



## Sypris Enters into Settlement with Dana

July 24, 2007

Includes New Supply Contract and \$89.9 Million Award Claim

LOUISVILLE, Ky.--(BUSINESS WIRE)--July 24, 2007--Sypris Solutions, Inc. (Nasdaq/NM: SYPR) today reported that its wholly-owned subsidiary, Sypris Technologies, Inc., has entered into a comprehensive settlement agreement with Dana Corporation to resolve all outstanding disputes and enter into a new long-term supply contract. Dana, which is currently under the protection of the United States Bankruptcy Court, has filed a motion for an order approving the settlement agreement with the court in the Southern District of New York. The motion is scheduled to be heard by the court in early August.

The agreement, if approved, provides for Dana and Sypris to (i) enter into a new, long-term master supply agreement in lieu of the three existing supply contracts, (ii) exchange production of certain non-core components, (iii) rebalance production among Sypris plants to reduce costs for both parties, and (iv) cease all litigation with regard to prior contract disputes, including the release of Dana from certain committed but undelivered production volumes. In addition, Dana will provide Sypris with an allowed general unsecured non-priority claim in the amount of \$89.9 million.

The new master supply agreement will run through 2014 and provides Dana with enhanced pricing for certain commodities beginning in 2008, and improved coverage in the areas of quality and warranty, among others. Sypris will make additional investments in advanced manufacturing technology to maximize productivity, increase responsiveness, provide new services and reduce cycle times, and will continue to be the exclusive supplier of the components to Dana. Sypris is Dana's largest component supplier with shipments exceeding \$200 million in 2006.

"We are very pleased to have reached a mutually beneficial settlement with Dana," said Jeffrey T. Gill, President and Chief Executive Officer. "The new agreement is expected to strengthen and improve the competitiveness of both companies. Dana is expected to benefit from improved commodity pricing, freight savings and the ability to resource two non-core commodities, while Sypris is forecast to benefit from the transfer of new higher margin business from Dana and the award of the claim."

Gill continued, "The potential impact of the \$89.9 million claim on the Company's financial statements has yet to be determined, but we do expect to recognize certain relocation and impairment expenses upon the approval of the agreement, and a substantial amount of the claim is forecast to be amortized over the life of the contract in accordance with Staff Accounting Bulletin No. 104, Revenue Recognition. The potential short-term cash flow impact could be significant, however, and will be subject to whether the Company determines to hold or liquidate the claim."

"The future success of Sypris will continue to be influenced by the financial health and business success of Dana and as a result, Sypris is committed to do all that it can to support a brighter future for Dana. The settlement agreement represents a significant milestone in the business relationship for both companies and presents a strong, competitive basis for building upon the partnership in the future."

A conference call is scheduled for Thursday, August 2 at 9:00 a.m. eastern standard time to review the Company's financial results for the second quarter of 2007. The Company will provide an updated outlook for the balance of 2007 at that time, but believes that it is prudent to withhold any potential impact of the proposed settlement until such time as the approval of the United States Bankruptcy Court in the Southern District of New York has been obtained.

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).

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 power of the Bankruptcy Court to approve or disapprove the proposed order and allowed claim; cost and availability of raw materials such as steel, components, freight, natural gas or utilities; cost and inefficiencies associated with increasing our manufacturing capacity and launching new programs; stability and predictability of our costs and margins or our customers' forecasts, financial conditions, late payments, low-margin product mix, market shares, changing product requirements or scheduling demands; costs associated with breakdowns or repairs of machinery and equipment; growth beyond our productive capacity, cyclical or other downturns, adverse impacts of new technologies or other competitive pressures which erode our margins; cost, efficiency and yield of our operations including capital investments, working capital, scrap rates, cycle times, injuries, self-insured risks, wages, freight, production schedules, overtime costs, expediting costs or scrap rates; failure to make strategic acquisitions or to integrate and improve results of acquired businesses or to identify and adequately insure environmental or other risks in due diligence; inventory valuation risks due to obsolescence, shrinkage, theft, price, overstocking or underbilling; changes in government funded or other customer programs; reliance on major customers or suppliers, especially in the automotive sector where bankruptcies (such as Dana Corporation's recent filing) could result in the rejection or modification of our contracts; revised contract prices or estimates of major contract costs; dependence on, recruitment or retention of management or other key employees; union negotiations; pension valuation, health care or other benefit costs; labor relations; strikes; risks of foreign operations; currency exchange rates; costs and supply of debt, equity capital, or insurance due to poor operating or financial results, new business risks, credit ratings, debt covenant violations, contract claims, insurance conditions or regulatory developments; impairments or write-offs of goodwill or fixed assets; 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; costs of compliance with auditing, regulatory or contractual obligations; regulatory actions or sanctions; disputes or litigation, involving customer, supplier, 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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