

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): January 17, 2006

Sypris Solutions, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-24020
(Commission
File Number)

61-1321992
(I.R.S. Employer
Identification No.)

101 Bullitt Lane, Suite 450
Louisville, Kentucky
(Address of Principal
Executive Offices)

40222
(Zip Code)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 5 - Corporate Governance and Management

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) On January 12, 2007, pursuant to the authorizations of the Board of Directors (the "Board") of Sypris Solutions, Inc. (the "Company") and of the Compensation Committee (the "Committee") of the Board, the Company awarded restricted stock and incentive cash grants to certain key employees, including the Company's executive officers.

These restricted stock awards were issued pursuant to the terms of the Company's 2007 Special Incentive Executive Award Program (the "Program"), as adopted and ratified by the Committee and the Board under the 2004 Sypris Equity Plan. The form of the restricted stock award agreement and the terms of awards for the restricted stock under the Program are attached hereto as Exhibit 10.1, and are incorporated by reference herein. The Program authorizes the issuance of restricted stock awards to the Company's executive officers, which vest 100% on the fourth anniversary of the grant date. An aggregate amount of up to 261,000 shares of the Company's common stock was authorized under the program, with maximum individual grants of up to 32,500 shares per individual. The 2004 Sypris Equity Plan was previously adopted and filed as an exhibit to the Company's registration statement on Form S-8 filed April 29, 2004.

The incentive cash grants were authorized up to an aggregate amount of \$575,000, with maximum individual grants of up to \$100,000, and are subject to forfeiture on a pro-rata basis during the year following the grant, if the executive officer resigns or is terminated for cause. The form of the refund agreement related to the incentive cash grants is attached hereto as Exhibit 10.2, and is incorporated by reference herein.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.1	Form of four-year restricted stock award agreement for grants to executive officers and terms of awards under the 2007 Special Incentive Executive Award Program.
10.2	Form of Refund Agreement to Award Cash Incentive Grants.

SIGNATURES

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

Dated: January 17, 2007

Sypris Solutions, Inc.

By: /s/ John R. McGeeney
John R. McGeeney
General Counsel and Secretary

INDEX TO EXHIBITS

**Exhibit
Number**

Description

- | | |
|------|--|
| 10.1 | Form of restricted stock award agreement and terms of awards under the 2007 Special Incentive Executive Award Program. |
| 10.2 | Form of Refund Agreement to Award Cash Incentive Grants. |

Restricted Stock Executive Award

Effective as of **January 12, 2007** ("Grant Date"), the Company hereby grants to **[Participant]** certain rights to ownership of up to: **[# shares]** total Restricted Shares on the Terms of this Agreement, the attached Program, and the 2004 Sypris Equity Plan ("Plan") as follows:

Vesting Dates
January 12, 2011

of Shares Vesting
[# shares]

Intending to be legally bound by all such Terms, I acknowledge the sole authority of the Committee to interpret such Terms, the forfeiture of my rights upon any termination of my employment under such Terms and my continuing status as an "at will" employee (subject to termination without cause or notice). I have received and had an opportunity to review, with the benefit of any legal counsel of my choosing, the Plan, the Program and this Award Agreement.

SYPRIS SOLUTIONS, INC.

PARTICIPANT

By: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

**STANDARD TERMS OF AWARDS GRANTED UNDER
THE 2007 SPECIAL INCENTIVE EXECUTIVE AWARD PROGRAM
OF THE 2004 SYPRIS EQUITY PLAN (FOR [executive officer] PARTICIPANTS)**

- 1. Purpose of the Program.** The Company's 2007 Special Incentive Executive Award Program (the "Program") under the 2004 Sypris Equity Plan ("Plan") shall be effective for all Awards incorporating these Terms, to advance the Company's growth and prosperity by providing long-term financial incentives to its executives and certain other key employees, and to further the Company's philosophy of equity ownership and incentives.
- 2. Restricted Shares.** Each "Restricted Share" is one Share of the Common Stock (subject to adjustments per the Plan) which is subject to forfeiture as provided herein. Unless otherwise determined by the Committee, grants of Restricted Shares will vest 100% on the fourth anniversary of its Grant Date (the "Vesting Date"), unless forfeited before such Vesting Date. All Restricted Shares will be held by the Company until their Vesting Dates, and physically distributed to the Participant thereafter, with any legends required by applicable Rules. Participants may vote and receive cash dividends on such Restricted Shares, as applicable, after the Grant Date.
- 3. Retirement or Disability.** In the event of any retirement after age 65 or qualification to receive long-term disability benefits under the Company's then current policies, such retirement or disability period shall be treated as a period of employment for purposes of the accrual of rights hereunder, including any vesting or exercise rights.
- 4. Leaves of Absence.** The Committee may in its discretion treat all or any portion of any period during which a Participant is on military or other approved leave of absence as a period of employment for purposes of the accrual of rights hereunder.
- 5. Other Terminations.** If employment is terminated other than for retirement, death or disability, each unvested Option or Restricted Share will be forfeited immediately and the Participant will have up to thirty (30) days in which to exercise any vested Options. In the event of death, all unvested Awards will be immediately vested, and the Participant's representative or estate shall have one (1) year in which to exercise any Options.
- 6. Administration.** The Committee shall have complete authority to administer or interpret the Program or any Award, to prescribe, amend and rescind rules and regulations relating thereto, and to make all other determinations necessary or advisable for the administration of the Program or any Award Agreements (including to establish or amend any rules regarding the Program that are necessary or advisable to comply with, or qualify under, any applicable law, listing requirement, regulation or policy of any entity, agency, organization, governmental entity, or the Company, in the Committee's sole discretion ("Rule")). In addition, with respect to any future grants or the unvested portion of any Awards, the Committee may amend or terminate these Terms or any Awards, in its sole discretion without the consent of any employee or beneficiary, subject to applicable Rules, at any time and from time-to-time. With respect to any amendment, action or approval hereunder, the Committee may require the approval of any other persons or entities, pursuant to applicable Rules. The decisions of the Committee in interpreting and applying the Program will be final.
- 7. Miscellaneous.** Unless otherwise specified, all capitalized terms herein shall have the meanings assigned to them in the Plan or in the Award Agreement.

 - 7.1. No Other Rights. The Awards include no other rights beyond those expressly provided in the Plan, the Program or the Award Agreement. Awards are non-assignable and non-transferable except by will or the laws of descent and distribution, unless otherwise approved by the Committee.
 - 7.2. Taxes. The Participant must pay in cash, surrender Shares or Options of then-equivalent value, or otherwise arrange (to the Committee's satisfaction) for all tax withholding obligations.
 - 7.3. Delegation. The Committee may delegate any portion of their responsibilities and powers to one or more persons selected by them, subject to applicable Rules and revocation at any time.

FORM OF REFUND AGREEMENT TO AWARD CASH INCENTIVE GRANTS IN AN AGGREGATE AMOUNT OF UP TO \$575,000 WITH MAXIMUM INDIVIDUAL GRANTS OF UP TO \$100,000 PER INDIVIDUAL, PAYABLE ON JANUARY 12, 2007

Agreement

In conjunction with my receipt of a Cash Award in the amount of \$_____, I agree that I will refund the unamortized portion of the Award in the event that I voluntarily leave the employment of the Company or I am terminated for cause, prior to January 1, 2008. (The "unamortized portion" of the Award will be based on the number of calendar days through the termination date divided by 365.)

Signed: _____

Name: _____

Date: _____