

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 23, 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))

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

On February 23, 2006, Sypris Solutions, Inc. (the "Company") announced its financial results for the fourth quarter and fiscal year ended December 31, 2005. The full text of the press release is set forth in Exhibit 99 hereto.

The information in this Form 8-K and the attached Exhibit is being furnished pursuant to Item 2.02 "Results of Operations and Financial Condition" and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Section 7 - Regulation FD

Item 7.01 Regulation FD Disclosure.

On February 23, 2006, Sypris Solutions, Inc. (the "Company") announced its financial results for the fourth quarter and fiscal

year ended December 31, 2005. The full text of the press release is set forth in Exhibit 99 hereto.

The information in this Form 8-K and the attached Exhibit is being furnished pursuant to Item 7.01 "Regulation FD Disclosure" and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description of Exhibit
----- 99	----- Press release issued February 23, 2006.

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: February 23, 2006

Sypris Solutions, Inc.

By: /s/ T. Scott Hatton

-----  
T. Scott Hatton  
Vice President  
and Chief Financial Officer

INDEX TO EXHIBITS

Exhibit  
Number  
-----

Description  
-----

99	Registrant's press release dated February 23, 2006.
----	---

Sypris Reports Fourth Quarter  
Results; Company Generates Record Cash Flow

LOUISVILLE, Ky.--(BUSINESS WIRE)--Feb. 23, 2006--Sypris Solutions, Inc. (Nasdaq/NM: SYPR) today reported revenue increased 9% to \$132.1 million for the fourth quarter compared to \$121.7 million for the prior year period. The Company reported a loss for the period of \$0.3 million, or \$0.01 per diluted share, compared to a loss of \$0.8 million, or \$0.04 per diluted share, for the fourth quarter of 2004.

For the full year 2005, the Company reported revenue increased 23% to a record \$522.8 million compared to \$425.4 million for the prior year. Net income for the year was \$5.3 million, or \$0.29 per diluted share, compared to \$8.3 million, or \$0.47 per diluted share, for 2004.

"The Company's fourth quarter earnings performance was in line with our expectations," said Jeffrey T. Gill, president and chief executive officer. "Although volume softened during the period, we were able to finish at the higher end of our earnings guidance for the quarter. In addition, cash flow from operations reached \$24.5 million for the period and \$72.6 million for the year, resulting in record free cash flow of \$21.0 million and \$36.3 million for the fourth quarter and full year 2005, respectively."

"Net orders for the quarter reached \$132.1 million and a record \$525.2 million for the year, driven by an increase in bookings from our Industrial Group, while backlog of \$252.3 million remained at near record levels. The outlook for our markets in general remains positive, although we believe that in the current environment of increasing energy costs and rising interest rates, we must clearly remain dedicated to improving the operating effectiveness of the business."

#### The Industrial Group

Orders and revenue were slightly better than expected as orders for fourth quarter were \$105.6 million and backlog increased 14% to \$150.4 million compared to the prior year quarter. Revenue for our Industrial Group increased 15% to \$86.7 million in the fourth quarter from \$75.3 million for the prior year period, but decreased 8% sequentially from the third quarter of this year. Gross profit for the quarter was \$1.6 million as a result of lower volume, increased energy costs and overtime costs.

#### The Electronics Group

Although orders and revenue in fourth quarter were lower than anticipated as customer delays pushed out requirements, second half orders for 2005 increased 18% over the prior year period and second half revenue for 2005 increased 6% over the final six months of last year.

Orders were \$26.4 million for fourth quarter and backlog was \$101.9 million. Revenue for our Electronics Group decreased 2% to \$45.4 million in fourth quarter compared to \$46.4 million for prior year period, and decreased 2% sequentially from third quarter of this year. Gross profit for the quarter increased 42% to \$8.9 million compared to \$6.3 million for the same period in 2004, reflecting improvements in both business segments of this group.

Revenue for the Aerospace & Defense segment decreased 4% to \$33.9 million compared to \$35.5 million for the prior year period, while gross profit for the Aerospace & Defense segment increased 39% to \$6.4 million from \$4.6 million for the prior year period.

Revenue for the Test & Measurement segment increased 5% from that of the prior year period to \$11.5 million, while gross profit for the Test & Measurement segment increased 49% to \$2.5 million from \$1.7 million for the same period in 2004.

#### Outlook

Gill added, "Even though the first quarter traditionally represents the Company's seasonally lowest period, we expect revenue for the first quarter of 2006 to be in the range of \$130 to \$135 million compared to \$124.2 million for the first quarter of 2005, which represents a 7% increase at the midpoint of our guidance. Earnings for the first quarter of 2006 are forecast to be in the range of \$0.04 to \$0.06 per diluted share, compared to \$0.03 per diluted share for the first quarter of 2005, and are consistent with the assumptions reflected in our December outlook."

"The revenue forecast for the full year 2006 remains unchanged and is expected to be in the range of \$555 to \$565 million compared to \$522.8 million for 2005, which represents a 7% increase in revenue for 2006 at the midpoint of the range. Earnings are forecast to be in the

range of \$0.45 to \$0.55 per diluted share compared to \$0.29 per diluted share for 2005, which represents a 72% increase for 2006 at the midpoint of the range."

Gill continued, "We expect 2006 to represent another strong year for cash flow generation, with cash flow from operations expected to be in the range of \$50.0 to \$60.0 million, and free cash flow to be in the range of \$30.0 to \$40.0 million. We believe that the continued strength of the Company's cash flow during the coming year could prove to be of significant benefit as we continue to evaluate future growth opportunities."

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 subsequent SEC filings. Briefly, such risks also include: 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 (including bankruptcies or other restructurings), 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, price, overstocking or underbilling; changes in government funded or other customer programs; reliance on major customers or suppliers; 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 covenants, 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; completion of the internal control assessment process; costs of compliance with auditing, regulatory or contractual obligations; regulatory actions or sanctions; contract terminations or other disputes or litigation, involving customer, supplier, creditor, stockholder, product liability, environmental or asbestos-related claims; war, terrorism or political uncertainty; unanticipated or uninsured disasters, losses or business risks; inaccurate data about markets, customers or business conditions; unknown risks and uncertainties; or other risk factors in our SEC filings.

SYPRIS SOLUTIONS, INC.  
Financial Highlights

(In thousands, except per share amounts)

	Three Months Ended December 31,	
	2004 Restated	2005 (1)
	----- Unaudited -----	
Revenue	\$ 132,112	\$121,673
Net loss	\$ (251)	\$ (801)
Loss per common share:		
Basic	\$ (0.01)	\$ (0.04)

Diluted	\$	(0.01)	\$	(0.04)
Weighted average shares outstanding:				
Basic		18,037		17,916
Diluted		18,037		17,916
		Year Ended December 31,		
		-----		
		2004 Restated		
		2005		(1)
		-----		
		Unaudited		
Revenue	\$	522,766	\$	425,402
Net income	\$	5,321	\$	8,299
Earnings per common share:				
Basic	\$	0.30	\$	0.48
Diluted	\$	0.29	\$	0.47
Weighted average shares outstanding:				
Basic		18,016		17,119
Diluted		18,323		17,745

(1) On January 1, 2005, the Company changed its accounting policy for inventory and cost of sales at one manufacturing facility. Prior year amounts have been restated as required for comparability. The change increased previously reported earnings for the fourth quarter and year ended 2004 by \$662,000, or \$0.04 per diluted share, and \$892,000, or \$0.05 per diluted share, respectively.

Sypris Solutions, Inc.  
Consolidated Income Statements  
(in thousands, except for per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	-----		-----	
	2004 Restated		2004 Restated	
	2005	(1)	2005	(1)
	-----		-----	
	(Unaudited)		(Unaudited)	
Net revenue:				
Industrial Group	\$ 86,735	\$ 75,308	\$ 359,602	\$ 260,410
Aerospace & Defense	33,906	35,464	115,863	119,179
Test & Measurement	11,471	10,901	47,301	45,813
	-----		-----	
Electronics Group	45,377	46,365	163,164	164,992
	-----		-----	
Total net revenue	132,112	121,673	522,766	425,402
Cost of sales:				
Industrial Group	85,100	71,644	336,686	235,406
Aerospace & Defense	27,538	30,884	98,367	99,895
Test & Measurement	8,989	9,234	36,375	36,662
	-----		-----	
Electronics Group	36,527	40,118	134,742	136,557
	-----		-----	
Total cost of sales	121,627	111,762	471,428	371,963
Gross profit:				
Industrial Group	1,635	3,664	22,916	25,004
Aerospace & Defense	6,368	4,580	17,496	19,284
Test & Measurement	2,482	1,667	10,926	9,151
	-----		-----	
Electronics Group	8,850	6,247	28,422	28,435
	-----		-----	
Total gross profit	10,485	9,911	51,338	53,439
Selling, general and administrative	9,511	9,547	35,669	35,248
Research and development	449	1,214	2,833	3,697
Amortization of intangible assets	140	185	614	596
	-----		-----	
Operating income (loss)	385	(1,035)	12,222	13,898
Interest expense, net	1,413	939	5,979	2,100
Other income, net	(469)	(47)	(1,325)	(138)
	-----		-----	

(Loss) income before income taxes	(559)	(1,927)	7,568	11,936
Income tax (benefit) expense	(308)	(1,126)	2,247	3,637
Net (loss) income	\$ (251)\$	(801)\$	5,321 \$	8,299
(Loss) earnings per common share:				
Basic	\$ (0.01)\$	(0.04)\$	0.30 \$	0.48
Diluted	\$ (0.01)\$	(0.04)\$	0.29 \$	0.47
Dividends declared per common share	\$ 0.03 \$	0.03 \$	0.12 \$	0.12
Weighted average shares outstanding:				
Basic	18,037	17,916	18,016	17,119
Diluted	18,037	17,916	18,323	17,745

(1) On January 1, 2005, the Company changed its accounting policy for inventory and cost of sales at one manufacturing facility. Prior year amounts have been restated as required for comparability. The change increased previously reported earnings for the fourth quarter and year ended 2004 by \$662,000, or \$0.04 per diluted share, and \$892,000, or \$0.05 per diluted share, respectively. Amounts were derived from the 2004 audited financial statements included in the Company's form 10-K filing.

Sypris Solutions, Inc.  
Consolidated Balance Sheets  
(in thousands, except for share data)

	December 31, 2005	December 31, 2004 Restated (1)
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,060	\$ 14,060
Accounts receivable, net	95,432	104,637
Inventory, net	79,724	92,016
Other current assets	26,020	21,566
Total current assets	213,236	232,279
Property, plant and equipment, net	176,719	166,940
Goodwill	14,277	14,277
Other assets	13,392	17,682
Total assets	\$ 417,624	\$ 431,178
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 76,567	\$ 61,778
Accrued liabilities	24,904	20,378
Current portion of long-term debt	--	7,000
Total current liabilities	101,471	89,156
Long-term debt	80,000	110,000
Other liabilities	22,419	23,083
Total liabilities	203,890	222,239
Stockholders' equity:		
Preferred stock, par value \$0.01 per share, 975,150 shares authorized; no shares issued	--	--
Series A preferred stock, par value \$0.01 per share, 24,850 shares authorized; no shares issued	--	--
Common stock, non-voting, par value \$0.01 per share, 10,000,000 shares authorized; no shares issued	--	--
Common stock, par value \$0.01 per share, 30,000,000 shares authorized; 18,165,658 and 17,920,500 shares issued and outstanding in 2005 and		

2004, respectively	182	179
Additional paid-in capital	143,350	140,898
Retained earnings	73,375	70,227
Accumulated other comprehensive loss	(1,934)	(2,365)
Unearned compensation	(1,239)	--
	-----	-----
Total stockholders' equity	213,734	208,939
	-----	-----
Total liabilities and stockholders' equity \$	417,624	\$ 431,178
	=====	=====

(1) On January 1, 2005, the Company changed its accounting policy for inventory and cost of sales at one manufacturing facility. Prior year amounts have been restated as required for comparability. The change increased previously reported inventory, retained earnings and other liabilities balances at December 31, 2004 by \$2,224,000, \$1,503,000 and \$721,000, respectively. Amounts were derived from the 2004 audited financial statements included in the Company's form 10-K filing.

Sypris Solutions, Inc.  
Consolidated Cash Flow Statements  
(in thousands)

	Year Ended December 31,	
	-----	
	2005	2004 Restated (1)
	-----	
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 5,321	\$ 8,299
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	25,909	19,066
Other noncash charges	518	6,377
Changes in operating assets and liabilities, net of acquisitions in 2004:		
Accounts receivable	8,595	(60,995)
Inventory	11,555	(27,004)
Other current assets	3,363	(9,971)
Accounts payable	15,119	33,947
Accrued liabilities	2,208	2,871
	-----	-----
Net cash provided by (used in) operating activities	72,588	(27,410)
Cash flows from investing activities:		
Capital expenditures	(36,264)	(55,900)
Proceeds from sale of assets	649	47
Purchase of net assets of acquired entities	--	(29,648)
Changes in nonoperating assets and liabilities	(625)	(640)
	-----	-----
Net cash used in investing activities	(36,240)	(86,141)
Cash flows from financing activities:		
Net change in debt under revolving credit agreements	(37,000)	5,800
Proceeds from long-term debt	--	55,000
Cash dividends paid	(2,164)	(2,023)
Proceeds from issuance of common stock	816	56,815
	-----	-----
Net cash (used in) provided by financing activities	(38,348)	115,592
	-----	-----
Net (decrease) increase in cash and cash equivalents	(2,000)	2,041
Cash and cash equivalents at beginning of period	14,060	12,019
	-----	-----
Cash and cash equivalents at end of period	\$ 12,060	\$ 14,060
	=====	=====

(1) On January 1, 2005, the Company changed its accounting policy

for inventory and cost of sales at one manufacturing facility. Prior year amounts have been restated as required for comparability. The change increased previously reported earnings for 2004 by \$892,000, or \$0.05 per diluted share, but has no effect on cash flow from operations. Amounts were derived from the 2004 audited financial statements included in the Company's form 10-K filing.

CONTACT: Sypris Solutions, Inc.  
T. Scott Hatton, 502-329-2000