Third Quarter 2009
Earnings Conference Call

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Safe Harbor Disclaimer

Non-GAAP Financial Measures

Any non-GAAP measures, and their related reconciliation to GAAP measures, are provided and available on the company's website: www.sypris.com

Each "forward-looking statement" herein is subject to serious risks and should not be relied upon, as detailed in our most recent Form 10-K and Form 10-Q and subsequent SEC filings. *Briefly, we currently believe that such risks also include: 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; potential impairments, non-recoverability or write-offs of goodwill, assets or deferred costs, including deferred tax assets in the U.S. or Mexico; 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 ; fees, costs or other dilutive effects of refinancing, compliance with covenants in, or acceleration of, our loan and other debt agreements; 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, lessor, landlord, creditor, stockholder, product liability or environmental claims; war, terrorism or political uncertainty; unanticipated or uninsured disasters, losses or business risks; inaccurate data about markets, customers or business conditions; or unknown risks and uncertainties.*

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Overview

- Key Highlights for Q3
  - Gross profit increased 48% on a year over year basis and 17.5% sequentially
  - Aerospace & Defense gross margins increased to 20%
  - Working capital turns increased to 11.4 times
  - The Company continued to generate free cash flow
  - Subsequent to quarter-end
    - $60 million raised through the sale of the Test & Measurement segment and the liquidation of securities
    - $31 million pre-tax gain to be reported in Q4
    - $55 million of debt repaid, with maturities of remaining facilities extended to 2012 – net debt reduced to less than 10% of total capital
    - Combined actions expected to be accretive to earnings going forward
    - $200 million IDIQ contract announced with the Department of Defense

Important Accomplishments Further Strengthen Outlook

Subsequent Events

- Sale of Test & Measurement Segment
  - Sold to Tektronix on October 26
  - The benefits expected to be substantial
    - Strengthened balance sheet and improved liquidity to support growth
    - Increased focus on and support for Aerospace & Defense and Industrial Groups – two highly scalable platforms
      - Drive initiatives in global key management, cyber warfare, etc.
    - Aligned our former business with an excellent company – potential to serve as a strategic platform for services
- Sale of Marketable Securities
  - Took advantage of the recent strength in the securities markets
  - Increased operational liquidity – report $18 million pre-tax gain in Q4
  - Further strengthens balance sheet

Key Initiatives Completed to Support Future Growth

Industrial

- Market Conditions
  - 2009 market will be remembered as one of the most challenging in memory
  - Outlook improvement in 2010 – primarily second half

	2009 ACT Outlook			2010 ACT Outlook		
	Aug	Nov	Change	Aug	Nov	Change
Class 5-7	89.5	94.0	5.0%	104.5	122.9	17.6%
Class 8	111.6	116.0	3.9%	152.6	141.9	-7.0%
Trailers	79.1	79.0	-0.2%	130.3	107.3	-17.7%

	2009	2010	Change	2011	Change	2012	Change
Class 5-7	94.0	122.9	30.7%	156.9	27.7%	179.6	14.5%
Class 8	116.0	141.9	22.4%	252.7	78.1%	297.6	17.7%
Trailers	79.0	107.3	35.8%	190.9	78.0%	255.0	33.6%

Recovery Tied to US Economy, Credit Availability

Industrial

- Team has done a terrific job during challenging times
  - Completed closure of two plants – 40% of rooftops
  - Inventory reduced 11% sequentially and 44% from year-end
  - Inventory days reduced to 29 days despite lower volumes and higher mix
  - Productivity improving as plant relocations are absorbed
- Successfully recruited Dana's Paul Larochelle to head business
  - Former Vice President responsible for $750 million Structural Products business; member of Dana's Executive Committee
  - Great fit with team and background to support implementation of strategic plan
- Continued focus on productivity and efficiency
  - Implementation of Lean tools throughout the system
  - Further reduce cost profile while preparing for profitable growth

Significant Progress – Much Work Remains

Aerospace & Defense

- Announced $200 million IDIQ contract with Department of Defense
  - RASKL electronic key load device – developed internally
  - Five-year contract
  - To be used in secure communications networks
  - Certification underway
  - Shipments expected to begin in Q1 2010
- Expect to deliver first prototype containing multi-level biometric solutions for secure communications networks during Q4
- Cyber Warfare activities increasing
  - Recently fulfilled contract to assess certain vulnerabilities in Mobile Computing Platforms for the Department of Defense
  - Proposed counter measures and solutions
  - Rapidly growing segment – uniquely positioned to benefit

Success to Support Further Margin Expansion

Aerospace & Defense

- Market outlook remains positive
  - Quoting activity continued to increase – spacecraft, satellite, other
  - Increasing recognition as systems integrator for network security
    - Global Key Management
    - Secure Communications
    - Identity Authentication
    - Cyber Warfare
- Continue to recruit proven talent to support initiatives in each of these areas
  - Recent additions from L3, Honeywell and Harris
- Expectations for continued progress in 2010 as new programs replace aging contracts and technology

Positive Outlook for the Future

Financial Review – Q3 Consolidated Results

($ in thousands)

	3Q08	3Q09	Change	Highlights
Revenue	86,092	62,716	-27.2%	38% decline in commercial vehicle market
Gross Profit	3,540	5,222	47.5%	Expansion of A&D margins; restructuring
Gross Margin	4.1%	8.3%		
EBITDAR [(1)]	(1,359)	1,369	200.7%	Continued positive trend

(1) EBITDAR – *please refer to the Company's website regarding the presentation of this non-GAAP measure.*

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Financial Review – Q3 A&D Results

($ in thousands)

	3Q08	3Q09	Change	Highlights
Revenue	28,123	25,552	-9.1%	Completion of mature, lower margin programs
Gross Profit	3,234	5,118	58.3%	Impact of new programs; increased efficiency
Gross Margin	11.5%	20.0%		Potential for further expansion
EBITDAR [(1)]	(805)	2,562	418.3%	Continued positive trend

(1) EBITDAR – *please refer to the Company's website regarding the presentation of this non-GAAP measure.*

Financial Review – Q3 Industrial Results

($ in thousands)

	3Q08	3Q09	Change	Highlights
Revenue	57,969	37,164	-35.9%	38% decline in commercial vehicle market
Gross Profit	306	104	-66.0%	
Gross Margin	0.5%	0.3%		Important operational leverage exists with market recovery
EBITDAR *(1)*	(1,038)	1,053	201.4%	Exceeded breakeven despite 60% decline from 2006 volumes

(1) EBITDAR – *please refer to the Company's website regarding the presentation of this non-GAAP measure.*

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Financial Review – Sequential Industrial Results

($ in thousands)

	1Q09	2Q09	3Q09	Highlights
Revenue	37,498	36,941	37,164	Stabilized; Expect 4 – 5 years of growth
Gross Profit	(2,702)	(1,630)	104	
Gross Margin	-7.2%	-4.4%	0.3%	Expect margin expansion with volume
EBITDAR [(1)]	(2,639)	(466)	1,053	Cash flow neutral at very low volumes

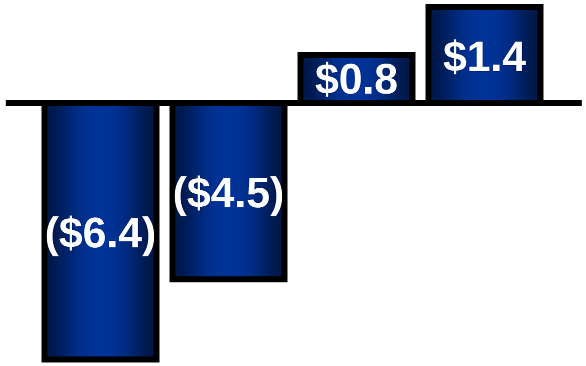
(1) EBITDAR – *please refer to the Company's website regarding the presentation of this non-GAAP measure.*

Financial Review – EBITDAR[1]

($M)

	2008	2009		
	Q4	Q1	Q2	Q3
Revenue	$81	$68	$69	$63

EBITDAR



- A&D's program mix, restructuring, and strong customer and quality improvement programs have increased gross margins to 20% from 11.5% during the prior year quarter
- Accelerated the Marion plant closure from Q4 into Q3; expect to recognize additional benefits during Q4, absent any increase in revenue
- Sequential improvements in EBITDAR are meaningful and underscore the potential for improved financial results when normal volume levels in our Industrial Group return

(1) EBITDAR – *please refer to the Company's website regarding the presentation of this non-GAAP measure.*

Restructuring Actions Yielding Substantial Benefits

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Financial Review – Supporting Future Growth

STM Divestiture + **Liquidation Of Marketable Securities** → **Strengthened Balance Sheet**

- Sale of STM to Tektronix, Inc., a wholly-owned subsidiary of Danaher
- $39 million, all cash closing
- $13 million pre-tax gain in Q4
- Enables focus on our SIG and A&D scalable platforms

- Liquidated marketable securities to take advantage of recent market appreciation, approximately $21 million
- $18 million pre-tax gain in Q4

- Maturities extended to 2012
- Proceeds used to repay outstanding indebtedness, reducing net debt to ~$9M, less than 10% of total capital
- Interest expense reduced by an estimated $4 - $5 million, annually, favorably impacting future cash flow
- Combined actions accretive to EPS in Q4

Actions Strengthen Balance Sheet To Support Future Growth

Q3 Summary

- Sequential results reflect nearly $6M improvement in EBITDAR since Q1, on stable revenue, despite the continuance of a very tough environment within our Industrial Group
- Aerospace & Defense gross margins increased to 20%, up from 11.5% for the prior year quarter and up from 18.7% sequentially
- Gross profit increased 48% on a comparable period basis despite a 27% decline in revenue reflecting the impact our restructuring initiatives and specific actions to reduce cost in this very tough environment
- Sequential results demonstrate the impact of our restructuring and cost actions and positions us for even stronger performance when the economy rebounds and volumes recover
- Continued to generate positive free cash flow, resulting from our restructuring efforts and strict cost containment
- Through the sale of Sypris Test & Measurement and the liquidation of marketable securities:
  - Raised nearly $60 million, used to repay $55 million of debt
  - Extended the Company's credit facilities into 2012
  - Expect interest expense to be reduced by $4 to $5 million annually
  - Net debt represents less than 10% of total capital
- Combined actions accretive to 4th quarter earnings ~$31 pre-tax gain to be reported

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Q&A Session