Sypris Settlement with Dana Approved by Court

August 7, 2007

Includes Long-Term Supply Contract and $89.9 Million Award Claim

LOUISVILLE, Ky.--(BUSINESS WIRE)--Aug. 7, 2007--Sypris Solutions, Inc. (Nasdaq/NM: SYPR) today reported that its wholly-owned subsidiary, Sypris Technologies, Inc., was granted approval by the United States Bankruptcy Court to enter into a comprehensive settlement agreement with Dana Corporation, which is currently under the protection of the United States Bankruptcy Court, to resolve all outstanding disputes and enter into a new long-term supply contract. The agreement is now subject to an appeal period for the next ten days.

The agreement 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.

"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."

Commenting on the approval, Sergio L. M. de Carvalho, President of Sypris Technologies, said, "It is with great pleasure that we join with Dana in a partnership that will benefit the future success of both Sypris and Dana. We look forward to many opportunities in which to mature our relationship with Dana in the future. The opportunity to expand our partnership with Dana in North America, Europe and Asia is extensive and we look forward to working with Dana to convert this situation into a competitive advantage for both parties."

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.

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. We have scheduled a conference call for 9:00 a.m. on Monday, August 27 to update the Company's outlook for the balance of the year to reflect the positive impact of the settlement."

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.

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