

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) February 25, 2005

**Sypris Solutions, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

**0-24020**

**61-1321992**

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

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

**40222**

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code 502/329-2000

**N/A**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions (see General Instruction A.2. below):

- 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))

**Item 1.01 Entry into a Material Definitive Agreement.**

On March 1, 2005, the Compensation Committee of the Board of Directors of Sypris Solutions, Inc. (the "Company") authorized and approved an amendment to and restatement of the Sypris Solutions, Inc. Directors Compensation Program, adopted on September 1, 1995 and Amended and Restated on February 24, 2004 and December 15, 2004 (the "Program"). Under the Program, non-employee directors may be compensated in the form of options to purchase common stock of the Company pursuant to the terms of the Program and the terms of the 2004 Sypris Equity Plan. Under the Program, each non-employee director receives an annual retainer of \$20,000, a fee of \$1,450 for attending each meeting of the Board of Directors (\$300 if attendance was by phone), a fee of \$1,500 for acting in the capacity of Chairman for each Committee meeting (\$300 if attendance was by phone) and a fee of \$1,000 for other non-employee directors attending each Committee meeting (\$300 if attendance was by phone). Non-employee directors may elect to receive their annual retainer and meeting fees in the form of stock options. The number of stock options is determined by dividing the annual retainer and fee amount, as applicable, by 33% of the fair market value of common stock on the date of grant. Non-employee directors also receive initial (up to 10,000 shares) and annual (up to 6,000 shares) grants of stock options for each elected term as a director. Directors who are employees of the Company or its affiliates are not eligible to receive compensation for services as a director. The Program is attached hereto as Exhibit 10.1 and is incorporated by reference herein.

On March 1, 2005, the Compensation Committee of the Board of Directors of the Company approved the Sypris Solutions, Inc. Incentive Bonus Plan 2005 Fiscal Year (the "Plan"), for certain employees of the Company designated by the Compensation Committee of the Board of Directors. Under the Plan and consistent with the objectives of the Plan, participants may receive cash bonuses if certain performance goals are satisfied for the 2005 calendar year period.

The Plan established a bonus pool of 50% of the consolidated profit before tax (pre bonus accrual), in excess of 85% of the Company's 2005 plan before tax (pre bonus accrual). The Plan provides for a bonus award to qualified participants equal to a bonus target, subject to the achievement of three to five management objectives, each of which will be specific with regard to expected outcome, expected financial impact on the Company, and the date or dates by which the objective must be achieved. Each objective will be weighted, with the total for all objectives equaling 100%. The Plan requires the Company's chief executive officer to review and determine each participant's performance to objectives and to assign each individual a percentage that will be used in determining the amount of the award. Each participant will have as mandatory objectives with an established weighting a business appropriate EVA target and a business critical financial/performance metric. The chief executive officer has discretion under the Plan to increase the actual amount of awards to be distributed by up to 20% of the participant's bonus potential, based upon the individual's specific performance and contribution to the Company, with such discretion to be generally limited to recognition of extenuating circumstances and/or exceptional accomplishments not captured by the management objectives. The bonus award for each participant is subject to review and approval by the Compensation Committee. The Plan is attached as Exhibit 10.2 hereto and is incorporated by reference herein.

The form of Restricted Stock Award Agreement and form of Non-Qualified Stock Option Award Agreement for Six-Year Stock Option grants to executive officers and other key employees, each pursuant to the 2004 Sypris Equity Plan and approved by the Company's Compensation Committee on March 1, 2005 are attached hereto as Exhibits 10.3 and 10.4, respectively, and are incorporated by reference herein.

**Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

(b) On February 25, 2005, Roger W. Johnson, a Class II member of the Company's Board of Directors, passed away. Attached as Exhibit 99.1 hereto is a press release issued by the Company on March 3, 2005.

**Item 9.01 Financial Statements and Exhibits.**

(c) Exhibits

<u>Exhibit</u>	<u>Description</u>
10.1	Sypris Solutions, Inc. Directors Compensation Program adopted on September 1, 1995 Amended and Restated on March 1, 2005.
10.2	Sypris Solutions, Inc. Incentive Bonus Plan 2005 Fiscal Year.
10.3	Form of Restricted Stock Award Agreement for grants to executive officers and other key employees.
10.4	Form of Non-Qualified Stock Option Award Agreement for Six-Year Stock Option grants to executive officers and other key employees.
99.1	Press Release.

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**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.

**SYPRIS SOLUTIONS, INC.**

March 3, 2005

/s/ John R. McGeeney  
John R. McGeeney  
Secretary/General Counsel

SYPRIS SOLUTIONS, INC.  
DIRECTORS COMPENSATION PROGRAM  
ADOPTED ON SEPTEMBER 1, 1995

AMENDED AND RESTATED ON MARCH 1, 2005

**Description of the Program**

**Name.** The name of this benefit program shall be the "Directors Compensation Program."

**Purpose.** The purpose of the Directors Compensation Program is to enable Sypris Solutions, Inc. (the "Company") to attract, retain and motivate experienced directors by providing compensation that is competitive with compensation offered to directors of other similarly-situated public corporations in the United States.

**Eligibility and Participation.** Only "Eligible Directors," defined as those members of the Board of Directors of the Company (the "Board") who are not otherwise employed by the Company, its subsidiaries or any affiliate of the Company in any other capacity, are eligible to participate in the Directors Compensation Program. Any Eligible Director on the Board as of September 1, 1995 (the "Effective Date") and thereafter shall be eligible for compensation under the Directors Compensation Program.

**Compensation.** Eligible Directors shall be compensated as set forth below:

(a) **Initial Election Grants and Annual Grants of Stock Options.** The Company shall grant each Eligible Director a nonqualified stock option for the purchase of: (i) up to 10,000 shares of the Company's common stock, \$.01 par value (the "Common Stock") at the time the Eligible Director is initially elected to serve on the Board (the "Initial Election Grant"); and (ii) up to 6,000 shares of the Company's Common Stock at each annual stockholders' meeting thereafter (the "Annual Grant"), so long as a Director is continuing to serve as a Director on the date of said annual stockholders' meeting. In the event that an Eligible Director is initially elected to the Board at a time other than the date of the Company's annual stockholders' meeting, he or she shall receive an Annual Grant at the subsequent annual stockholders' meeting for a pro rated number of shares to be determined by multiplying 6,000 by a fraction, the numerator of which shall be the number of full months which have elapsed since the date of the Director's initial election and the next annual stockholders' meeting and the denominator of which shall be 12. All such stock options shall be granted by the Company to the Eligible Directors pursuant to the Company's 2004 Equity Plan (the "Equity Plan"). Each of the options shall be: (i) granted on the dates each of the respective Eligible Directors is initially elected and on the date of each annual stockholders' meeting; (ii) priced at the fair market value of the Company's common stock, as determined in accordance with the Equity Plan, on the respective date of grant; (iii) immediately exercisable by each of the Eligible Directors on the respective dates of grant; and (iv) subject to the terms and conditions of the Equity Plan and any other terms and conditions which, in accordance with the Equity Plan, are specified in the applicable Stock Option Agreement entered into by and between the Company and each of the Eligible Directors.

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**(b) Annual Retainer.**

(i) **Amount.** Each Eligible Director shall receive an annual retainer in the Amount of \$20,000 (the "Annual Retainer"). In the event that an Eligible Director is initially elected to the Board at a time other than the date of the Company's annual stockholders' meeting, he or she shall receive a prorated Annual Retainer (the "Prorated Annual Retainer") the amount of which is to be determined by multiplying \$20,000 by a fraction, the numerator of which shall be the number of full months which have elapsed since the date of the Director's initial election to the Board and the next annual stockholders' meeting and the denominator of which shall be 12.

(ii) **Payment.** The Annual Retainer or the Prorated Annual Retainer, as applicable, shall be earned by the Eligible Directors and paid by the Company in equal quarterly installments for each Eligible Director. The quarterly installments of the Annual Retainer or Prorated Annual Retainer shall be payable, together with any attendance fees (defined below), in arrears by checks issued to each Eligible Director no later than the 15th calendar day following the end of each of the Company's fiscal quarters during which the respective Eligible Director served on the Board. Alternatively, pursuant to Paragraph (d) below, each Eligible Director may elect to receive his or her Annual Retainer or Prorated Annual Retainer, together with any attendance fees, in the form of nonqualified stock options in lieu of cash.

**(c) Attendance Fees.**

(i) **Board Meetings.** Each Eligible Director shall receive the sum of \$1,450 for each meeting of the Board he or she attends in person or, alternatively, the sum of \$300 for each meeting of the Board in which he or she participates by telephone (collectively, the "Board Meeting Attendance Fees"). For purposes of the Directors Compensation Program, "attendance" shall not include execution of an action by written consent of the Board. Board Meeting Attendance Fees earned by each Eligible Director during a fiscal quarter shall be payable, together with the quarterly installment of the Annual Retainer or Prorated Annual Retainer, by a check issued no later than the 15th calendar day following the end of the fiscal quarter. Alternatively, pursuant to Paragraph (d) below, each Eligible Director may elect to receive his or her Board Meeting Attendance Fees in the form of nonqualified stock options in lieu of cash.

(ii) **Committee Meetings.** Eligible Directors are entitled to compensation for attending or participating in meetings of committees of the Board. Each Eligible Director who attends a committee meeting in person and serves as the chairperson of the meeting shall receive the sum of \$1,500 per meeting, and each of the other Eligible Directors who attend such a committee meeting in person shall receive the sum of \$1,000 per meeting. Alternatively, each Eligible Director who, as the chairperson or as a committee member, participates by telephone in committee meetings of the Board shall receive the sum of \$300 per meeting. (All of the aforementioned fees in this subparagraph shall hereafter be collectively referred to as the "Committee Meeting Attendance Fees"). For purposes of the Directors Compensation Program, "attendance" shall not include execution of an action by written consent for any committee. Committee Meeting Attendance Fees earned by each Eligible Director during a fiscal quarter shall be payable, together with the Annual Retainer or Prorated Annual Retainer and the Board

Meeting Attendance Fees, by a check issued to the Eligible Director no later than the 15th calendar day following the end of the fiscal quarter. Alternatively, pursuant to Paragraph (d) below, each Eligible Director may elect to receive his or her Committee Meeting Attendance Fees in the form of nonqualified stock options in lieu of cash.

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(d) *Form of Payment.* Each Eligible Director may elect to receive his or her Annual Retainer or Prorated Annual Retainer, Board Meeting Attendance Fees and Committee Meeting Attendance Fees in the form of nonqualified stock options in lieu of cash. The election to receive stock options in lieu of cash must be made by the Eligible Director before each January 1 and shall apply to the sum of the Annual Retainer, Prorated Annual Retainer, Board Meeting Attendance Fees and Committee Meeting Attendance Fees (collectively, the "Fees") earned during the following calendar year. Eligible Directors initially elected to the Board other than at an annual stockholders' meeting shall make the election no later than 10 calendar days after being elected to the Board and such election shall apply to Fees earned during the remainder of such calendar year. An Eligible Director who fails to make a timely election for the first calendar year such director is eligible to make an election shall be deemed to have elected to receive Fees in cash. An Eligible Director who fails to make an election for any subsequent calendar year shall be deemed to have made the same election such director made for the immediately preceding calendar year. Such elections, including deemed elections, shall be irrevocable for the calendar year for which made.

Any stock options issued to an Eligible Director in lieu of cash compensation shall be granted to the respective Eligible Director pursuant to the Equity Plan on a quarterly basis, with each grant to be made on the first day following the end of each of the Company's fiscal quarters (the "Date of Grant"). The number of shares to be granted under such options shall be determined by dividing the total of the quarterly installment of the Annual Retainer or Prorated Annual Retainer, as applicable, plus any Board Meeting Attendance Fees and any Committee Meeting Attendance Fees earned by the respective Eligible Director during the previous fiscal quarter by 33% of the fair market value of the Company's Common Stock, as determined in accordance with the Equity Plan, on the Date of Grant. The options shall be: (i) priced at the fair market value of the Company's Common Stock, as determined in accordance with the Equity Plan, on the Date of Grant; (ii) immediately exercisable by each of the Eligible Directors on the respective date of grant; and (iii) subject to the terms and conditions of the Equity Plan and any other terms and conditions which, in accordance with the Equity Plan, are specified in the applicable Stock Option Agreement entered into by and between the Company and each of the Eligible Directors.

**Expense Reimbursement.** Each Eligible Director shall be reimbursed for travel and other expenses incurred in the performance of his or her duties.

**Administration.** The Directors Compensation Program is administered by the Compensation Committee of the Board. The Committee members are selected by the Board and have no specific term of office.

**Resignation from the Board of Directors.** The resignation of any Eligible Director shall cause such director to be ineligible to receive any amount of the Annual Retainer or Prorated Annual Retainer installments not yet paid to him or her as of the date of resignation. Any attendance fees which have been earned by the Eligible Director in accordance with Paragraph (c) above prior to the date of resignation shall be paid in the same form and according to the same timetables described in Paragraph (c) above.

**Program Termination or Modification.** The Compensation Committee shall review the Directors Compensation Program on at least an annual basis and may make changes, alterations or modifications to the program which are deemed to be in the Company's best interest. Any change, alteration or modification shall be made by a written instrument consented to by the Board. The Board may similarly

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terminate the Directors Compensation Program at any time if, in the judgment of the Board, such termination is in the Company's best interest.

IN WITNESS WHEREOF, the Company has caused this Directors Compensation Program to be executed in its name and on its behalf on March 1, 2005.

**SYPRIS SOLUTIONS, INC.**

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

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**SYPRIS SOLUTIONS, INC.  
INCENTIVE BONUS PLAN  
2005 FISCAL YEAR**

1. ESTABLISHMENT OF PLAN.

Sypris Solutions, Inc., a Delaware corporation (the "Company"), established this corporate bonus plan effective as of January 1, 2005 (the "Plan"), to provide a financial incentive for employees of the Company to advance the growth and prosperity of the Company.

2. ELIGIBILITY.

Employees of the Company who are specifically designated by the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") for participation during the current year shall be eligible to participate in the Plan.

3. PARTICIPANT'S PERCENTAGE SHARE.

The bonus target for each participant will be established and approved by the Compensation Committee at the beginning of each Plan year. Each participant will be provided with a copy of this Plan, which will include an exhibit that lists the participant's full name, salary, bonus potential based upon the current year's operating budget, and his or her objectives for the current year.

4. Bonus Pool.

The Bonus Pool will be generated by taking 50% of the consolidated profit before tax (pre bonus accrual) for Sypris Solutions, Inc. in excess of 85% of the 2005 Plan before tax (pre bonus accrual).

5. Bonus Award.

Each qualified participant will be eligible for a Bonus Award that is equal to the bonus target, subject to the provisions of Sections 8.1, 8.2, 8.3 and the following:

Management Objectives. Each participant will have from three to five Management Objectives for the Plan year, each of which will be specific with regard to (i) the expected outcome, (ii) the expected financial impact on the Company and (iii) the date or dates by which the objective must be achieved. Each objective will receive a weighting, the total of which for all objectives will be equal to 100%. The chief executive officer of the Company will have the responsibility to review and determine each participant's performance to objectives and to assign each individual a percentage that will be used as a factor to determine the actual amount of the awards to be distributed.

Each participant will have two mandatory objectives:

1. Business appropriate EVA target.
2. Business critical Financial / Performance metric

Both of these objectives will have an established corporate weighting

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5.2 Discretionary Review. The chief executive officer of the Company will have the discretion to increase the actual amount of the awards to be distributed by up to 20% of the participant's bonus potential, based upon the individual's specific performance and contribution to the Company. Such discretion will be used sparingly and will generally be limited to the recognition of extenuating circumstances and/or exceptional accomplishments that may or may not have been captured by the Management Objectives.

5.3 Approval of the Compensation Committee. The Bonus Award for each participant will be subject to the review of and approval by the Compensation Committee.

5.4 Qualification. Awards will be payable to each eligible participant as soon as administratively practicable after release of the audited annual financial statements of the Company and the approval of the Compensation Committee; provided, however, that the Plan shall be in effect as of the date of payment and such employee shall be employed by the Company as of the date of payment. **NO EMPLOYEE SHALL HAVE ANY RIGHT TO PAYMENT OF AN AWARD UNLESS THE PLAN IS IN EFFECT AND THE EMPLOYEE IS EMPLOYED BY THE COMPANY AS OF THE DATE OF PAYMENT.**

5.5 Caps and Limitations. There will be no caps or other such limitations established with regard to the amount of individual potential Bonus Awards, other than the provisions of Sections 4 and 5, which could result in Bonus Awards that are less in value than those listed on the attached Exhibit A.

6. METHOD OF DISTRIBUTION.

Cash awards shall be payable by check in lump sum. All such payments will be subject to withholding for income, social security or other such payroll taxes as may be appropriate.

7. ADMINISTRATION.

The Compensation Committee shall administer this Plan. The decisions of the Compensation Committee in interpreting and applying the Plan shall be final.

8. MISCELLANEOUS.

8.1 Employment Rights. The adoption and maintenance of this Plan is not an employment agreement between the Company and any employee. Nothing herein contained shall be deemed to give any employee the right to be retained in the employ of the Company nor to interfere with the right of the Company to

discharge any employee at any time.

8.2 Acquisitions and Divestitures. The variables to be used in the calculation of PBT will be prorated for any acquisition and/or divestiture to reflect the timing of such event or events during the current Plan year at the time of such acquisition or divestiture.

8.3 Amendment and Termination. The Company may, without the consent of any employee or beneficiary, amend or terminate the Plan at any time and from time-to-time.

8.4 Governing Law. This Plan shall be governed by and construed in accordance with the laws of the State of Delaware.

8.5 Construction. The headings and subheadings of this Plan have been inserted for convenience for reference only and are to be ignored in any construction of the provisions hereof. The masculine shall be deemed to include the feminine, the singular shall include the plural, and the plural shall include the singular unless the context otherwise requires. The

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invalidity or unenforceability of any provision hereunder shall not affect the validity or enforceability of the balance hereof. This Plan represents the entire undertaking by the Company concerning its subject matter and supersedes all prior undertakings with respect thereto. No provision hereof may be waived or discharged except by a written document approved by the Compensation Committee and signed by a duly authorized representative of the Company.

The parties indicate their acknowledgement of the terms and conditions of this Plan as of the date first written above.

**SYPRIS SOLUTIONS, INC.**

**PARTICIPANT**

\_\_\_\_\_  
Robert E. Gill  
Chairman

\_\_\_\_\_  
Jeffrey T. Gill  
President and CEO



**RESTRICTED STOCK AWARD AGREEMENT**

Effective as of \_\_\_[Date]\_\_\_ (“Grant Date”), the Company hereby grants to \_\_\_[Employee]\_\_\_ certain rights to ownership of up to: **[# of Shares]** total Restricted Shares on the Terms of this Agreement, the attached Terms, and the 2004 Sypris Equity Plan (“Plan”) as follows:

<b>Vesting Dates</b>	<b># of Shares Vesting</b>
[3rd Anniversary]	[30%]
[4th Anniversary]	[30%]
[5th Anniversary]	[40%]

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 Terms and this Award Agreement.

**SYPRIS SOLUTIONS, INC.**

**PARTICIPANT**

**By:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**RESTRICTED STOCK TERMS OF AWARDS  
OF THE 2004 SYPRIS EQUITY PLAN (“PLAN”)**

- Awards** – All “Awards” granted hereunder will be Restricted Shares subject to, and governed by, the terms of the Plan, these Terms and a valid, executed Award Agreement.
- Shares** – Initially, each “Restricted Share” is the right to own one Share of the Common Stock (subject to adjustments per the Plan) after its Vesting Date, unless earlier forfeited. 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 not vote, or receive dividends on, unvested Shares.
- Taxes** — The Participant must arrange for tax withholding in accordance with applicable Rules, to the satisfaction of the Committee.
- Vesting** – Thirty percent of the Award shall vest on each of its third and fourth anniversaries of the Grant Date, and forty percent of the Award shall vest on the fifth anniversary of the Grant Date (each anniversary, a “Vesting Date”), unless forfeited before such Vesting Date.
- Forfeiture** – Each Restricted Share will terminate, expire and be forfeited as provided in Article V of the Plan. (The Committee has sole discretion to determine whether a demotion is a “termination” of employment.)
- 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 on an approved leave of absence as a period of employment for purposes of the accrual of rights hereunder.
- No Other Rights** – The Awards include no other rights beyond those expressly provided in the Plan, these Terms 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.
- Definitions** – Unless otherwise specified, all capitalized terms herein shall have the meanings assigned to them in the Plan or in the Award Agreement.



**NON-QUALIFIED STOCK OPTION**

**AWARD AGREEMENT**

Effective as of   [Date]   (“Grant Date”), the Company hereby grants to   [Employee]   certain rights to purchase up to: **[# of Shares]** total Option Shares for **[\$[Price]** per Share until **[6<sup>th</sup> Anniversary of Grant Date]** (“Expiration Date”) on the Terms of this Agreement, the attached Program, and the 2004 Sypris Equity Plan (“Plan”) as follows:

<b>Vesting Dates</b>	<b># of Options Vesting</b>	<b>Option Prices</b>	<b>Expiration Dates</b>
[3rd Anniversary]	[30%]	[FMV at grant]	[6th Anniversary]
[4th Anniversary]	[30%]	[FMV at grant]	[6th Anniversary]
[5th Anniversary]	[40%]	[FMV at grant]	[6th Anniversary]

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 Terms and this Award Agreement.

**SYPRIS SOLUTIONS, INC.**

**PARTICIPANT**

By: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**SIX-YEAR STOCK OPTION TERMS OF AWARDS  
OF THE 2004 SYPRIS EQUITY PLAN (“PLAN”)**

- Awards** – All “Awards” granted hereunder will be non-qualified Options subject to, and governed by, the terms of the Plan, these Terms and a valid, executed Award Agreement.
- Options** – Initially, each “Option” is the right to purchase one Option Share at the Option Price, from its Vesting Date until its Expiration Date or forfeiture (subject to adjustments per the Plan). Options must be exercised with 48 hours advance written notice, unless waived by the Company.
- Option Price** – “Option Price” means the closing price per Option Share on the Grant Date. The Option Price is payable to the Company in cash or any other method of payment authorized by the Committee in its discretion, which may include Stock (valued as the closing price per Share on the exercise date) or vested Options (valued as the closing price per Share on the exercise date, less the Option Price), in each case in accordance with applicable Rules. Similarly, the Participant must arrange for tax withholding in accordance with applicable Rules, to the satisfaction of the Committee.
- Option Shares** – Initially, each “Option Share” is one Share of the Common Stock (subject to adjustments per the Plan). Option Shares may be certificated upon request, with any legends required by applicable Rules. Participants may vote, and receive dividends on, any Shares that they own.
- Vesting** – Thirty percent of the Award shall vest on each of its third and fourth anniversaries of the Grant Date, and forty percent of the Award shall vest on the fifth anniversary of the Grant Date (each anniversary, a “Vesting Date”), unless forfeited before such Vesting Date.
- Expiration Date** – Each Option’s “Expiration Date” will be the sixth anniversary of its Grant Date.
- Forfeiture** – Each Option will terminate, expire and be forfeited as provided in Article V of the Plan. (The Committee has sole discretion to determine whether a demotion is a “termination” of employment.)
- 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 on an approved leave of absence as a period of employment for purposes of the accrual of rights hereunder.
- No Other Rights** – The Awards include no other rights beyond those expressly provided in the Plan, these Terms 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.
- Definitions** – Unless otherwise specified, all capitalized terms herein shall have the meanings assigned to them in the Plan or in the Award Agreement.





*For more information contact:*

**David D. Johnson**  
**Chief Financial Officer**  
**(502) 329-2000**

*For Immediate Release*

**BOARD MEMBER ROGER W. JOHNSON DIES AT AGE 70  
LEAVES LEGACY OF SERVICE TO SYPRIS SOLUTIONS**

**LOUISVILLE, Ky. (Mar. 3, 2005)** – Sypris Solutions, Inc. (Nasdaq/NM: SYPR) today announced that a long-time member of its board of directors, Roger W. Johnson, passed away on February 25, 2005. He served many years as chairman of the board’s audit and finance committee and also served as a member of the nominating and governance committee.

“Roger’s impact on Sypris will be forever lasting,” said Jeffrey T. Gill, president and chief executive officer. “We have had the good fortune of receiving the benefit of his wisdom and guidance for nearly a decade. Roger had an innate ability to cut to the heart of any matter and encouraged the practice of common sense and accountability. We will miss his inspirational leadership.”

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

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