

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) June 27, 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))

**Section 1 – Registrant's Business and Operations**

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

On June 27, 2005, the Compensation Committee (the "Committee") of the Board of Directors of Sypris Solutions, Inc. (the "Company") approved Corporate Guidelines for Equity Ownership by the Company's officers. The Company's Chief Executive Officer and President shall have a target equity ownership level equal to ten times his annual salary and the Company's other officers shall have a target equity ownership level equal to two times their respective annual salaries. Equity ownership shall be measured as the sum of directly owned shares plus vested, in-the-money stock options plus restricted stock grants.

On June 27, 2005, the Committee approved the Sypris Solutions, Inc. Incentive Bonus Plan (July 1, 2005 – December 31, 2005) for key employees, including the Company's executive officers. The Plan provides for certain cash and restricted stock awards and establishes a bonus target for each participant. Bonus awards will be allocated to executive officers based on a distribution of 30% cash awards and 70% restricted shares, and awards to other participants will be allocated based on a distribution of 70% cash awards and 30% restricted shares, in either case with restricted shares valued as of the date of grant, and vesting on the second anniversary of the grant date. No bonus awards will be payable for any subsidiary employee or any corporate employee unless the subsidiary or the Company on a consolidated basis has achieved 100% of its respective 2005 target for profit before tax (before bonus accrual). The Plan provides for a bonus award to qualified participants equal to a bonus target, subject to the achievement of at least three 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. 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. This Plan is attached hereto as Exhibit 10.1, and is incorporated by reference herein.

On June 27, 2005, the Committee approved a program, pursuant to the 2004 Sypris Equity Plan, to authorize the issuance of restricted stock awards to key employees, including the Company's executive officers, which vest 100% on the second anniversary of the grant date. 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 form of these two-year restricted stock award agreements for such grants is attached hereto as Exhibit 10.2, and is incorporated by reference herein.

On June 27, 2005, the Committee approved a program, pursuant to the 2004 Sypris Equity Plan, to authorize the issuance of restricted stock awards to key employees, including the Company's executive officers, 30% of which will vest on the first and third anniversaries of the grant date, and 40% of which will vest on the fifth anniversary of the grant date. The form of these 1-3-5 year restricted stock award agreements for such grants is attached hereto as Exhibit 10.3, and is incorporated by reference herein.

On June 27, 2005, the Committee approved a long-term incentive program, pursuant to the 2004 Sypris Equity Plan, to authorize the issuance to key employees, including the

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Company's executive officers, of six-year non-qualified stock options 30% of which will vest on the third and fourth anniversaries of the grant date and 40% of which will vest on the fifth anniversary of the grant date, as well as restricted stock awards 33% of which will vest on the third and fifth anniversaries of the grant date and 34% of which will vest on the seventh anniversary of the grant date. The long-term incentive program and form of long-term incentive award agreements for such grants is attached hereto as Exhibit 10.4, and is incorporated by reference herein.

## Section 5 – Corporate Governance and Management

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

On June 27, 2005, Sypris Solutions, Inc. (the "Company") announced that on June 14, 2005, the Board of Directors authorized the appointment of T. Scott Hatton, 38, as Vice President and Chief Financial Officer of the Company. Mr. Hatton will assume responsibility for the Company's finance and accounting operations, treasury and banking relationships, communications with the Board of Directors regarding financial matters, investor and securities analyst relations, capital markets strategy formulation and implementation, information systems, and the overall control environment for the Company, commencing on July 18, 2005.

Since 2003, Mr. Hatton has served as Vice President and Chief Financial Officer for Honeywell Automation & Control Solutions, an \$8.0 billion strategic business group of Honeywell International. Mr. Hatton served as Vice President and Chief Financial Officer for Honeywell's Transportation Systems group from 2002 to 2003. Until 2002, Mr. Hatton served the General Electric Company for fourteen years in a number of progressively responsible executive assignments, including Chief Financial Officer for the Global Noryl business unit of GE Plastics and Chief Financial Officer for GE Superabrasives.

Anthony C. Allen, 46, Vice President, acting Chief Financial Officer, Treasurer and Assistant Secretary of the Company, will resign from his responsibilities as acting Chief Financial Officer on July 18, 2005, and will continue to serve the Company as Vice President, Treasurer and Assistant Secretary thereafter.

A copy of the press release announcing Mr. Hatton's appointment is attached as Exhibit 99.1 to this Form 8-K and is incorporated by reference herein.

## Section 9 – Financial Statements and Exhibits

### Item 9.01 Financial Statements and Exhibits.

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.1	Sypris Solutions, Inc. Incentive Bonus Plan (July 1, 2005 - December 31, 2005).
10.2	Form of two-year restricted stock award agreement for grants to executive officers and other key employees.
10.3	Form of 1-3-5 year restricted stock award agreement for grants to executive officers and other key employees.
10.4	Long-term incentive program and form of long-term incentive award agreements for grants to

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99.1	executive officers and other key employees. Press release issued June 27, 2005.
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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.

Dated: June 27, 2005

**Sypris Solutions, Inc.**

By: /s/ John R. McGeeney

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John R. McGeeney  
Secretary/General Counsel



**SYPRIS SOLUTIONS, INC.**  
**INCENTIVE BONUS PLAN**  
**JULY 1, 2005 – DECEMBER 31, 2005**

1. ESTABLISHMENT OF PLAN.

Sypris Solutions, Inc., a Delaware corporation, on behalf of itself and its key subsidiaries (the "Company"), established this corporate bonus plan effective as of July 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. Each participant will be provided with a copy of this Plan, and with the participant's salary, bonus potential based upon the current operating budget, and his or her objectives for the current year. In general, unless modified by the Committee in order to comply with any applicable Rules or as otherwise determined to be in the Company's best interests, Bonus Awards shall be allocated as follows among (a) cash awards and (b) restricted shares of the Company's common stock, valued as of the date of grant, vesting on the second anniversary of such grant date and issued under the 2004 Sypris Equity Plan on Terms established by the Committee, subject to any such Rules ("Restricted Shares"):

	<u>Executive Officers</u>	<u>Other Participants</u>
<b>Restricted Shares:</b>	70%	30%
<b>Cash Awards:</b>	30%	70%

4. Financial Performance Goals.

No Bonus Awards shall be payable for any subsidiary employee or any corporate employee, unless such subsidiary or the Company on a consolidated basis, has achieved 100% of its, respective, 2005 target for profit before tax (before bonus accrual) ("PBT").

5. Bonus Award.

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

5.1 Management Objectives. Each participant will have at least three Management Objectives for 2005, 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

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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.

5.2 Discretionary Review. The Chief Executive Officer of the Company will have the discretion to increase the actual amount of any Bonus Award to be distributed by up to 20% of the participant's bonus target, based upon the participant'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 and Discretion of the Compensation Committee. The Bonus Award for each participant will be subject to the review of and final approval by the Compensation Committee. Any Pool or Award may be reduced in the sole discretion of the Committee, in light of the Company's other compensation programs or other relevant factors.

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 for 2005 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.**

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 in accordance with applicable Rules. All Awards of Restricted Shares shall be made solely under the 2004 Sypris Equity Plan, in accordance with Terms established by the Committee, subject to any applicable Rules.

7. ADMINISTRATION.

The Compensation Committee shall administer this Plan. The Compensation Committee shall have complete authority to interpret the Plan 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 Plan or any Award Agreements (including to establish or amend any rules regarding the Plan 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 Compensation Committee's sole discretion ("Rule")). The decisions of the Compensation Committee in interpreting and applying the Plan shall be final.

8. MISCELLANEOUS.

8.1 Employment Rights. Participation in the Plan shall not be construed as giving an employee any future right of employment with the Company or any irrevocable right to receive any Bonus Award or other benefit from the Company. Subject to applicable Rules, acceptance of any Award shall constitute acceptance of the Company's right to terminate employment at will, and acceptance of all provisions of the Plan.

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 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



**TWO YEAR 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 Program, and the 2004 Sypris Equity Plan (“Plan”) as follows:

Vesting Dates	# of Shares Vesting
[2nd Anniversary]	[100%]

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  
TWO YEAR RESTRICTED STOCK PROGRAM (“PROGRAM”)  
OF THE 2004 SYPRIS EQUITY PLAN (“PLAN”).**

- Awards** – All “Awards” granted under this Program will be Restricted Shares subject to, and governed by, the terms of the Plan, this Program 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 the Vesting Date, unless earlier forfeited. Shares will be held by the Company until the Vesting Date, 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** – One hundred percent of the Award shall vest on the second anniversary of the Grant Date (the “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, this 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.
- Definitions** – Unless otherwise specified, all capitalized terms herein shall have the meanings assigned to them in the Plan or in the Award Agreement.



**1-3-5 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 Program, and the 2004 Sypris Equity Plan (“Plan”) as follows:

Vesting Dates	# of Shares Vesting
[1st Anniversary]	[30%]
[3rd 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 Program and this Award Agreement.

**SYPRIS SOLUTIONS, INC.**

**PARTICIPANT**

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

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

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

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

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

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

**STANDARD TERMS OF AWARDS GRANTED UNDER  
THE 1-3-5 RESTRICTED STOCK PROGRAM (“PROGRAM”)  
OF THE 2004 SYPRIS EQUITY PLAN (“PLAN”).**

- Awards** – All “Awards” granted under this Program will be Restricted Shares subject to, and governed by, the terms of the Plan, this Program 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 first and third 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, this 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.
- Definitions** – Unless otherwise specified, all capitalized terms herein shall have the meanings assigned to them in the Plan or in the Award Agreement.

**LONG-TERM INCENTIVE  
AWARD AGREEMENT**

**(NON-QUALIFIED STOCK OPTIONS)**

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:

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

**(RESTRICTED STOCK)**

Effective as of the 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 Program, and the 2004 Sypris Equity Plan ("Plan") as follows:

Vesting Dates	# of Shares Vesting
[3rd Anniversary]	33%
[5th Anniversary]	33%
[7th Anniversary]	34%

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 2005 EXECUTIVE LONG-TERM INCENTIVE PROGRAM ("PROGRAM")  
OF THE 2004 SYPRIS EQUITY PLAN ("PLAN")**

**1. PURPOSE OF PROGRAM.** The Company's Long-Term Incentive Program under the Plan shall be effective for all Awards incorporating these Terms on or after July 1, 2005, to advance the Company's growth and prosperity by providing long-term financial incentives to its executives, and to further the Company's philosophy of equity ownership by the Company's officers in accordance with the Company's Equity Ownership Guidelines.

**2. AWARDS.** Each Program Participant will be eligible to receive an annual Award of Options and an annual Award of Restricted Shares as determined by the Committee.

**3. 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.

**3.1 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.

**3.2 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.

**3.3 Option Vesting.** Unless otherwise determined by the Committee, Option Awards will vest 30% on the third anniversary of the grant date, 30% on the fourth anniversary of the grant date and 40% on the fifth anniversary of the grant date (each such anniversary, a "Vesting Date"), unless forfeited before such Vesting Date.

**3.4 Expiration Date.** Each Option's "Expiration Date" will be the sixth anniversary of its Grant Date.



4. **RESTRICTED 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.

4.1 **Restricted Share Vesting.** Unless otherwise determined by the Committee, grants of Restricted Shares will vest approximately 33% on the third anniversary of the grant date, 33% on the fifth anniversary of the grant date and 34% on the seventh anniversary of the grant date (each such anniversary, a “Vesting Date”), unless forfeited before such Vesting Date.

4.2 **Distribution.** All 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.

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5. **REDUCTION IN JOB RESPONSIBILITIES.** If a Participant’s job responsibilities are significantly reduced, the Participant shall automatically cease to participate in this Program with respect to future Awards, unless otherwise reinstated by the Committee.

6. **RETIREMENT OR DISABILITY.** In the event of any normal 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.

7. **ANNUAL REVIEW.** The Committee will review the terms and conditions of the Program annually at its regular meetings in February, including the Awards of Options and Restricted Shares for the then current year, as well as the Company’s performance with respect to its long term strategic goals such as the Company’s market share, customer share, geographic expansion, portfolio mix, capital structure/financial strength, managerial development, capital markets, financial variability and risk profile.

8. **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.

9. **OTHER TERMINATIONS.** If employment is terminated other than for retirement, death or disability, each unvested Option or Restricted Share will be immediately forfeited, and the Participant will have up to thirty (30) days in which to exercise 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.

10. **ADMINISTRATION.** The Committee shall have complete authority to administer or interpret this 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.

11. **MISCELLANEOUS.** Unless otherwise specified, all capitalized terms herein shall have the meanings assigned to them in the Plan or in the Award Agreement.

11.1 **No Other Rights.** The Awards include no other rights beyond those expressly provided in the Plan, this 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.

11.2 **Taxes.** The Participant must arrange for tax withholding in accordance with applicable Rules, to the satisfaction of the Committee.

11.3 **Delegation.** The Committee may delegate any portion of their responsibilities and powers to one or more persons selected by them, subject to applicable Rules. Such delegation may be revoked by the Committee at any time.



*For more information, contact:*  
**Anthony C. Allen**  
**Vice President & Treasurer**  
**(502) 329-2000**

*For Immediate Release*

**SYPRIS APPOINTS T. SCOTT HATTON AS VICE PRESIDENT & CFO**

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**HONEYWELL EXECUTIVE TO BEGIN JULY 18**

**LOUISVILLE, Ky. (JUNE 27, 2005)** — Sypris Solutions, Inc. (Nasdaq/NM:SYPR) announced today that T. Scott Hatton has been appointed Vice President and Chief Financial Officer with responsibility for the Company's Finance, Accounting and Treasury operations. Mr. Hatton will be located at the Company's headquarters in Louisville, Kentucky and will report to Jeffrey T. Gill, the President and Chief Executive Officer of Sypris Solutions.

Mr. Hatton will be joining Sypris from Honeywell International, where he served most recently as Vice President and Chief Financial Officer for Honeywell Automation & Control Solutions, an \$8.0 billion strategic business group of Honeywell. While at Honeywell, Mr. Hatton also served as Vice President and Chief Financial Officer for the Transportation Systems group from 2002 to 2003 and was a key member of the operating team responsible for achieving significant improvements in revenue and net income, while initiating strategic growth investments for the future.

Prior to Honeywell, Mr. Hatton served with the General Electric Company for fourteen years in a number of progressively responsible executive assignments, including Chief Financial Officer for the Global Noryl business unit of GE Plastics and Chief Financial Officer for GE Superabrasives. Mr. Hatton, who is 38 years old, is a certified Six Sigma Master Black Belt, a graduate of the GE Financial Management Program and holds a Bachelor's degree in Business Administration from the University of Kentucky.

Commenting on the announcement, Jeffrey T. Gill, President and Chief Executive Officer of Sypris Solutions, said, "We are very pleased to announce the addition of Scott to our executive staff. With his proven record of professional accomplishment and extensive multi-industry experience Scott is expected to make a significant and immediate impact on the future growth and development of Sypris Solutions."

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

— END —