or in part, as provided in Section 11 of the Loan Agreement.

E. Counterparts. This Amendment may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument.

[THE REMAINDER OF THIS PAGE IS LEFT BLANK ON PURPOSE]

IN WITNESS WHEREOF, the Agent Bank, the Documentation Agent, each Bank, the Borrower and each Guarantor has caused this Amendment to be duly executed as of the day and year first above written but actually on the dates set forth below.

JP MORGAN CHASE BANK, N.A.
as Administrative Agent,
Syndications Agent and Collateral
Agent

By /s/ Michael E. Lewis
Michael E. Lewis
Senior Vice President

Date: _____

BANK OF AMERICA, N.A.,
successor by merger to
LaSalle Bank National Association,
as Documentation Agent

By /s/ Thomas P. Sullivan
Thomas P. Sullivan
Vice President

Date: 3.30.09

JPMORGAN CHASE BANK, N.A.
as a Bank

By /s/ Michael E. Lewis
Michael E. Lewis
Senior Vice President

Date: _____

BANK OF AMERICA, N.A.
Successor by merger to
LaSalle Bank National Association
as a Bank

By /s/ Thomas P. Sullivan
Thomas P. Sullivan
Vice President

Date: 3.30.09

NATIONAL CITY BANK
as a Bank

By /s/ John A. Grohovsky
John A. Grohovsky
Vice President

Date: 03/31/09

SYPRIS SOLUTIONS, INC.
(the "Borrower")

By /s/ Jeffrey T. Gill
Jeffrey T. Gill
President and CEO

Date: March 31, 2009

SYPRIS TEST &
MEASUREMENT, INC. a Delaware
corporation ("ST&M")
(as a "Guarantor")

By /s/ Jeffrey T. Gill
Jeffrey T. Gill
Chairman

Date: March 31, 2009

SYPRIS TECHNOLOGIES, INC.
a Delaware corporation ("ST")
(as a "Guarantor")

By /s/ Jeffrey T. Gill
Jeffrey T. Gill
Chairman

Date: March 31, 2009

SYPRIS ELECTRONICS, LLC
a Delaware limited liability
company ("SE")
(as a "Guarantor")

By /s/ Jeffrey T. Gill
Jeffrey T. Gill
Chairman

Date: March 31, 2009

SYPRIS DATA SYSTEMS, INC.
a Delaware corporation (“SDS”)
(as a “Guarantor”)

By /s/ Jeffrey T. Gill
Jeffrey T. Gill
Chairman

Date: March 31, 2009

SYPRIS TECHNOLOGIES
MARION, LLC
a Delaware limited liability company
(“Marion”) (as a “Guarantor”)

By /s/ Jeffrey T. Gill
Jeffrey T. Gill
Chairman

Date: March 31, 2009

SYPRIS TECHNOLOGIES
KENTON, INC.
a Delaware corporation (“STK”)
(as a “Guarantor”)

By /s/ Jeffrey T. Gill
Jeffrey T. Gill
Chairman

Date: March 31, 2009

SYPRIS TECHNOLOGIES
MEXICAN HOLDINGS, LLC
a Delaware limited liability company
 (“STMH”) (as a “Guarantor”)

By /s/ Jeffrey T. Gill
Jeffrey T. Gill
Chairman

Date: March 31, 2009

SCHEDULE 1.1

LIST OF BANKS

JPMORGAN CHASE BANK, N.A.
IN 1-0136
1 East Ohio Street
Indianapolis, IN 46277-0136
Attention: Special Credits Department

BANK OF AMERICA, N.A.
successor by merger to
LaSalle Bank National Association
231 S. LaSalle Street
Chicago, Illinois 60697
Attention: Michael J. Hammond, Senior Vice President

NATIONAL CITY BANK
101 S. Fifth Street
Louisville, KY 40202
Attention: John A. Grohovsky, Vice President

SCHEDULE 1.2

LIST OF GUARANTORS

SYPRIS TEST & MEASUREMENT, INC.,
a Delaware corporation (“ST&M”)
6120 Hanging Moss Road
Orlando, Florida 32807
Attention: President

SYPRIS TECHNOLOGIES, INC.,
a Delaware corporation (“ST”)
2820 West Broadway
Louisville, Kentucky 40211
Attention: President

SYPRIS ELECTRONICS, LLC, a Delaware limited
liability company (“SE”)
10901 Malcolm McKinley Drive
Tampa, Florida 33612
Attention: President

SYPRIS DATA SYSTEMS, INC.,
a Delaware corporation (“SDS”)
605 East Huntington Dr.
Monrovia, California 91016
Attention: President

SYPRIS TECHNOLOGIES MARION, LLC,
a Delaware limited liability company (“Marion”)
1550 Marion Agosta Road
Marion, Ohio 43302
Attn: President

SYPRIS TECHNOLOGIES KENTON, INC.,
a Delaware corporation (“STK”)
101 Bullitt Lane, Suite 450
Louisville, Kentucky 40222
Attention: President

SYPRIS TECHNOLOGIES MEXICAN HOLDINGS, LLC
a Delaware limited liability company (“STMH”)
101 Bullitt Lane, Suite 450
Louisville, Kentucky 40222
Attention: President

SCHEDULE 2.1

SCHEDULE OF REVOLVING LOAN COMMITMENTS AND
REVOLVING CREDIT FACILITY PRO RATA SHARES

The maximum amount of the Revolving Credit Facility is \$50,000,000.

Name of Bank	Revolving Credit Facility Pro Rata Share	Revolving Loan Commitment
JP Morgan Chase Bank, NA	46.0%	\$23,000,000.00
Bank of America, N.A., successor by merger to LaSalle Bank National Association	38.0%	\$19,000,000.00
National City Bank	16.0%	\$ 8,000,000.00
Totals	100%	\$50,000,000.00

EXHIBIT A

FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate is being delivered to JPMorgan Chase Bank, N.A., as Agent Bank, pursuant to Section 6.3C of that certain Amended and Restated Loan Agreement dated as of April 6, 2007, as amended, among Sypris Solutions, Inc. as Borrower (the "Borrower"), certain Guarantors (as defined in the Loan Agreement), the Agent Bank and the Banks (as defined in the Loan Agreement) (together with all amendments, modifications and supplements thereto and all restatements thereof, the "Loan Agreement"). All capitalized terms used herein without definition shall have the meanings assigned to those terms in the Loan Agreement. The undersigned officer, on behalf of the Borrower, certifies that as of the last day of the most recently ended Fiscal Quarter of the Borrower dated _____, 20__ (the "Compliance Date"):

1. **EBITDA.** The Borrower's EBITDA for the Applicable Period (defined in Section 2 below), determined as of the Compliance Date was _____, calculated as follows:

- | | | |
|-----|--|-------|
| (a) | Net Income | _____ |
| (b) | Interest Expense | _____ |
| (c) | provisions for taxes based on income | _____ |
| (d) | depreciation | _____ |
| (e) | amortization | _____ |
| (f) | non-cash stock compensation expense, reducing Net Income | _____ |
| (g) | make-whole expense related to \$55,000,000 Senior Notes | _____ |
| (h) | Agent Bank approved non-cash charges | _____ |
| (i) | non-cash gains | _____ |
| (j) | EBITDA =
sum of (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h) - (i) | _____ |
-

2. Cumulative Consolidated EBITDAR

The Borrower's Cumulative Consolidated EBITDAR for the applicable period identified below (the "Applicable Period") was _____, calculated as follows (in each subsection, information is to be provided for the Applicable Period):

(a)	Last day of Applicable Period (the Applicable Period begins, in each case, on April 6, and ends on one of the following: July 5, 2009, October 4, 2009 and December 31, 2009)	_____ , 2009
(b)	Actual EBITDA (from 1(j))	_____
(c)	Rent paid	_____
(d)	Restructuring charges	_____
(e)	***** OMITTED *****	_____
(f)	Impairment of long-lived assets, goodwill, intangibles or shares of Dana entities	_____
(g)	Translation gains or losses due to changes in foreign currency exchange rates	_____
(h)	Cumulative Consolidated EBITDAR sum of (b) + (c) + (d) + (e) + (f) + (g)	_____

Requirement [Section 7.7 of the Loan Agreement]:

"7.7 Cumulative Consolidated EBITDAR. The Borrower will not permit the result of (i) EBITDA plus rent paid ("EBITDAR") for any period beginning April 6, 2009 and ending on a date set forth in the table below, plus, (ii) to the extent deducted in determining such EBITDAR, restructuring charges as recorded in the Borrower's financial statements, as determined on a consolidated basis in accordance with GAAP, *******OMITTED******* plus, (iv) to the extent deducted in determining such EBITDAR, any impairment of long-lived assets, goodwill, intangibles or any of the shares of the stock of the Dana Entities; and (v) plus or minus any translation gains or losses on the Borrower's statement of operations due to changes in foreign currency exchange rates, all as determined on a consolidated basis in accordance with GAAP (such result, "Cumulative Consolidated EBITDAR"), to be less than the amount set forth opposite such date (all amounts shown in parentheses indicate negative numbers):



<i>If Such Date is During the Period From April 6, 2009 Through:</i>	<i>Minimum Cumulative Consolidated EBITDAR</i>
July 5, 2009	\$ (2,000,000)
October 4, 2009	\$ (500,000)
December 31, 2009	\$ 2,000,000

3. Adjusted Consolidated Net Worth

The Borrower's Adjusted Consolidated Net Worth as of the last day of the fiscal quarter identified below was _____:

(a) Last day of Fiscal Quarter
(June 30, 2009; September 30, 2009 or
December 31, 2009)

_____, 2009

(b) Adjusted Consolidated Net Worth) _____

Requirement [Section 7.8 of the Loan Agreement]:

7.8 Adjusted Consolidated Net Worth. *The Borrower will not permit the sum of Adjusted Consolidated Net Worth (as defined in the Note Purchase Agreement) as of the last day of any fiscal quarter noted in the table below plus the aggregate amount of any impairment of long-lived assets, goodwill, intangibles or any of the shares of the stock of the Dana Entities taken during year-to-date through such fiscal quarter and reflected in such Adjusted Consolidated Net Worth, to be less than the amount set forth such day in such table:*

<i>Date</i>	<i>Minimum Levels</i>
July 5, 2009	\$ 55,000,000
October 4, 2009	\$ 50,000,000
December 31, 2009	\$ 45,000,000

*****OMITTED*****

*****OMITTED*****

7.9

*****OMITTED*****

*****OMITTED*****



*****OMITTED*****

5. Capital Expenditures. The Capital Expenditures incurred by the Borrower and the Guarantors since the 2009A Amendment Closing Date were \$ _____.

Requirement [Section 7.10 of the Loan Agreement]: Other than as set forth in Schedule 7.10 to the 2009A Amendment to Loan Documents, The Borrower and the Guarantors shall not incur Capital Expenditures in excess of \$2,000,000 prior to the Revolving Loan Commitment Termination Date.

6. Operating Lease Rentals. The Borrower's Operating Lease Rentals incurred during the calendar year as of the Compliance Date were \$ _____.

Requirement [Section 7.11 of the Loan Agreement]: Requirement: Operating Lease Rentals paid in any Fiscal Year shall not exceed \$10,000,000.

7. Other Covenants. The Borrower has not, during the proceeding Fiscal Quarter ending on the Compliance Date, violated any of the other covenants contained in Sections 6 and 7 of the Loan Agreement.

The undersigned officer of the Borrower executing and delivering this Compliance Certificate on behalf of the Borrower further certifies that he has reviewed the Loan Agreement and has no knowledge of any event or condition which constitutes a Potential Default or an Event of Default under the Loan Agreement or the other Loan Documents other than [if any Potential Default or Event of Default has occurred, describe the same, the period of existence thereof and what action the Borrower has taken or propose to take with respect thereto].

IN WITNESS THEREOF, the Borrower, through a duly authorized officer, has executed this Compliance Certificate this ____ day of _____, 20__.

SYPRIS SOLUTIONS, INC.

By _____

Title: _____

(the "Borrower")

EXHIBIT B

BUSINESS PLAN

*****OMITTED*****

* A portion of this material is confidential and has been omitted and filed separately with the Securities and Exchange Commission

EXECUTION VERSION

SYPRIS SOLUTIONS, INC.

**FOURTH AMENDMENT
TO NOTE PURCHASE AGREEMENT**

DATED AS OF APRIL 1, 2009

\$4,090,909 12.00% Senior Notes, Series A, due January 15, 2010

\$15,000,001 10.20% Senior Notes, Series B, due January 15, 2010

\$10,909,090 10.30% Senior Notes, Series C, due January 15, 2010

SYPRIS SOLUTIONS, INC.

\$4,090,909 12.00% Senior Notes, Series A, due January 15, 2010
\$15,000,001 10.20% Senior Notes, Series B, due January 15, 2010
\$10,909,090 10.30% Senior Notes, Series C, due January 15, 2010

As of April 1, 2009

**To each of the Current Noteholders
Named in Annex 1 hereto:**

Ladies and Gentlemen:

SYPRIS SOLUTIONS, INC., a Delaware corporation (together with any successors and assigns, the “**Company**”), hereby agrees with each of you as follows:

1. PRIOR ISSUANCE OF NOTES, ETC.

The Company has outstanding (i) \$4,090,909 in aggregate principal amount of its 7.25% Senior Notes, Series A, due June 30, 2009 (collectively, the “**Existing Series A Notes**”), (ii) \$15,000,001 in aggregate principal amount of its 7.45% Senior Notes, Series B, due June 30, 2011 (collectively, the “**Existing Series B Notes**”) and (iii) \$10,909,090 in aggregate principal amount of its 7.55% Senior Notes, Series C, due June 30, 2012 (collectively, the “**Existing Series C Notes**” and together with the Existing Series A Notes and the Existing Series B Notes, collectively, the “**Existing Notes**”, and the Existing Notes, as amended pursuant to this Agreement and as may be further amended, restated, modified or replaced from time to time, together with any such notes issued in substitution therefor pursuant to Section 13 of the Note Purchase Agreement, the “**Notes**”) under the Note Purchase Agreement dated as of June 1, 2004 by and among the Company and the purchasers named in Schedule A thereto, as amended by that certain First Amendment to Note Purchase Agreement, dated as of August 3, 2005, that certain Second Amendment to Note Purchase Agreement, dated as of March 13, 2006, and that certain Third Amendment to Note Purchase Agreement dated as of April 6, 2007 (as so amended, the “**Existing Note Agreement**” and, as amended pursuant to this Agreement and as may be further amended, restated or otherwise modified from time to time, the “**Note Purchase Agreement**”). The Company represents and warrants to each of you that the register kept by the Company for the registration and transfer of the Notes indicates that each of the Persons named in Annex 1 hereto (collectively, the “**Current Noteholders**”) is currently a holder of the aggregate principal amount of the Notes of each Series indicated in such Annex.

2. WAIVERS; AMENDMENTS.

The Company agrees and, subject to the satisfaction of the conditions set forth in Section 5 of this Agreement, each of the Current Noteholders (a) waives its rights to take any action as a consequence of any of the Specified Defaults (the “**Waivers**”) and (b) agrees to the amendment of the Existing Notes and certain provisions of the Existing Note Agreement, in each case as provided for by Section 4 of this Agreement (the “**Amendments**”).

3. WARRANTIES AND REPRESENTATIONS.

To induce the Current Noteholders to enter into this Agreement and to agree to the Amendments, the Company warrants and represents to you, as of the date hereof, as follows (it being agreed, however, that nothing in this Section 3 shall affect any of the warranties and representations previously made by the Company in or pursuant to the Existing Note Agreement, and that all of such other warranties and representations, as well as the warranties and representations in this Section 3, shall survive the effectiveness of the Amendments).

3.1. Material Adverse Change.

Except as disclosed in the draft of the Company's Annual Report on Form 10-K (the "**Draft 10-K**") for the period ended December 31, 2008 (including without limitation, the Company's disclosures regarding the Material Adverse Effects of recent global and national macroeconomic developments, the loss of up to 50% of the anticipated sales volumes for Sypris Industrial Group, and the lack of credit availability for the Company's customers and suppliers) proposed to be filed with the Securities and Exchange Commission, there has been no change in the business operations, profits, financial condition, properties or business prospects of the Company and its Subsidiaries except changes that, in the aggregate, could not reasonably be expected to have a Material Adverse Effect. A true and correct copy of the Draft 10-K has been delivered to the Current Noteholders on the date hereof.

3.2. Full Disclosure.

Neither the financial statements and other certificates previously provided to the Current Noteholders pursuant to the provisions of the Existing Note Agreement nor the statements made in this Agreement nor the projected financial information provided to the Current Noteholders on March 16, 2009 (the "**Initial Projections**") in connection with the proposal and negotiation of the Amendments, taken as a whole, contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained therein and herein, taken as a whole, not misleading. There is no fact relating to any event or circumstance that has occurred or arisen since the date of the Initial Projections that the Company has not disclosed to the Current Noteholders in writing that has had or, so far as the Company can now reasonably foresee, could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. All pro forma financial information, financial or other projections and forward-looking statements delivered to the Current Noteholders (including the Initial Projections) have been prepared in good faith by the Company based on reasonable assumptions.

3.3. Solvency.

The fair value of the business and assets of each of the Company and each Subsidiary Guarantor exceeds the amount that will be required to pay its respective liabilities (including, without limitation, contingent, subordinated, unmatured and unliquidated liabilities on existing debts, as such liabilities may become absolute and matured). Neither the Company nor the Subsidiary Guarantors is engaged in any business or transaction, or about to engage in any business or transaction, for which such Person has unreasonably small assets or capital (within the meaning of the Uniform Fraudulent Transfer Act, the Uniform Fraudulent Conveyance Act and Section 548 of the Federal Bankruptcy Code), and neither the Company nor the Subsidiary Guarantors has any intent to:

- (a) hinder, delay or defraud any entity to which any of them is, or will become, on or after the Closing Date, indebted, or
- (b) incur debts that would be beyond any of their ability to pay as they mature.

3.4. No Defaults.

Except for the Defaults set forth on Schedule 3.4 (the “**Specified Defaults**”), no event has occurred and no condition exists that, upon the execution and delivery of this Agreement and the effectiveness of the Amendments, would constitute a Default or an Event of Default.

3.5. Title to Properties.

The Company and its Subsidiaries have good and sufficient title to or the legal right to use their respective properties, including all such properties reflected in the most recent audited balance sheet of the Company delivered pursuant to the provisions of Section 7.1 of the Existing Note Agreement (except as sold or otherwise disposed of in the ordinary course of business) or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case (a) to the extent such properties are individually or in the aggregate Material, and (b) free and clear from Liens not permitted by the Financing Documents.

3.6. Transaction is Legal and Authorized; Obligations are Enforceable.

(a) The execution and delivery of this Agreement, the Notes, the Subsidiary Guaranty Amendment and the other documents and instruments entered into in connection herewith and therewith (collectively, the “**Fourth Amendment Documents**”) by the Company and the Subsidiary Guarantors (collectively, the “**Obligors**”) and compliance by the Obligors with all of their respective obligations thereunder:

- (i) is within the corporate or limited liability company powers of each Obligor;
- (ii) is legal and does not conflict with, result in any breach in any of the provisions of, constitute a default under, or result in the creation of any Lien upon any property of the Obligors under the provisions of, any agreement, charter instrument, bylaw or other instrument to which any Obligor is a party or by which it or any of its Property may be bound; and
- (iii) does not give rise to a right or option of any other Person under any agreement or other instrument, which right or option, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) The Fourth Amendment Documents have been duly authorized by all necessary action on the part of each Obligor and each Fourth Amendment Document has been executed and delivered by one or more duly authorized officers of each Obligor party thereto, and each constitutes a legal, valid and binding obligation of such Obligor, enforceable in accordance with its terms, except that such enforceability may be:

- (i) limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium or other similar laws affecting the enforceability of creditors' rights generally; and
- (ii) subject to the availability of equitable remedies.

3.7. Collateral Representations.

(a) Valid and Perfected Security Interests. The Security Documents create in favor of the Collateral Agent, for the benefit of the holders from time to time of the Notes and the Lenders, a good and valid security interest upon the property purported to be encumbered thereby, subject only to Liens permitted by the terms of the Financing Documents ("**Permitted Liens**"). Such security interest is a first priority (subject to Permitted Liens) security interest duly perfected with respect to all property purported to be covered thereby (other than any motor vehicles and any fixtures for which a fixture filing is not required under the terms of the Security Agreement) and shall be effective as to any purchaser or grantee of the property encumbered thereby.

(b) Filings and Registrations. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required for:

(A) the continued existence of the Liens granted pursuant to the Security Documents; or

(B) the continued perfection of such security interest (other than any motor vehicles and any fixtures for which a fixture filing is not required under the terms of the Security Agreement);

(c) Absence of Financing Statements, etc. Except for Permitted Liens, there is no financing statement, security agreement, chattel mortgage, real estate mortgage or other document filed or recorded with any filing records, registry or other public office, that purports to cover, affect or give notice of any present or possible future Lien on, or security interest in, any property of any Obligor or any rights relating thereto.

(d) Deposit Accounts. The Obligors maintain all of their deposit and securities accounts with the Collateral Agent, other than (i) any such accounts holding money or securities for the benefit of employees of the Obligors under employee benefit plans and (ii) any such accounts the current outstanding balance of which does not exceed \$100,000 with respect to any single account.

(e) Third Party Beneficiary. The Lenders are intended third party beneficiaries of the representations set forth in this Section 3.7.

3.8. Certain Laws.

The execution and delivery of the Fourth Amendment Documents by the Obligors and the consummation of the transaction contemplated hereby:

- (a) is not subject to regulation under the Investment Company Act of 1940, as amended, or the Federal Power Act, as amended, and
- (b) does not violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

3.9. Litigation; Observance of Agreements.

(a) There are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in default under any term of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including, without limitation, Environmental Laws) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

3.10. Charter Instruments; Other Agreements.

Neither the Company nor any Subsidiary is in violation in any respect of any term of any charter instrument or bylaw, other than possible immaterial violations by Mexican Subsidiaries. Except for the Specified Defaults, upon the execution and delivery of the 2009A Amendment to Loan Documents (as defined herein) and the Fourth Amendment Documents and the effectiveness of the amendments provided therein, neither the Company nor any Subsidiary is in violation or default in respect of any term in any agreement or other instrument to which it is a party or by which it or any of its material property may be bound or affected which violation or default, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. The execution, delivery and performance by each Obligor of the Fourth Amendment Documents to which it is a party will not conflict with or result in the material breach of any of the terms, conditions or provisions of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or violate any provision of any statute or other rule or regulation of any Government Authority applicable to the Company or any Subsidiary.

3.11. Taxes.

The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (a) the amount of which is not individually or in the aggregate Material or (b) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP, other than, in the case of this clause (b), taxes and assessments in immaterial amounts required to be paid by Mexican Subsidiaries. The Company knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and the Subsidiaries (other than the Mexican Subsidiaries) in respect of federal, state or other taxes for all fiscal periods are adequate. The charges, accruals and reserves on the books of the Mexican Subsidiaries in respect of federal, state or other taxes for all fiscal periods are adequate in all material respects.

3.12. Governmental Consent.

Neither the Obligors, nor the nature of any of their respective businesses or properties, is such so as to require a consent, approval or authorization of, or filing, registration or qualification with, any Governmental Authority as a condition to the execution and delivery of the Fourth Amendment Documents.

3.13. Fees.

Neither the Company nor any Subsidiary thereof has paid (or promised to pay) any amendment fee or any other direct or indirect compensation to any party to the Credit Agreement or to any other creditor of the Company or any Subsidiary (other than Ernst & Young LLP, Middleton Reutlinger PSC, Sherman & Sterling LLP ****OMITTED****) in connection with the transactions contemplated hereby other than as contemplated by this Agreement and the 2009A Amendment to Loan Documents.

3.14. Indebtedness; Liens.

There is no outstanding Debt of the Company or any Subsidiary in respect of borrowed money, Capital Leases, the deferred purchase price of property, or existing guaranties issued by the Company or any Subsidiary, in each case in an amount in excess of \$100,000, or existing Liens encumbering the property of the Company or any Subsidiary other than as disclosed in the most recent annual and quarterly financial statements of the Company delivered to the Current Noteholders. Schedule 10.16(b) sets forth a complete and correct list of all of the real properties leased by the Obligors at which Collateral is located with an aggregate net book value in excess of \$1,000,000. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of the Company or such Subsidiary, and no event or condition exists with respect to any Debt of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment, in each case after giving effect to the amendments contemplated by this Agreement and the 2009A Amendment to Loan Documents.

3.15. Amendment to Credit Agreement.

The Company has delivered to each of the Current Noteholders true and correct copies of the existing Credit Agreement and the 2009A Amendment to Loan Documents.

3.16. Fiscal Quarter End Dates.

The fiscal quarter end dates of the Company for fiscal year 2009 are April 5, 2009, July 5, 2009, October 4, 2009 and December 31, 2009.

3.17. 2009 Monthly Business Plan.

The 2009 Monthly Business Plan provides a reasonable estimate of the future financial performance of the Company and the Subsidiary Guarantors for the periods set forth therein and the 2009 Monthly Business Plan has been prepared on the basis of the assumptions set forth therein, which the Company believes are fair and reasonable in light of current and reasonably foreseeable business conditions at the time submitted to the holders of the Notes, subject, in each case, to the Company's disclosures in the Draft 10-K and its most recent Form 10-Q filing with the Securities and Exchange Commission.

3.18. Completeness of Disclosures.

Any representation, warranty, covenant or other provision hereof, or in any related document, which relates to the accuracy or completeness of any notice, reporting obligation or disclosure to the Noteholders shall be accurate or complete only when taken as a whole together with the Company's other notices, reports or disclosures, including, without limitation, the Risk Factors sections of the Company's Form 10-K and 10-Q filings.

4. AMENDMENTS TO NOTES AND NOTE PURCHASE AGREEMENT.

4.1. Amendment of Notes.

(a) **Series A Notes.** The Existing Series A Notes are hereby and shall be deemed to be, automatically and without any further action, amended and restated in their entirety as set forth on Exhibit A; except that the date, registration number and principal amount set forth in each Existing Series A Note shall remain the same; *provided, however*, that, at the request of any Current Noteholder, the Company shall execute and deliver a new Series A Note or Series A Notes in the form of such Exhibit A in exchange for its Existing Series A Note, registered in the name of such Current Noteholder, in the aggregate principal amount of the Series A Notes owing to such Current Noteholder on the date hereof and dated the date of the last interest payment made to such Current Noteholder in respect of its Existing Series A Notes. Each reference to the "7.25% Senior Notes, Series A, due June 30, 2009" in any of the Financing Documents is hereby deleted and replaced with a reference to the "12.00% Senior Notes, Series A, due January 15, 2010". Each other reference to "7.25%" in any of such agreements as the interest rate applicable to the Series A Notes is hereby deleted and replaced with "12.00%".

(b) **Series B Notes.** The Existing Series B Notes are hereby and shall be deemed to be, automatically and without any further action, amended and restated in their entirety as set forth on Exhibit B; except that the date, registration number and principal amount set forth in each Existing Series B Note shall remain the same; *provided, however*, that, at the request of any Current Noteholder, the Company shall execute and deliver a new Series B Note or Series B Notes in the form of such Exhibit B in exchange for its Existing Series B Note, registered in the name of such Current Noteholder, in the aggregate principal amount of the Series B Notes owing to such Current Noteholder on the date hereof and dated the date of the last interest payment made to such Current Noteholder in respect of its Existing Series B Notes. Each reference to the “7.45% Senior Notes, Series B, due June 30, 2011” in any of the Financing Documents is hereby deleted and replaced with a reference to the “10.20% Senior Notes, Series B, due January 15, 2010”. Each other reference to “7.45%” in any of such agreements as the interest rate applicable to the Series B Notes is hereby deleted and replaced with “10.20%”.

(c) **Series C Notes.** The Existing Series C Notes are hereby and shall be deemed to be, automatically and without any further action, amended and restated in their entirety as set forth on Exhibit C; except that the date, registration number and principal amount set forth in each Existing Series C Note shall remain the same; *provided, however*, that, at the request of any Current Noteholder, the Company shall execute and deliver a new Series C Note or Series C Notes in the form of such Exhibit C in exchange for its Existing Series C Note, registered in the name of such Current Noteholder, in the aggregate principal amount of the Series C Notes owing to such Current Noteholder on the date hereof and dated the date of the last interest payment made to such Current Noteholder in respect of its Existing Series C Notes. Each reference to the “7.55% Senior Notes, Series C, due June 30, 2012” in any of the Financing Documents is hereby deleted and replaced with a reference to the “10.30% Senior Notes, Series C, due January 15, 2010”. Each other reference to “7.55%” in any of such agreements as the interest rate applicable to the Series C Notes is hereby deleted and replaced with “10.30%.”

4.2. Note Purchase Agreement Amendments.

The Existing Note Agreement is hereby and shall be amended in the manner specified in Exhibit D to this Agreement.

4.3. No Other Amendments; Confirmation.

Except as expressly provided herein, (a) no terms or provisions of any agreement are modified or changed by this Agreement, (b) the terms of this Agreement shall not operate as a waiver by any Current Noteholder of, or otherwise prejudice any Current Noteholder’s rights, remedies or powers under, the Existing Note Agreement, the Existing Notes or any other Financing Document or under any applicable law, and (c) the terms and provisions of the Existing Note Agreement, the Existing Notes and each other Financing Document shall continue in full force and effect.

5. **CONDITIONS TO EFFECTIVENESS OF WAIVERS AND AMENDMENTS.**

The Waivers and Amendments shall become effective on the date hereof (the “Closing Date”), provided that the following conditions precedent have been satisfied to the satisfaction of the Current Noteholders pursuant to documentation (where applicable) in form and substance satisfactory to them:

(a) the Obligors shall have executed and delivered this Agreement and the Subsidiary Guaranty Amendment to the Current Noteholders, and the Company shall have executed and delivered replacement Notes to any Current Noteholder requesting the same;

(b) the Company shall have delivered to each of the Current Noteholders true and correct copies of the existing Credit Agreement and the 2009A Amendment to Loan Documents, which agreements shall be in full force and effect;

(c) each Obligor shall have delivered a certificate of its secretary in the form agreed to by the Company and special counsel to the Current Noteholders;

(d) *****OMITTED*****;

(e) the Company shall have provided all other due diligence materials requested by the Current Noteholders;

(f) the Company shall have delivered (i) a legal opinion of the general counsel to the Obligors, addressing the matters set forth on Exhibit E, and (ii) a legal opinion of Middleton Routlinger, addressing the matters set forth on Exhibit E;

(i) the Company shall have paid to each Current Noteholder, in consideration of the agreements of such Current Noteholder contained herein, by wire transfer of immediately available funds, a fee in an amount equal to 0.75% of the aggregate outstanding principal amount of the Notes held by such Current Noteholder. In accordance with Section 17.2(b) of the Note Purchase Agreement, such fee shall be deemed earned when paid and shall not be subject to recovery or repayment in the event this Agreement is terminated or rescinded for any reason;

(j) the Company shall have paid all unpaid fees and disbursements of Bingham McCutchen LLP (“Bingham”), special counsel to the Current Noteholders, as reflected in an invoice presented to the Company on or before the date hereof;

(k) within two (2) days after execution of this Agreement, the Company shall have received, and delivered to each of the Current Noteholders, the audited financial statements for its 2008 fiscal year together with the certificates and auditors’ opinion as required by Section 7.1(b) of the Existing Note Purchase Agreement *****OMITTED*****; and

(l) The Current Noteholders, the Lenders and the Company shall have agreed to amendments to the Existing Sharing Agreement reasonably satisfactory to the Current Noteholders concerning the calculation of Pro Rata Shares with respect to amounts due under Sections 8.1(b) of the Note Purchase Agreement.

Any document entered into in connection with the transaction contemplated hereby shall be in form and substance satisfactory to the Required Holders, provided that execution and delivery of this Agreement by the Required Holders shall be deemed to be an affirmation that such document is so satisfactory.

6. DEFINED TERMS.

Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Note Purchase Agreement. In addition, the following capitalized terms used herein shall have the meanings ascribed to them in the corresponding section of this Agreement referenced below:

“**Agreement**” means this Fourth Amendment to Note Purchase Agreement.

“**Amendments**” – Section 2.

“**Bingham**” – Section 5(i).

“**Closing Date**” – Section 5.

“**Company**” – the introductory sentence hereof.

“**Current Noteholders**” – Section 1.

“**Existing Financing Documents**” – Section 8.

“**Existing Note Agreement**” – Section 1.

“**Existing Notes**” – Section 1.

“**Existing Pledge Agreement**” – means the Pledge Agreement, dated as of September 13, 2005, by and among the Company, the Collateral Agent, Sypris Technologies Mexican Holdings, LLC and Sypris Technologies, Inc.

“**Existing Series A Notes**” – Section 1.

“**Existing Series B Notes**” – Section 1.

“**Existing Series C Notes**” – Section 1.

“**Existing Sharing Agreement**” – means the Amended and Restated Collateral Sharing Agreement, dated as of April 6, 2007, by and among the Collateral Agent, the Lenders and the holders of the Notes.

“**Fourth Amendment Documents**” – Section 3.6(a).

“**Initial Projections**” – Section 3.2.

“**Note Purchase Agreement**” – Section 1.

“**Notes**” – Section 1.

“**Obligors**” – Section 3.6(a).

“**Permitted Liens**” – Section 3.7(a).

“**Specified Defaults**” — Section 3.4.

7. **EXPENSES.**

The Company hereby agrees to pay, as and when billed, all reasonable costs and expenses of the Current Noteholders, including, without limitation, the fees and expenses of Bingham, and also including any other reasonable out-of-pocket expenses of the Current Noteholders incurred in connection with this Agreement and the Financing Documents and in otherwise assessing, analyzing, evaluating, protecting, asserting, defending or enforcing any rights or remedies which are or may be available to the Current Noteholders under the Financing Documents. This provision shall be supplementary to, and shall not in any way be deemed to limit, the terms of any engagement letter between the Company and Bingham or any agreement of the Company or any Subsidiary to pay the fees and expenses of the Current Noteholders in any other Financing Document.

8. **RELEASE.**

In order to induce the Current Noteholders to enter into this Agreement, the Obligors acknowledge and agree that: (a) neither the Company nor any of its Subsidiaries has any claim or cause of action against any of the Current Noteholders (or any of their respective directors, trustees, officers, employees, attorneys, advisors or agents) relating to or arising out of the Existing Note Agreement, the Existing Notes, the Subsidiary Guaranty, the Existing Pledge Agreement, the Existing Sharing Agreement or any agreement entered into in connection therewith (collectively, the “**Existing Financing Documents**”); (b) neither the Company nor any of its Subsidiaries has any offset right, counterclaim or defense of any kind against any of their respective obligations, indebtedness or liabilities to any of the Current Noteholders; and (c) each of the Current Noteholders and the Collateral Agent has heretofore properly performed and satisfied in a timely manner all of its obligations to the Company and its Subsidiaries under the Existing Financing Documents. The Obligors wish to eliminate any possibility that any past conditions, acts, omissions, events, circumstances or matters would impair or otherwise adversely affect any of the Current Noteholders’ or the Collateral Agent’s rights, interests, contracts, or remedies under the Existing Financing Documents, whether known or unknown, as applicable. Therefore, each of the Obligors (in the case of the Subsidiary Guarantors, pursuant to the acknowledgement and agreement on the signature pages hereto) unconditionally releases, waives and forever discharges (x) any and all liabilities, obligations, duties, promises or indebtedness of any kind of the Current Noteholders and the Collateral Agent to the Company or any of its Subsidiaries, except the obligations to be performed by any of them on or after the date hereof as expressly stated in the Financing Documents, as such obligations may be modified pursuant to the terms of this Agreement, and (y) all claims, offsets, causes of action, suits or defenses of any kind whatsoever (if any), whether arising at law or in equity, whether known or unknown, which the Company or its Subsidiaries might otherwise have against any Current Noteholder, the Collateral Agent or any of their respective directors, trustees, officers, employees or agents, in either case (x) or (y), whether known or unknown, on account of any past or presently existing condition, act, omission, event, contract, liability, obligation, indebtedness, claim, cause of action, defense, circumstance or matter of any kind. Neither the Collateral Agent nor any Current Noteholder shall be liable with respect to, and the Company and each Subsidiary Guarantor hereby waives, releases and agrees not to sue for, any special, indirect or consequential damages relating to this Agreement or any other Financing Document or arising out of its activities in connection herewith or therewith (whether before, on or after the date hereof).

9. MISCELLANEOUS.

9.1. Part of Note Purchase Agreement, Future References, etc.

This Agreement shall be construed in connection with and as a part of the Existing Note Agreement and, except as expressly amended by this Agreement, all terms, conditions and covenants contained in the Existing Note Agreement, the Existing Notes and the other Existing Financing Documents are hereby ratified and shall be and remain in full force and effect. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Agreement may refer to the Note Purchase Agreement without making specific reference to this Agreement, but nevertheless all such references shall include this Agreement unless the context otherwise requires.

9.2. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAW OF THE STATE OF ILLINOIS, UNITED STATES OF AMERICA, EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

9.3. Duplicate Originals, Execution in Counterpart.

Two (2) or more duplicate originals hereof may be signed by the parties, each of which shall be an original but all of which together shall constitute one and the same instrument. This Agreement may be executed in one or more counterparts and shall become effective at the time provided in Section 5 hereof, and each set of counterparts that, collectively, show execution by the Company and each Current Noteholder shall constitute one duplicate original.

9.4. Binding Effect.

This Agreement shall be binding upon and shall inure to the benefit of the Company and the Current Noteholders and their respective successors and assigns.

If this Agreement is satisfactory to each of you, please so indicate by signing the applicable acceptance on a counterpart hereof and returning such counterpart to the Company, whereupon this Agreement shall become binding among the Company, the Subsidiary Guarantors and each of you in accordance with its terms.

Very truly yours,

SYPRIS SOLUTIONS, INC.

By: /s/ Jeffrey T. Gill

Name: Jeffrey T. Gill

Title: President & CEO

[Signature Page to Fourth Amendment to Note Purchase Agreement]

**THE GUARDIAN LIFE INSURANCE
COMPANY OF AMERICA**

By: /s/ Ellen I. Whittaker
Name: Ellen I. Whittaker
Title: Senior Director, Private Placements

[Signature Page to Fourth Amendment to Note Purchase Agreement]

**CONNECTICUT GENERAL LIFE INSURANCE
COMPANY**

By: CIGNA Investments, Inc. (authorized agent)

By: /s/ David M. Cass

Name: David M. Cass

Title: Managing Director

**LIFE INSURANCE COMPANY OF NORTH
AMERICA**

By: CIGNA Investments, Inc. (authorized agent)

By: /s/ David M. Cass

Name: David M. Cass

Title: Managing Director

[Signature Page to Fourth Amendment to Note Purchase Agreement]

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY

(Successor by merger to JEFFERSON
PILOT FINANCIAL INSURANCE
COMPANY)

By: Delaware Investment Advisers, a Series of Delaware
Management Business Trust, Attorney-in-Fact

By: /s/ Edward J. Brennan

Name: Edward J. Brennan

Title: Vice President

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY

(Successor by merger to JEFFERSON-PILOT LIFE
INSURANCE COMPANY)

By: Delaware Investment Advisers, a Series of Delaware
Management Business Trust, Attorney-in-Fact

By: /s/ Edward J. Brennan

Name: Edward J. Brennan

Title: Vice President

LINCOLN LIFE & ANNUITY COMPANY OF NEW YORK

(Successor by merger to JEFFERSON PILOT LIFEAMERICA
INSURANCE COMPANY)

By: Delaware Investment Advisers, a Series of Delaware
Management Business Trust, Attorney-in-Fact

By: /s/ Edward J. Brennan

Name: Edward J. Brennan

Title: Vice President

[Signature Page to Fourth Amendment to Note Purchase Agreement]

The undersigned Subsidiary Guarantors hereby acknowledge and reaffirm all of their obligations under the Subsidiary Guaranty and further acknowledge and agree to the terms and provisions contained herein, agree to be bound by the terms of Section 8 hereof and consent to the Company's execution hereof:

SYPRIS TEST & MEASUREMENT, INC.

By: /s/ Jeffrey T. Gill
Name: Jeffrey T. Gill
Title: Chairman of the Board

SYPRIS TECHNOLOGIES, INC.

By: /s/ Jeffrey T. Gill
Name: Jeffrey T. Gill
Title: Chairman of the Board

SYPRIS ELECTRONICS, LLC

By: /s/ Jeffrey T. Gill
Name: Jeffrey T. Gill
Title: Chairman of the Board

SYPRIS DATA SYSTEMS, INC.

By: /s/ Jeffrey T. Gill
Name: Jeffrey T. Gill
Title: Chairman of the Board

SYPRIS TECHNOLOGIES MARION, LLC

By: /s/ Jeffrey T. Gill
Name: Jeffrey T. Gill
Title: Chairman of the Board

SYPRIS TECHNOLOGIES KENTON, INC.

By: /s/ Jeffrey T. Gill
Name: Jeffrey T. Gill
Title: Chairman of the Board

[Signature Page to Fourth Amendment to Note Purchase Agreement]

SYPRIS TECHNOLOGIES MEXICAN HOLDINGS, LLC

By: /s/ Jeffrey T. Gill

Name: Jeffrey T. Gill

Title: Chairman of the Board

[Signature Page to Fourth Amendment to Note Purchase Agreement]

ANNEX 1

CURRENT NOTEHOLDERS AND PRINCIPAL AMOUNTS

Holder	Principal Amount		
	Series A	Series B	Series C
The Guardian Life Insurance Company of America			\$ 10,909,090
Connecticut General Life Insurance Company		\$ 6,545,456	
Life Insurance Company of North America		4,363,636	
The Lincoln National Life Insurance Company, successor by merger to Jefferson-Pilot Financial Insurance Company	\$ 3,272,727		
The Lincoln National Life Insurance Company, successor by merger to Jefferson-Pilot Life Insurance Company		2,727,273	
Lincoln Life & Annuity Company of New York, successor by merger to Jefferson Pilot LifeAmerica Insurance Company	818,182	1,363,636	

Annex 1

SCHEDULE 3.4

SPECIFIED DEFAULTS

The Company has failed to observe or perform Section 10.1(a) of the Existing Note Agreement by failing to maintain the ratio set forth therein as of its fourth Fiscal Quarter of 2008 and its first Fiscal Quarter of 2009 (the “Consolidated Net Debt to EBITDA Ratio Failure”).

The Company has failed to observe or perform Section 10.1(b) of the Existing Note Agreement by failing to maintain the ratio set forth therein as of its fourth Fiscal Quarter of 2008 and its first Fiscal Quarter of 2009 (the “Fixed Charge Coverage Failure”).

The Company has failed to observe or perform Section 10.2 of the Existing Note Agreement by failing to maintain level set forth therein as of its fourth Fiscal Quarter of 2008 and its first Fiscal Quarter of 2009 (the “Minimum Adjusted Consolidated Net Worth Failure”).

A breach of any representations and warranties which may have been included in any certificate or instrument delivered by the Company related to the Fixed Charge Coverage Failure, the Adjusted Funded Debt to EBITDA Ratio Failure and the Minimum Net Worth Failure (the “**Representations and Warranties Failures**”) provided the Company and the Current Noteholders represent that to the best knowledge of each of them respectively no such representation or warranty has been made.

A failure to satisfy within the time required certain of the post closing obligations of Section 10.16 of the Existing Note Agreement (the “**Condition Subsequent Failures**”).

A failure to provide within the time required certain informational reports delivered by the Company prior to the date hereof under the terms of the Existing Note Agreement (the “**Reporting Failures**”).

Any failure to timely notify each holder of Notes that is an Institutional Investor, or any other Person, of the Company’s knowledge of the Consolidated Net Debt to EBITDA Ratio Failure, the Fixed Charge Coverage Failure and the Minimum Adjusted Consolidated Net Worth Failure as required by the Note Purchase Agreement (the “Notice Failures”).

The Fixed Charge Coverage Failure, the Consolidated Net Debt to EBITDA Ratio Failure, the Minimum Adjusted Consolidated Net Worth Failure, the Representations and Warranties Failures, the Condition Subsequent Failures, and the Reporting Failures and the Notice Failures, as they are in effect on the date of this Agreement, are collectively referred to as the “Specified Defaults”.

[FORM OF SERIES A SENIOR NOTE]

SYPRIS SOLUTIONS, INC.

12.00% Senior Note, Series A
Due January 15, 2010

No. AR-[____]
\$[_____]

[Date]
PPN: 871655 C*5

FOR VALUE RECEIVED, the undersigned, **SYPRIS SOLUTIONS, INC.** (herein called the "Company"), a corporation organized and existing under the laws of the State of Delaware, promises to pay to [____], or registered assigns, the principal sum of [____] **Dollars** (\$[____]) on January 15, 2010, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of (i) 4.73% per annum at all times prior to, but not including, April 6, 2007, (ii) 7.25% per annum at all times on or after April 6, 2007 to, but not including, April 1, 2009, and (iii) 12.00% per annum at all times on or after April 1, 2009 (in each case subject to clause (b) below), payable monthly, on the last day of each calendar month in each calendar year, commencing with the first calendar month end next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreement referred to below), payable monthly as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to 14.00%.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of J.P. Morgan Chase Bank, NA (or its successor) in Chicago, Illinois or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to a Note Purchase Agreement dated as of June 1, 2004 (as from time to time amended, the "Note Purchase Agreement"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) to have made the representations and agreements set forth in Section 6 of the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

Exhibit A-1

This Note is subject to optional prepayment, in whole or from time to time in part, and is subject to mandatory prepayment of principal and other amounts due under the Note Purchase Agreement, in each case at the times and on the terms specified in the Note Purchase Agreement but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreement, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

Payment of the principal of, and interest and Make-Whole Amount, if any, on this Note, and all other amounts due under the Note Purchase Agreement, is guaranteed pursuant to the terms of a Subsidiary Guaranty dated as of June 1, 2004 of certain Subsidiaries of the Company, as amended or supplemented from time to time.

This Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of Illinois excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

SYPRIS SOLUTIONS, INC.

By: _____
Name:
Title:

Exhibit A-2

[FORM OF SERIES B SENIOR NOTE]

SYPRIS SOLUTIONS, INC.

10.20% Senior Note, Series B

Due January 15, 2010

No. BR-[]

\${ }\$

[Date]

PPN: 871655 C@3

FOR VALUE RECEIVED, the undersigned, **SYPRIS SOLUTIONS, INC.** (herein called the "Company"), a corporation organized and existing under the laws of the State of Delaware, promises to pay to [], or registered assigns, the principal sum of [] **Dollars** (**\$()**) on January 15, 2010, with interest (computed on the basis of a 360-day year of twelve 30 day months) (a) on the unpaid balance thereof at the rate of (i) 5.35% per annum at all times prior to, but not including, April 6, 2007, (ii) 7.45% per annum at all times on or after April 6, 2007 to, but not including, April 1, 2009, and (iii) 10.20% per annum at all times on or after April 1, 2009 (in each case subject to clause (b) below), payable monthly, on the last day of each calendar month in each calendar year, commencing with the first calendar month end next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreement referred to below), payable monthly as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to 12.20%.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of J.P. Morgan Chase Bank, NA (or its successor) in Chicago, Illinois or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to a Note Purchase Agreement dated as of June 1, 2004 (as from time to time amended, the "Note Purchase Agreement"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) to have made the representations and agreements set forth in Section 6 of the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

Exhibit B-1

This Note is subject to optional prepayment, in whole or from time to time in part, and is subject to mandatory prepayment of principal and other amounts due under the Note Purchase Agreement, in each case at the times and on the terms specified in the Note Purchase Agreement but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreement, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

Payment of the principal of, and interest and Make-Whole Amount, if any, on this Note, and all other amounts due under the Note Purchase Agreement, is guaranteed pursuant to the terms of a Subsidiary Guaranty dated as of June 1, 2004 of certain Subsidiaries of the Company, as amended or supplemented from time to time.

This Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of Illinois excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

SYPRIS SOLUTIONS, INC.

By: _____
Name:
Title:

Exhibit B-2

[FORM OF SERIES C SENIOR NOTE]

SYPRIS SOLUTIONS, INC.

10.30% Senior Note, Series C
Due January 15, 2010

No. CR-[____]
\$[_____]

[Date]
PPN: 871655 C#1

FOR VALUE RECEIVED, the undersigned, **SYPRIS SOLUTIONS, INC.** (herein called the "Company"), a corporation organized and existing under the laws of the State of Delaware, promises to pay to [____], or registered assigns, the principal sum of [____] **Dollars** (\$[____]) on January 15, 2010, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of (i) 5.78% per annum at all times prior to, but not including, April 6, 2007 and (ii) 7.55% per annum at all times on or after April 6, 2007 to, but not including, April 1, 2009, and (iii) 10.30% per annum at all times on or after April 1, 2009 (in each case subject to clause (b) below), payable monthly, on the last day of each calendar month in each calendar year, commencing with the first calendar month end next succeeding the date hereof until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreement referred to below), payable monthly as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to 12.30%.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of J.P. Morgan Chase Bank, NA (or its successor) in Chicago, Illinois or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to a Note Purchase Agreement dated as of June 1, 2004 (as from time to time amended, the "Note Purchase Agreement"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) to have made the representations and agreements set forth in Section 6 of the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

Exhibit C-1

This Note is subject to optional prepayment, in whole or from time to time in part, and is subject to mandatory prepayment of principal and other amounts due under the Note Purchase Agreement, in each case at the times and on the terms specified in the Note Purchase Agreement but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreement, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement:

Payment of the principal of, and interest and Make-Whole Amount, if any, on this Note, and all other amounts due under the Note Purchase Agreement, is guaranteed pursuant to the terms of a Subsidiary Guaranty dated as of June 1, 2004 of certain Subsidiaries of the Company, as amended or supplemented from time to time.

This Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of Illinois excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

SYPRIS SOLUTIONS, INC.

By: _____
Name:
Title:

Exhibit C-2

EXHIBIT D

AMENDMENTS TO EXISTING NOTE AGREEMENT

1. Section 7.1(h) of the Existing Note Agreement is hereby amended to delete the word “and” appearing after the semi-colon at the end of such section.
2. New Sections 7.1(i) and (j) are hereby added to Section 7.1 of the Existing Note Agreement in their proper numeric order immediately following existing Section 7.1(h) to read in their entireties as follows:

“(i) 13 Week Cash Flow Forecast. No later than the last calendar day of each week: (i) a weekly cash flow forecast for each of the next 13 weeks and (ii) a comparison of the actual weekly cash flow results against the Company’s forecast for the preceding week and each prior week which forecast is consistent with the forecasts as set forth in the Company’s 2009 Monthly Business Plan most recently presented to, and validated by, the Company’s Financial Advisor (the “**2009 Monthly Business Plan**”); and

(j) Information Undertakings. As soon as practicable, but in no event more than 3 Business Days after receipt or delivery, as applicable, by the Company, the following: (i) except if otherwise provided by the terms hereof, each financial statement, report or similar document provided to any Lender (excluding information to be sent to the Lenders in the ordinary course of the administration of a banking facility, such as information related to pricing or borrowing availability), (ii) *****OMITTED*****, (iii) any final mutually agreed upon term sheets provided by the Company to, or received by the Company from, any Person who is arranging or providing refinancing of the Debt under the Note Purchase Agreement or the Credit Agreement, (iv) *****OMITTED*****, and (v) monthly updates of its 2009 Monthly Business Plan.”

3. A new Section 7.4 is added to the Existing Note Purchase Agreement. Such Section 7.4 shall read in full as follows:

“7.4 Bi-Weekly Telephone Updates.

Every other Monday, beginning on April 6, 2009, one or more Responsible Officers will participate in a conference call with each holder of Notes to provide them with a detailed update concerning the business operations and most recent financial results of the Company (each, a “**Periodic Conference Call**”). The Company will provide each holder of Notes with sufficient time during each Periodic Conference Call to have its questions answered. Each Periodic Conference Call will be held at 10:00 a.m. (prevailing New York City time) unless the Company and each holder of Notes agree otherwise.”

*****OMITTED*****

*****	***	***	***	*****	***	***	***	***
*****	*****	*****	*****	*****	*****	*****	***	***
*****	*****	*****	*****	*****	*****	*****	*****	***

(c) *****

(d) *****

5. Section 8.2 of the Existing Note Agreement is hereby amended and restated as follows:

“8.2. Optional Prepayments.

The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes (without regard to series) in an amount not less than \$500,000 in the aggregate in the case of a partial prepayment, at 100% of the principal amount so prepaid, together with interest accrued to the date of prepayment. The Company will give each holder of Notes to be prepaid written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.4), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid.”

6. Section 8.4 of the Existing Note Agreement is hereby amended and restated as follows:

“8.4 Allocation of Partial Prepayments.

In the case of each partial prepayment of the Notes, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes (without regard to series) at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.”

7. Section 8.5 of the Existing Note Agreement is hereby amended and restated as follows:

“8.5 Maturity; Surrender, etc.

Without limiting and subject to the obligation of the Company to pay the applicable Make-Whole Amount to the holders of the Notes pursuant to Section 12.1, in the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and canceled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.”

8. Section 8.7 of the Existing Note Agreement is hereby amended by deleting the phrase “to be prepaid pursuant to Section 8.1(b) or Section 8.2” in the definitions of “Called Principal” and “Settlement Date” therein and replacing it with the phrase “is paid after January 15, 2010 as provided in Section 9.9”, and by amending and restating the definition of “Remaining Scheduled Payments” set forth therein to read in its entirety as follows:

“**“Remaining Scheduled Payments”** means, means, with respect to the Called Principal of any Note, all payments of such Called Principal (determined as if the maturity date with respect to (i) the Series B Notes were June 30, 2011 and (ii) the Series C Notes were June 30, 2014) and interest thereon (determined as though the per annum rates in effect with respect to the Notes were the rates in effect immediately prior to the effectiveness of the Third Amendment) that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued (at the per annum rates noted above) to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 9.9 or Section 12.1.”

9. New Sections 9.8, 9.9 and 9.10 are hereby added to the Existing Note Agreement immediately following Section 9.7 thereof to read in their entirety as follows:

“9.8 ***OMITTED*******

(a) *****

(b) *****

9.9 Success Fee.

On the date (the “Payoff Date”) upon which the Debt evidenced by all of the Notes is paid in full (the “Payoff”), the Company shall pay to each holder of the Notes an amount equal to the product of (a) the Applicable Percentage corresponding to the time period in which the Payoff Date shall occur and (b) the outstanding principal amount of the Notes held by such holder on the day immediately prior to the Payoff Date (the “Success Fee”).

<u>Payoff Date Occurring:</u>	<u>Applicable Percentage</u>
On or before July 31, 2009	0.00%
August 1, 2009 to August 31, 2009	0.25%
September 1, 2009 to September 30, 2009	0.50%
October 1, 2009 to October 31, 2009	1.00%
November 1, 2009 and thereafter	1.50%

Without limiting and subject to the obligation of the Company to pay the applicable Make-Whole Amount to the holders of the Notes pursuant to Section 12.1 and the last sentence of this Section 9.9, the Company shall pay the following amounts in addition to the Success Fee to the holders of the Notes on the Payoff Date in lieu of any Make-Whole Amount which may be payable on or prior to January 15, 2010: (i) to each holder of the Series B Notes, an amount equal to (a) the product of (x) \$375,000 and (y) a fraction, the numerator of which is the outstanding principal amount of the Series B Notes held by such holder on the day immediately prior to the Payoff Date and the denominator of which is the outstanding principal amount of all Series B Notes on such day and (ii) to each holder of the Series C Notes, an amount equal to (a) the product of (x) \$750,000 and (y) a fraction, the numerator of which is the outstanding principal amount of the Series C Notes held by such holder on the day immediately prior to the Payoff Date and the denominator of which is the outstanding principal amount of all Series C Notes on such day. Notwithstanding the foregoing, it is agreed and understood that any and all payments on any Note made after January 15, 2010 shall be made together with accrued and unpaid interest and Make-Whole Amount determined for the date of payment with respect to the principal amount paid.

9.10

*****OMITTED*****

(a) *****

(i) *****

(ii) *****

(iii) *****

(iv) *****

(v) *****

(vi) *****

(vii) *****

(viii) *****
*****OMITTED*****

(ix) *****

(b) *****

(i) *****

(ii) *****

(iii) *****

(iv) *****

(v) *****

(vi) *****
**

(vii) *****

(viii) *****

(ix) *****

10. Section 10.1 is hereby amended and restated in its entirety to read as follows:

“10.1 Cumulative Consolidated EBITDAR; Capital Expenditures.

(a) Cumulative Consolidated EBITDAR. The Company will not permit the result of (i) Consolidated EBITDA *plus*, to the extent deducted in determining such Consolidated EBITDA, rent paid (“EBITDAR”) for any period beginning April 6, 2009 and ending on a date set forth in the table below, *plus*, (ii) to the extent deducted in determining such EBITDAR, restructuring charges as recorded in the Company’s financial statements, as determined on a consolidated basis in accordance with GAAP, *******OMITTED********plus*, (iv) to the extent deducted in determining such EBITDAR, any impairment of long-lived assets, goodwill, intangibles or any of the shares of the stock of the Dana Entities; and (v) *plus or minus* any translation gains or losses on the Company’s statement of operations due to changes in foreign currency exchange rates, all as determined on a consolidated basis in accordance with GAAP (for any period such result is referred to, “**Cumulative Consolidated EBITDAR**” for such period), to be less than the amount set forth opposite such date (all amounts shown in parentheses indicate negative numbers):

If Such Date is During the Period From April 6, 2009 Through:	Minimum Cumulative Consolidated EBITDAR
July 5, 2009	\$ (2,000,000)
October 4, 2009	\$ (500,000)
December 31, 2009	\$ 2,000,000

(b) Capital Expenditures. Other than as set forth in Schedule 10.1(b) to the Fourth Amendment, the Company and its Subsidiaries shall not incur Capital Expenditures in an aggregate amount in excess of \$2,000,000 during the period from the Fourth Amendment Effective Date.”

11. Section 10.2 is hereby amended and restated in their entirety to read as follows:

“10.2. Adjusted Consolidated Net Worth; Liquidity.

(a) Adjusted Consolidated Net Worth. The Company will not permit the sum of Adjusted Consolidated Net Worth as of the last day of any fiscal quarter noted in the table below *plus* the aggregate amount of any impairment of long-lived assets, goodwill, intangibles or any of the shares of the stock of the Dana Entities taken year-to-date through such fiscal quarter and reflected in such Adjusted Consolidated Net Worth, to be less than the amount set forth for such day in such table:

Date	Minimum Levels
July 5, 2009	\$ 55,000,000
October 4, 2009	\$ 50,000,000
December 31, 2009	\$ 45,000,000

(b) *****OMITTED*****

*****.

*****OMITTED*****

12. Section 10.3 of the Existing Note Agreement is hereby amended and restated as follows:

“10.3 **Indebtedness, Guaranties, Etc.**

The Company will not, and will not permit any Subsidiary to, directly or indirectly, create, incur, assume, guarantee, agree to purchase or repurchase or provide funds in respect of, or otherwise be or become liable with respect to any Debt other than:

- (a) Permitted Senior Secured Debt;

(b) obligations to the Lenders or their Affiliates under credit card programs in an aggregate amount for all such Persons not in excess of One Million Dollars (\$1,000,000) through April 23, 2009 and in excess of five hundred thousand dollars (\$500,000) thereafter;

(c) Debt, other than Debt permitted under clauses (a) and (b) of this Section 10.3, whether secured or unsecured, in an aggregate amount not to exceed two million five hundred thousand dollars (\$2,500,000); and

(d) Any Guaranty by the Company or any Subsidiary Guarantor of Debt incurred by the Company or any Subsidiary Guarantor that is permitted under clauses (a), (b) or (c) of this Section 10.3.”

13. Section 10.4 of the Existing Note Agreement is hereby amended and restated as follows:

“10.4 Liens.

The Company will not, and will not permit any Subsidiary to, permit to exist, create, assume or incur, directly or indirectly, any Lien on its properties or assets (including, without limitation, any Lien on real property or improvements thereon), whether now owned or hereafter acquired, except:

(a) Liens on property and Capital Leases that are disclosed on Schedule 10.4 to the Fourth Amendment;

(b) Liens in favor of the Collateral Agent for the equal and ratable benefit of the Lenders and the holders of Notes securing Permitted Senior Secured Debt;

(c) Liens for taxes, assessments or governmental charges not yet due and payable or the payment of which is not at the time required under Section 9.4;

(d) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money) for sums not yet due or being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted, if such reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor;

(e) Liens incidental to the conduct of business or the ownership of properties and assets (including landlords', lessors', carriers', operators', warehousemen's, mechanics', materialmen's and other similar Liens) incurred in the ordinary course of business and not in connection with the borrowing of money;

(f) encumbrances in the nature of leases, subleases, zoning restrictions, easements, rights of way, minor survey exceptions and other rights and restrictions of record on the use of real property and defects in title arising or incurred in the ordinary course of business, which, individually and in the aggregate, do not materially detract from the value of such property or assets subject thereto or materially impair the use of the property or assets subject thereto by the Company or such Subsidiary; and

(g) Liens resulting from extensions, renewals or replacements of Liens permitted by paragraph (a), provided that (i) there is no increase in the principal amount or decrease in maturity of the Debt secured thereby at the time of such extension, renewal or replacement, (ii) any new Lien attaches only to the same property theretofore subject to such earlier Lien and (iii) immediately after such extension, renewal or replacement no Default or Event of Default would exist."

14. Section 10.5 of the Existing Note Agreement is hereby amended and restated as follows:

"10.5. Sale of Assets.

The Company will not, and will not permit any Subsidiary to, sell, lease, transfer or otherwise dispose of, including by way of merger, any property, including capital stock of Subsidiaries (collectively a "**Disposition**"), in one or a series of transactions, to any Person, other than (a) Dispositions of inventory and equipment in the ordinary course of business and *******OMITTED******* ."

15. Section 10.6 of the Existing Note Agreement is hereby amended and restated as follows:

"10.6 Mergers; Acquisitions; Liquidations.

The Company and its Subsidiaries shall not:

(a) be a party to any consolidation, reorganization (including without limitation those types referred to in Section 368 of the United States Internal Revenue Code of 1986, as amended), recapitalization, "stock-swap" or merger; or

(b) liquidate or dissolve or take any action with a view toward liquidation or dissolution; or

(c) purchase all or a substantial part of the Capital Stock or property of any Person or business enterprise."

16. Section 10.7 of the Existing Note Agreement is hereby amended and restated as follows:

“10.7 Restricted Payments.

The Company will not, and will not permit any of its Subsidiaries to, declare or make, or incur any liability to declare or make, any Restricted Payments.”

17. Section 10.9 of the Existing Note Agreement is hereby amended and restated as follows:

“10.9 Limitations on Investments, Loans and Advances.

The Company shall not, and shall not permit any of its Subsidiaries to, make or permit to exist any investment in, or make, accrue or permit to exist loans or advances of money (any such investment, loan or advance an “**Investment**”), to any Person, through the direct or indirect lending of money, holding of securities or otherwise, except for:

(a) Investments in the Company or any Subsidiary Guarantor;

(b) Investments in Subsidiaries with operations outside the United States that have been made prior to the Fourth Amendment Effective Date and were permitted to be made and exist under the terms of the Existing Financing Documents (as defined in the Fourth Amendment); or

(c) promissory notes, trade receivables and other similar non-cash consideration received by the Company and its Subsidiaries in connection with sales of inventory in the ordinary course of business.”

18. Section 10.14 of the Existing Note Agreement is hereby amended and restated as follows:

“10.14. Commitments under Credit Agreement.

(a) The Company will not at any time permit the commitments of the Lenders under the Credit Agreement to be less than \$50,000,000 in the aggregate; provided that such commitments may be reduced in connection with Sections 8.1(b), 8.2 and 10.17.

(b) The Company will not any time permit the conditions to borrowing under the Credit Agreement to be modified (other than to make such conditions less restrictive on the Company) from the conditions set forth in the Credit Agreement on the date hereof.”

19. Section 10.15 of the Existing Note Agreement is hereby amended and restated as follows:

“10.15. [Intentionally Omitted.]”

20. A new Section 10.17 is hereby added to the Existing Note Agreement immediately following Section 10.16 thereof to read in its entirety as follows:

“Section 10.17 Payment of Debt.

The Company will not, and will not permit any of its Subsidiaries to, pay, defease or otherwise satisfy (in whole or in part) in any manner (whether by set-off, exercise of remedies or otherwise), the principal amount of any Debt that results in a permanent reduction of the committed amount of such Debt (other than the Debt referred to in Section 10.3(b) available to the Company, unless the principal of each Note of each Series is prepaid concurrently with such principal payment, defeasance or other satisfaction, such that each holder of Notes receives its pro rata share of the total amount of Debt then being permanently reduced (calculated based on the current principal amount of the specific facility being paid, defeased or otherwise satisfied and the principal amount of all Permitted Senior Secured Debt being prepaid that results in a permanent reduction of the Commitments), together with accrued and unpaid interest in accordance with Section 8.2 of the Existing Note Agreement.”

21. Schedule B of the Existing Note Purchase Agreement is hereby amended as follows:

(a) New definitions of “2009 Monthly Business Plan”, “2009A Amendment to Loan Documents”, *****OMITTED*****

*****“Cumulative Consolidated EBITDAR”, “EBITDAR”, *****OMITTED*****
*****“Fourth Amendment”, “Fourth Amendment Effective Date”, *****OMITTED*****
*****“Payoff”, “Payoff Date”, “Periodic Conference Call”,*****OMITTED*****
*****and “Success Fee” are hereby added in their proper alphabetical order as follows:

“2009 Monthly Business Plan” means the Company’s 2009 Monthly Business Plan delivered to the holders of the Notes and the Lenders in writing on the Fourth Amendment Effective Date.

“2009A Amendment to Loan Documents” means that certain 2009A Amendment to Loan Documents, dated as of the Fourth Amendment Effective Date, among the Company, the Subsidiaries of the Company named as guarantors therein, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other lenders party thereto.

“**OMITTED**” is defined in Section 8.1(b).

“**OMITTED**” is defined in Section 10.2(b).

“**OMITTED**” is defined in Section 10.2(b).

“**OMITTED**” is defined in Section 8.1(b).

“**OMITTED**” is defined in Section 9.8(a).

“Cumulative Consolidated EBITDAR” is defined in Section 10.1(b).

“EBITDAR” is defined in Section 10.1(a).

“**OMITTED**”

“**OMITTED**” is defined in Section 9.10(a).

“**OMITTED**” is defined in Section 9.10(a).

“**OMITTED**” is defined in Section 9.8(b).

“Fourth Amendment” means the Fourth Amendment to Note Purchase Agreement dated as of April 1, 2009 by and among the Company and the holders of the Notes, as amended, restated or otherwise modified from time to time.

“Fourth Amendment Effective Date” means April 1, 2009.

“**OMITTED**” is defined in Section 10.2(b).

“**OMITTED**” is defined in Section 10.2(b).

“**OMITTED**”

“**OMITTED**” is defined in Section 10.2(b).

“**OMITTED**” is defined in Section 8.1(b).

“**OMITTED**” is defined in Section 9.8(b).

“Payoff” is defined in Section 9.9.

“Payoff Date” is defined in Section 9.9.

“Periodic Conference Call” is defined in Section 7.4.

“**OMITTED**” is defined in Section 8.1(b).

***OMITTED**

***OMITTED**" is defined in Section 9.10(b).

***OMITTED**" is defined in Section 9.10(b).

***OMITTED**" is defined in Section 8.1(b).

"**Success Fee**" is defined in Section 9.9.

(b) The definitions of "**Credit Agreement**", "**Dana Payment**" and "**Permitted Senior Secured Debt**" are hereby amended and restated in full as follows:

"**Credit Agreement**" means the Amended and Restated Loan Agreement, dated as of April 6, 2007, among the Company, the Subsidiaries of the Company named as guarantors therein, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other lenders party thereto, as amended by the 2009A Amendment to Loan Documents, dated as of the Fourth Amendment Effective Date, among the Company, the Subsidiaries of the Company named as guarantors therein, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other lenders party thereto, as such agreement may be hereafter amended, modified, restated, supplemented, replaced, refinanced, increased or reduced from time to time, and any successor credit agreement or similar facility.

"**Dana Payment**" means any cash payment received (including by way of setoff) by the Company or any Subsidiary (or otherwise paid in accordance with the instructions of the Company or any Subsidiary) (i) under the terms of any one or more of the Dana Supply Agreements upon any termination or rejection of such agreement or agreements in connection with or arising out of the Dana Bankruptcy Proceedings, (ii) constituting cash proceeds (including by way of setoff) from the sale, disposition, transfer or liquidation of any interest in any claim of the Company or any Subsidiary for damages arising out of such termination or rejection, or (iii) constituting cash proceeds from the sale, disposition, transfer or liquidation of any and all Capital Stock of Dana Holding Corporation.

"**Permitted Senior Secured Debt**" means the aggregate outstanding Principal Exposure (as such term is defined in the Collateral Sharing Agreement) of all Creditors, together with accrued and unpaid interest thereon, as of the Fourth Amendment Effective Date.

(c) The definition of "Retained Dana Payment" is hereby deleted in its entirety.

EXHIBIT E

MATTERS TO BE COVERED BY GENERAL COUNSEL OPINION

1. Due organization, valid existence and good standing of Obligors.
2. Due authorization, execution and delivery of the Fourth Amendment Documents.
3. Execution and delivery of the Fourth Amendment Documents does not cause any conflict with agreements.

Exhibit E

EXHIBIT F

MATTERS TO BE COVERED BY OUTSIDE COUNSEL OPINION

1. The Financing Documents (as amended by the Fourth Amendment Documents), constitute the legal, valid and binding obligations of the Obligors, enforceable in accordance with their terms.
2. Execution and delivery of the Fourth Amendment Documents does not cause any conflict with laws or judgments or the imposition of any Liens.
3. No consent, approval, notification or filing required with any Governmental Authority in connection with the execution, delivery and performance of the Financing Documents.
4. Validity, attachment and perfection of security interests created under Security Documents.
5. No state or local recording tax, stamp tax, documentary tax or other fees, taxes or governmental charges required to be paid in connection with transactions contemplated by the Fourth Amendment Documents other than nominal filing fees.

Exhibit F

SCHEDULE 10.1(b)

CAPITAL EXPENDITURES

*****OMITTED*****

Schedule 10.1(b)

SCHEDULE 10.16(b)

LEASED LOCATIONS/LANDLORD LIEN WAIVERS

- (i) 7307 and 7337 South Revere Parkway, Centennial, Colorado;
- (ii) 160 East Via Verde Road, San Dimas, California;
- (iii) 10901 Malcolm McKinley Drive, Tampa, Florida;
- (iv) 2320 W. Peoria Avenue, Bldg. D 133, Phoenix, Arizona; and
- (v) 7 Sterling Avenue, Billerica, Massachusetts.

Schedule 10.16(b)

CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, Jeffrey T. Gill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sypris Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 20, 2009

By: /s/ Jeffrey T. Gill
Jeffrey T. Gill
President & Chief Executive Officer

CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, Brian A. Lutes, certify that:

1. I have reviewed this quarter report on Form 10-Q of Sypris Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 20, 2009

By: /s/ Brian A. Lutes
Brian A. Lutes
Vice President & Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Sypris Solutions, Inc. (the Company) on Form 10-Q for the period ending April 5, 2009 as filed with the Securities and Exchange Commission on the date hereof (the Report), each of the undersigned hereby certifies, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Sypris Solutions, Inc., that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 20, 2009

By: /s/ Jeffrey T. Gill
Jeffrey T. Gill
President & Chief Executive Officer

Date: May 20, 2009

By: /s/ Brian A. Lutes
Brian A. Lutes
Vice President & Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Sypris Solutions, Inc. and will be retained by Sypris Solutions, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.
