UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-Q

(Mark One)

X Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the quarterly period ended June 30, 2002.

or

___ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the transition period from _______ to ________.

Commission file number: 0-24020

SYPRIS SOLUTIONS, INC.
(Exact name of registrant as specified in its charter)

Delaware	61-1321992
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

101 Bullitt Lane, Suite 450
Louisville, Kentucky 40222
(Address of principal executive offices, including zip code)

(502) 329-2000
(Registrant's telephone number, including area code)

____

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

As of July 20, 2002, the Registrant had 14,111,141 shares of Common Stock outstanding.

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Part I. Financial Information

Item 1. Financial Statements

Sypris Solutions, Inc.

Consolidated Income Statements

(in thousands, except for per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2002	July 1, 2001	June 30, 2002	July 1, 2001
	(Unaudited)		(Unaudited)	
Net revenue:				
Outsourced services	$ 61,082	$ 52,246	$ 113,743	$ 98,264
Products	12,427	10,906	22,299	22,923
Total net revenue	73,509	63,152	136,042	121,187
Cost of sales:				
Outsourced services	52,556	45,493	97,369	85,482
Products	8,071	6,745	14,662	14,627
Total cost of sales	60,627	52,238	112,031	100,109
Gross profit	12,882	10,914	24,011	21,078
Selling, general and administrative	7,188	6,818	13,702	13,393
Research and development	932	827	1,763	1,504
Amortization of intangible assets	3	357	54	692
Operating income	4,759	2,912	8,492	5,489
Interest expense, net	660	1,073	1,742	2,202
Other (income) expense, net	(31)	33	(60)	(119)
Income before income taxes	4,130	1,806	6,810	3,406
Income tax expense	1,325	597	2,180	1,178
Net income	$ 2,805	$ 1,209	$ 4,630	$ 2,228
Net income per common share:				
Basic	$ 0.20	$ 0.12	$ 0.38	$ 0.23
Diluted	$ 0.19	$ 0.12	$ 0.36	$ 0.23
Shares used in computing per common share amounts:				
Basic	13,971	9,786	12,081	9,757
Diluted	14,696	9,878	12,736	9,836

The accompanying notes are an integral part of the consolidated financial statements.

Sypris Solutions, Inc.

Consolidated Balance Sheets
(in thousands, except for share data)

	June 30, 2002	December 31, 2001
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 15,638	$ 13,232
Accounts receivable, net	43,849	39,758
Inventory, net	59,282	60,574
Other current assets	6,220	7,991
Total current assets	124,989	121,555
Property, plant and equipment, net	73,709	70,452
Intangible assets, net	15,873	15,926
Other assets	4,422	3,511
	$ 218,993	$ 211,444
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 22,924	$ 26,828
Accrued liabilities	18,152	19,902
Current portion of long-term debt	--	7,500
Total current liabilities	41,076	54,230
Long-term debt	40,000	80,000
Other liabilities	6,698	7,094
Total liabilities	87,774	141,324
Stockholders' equity:		
Preferred stock, par value $.01 per share, 981,600 shares authorized; no shares issued	--	--
Series A preferred stock, par value $.01 per share, 18,400 shares authorized; no shares issued	--	--
Common stock, non-voting, par value $.01 per share, 10,000,000 shares authorized; no shares issued	--	--
Common stock, par value $.01 per share, 30,000,000 shares authorized; 14,093,936 and 9,898,675 shares issued and outstanding in 2002 and 2001, respectively	141	99
Additional paid-in capital	81,913	25,490
Retained earnings	51,057	46,427
Accumulated other comprehensive income (loss)	(1,892)	(1,896)
Total stockholders' equity	131,219	70,120
	$ 218,993	$ 211,444

The accompanying notes are an integral part of the consolidated financial statements.

Sypris Solutions, Inc.

Consolidated Statements of Cash Flows

(in thousands)

	Six Months Ended June 30, 2002	Six Months Ended July 1, 2001
	(Unaudited)	
Cash flows from operating activities:		
Net income	$ 4,630	$ 2,228
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,423	4,870
Other noncash charges	558	335
Changes in operating assets and liabilities:		
Accounts receivable	(4,212)	(4,028)
Inventory	1,020	(213)
Other assets	1,753	1,296
Accounts payable	903	786
Accrued liabilities	(1,673)	1,285
Net cash provided by operating activities	8,402	6,559
Cash flows from investing activities:		
Capital expenditures	(14,478)	(12,934)
Purchase of the net assets of acquired entities	--	(11,486)
Proceeds from sale of assets	72	66
Changes in nonoperating assets and liabilities	(323)	(464)
Net cash used in investing activities	(14,729)	(24,818)
Cash flows from financing activities:		
Net (decrease) increase in debt under revolving credit agreements	(47,500)	17,500
Proceeds from issuance of common stock	56,233	300
Net cash provided by financing activities	8,733	17,800
Net increase (decrease) in cash and cash equivalents	2,406	(459)
Cash and cash equivalents at beginning of period	13,232	14,674
Cash and cash equivalents at end of period	$ 15,638	$ 14,215

The accompanying notes are an integral part of the consolidated financial statements.

Sypris Solutions, Inc.

Notes to Consolidated Financial Statements

(1) Nature of Business

Sypris is a diversified provider of outsourced services and specialty products. The Company performs a wide range of manufacturing, engineering, design, testing and other technical services, typically under multi-year, sole-source contracts with major companies and government agencies in the markets for aerospace & defense electronics, truck components & assemblies, and for users of test & measurement equipment.

(2) Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of Sypris Solutions, Inc. and its wholly-owned subsidiaries (collectively, "Sypris" or the "Company"), Sypris Electronics, LLC, Sypris Test & Measurement, Inc., Sypris Data Systems, Inc., and Sypris Technologies, Inc., and have been prepared by the Company in accordance with the rules and regulations of the Securities and Exchange Commission. All significant intercompany transactions and accounts have been eliminated. These unaudited consolidated financial statements reflect, in the opinion of management, all material adjustments (which include only normal recurring adjustments) necessary to fairly state the results of operations, financial position and cash flows for the periods presented, and the disclosures herein are adequate to make the information presented not misleading. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results for the three and six months ended June 30, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements, and notes thereto, for the year ended December 31, 2001 as presented in the Company's annual report on Form 10-K.

(3) Earnings Per Share

There were no adjustments required to be made to net income for purposes of computing basic and diluted earnings per share. A reconciliation of the weighted average shares outstanding used in the calculation of basic and diluted earnings per share is as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2002	July 1, 2001	June 30, 2002	July 1, 2001
	(Unaudited)		(Unaudited)	
Shares used to compute basic earnings per share	13,971	9,786	12,081	9,757
Dilutive effect of stock options	725	92	655	79
Shares used to compute diluted earnings per share	14,696	9,878	12,736	9,836

(4) Inventory

Inventory consists of the following (in thousands):

	June 30, 2002 (Unaudited)	December 31, 2001
Raw materials	$ 17,305	$ 19,003
Work in process	13,018	9,661
Finished goods	3,666	5,450
Costs relating to long-term contracts and programs, net of amounts attributed to revenue recognized to date	34,200	37,908
Progress payments related to long-term contracts and programs	(3,611)	(6,540)
LIFO reserve	(1,092)	(987)
Reserve for excess and obsolete inventory	(4,204)	(3,921)
	$ 59,282	$ 60,574

(5) Segment Data

The Company's operations are conducted in two reportable business segments: the Electronics Group and the Industrial Group. There was no intersegment net revenue recognized in all of the periods presented. The following table presents financial information for the reportable segments of the Company for the three and six months ended June 30, 2002 and July 1, 2001 (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2002	July 1, 2001	June 30, 2002	July 1, 2001
	(Unaudited)		(Unaudited)	
Net revenue from unaffiliated customers:				
Electronics Group	$ 49,297	$ 53,480	$ 93,373	$ 103,561
Industrial Group	24,212	9,672	42,669	17,626
	$ 73,509	$ 63,152	$ 136,042	$ 121,187
Gross profit:				
Electronics Group	$ 9,017	$ 9,764	$ 17,705	$ 19,064
Industrial Group	3,865	1,150	6,306	2,014
	$ 12,882	$ 10,914	$ 24,011	$ 21,078
Operating income:				
Electronics Group	$ 2,882	$ 2,870	$ 6,032	$ 6,103
Industrial Group	3,005	714	4,463	1,112
General, corporate and other	(1,128)	(672)	(2,003)	(1,726)
	$ 4,759	$ 2,912	$ 8,492	$ 5,489

(6) Commitments and Contingencies

The Company's Sypris Technologies subsidiary is a co-defendant in two lawsuits arising out of an explosion at a coker plant owned by Exxon Mobil Corporation located in Baton Rouge, Louisiana. In each of these lawsuits, it is alleged that a carbon steel pipe elbow that Sypris Technologies manufactured was improperly installed and the failure of which caused the explosion. One of the actions was brought by Exxon Mobil in 1994 in state district court in Louisiana and claims damages for destruction of the plant, which Exxon Mobil estimates exceed one hundred million dollars. Sypris Technologies is a co-defendant in this action with the fabricator who built the pipeline into which the elbow was incorporated and with the general contractor for the plant. The second action is a class action suit also filed in 1994 in federal court in Louisiana on behalf of the residents living around the plant and claims unspecified damages. Sypris Technologies is a co-defendant in this action with Exxon Mobil, the contractor and the fabricator. In both actions, the Company maintains that the carbon steel pipe elbow at issue was appropriately marked as carbon steel and was improperly installed, without Sypris Technologies' knowledge, by the fabricator and general contractor in circumstances that required the use of a chromium steel elbow. Although the Company believes these defenses to be meritorious, there can be no assurance that the Company will not be found liable for some or all of the alleged damages. If the Company was to be found liable and the damages exceeded available insurance coverage, the impact could materially and adversely affect the Company's financial condition and results of operations.

The Company is involved in certain litigation and contract issues arising in the normal course of business. While the outcome of these matters cannot, at this time, be predicted in light of the uncertainties inherent therein, management does not expect that these matters will have a material adverse effect on the consolidated financial position or results of operations of the Company.

(7) Adoption of Recently Issued Accounting Standard

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." Under SFAS No. 142, goodwill and indefinite lived intangible assets are no longer amortized but will be reviewed at least annually for impairment. Separable intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives. The Company completed the first of the required impairment tests of goodwill and indefinite lived intangible assets during the three months ended March 31, 2002 and no adjustment to the carrying value of goodwill was required.

The nonamortization of goodwill has increased the Company's net income and earnings per share. Following are pro forma results assuming goodwill had not been amortized prior to January 1, 2002 (in thousands, except for per share data):

	Three Months Ended		Six Months Ended	
	June 30, 2002	July 1, 2001	June 30, 2002	July 1, 2001
	(Unaudited)		(Unaudited)	
Reported net income	$ 2,805	$ 1,209	$ 4,630	$ 2,228
Adjustment for amortization of goodwill	--	220	--	403
Adjusted net income	$ 2,805	$ 1,429	$ 4,630	$ 2,631
Basic earnings per share as reported	$ 0.20	$ 0.12	$ 0.38	$ 0.23
Adjustment for amortization of goodwill	--	0.03	--	0.04
Adjusted basic earnings per share	$ 0.20	$ 0.15	$ 0.38	$ 0.27
Diluted earnings per share as reported	$ 0.19	$ 0.12	$ 0.36	$ 0.23
Adjustment for amortization of goodwill	--	0.02	--	0.04
Adjusted diluted earnings per share	$ 0.19	$ 0.14	$ 0.36	$ 0.27

There has been no change to the carrying value of the Company's goodwill since January 1, 2002. Goodwill at June 30, 2002 for the Electronics Group and the Industrial Group was $13,818,000 and $440,000, respectively. The Company's intangible assets subject to amortization and the related amortization expense are not material to the Company's consolidated financial position or results of operations, respectively.

(8) Issuance of Common Stock

On March 26, 2002, the Company completed a public stock offering of 3,600,000 shares of its common stock at $14.50 per share and generated proceeds, after underwriting discounts and expenses, of approximately $48,844,000. On April 19, 2002, an over-allotment option was exercised for 500,000 shares at $14.50 per share and generated proceeds, after underwriting discounts and expenses, of approximately $6,817,000. The proceeds of the offering were used to repay debt of $30,000,000 during March 2002 and $22,500,000 during April 2002. On May 7, 2002, the Company's shareholders approved an amendment to increase the Company's authorized common stock from 20,000,000 shares to 30,000,000 shares.

(9) Income Taxes

The Company's effective tax rate for the three and six months ended June 30, 2002 was 32.1% and 32.0%, respectively. Reconciling items between the federal statutory income tax rate and the effective tax rate include management's estimate for 2002 of research and development tax credits, state income tax benefits and certain other permanent differences.

(10) Accumulated Other Comprehensive Income

The aggregate fair market value of all interest rate swap agreements decreased from $728,000 at December 31, 2001 to $722,000 at June 30, 2002 and was included in other liabilities on the consolidated balance sheet. The change in fair market value, net of tax of $2,000, was recorded as other comprehensive income during the six months ended June 30, 2002.

(11) Stock Option Plans

On May 7, 2002, the Company's shareholders approved amendments to certain of its stock compensation plans for officers, key employees and non-employee directors to increase the aggregate number of shares of common stock reserved for issuance thereunder from 3,000,000 to 4,750,000.

(12) Subsequent Event

On July 3, 2002, the Company's credit agreement with its bank syndicate was amended to increase the aggregate commitment provided thereunder from $100,000,000 to $125,000,000. Substantially all other terms and conditions of the credit agreement remained the same.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The following table sets forth certain financial data, expressed as a percentage of net revenue, from the Company's Consolidated Income Statements for the three and six months ended June 30, 2002 and July 1, 2001.

	Three Months Ended		Six Months Ended	
	June 30, 2002	July 1, 2001	June 30, 2002	July 1, 2001
Net revenue	100.0%	100.0%	100.0%	100.0%
Cost of sales	82.5	82.7	82.4	82.6
Gross profit	17.5	17.3	17.6	17.4
Selling, general and administrative	9.8	10.8	10.1	11.1
Research and development	1.2	1.3	1.3	1.2
Amortization of intangible assets	--	0.6	--	0.6
Operating income	6.5%	4.6%	6.2%	4.5%
Net income	3.8%	1.9%	3.4%	1.8%

For reporting purposes, the operations of Sypris Electronics, Sypris Test & Measurement and Sypris Data Systems are included in the Electronics Group, and Sypris Technologies' operations are included in the Industrial Group. Segment discussion is included in the following discussion and analysis of our consolidated results of operations.

Net Revenue. Net revenue was $73.5 million for the second quarter of 2002, an increase of $10.3 million, or 16.4%, from $63.2 million for the second quarter of 2001. Net revenue was $136.0 million for the first six months of 2002, an increase of $14.8 million, or 12.3%, from $121.2 million for the first six months of 2001. Backlog at June 30, 2002 was $161.8 million, an increase of $19.5 million from $142.3 million at July 1, 2001. Backlog for our Electronics Group and Industrial Group at June 30, 2002 was $115.2 million and $46.6 million, respectively.

Net revenue for our Electronics Group for the second quarter of 2002 was $49.3 million, a decrease of $4.2 million, or 7.8%, from $53.5 million for the second quarter of 2001. Net revenue for our Electronics Group for the first six months of 2002 was $93.4 million, a decrease of $10.2 million, or 9.8%, from $103.6 million for the first six months of 2001. Net revenue from manufacturing services decreased $4.7 million and $6.8 million in the second quarter and first six months of 2002, respectively, primarily due to the completion of certain contracts with aerospace and defense customers during 2001. Although we began production on new contract awards during the second half of 2001 and the first quarter of 2002, revenue derived from the new contracts only partially offset the volume decline attributable to the completion of the mature contracts. Net revenue from other outsourced services decreased $1.0 million and $2.9 million in the second quarter and first six months of 2002, respectively, due to weak economic conditions and a slowdown in the commercial avionics market that negatively impacted our customers' demand for test and measurement services. We also divested a test facility in the third quarter of 2001, which accounted for net revenue of $1.7 million in the first six months of 2001. Net revenue from product sales increased $1.5 million in the second quarter of 2002, primarily due to increased sales quantities of data systems products; however, due to low product sales in the first quarter, net revenue for the comparable six month periods decreased $0.5 million. Production schedules for the new manufacturing services contracts with our aerospace and defense customers combined with economic pressures on our customers for other outsourced services is expected to keep revenue levels at or below comparable prior periods through the fourth quarter of 2002.

Net revenue for our Industrial Group for the second quarter of 2002 was $24.2 million, an increase of $14.5 million, or 150.3%, from $9.7 million for the second quarter of 2001. Net revenue for our Industrial Group for the first six months of 2002 was $42.6 million, an increase of $25.0 million, or 142.1%, from $17.6 million for the first six months of 2001. The contract with Dana Corporation, which began in the second quarter of 2001 for fully machined, heavy-duty truck axle shafts and other drive train components, generated outsourced services revenue of $11.3 million and $19.5 million for the second quarter and first six months of 2002, respectively, as compared to $2.7 million for the comparable periods of 2001. Excluding the Dana contract, our Industrial Group's net revenue increased $5.9 million and $8.2 million for the second quarter and first six months of 2002, respectively, over the comparable prior year periods. The increase in net revenue, excluding the Dana contract, was primarily due to increased production volume for a new contract under which we began supplying light axle shafts to Visteon Corporation for the Ford F-150, F-250, F-350 and Ranger series pickup trucks, Expedition, Mustang GT, and the Lincoln Navigator.

Gross Profit. Gross profit for the second quarter of 2002 was $12.9 million, an increase of $2.0 million, or 18.0%, from $10.9 million for the second quarter of 2001. Gross profit for the first six months of 2002 was $24.0 million, an increase of $2.9 million, or 13.9%, from $21.1 million for the first six months of 2001. Gross margin for the second quarter of 2002 increased to 17.5% from 17.3% for the second quarter of 2001. Gross margin for the first six months of 2002 increased to 17.6% from 17.4% for the first six months of 2001.

Gross profit for our Electronics Group for the second quarter of 2002 was $9.0 million, a decrease of $0.7 million, or 7.7%, from $9.7 million for the second quarter of 2001. Gross profit for our Electronics Group for the first six months of 2002 was $17.7 million, a decrease of $1.4 million, or 7.1%, from $19.1 million for the first six months of 2001. The reduction in sales volume for manufacturing and other technical services accounted for a $1.0 million decrease in second quarter gross profit, which was partially offset by a $0.3 million increase attributable to higher product sales. Cost reductions in anticipation of the expected decline in sales volume and improved manufacturing efficiencies have contributed to an increase in gross margin for manufacturing and other technical services for the comparable six-month periods and partly offset the impact of the decline in volume on gross profit, resulting in a $0.9 million decrease in gross profit. Product sales decreased for the comparable six-month periods and, when combined with reduced gross margin, yielded a $0.5 million decrease in gross profit.

Gross profit for our Industrial Group for the second quarter of 2002 was $3.9 million, an increase of $2.7 million or 236% from $1.2 million for the second quarter of 2001. Gross profit for our Industrial Group for the first six months of 2002 was $6.3 million, an increase of $4.3 million or 213% from $2.0 million for the first six months of 2001. The increase in gross profit was attributable to our revenue growth in the heavy-duty truck market resulting primarily from the Dana contract. Start-up costs and manufacturing inefficiencies related to our initial production under the Visteon contract limited the profit contribution from this new business. We anticipate profitability will improve during the second half of 2002 as we implement improvements to our manufacturing processes that are expected to reduce costs on the Visteon contract.

Selling, General and Administrative. Selling, general and administrative expense for the second quarter of 2002 was $7.2 million, or 9.8% of net revenue, as compared to $6.8 million, or 10.8% of net revenue for the second quarter of 2001. Selling, general and administrative expense for the first six months of 2002 was $13.7 million, or 10.1% of net revenue, as compared to $13.4 million, or 11.1% of net revenue for the first six months of 2001. The increase in selling, general and administrative expense was primarily attributable to additional management and administrative infrastructure to support the growth in our Industrial Group, partially offset by reduced selling expenses of our Electronics Group.

Research and Development. Research and development expense for the second quarter of 2002 was $0.9 million, or 1.2% of net revenue, as compared to $0.8 million, or 1.3% of net revenue for the second quarter of 2001. Research and development expense for the first six months of 2002 was $1.8 million, or 1.3% of net revenue, as compared to $1.5 million, or 1.2% of net revenue for the first six months of 2001. The increase in research and development expense was attributable to our Electronics Group and was related to new product releases for the data systems product lines.

Amortization of Intangible Assets. Amortization of intangible assets for the first six months of 2002 was $0.1 million as compared to $0.4 million and $0.7 million for the second quarter and first six months of 2001, respectively. Amortization of goodwill and indefinite lived intangible assets ceased when we adopted SFAS No. 142 effective January 1, 2002.

Interest Expense, Net. Interest expense for the second quarter of 2002 was $0.7 million, as compared to $1.1 million for the second quarter of 2001. Interest expense for the first six months of 2002 was $1.7 million, as compared to $2.2 million for the first six months of 2001. The decrease in interest expense for the comparable periods reflects the repayment of debt with proceeds from our public stock offering combined with a reduction in interest rates. Our weighted average debt outstanding decreased to approximately $42.3 million for the second quarter of 2002 from approximately $71.9 million for the second quarter of 2001. Our weighted average debt outstanding decreased to approximately $64.8 million for the first six months of 2002 from approximately $67.6 million for the first six months of 2001. The weighted average interest rate for the second quarter of 2002 was approximately 5.6% as compared to approximately 7.7% for the prior period. The weighted average interest rate for the first six months of 2002 was approximately 5.3% as compared to approximately 8.5% for the prior period. There was no capitalized interest in 2002 as compared to $0.3 million and $0.7 million for the second quarter and first six months of 2001, respectively.

Income Taxes. Income tax expense was $1.3 million for the second quarter of 2002 as compared to $0.6 million for the second quarter of 2001. Income tax expense was $2.2 million for the first six months of 2002 as compared to $1.2 million for the first six months of 2001. The effective tax rate for the first six months of 2002 was 32.0% as compared to 34.6% for the first six months of 2001. The lower effective tax rate for the first six months of 2002 was principally due to tax credits and state income tax benefits that we expect to realize during 2002.

Liquidity, Capital Resources and Financial Condition

Net cash provided by operating activities was $8.4 million for the first six months of 2002, as compared to $6.6 million for the first six months of 2001. Accounts receivable increased by $4.2 million during the first six months of 2002, primarily due to second quarter shipments on the Dana and Visteon contracts and product sales for the Electronics Group. Inventory decreased by $1.0 million during the first six months of 2002, reflecting inventory reductions attributable to lower sales volume in the Electronics Group partially offset by an increase in the Industrial Group's inventory to support the revenue growth. Accounts payable increased by $0.9 million, excluding the impact of open accounts payable at the end of the second quarter of 2002 and at December 31, 2001 related to capital expenditures. Accrued liabilities decreased $1.7 million during the first six months of 2002, primarily due to the timing of payments related to certain employee compensation and benefit programs.

Net cash used in investing activities was $14.7 million for the first six months of 2002 as compared to $24.8 million for the first six months of 2001. Capital expenditures for our Electronics Group and Industrial Group totaled $3.9 million and $10.5 million, respectively, for the first six months of 2002. Capital expenditures for our Electronics Group were principally comprised of manufacturing, assembly and test equipment. Our Industrial Group's capital expenditures included new forging and machining equipment to increase and expand the range of production capabilities. The Industrial Group's acquistion of certain assets related to the Dana contract for $11.5 million was included in investing activities for the first six months of 2001.

Net cash provided by financing activities was $8.7 million for the first six months of 2002 as compared to $17.8 million for the first six months of 2001. We received net proceeds of $55.7 million for our public stock offering during March and April 2002, $52.5 million of which has been used to reduce debt through June 30, 2002.

We had total availability for borrowings and letters of credit under the revolving credit facility of $59.9 million at June 30, 2002, which, when combined with the cash balance of $15.6 million, provides for total cash and borrowing capacity of $75.5 million. Our borrowing capacity was increased by $25.0 million in July 2002, as we agreed with our bank group to raise maximum borrowings on the revolving credit facility from $100.0 million to $125.0 million. All other terms of the credit agreement remained substantially the same. Borrowings under the revolving credit facility may be used to finance working capital requirements, acquisitions and for general corporate purposes, including capital expenditures. Most acquisitions require the approval of our bank group.

Our principal commitments at June 30, 2002 consisted of repayments of borrowings under the credit agreement and obligations under operating leases for certain of our real property and equipment. We also had purchase commitments totaling approximately $3.4 million at June 30, 2002, primarily for manufacturing equipment.

We believe that sufficient resources will be available to satisfy our cash requirements for at least the next twelve months. Cash requirements for periods beyond the next twelve months depend on our profitability, ability to manage working capital requirements and rate of growth. If we make significant acquisitions or if working capital and capital expenditure requirements exceed expected levels during the next twelve months or in subsequent periods, we may require additional external sources of capital. There can be no assurance that any additional required financing will be available through bank borrowings, debt or equity financings or otherwise, or that if such financing is available, it will be available on terms acceptable to us. If adequate funds are not available on acceptable terms, our business, results of operations and financial condition could be adversely affected.

Forward-looking Statements

This Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Similar forward-looking statements are made periodically in reports to the Securities and Exchange Commission, press releases, reports and documents and in written and oral presentations to investors, stockholders, analysts and others, regarding future results or expected developments. Words such as "anticipates," "believes," "estimates," "expects," "is likely," "predicts," and variations of such words and similar expressions are intended to identify such forward-looking statements. Although we believe that our expectations are based on reasonable assumptions, we cannot assure that the expectations contained in such statements will be achieved. Such statements involve risks and uncertainties which may cause actual future activities and results of operations to be materially different from those suggested in this report, including, among others: our dependence on our current management; the risks and uncertainties present in our business; business conditions and growth in the general economy and the electronics and industrial markets served by us; competitive factors and price pressures; availability of third party component parts at reasonable prices; inventory risks due to shifts in market demand and/or price erosion of purchased components; changes in product mix; cost and yield issues associated with our manufacturing facilities; our ability to successfully manage growth; as well as other factors described elsewhere in this report and in our other filings with the Securities and Exchange Commission.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

On July 26, 2001, we entered into interest rate swap agreements with three banks that effectively convert a portion of our variable rate debt to a fixed rate basis through July 2003. We entered into interest rate swap agreements as a means to reduce the impact of interest rate changes on future interest expense. Approximately 75% ($30.0 million) of our outstanding debt was covered by the interest rate swap agreements at June 30, 2002. We are exposed to financial market risks, including changes in interest rates and foreign currency exchange rates. Excluding the borrowings included in the interest rate swap agreements, all other borrowings under our credit agreement bear interest at a variable rate based on the prime rate, the London Interbank Offered Rate, or certain alternative short-term rates, plus a margin (1.25% at June 30, 2002) based upon our leverage ratio. An increase in interest rates of 100 basis points would result in additional interest expense of approximately $0.1 million on an annualized basis, based upon our debt outstanding at June 30, 2002. The vast majority of our transactions are denominated in U.S. dollars; as such, fluctuations in foreign currency exchange rates have historically had little impact on us. Inflation has not been a significant factor in our operations in any of the periods presented, and it is not expected to affect operations in the near future.

Part II. Other Information

Item 4. Submission of Matters to a Vote of Security Holders

The Company's Annual Meeting of Stockholders was held on May 7, 2002 in Louisville, Kentucky. A proposal to amend Article Sixth of the Company's Certificate of Incorporation to create a classified Board of Directors was approved by a vote of the majority of the shares of the Company's common stock represented at the meeting: 8,753,073 shares were voted in favor of the proposal; 685,560 were voted against; and 1,361 abstained. Thereafter, at the meeting, stockholders elected a classified Board of Directors as follows:

Director	Votes in Favor	Votes Withheld
Class I (initial term of one year):		
Henry F. Frigon	9,056,702	534,124
Robert E. Gill	9,056,702	534,124
William L. Healey	9,056,702	534,124
Class II (initial term of two years):		
R. Scott Gill	9,056,702	534,124
Roger W. Johnson	9,011,852	578,974
Robert Sroka	8,789,127	801,699
Class III (initial term of three years):		
Jeffrey T. Gill	9,056,702	534,124
Sidney R. Petersen	9,012,352	578,474

A proposal to approve amending Article Fifth of the Company's Certificate of Incorporation to increase the number of shares of authorized common stock from 20,000,000 shares to 30,000,000 shares was approved by a vote of the majority of the shares of the Company's common stock represented at the meeting: 9,579,224 shares were voted in favor of the proposal; 10,483 were voted against; and 1,119 abstained.

A proposal to approve amending Article Eighth of the Company's Certificate of Incorporation to eliminate stockholder action by written consent and increase the percentage of stockholders required to call a special meeting was approved by a vote of the majority of the shares of the Company's common stock represented at the meeting: 8,795,421 shares were voted in favor of the proposal; 643,212 were voted against; and 1,361 abstained.

A proposed amendment of the Company's 1994 Stock Option Plan for Key Employees to increase the number of shares of common stock available for issuance under the plan from 2,500,000 shares to 4,000,000 shares was approved by a vote of the majority of the shares of the Company's common stock represented at the meeting: 9,103,591 shares were voted in favor of the proposal; 329,662 were voted against; and 6,741 abstained.

A proposed amendment of the Company's Independent Directors' Stock Option Plan to increase the number of shares of common stock available for issuance under the plan from 500,000 shares to 750,000 shares was approved by a vote of the majority of the shares of the Company's common stock represented at the meeting: 8,850,024 shares were voted in favor of the proposal; 582,467 were voted against; and 7,503 abstained.

The total number of shares of common stock outstanding as of March 19, 2002, the record date of the Annual Meeting of Stockholders, was 9,945,953.

Item 6. Exhibits and Reports On Form 8-K

(a) Exhibits:

Exhibit Number	Description
3.1	Certificate of Incorporation of the Company, as amended on May 7, 2002 (incorporated by reference to Exhibit 4.1 to the Company's Form S-8 filed on May 9, 2002 (Registration No. 333-87880)).
3.2	Bylaws of the Company, as amended on May 7, 2002 (incorporated by reference to Exhibit 4.2 to the Company's Form S-8 filed on May 9, 2002 (Registration No. 333-87880)).
10.22	Sypris Solutions, Inc. 1994 Stock Option Plan for Key Employees as Amended and Restated effective February 26, 2002 (incorporated by reference to Exhibit 4.5 to the Company's Form S-8 filed on May 9, 2002 (Registration No. 333-87880)).
10.23	Sypris Solutions, Inc. Independent Directors' Stock Option Plan as Amended and Restated effective February 26, 2002 (incorporated by reference to Exhibit 4.5 to the Company's Form S-8 filed on May 9, 2002 (Registration No. 333-87882)).
10.24	Sypris Solutions, Inc. Independent Directors Compensation Program Amended and Restated on May 7, 2002, dated September 1, 1995.
10.25	2002B Amendment to Loan Documents between Bank One, Kentucky, NA, Sypris Solutions, Inc., Sypris Test & Measurement, Inc., Sypris Technologies, Inc., Sypris Electronics, LLC, Sypris Data Systems, Inc. and Sypris Technologies Marion, LLC dated July 3, 2002.

(b) Reports on Form 8-K:

The Company filed no reports on Form 8-K during the three months ended June 30, 2002.

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 thereunto duly authorized.

SYPRIS SOLUTIONS, INC.
(Registrant)

Date: July 29, 2002 By: /s/ David D. Johnson

(David D. Johnson)
Vice President & Chief Financial Officer

Date: July 29, 2002 By: /s/ Anthony C. Allen

(Anthony C. Allen)
Vice President, Controller & Chief Accounting Officer

Exhibit 10.24

SYPRIS SOLUTIONS, INC.
INDEPENDENT DIRECTORS COMPENSATION PROGRAM
ADOPTED ON SEPTEMBER 1, 1995

AMENDED AND RESTATED ON MAY 7, 2002

Description of the Program

Name. The name of this benefit program shall be the "Independent Directors Compensation Program."

Purpose. The purpose of the Independent Directors Compensation Program is to enable Sypris Solutions, Inc. (the "Company") to attract, retain and motivate experienced directors by providing compensation that is competitive with compensation offered to independent directors of other similarly-situated public corporations in the United States.

Eligibility and Participation. Only "Independent Directors," defined as those members of the Board of Directors of the Company (the "Board") who are not otherwise employed by the Company, its subsidiaries or any affiliate of the Company in any other capacity, are eligible to participate in the Independent Directors Compensation Program. Any Independent Director on the Board as of September 1, 1995 (the "Effective Date") and thereafter shall be eligible for compensation under the Independent Directors Compensation Program.

Compensation. Independent Directors shall be compensated as set forth below:

(a) Initial Election Grants and Annual Grants of Stock Options. The Company shall grant each Independent Director a nonqualified stock option for the purchase of: (i) up to 10,000 shares of the Company's common stock, $.01 par value (the "Common Stock") at the time the Independent Director is initially elected to serve on the Board (the "Initial Election Grant"); and (ii) up to 6,000 shares of the Company's Common Stock at each annual stockholders' meeting thereafter (the "Annual Grant"), so long as a Director is continuing to serve as a Director on the date of said annual stockholders' meeting. In the event that an Independent Director is initially elected to the Board at a time other than the date of the Company's annual stockholders' meeting, he or she shall receive an Annual Grant at the subsequent annual stockholders' meeting for a pro rated number of shares to be determined by multiplying 6,000 by a fraction, the numerator of which shall be the number of full months which have elapsed since the date of the Director's initial election and the next annual stockholders' meeting and the denominator of which shall be 12. All such stock options shall be granted by the Company to the Independent Directors pursuant to the Company's Independent Directors' Stock Option Plan (the "Option Plan"). Each of the options shall be: (i) granted on the dates each of the respective Independent Directors is initially elected and on the date of each annual stockholders' meeting; (ii) priced at the fair market value of the Company's common stock, as determined in accordance with Section 7.C. of the Option Plan, on the respective date of grant; (iii) immediately exercisable by each of the Independent Directors on the respective dates of grant; and (iv) subject to the terms and conditions of the Option Plan and any other terms and conditions which, in accordance with the Option Plan, are specified in the applicable Stock Option Agreement entered into by and between the Company and each of the Independent Directors.

(b) Annual Retainer.

(i) Amount. Each Independent Director shall receive an annual retainer in the amount of $16,000 (the "Annual Retainer"). In the event that an Independent Director is initially elected to the Board at a time other than the date of the Company's annual stockholders' meeting, he or she shall receive a prorated Annual Retainer (the "Prorated Annual Retainer") the amount of which is to be determined by multiplying $16,000 by a fraction, the numerator of which shall be the number of full months which have elapsed since the date of the Director's initial election to the Board and the next annual stockholders' meeting and the denominator of which shall be 12.

(ii) Payment. The Annual Retainer or the Prorated Annual Retainer, as applicable, shall be earned by the Independent Directors and paid by the Company in equal quarterly installments for each Independent Director. The quarterly installments of the Annual Retainer or Prorated Annual Retainer shall be payable, together with any attendance fees (defined below), in arrears by checks issued to each Independent Director no later than the 15th calendar day following the end of each of the Company's fiscal quarters during which the respective Independent Director served on the Board. Alternatively, pursuant to Paragraph (d) below, each Independent Director may elect to receive his or her Annual Retainer or Prorated Annual Retainer, together with any attendance fees, in the form of nonqualified stock options in lieu of cash.

(c) Attendance Fees.

(i) Board Meetings. Each Independent Director shall receive the sum of $1,200 for each meeting of the Board he or she attends in person or, alternatively, the sum of $300 for each meeting of the Board in which he or she participates by telephone (collectively, the "Board Meeting Attendance Fees"). For purposes of the Independent Directors Compensation Program, "attendance" shall not include execution of an action by written consent of the Board. Board Meeting Attendance Fees earned by each Independent Director during a fiscal quarter shall be payable, together with the quarterly installment of the Annual Retainer or Prorated Annual Retainer, by a check issued no later than the 15th calendar day following the end of the fiscal quarter. Alternatively, pursuant to Paragraph (d) below, each Independent Director may elect to receive his or her Board Meeting Attendance Fees in the form of nonqualified stock options in lieu of cash.

(ii) Committee Meetings. Independent Directors are entitled to compensation for attending or participating in meetings of committees of the Board only if such meetings are held on dates other than the dates of meetings of the full Board. In the event that committee meetings are held on dates other than the dates of meetings of the full Board, each Independent Director who attends a committee meeting in person and serves as the chairperson of the meeting shall receive the sum of $1,200 per meeting, and each of the other Independent Directors who attend such a committee meeting in person shall receive the sum of $900 per meeting. Alternatively, each Independent Director who, as the chairperson or as a committee member, participates by telephone in committee meetings of the Board which are held on dates other than the dates of meetings of the full Board, shall receive the sum of $300 per meeting. (All of the aforementioned fees in this subparagraph shall hereafter be collectively referred to as the "Committee Meeting Attendance Fees"). For purposes of the Independent Directors Compensation Program, "attendance" shall not include execution of an action by written consent for any committee. Committee Meeting Attendance Fees earned by each Independent Director during a fiscal quarter shall be payable, together with the Annual Retainer or Prorated Annual Retainer and the Board Meeting Attendance Fees, by a check issued to the Independent Director no later than the 15th calendar day following the end of the fiscal quarter. Alternatively, pursuant to Paragraph (d) below, each Independent Director may elect to receive his or her Committee Meeting Attendance Fees in the form of nonqualified stock options in lieu of cash.

(d) Form of Payment. Each Independent Director may elect to receive his or her Annual Retainer or Prorated Annual Retainer, Board Meeting Attendance Fees and Committee Meeting Attendance Fees in the form of nonqualified stock options in lieu of cash. The election to receive stock options in lieu of cash must be made by the Independent Director before each January 1 and shall apply to the sum of the Annual Retainer, Prorated Annual Retainer, Board Meeting Attendance Fees and Committee Meeting Attendance Fees (collectively, the "Fees") earned during the following calendar year. Independent Directors initially elected to the Board other than at an annual stockholders' meeting shall make the election no later than 10 calendar days after being elected to the Board and such election shall apply to Fees earned during the remainder of such calendar year. An Independent Director who fails to make a timely election for the first calendar year such director is eligible to make an election shall be deemed to have elected to receive Fees in cash. An Independent Director who fails to make an election for any subsequent calendar year shall be deemed to have made the same election such director made for the immediately preceding calendar year. Such elections, including deemed elections, shall be irrevocable for the calendar year for which made.

Any stock options issued to an Independent Director in lieu of cash compensation shall be granted to the respective Independent Director pursuant to the Option Plan on a quarterly basis, with each grant to be made on the first day following the end of each of the Company's fiscal quarters (the "Date of Grant"). The number of shares to be granted under such options shall be determined by dividing the total of the quarterly installment of the Annual Retainer or Prorated Annual Retainer, as applicable, plus any Board Meeting Attendance Fees and any Committee Meeting Attendance Fees earned by the respective Independent Director during the previous fiscal quarter by 33% of the fair market value of the Company's Common Stock, as determined in accordance with Section 7.C. of the Option Plan, on the Date of Grant. The options shall be: (i) priced at the fair market value of the Company's Common Stock, as determined in accordance with Section 7.C. of the Option Plan, on the Date of Grant; (ii) immediately exercisable by each of the Independent Directors on the respective date of grant; and (iii) subject to the terms and conditions of the Option Plan and any other terms and conditions which, in accordance with the Option Plan, are specified in the applicable Stock Option Agreement entered into by and between the Company and each of the Independent Directors.

Expense Reimbursement. Each Independent Director shall be reimbursed for travel and other expenses incurred in the performance of his or her duties.

Administration. The Independent Directors Compensation Program is administered by the Compensation Committee of the Board. The Committee members are selected by the Board and have no specific term of office.

Resignation from the Board of Directors. The resignation of any Independent Director shall cause such director to be ineligible to receive any amount of the Annual Retainer or Prorated Annual Retainer installments not yet paid to him or her as of the date of resignation. Any attendance fees which have been earned by the Independent Director in accordance with Paragraph (c) above prior to the date of resignation shall be paid in the same form and according to the same timetables described in Paragraph (c) above.

Program Termination or Modification. The Compensation Committee shall review the Independent Directors Compensation Program on at least an annual basis and may make changes, alterations or modifications to the program which are deemed to be in the Company's best interest. Any change, alteration or modification shall be made by a written instrument consented to by the Board. The Board may similarly terminate the Independent Directors Compensation Program at any time if, in the judgment of the Board, such termination is in the Company's best interest.

IN WITNESS WHEREOF, the Company has caused this Independent Directors Compensation Program to be executed in its name and on its behalf on May 7, 2002.

SYPRIS SOLUTIONS, INC.

By: /s/ Jeffrey T. Gill

Jeffrey T. Gill

President and CEO

Exhibit 10.25

2002B AMENDMENT TO LOAN DOCUMENTS

THIS 2002B AMENDMENT TO LOAN DOCUMENTS (this "Amendment"), is made and entered into as of the 3rd day of July, 2002, by and among (i) BANK ONE, KENTUCKY, NA, a national banking association with an office and place of business in Louisville, Kentucky ("the Agent Bank") (Bank One, Kentucky, NA may also be referred to as a "Bank"); (ii) the BANKS identified on Schedule 1.1 hereto (each a "Bank" and collectively, the "Banks"); (iii) SYPRIS SOLUTIONS, INC., a Delaware corporation, with its principal office and place of business and registered office in Louisville, Jefferson County, Kentucky (the "Borrower") and (iv) the GUARANTORS identified on Schedule 1.2 hereto (each a "Guarantor" and collectively, the "Guarantors").

P R E L I M I N A R Y S T A T E M E N T:

A. Certain of the Guarantors and their Affiliates entered into a Loan Agreement dated as of March 21, 1997, with the Agent Bank (the "Original Loan Agreement"), whereby the Agent Bank extended in favor of the Guarantors a revolving line of credit in the amount of $20,000,000, a term loan in the amount of $10,000,000 and a swing line of credit subfacility in the amount of $5,000,000.

B. The predecessors to the Borrower and certain of the Guarantors entered into a 1997A Amended and Restated Loan Agreement dated as of November 1, 1997, with the Agent Bank (the "1997A Loan Agreement"), whereby the Agent Bank increased the revolving line of credit to $30,000,000 and the term loan to $15,000,000 and provided the swing line of credit subfacility in the amount of $5,000,000. The 1997A Loan Agreement was subsequently amended by, among other amendments, the 1998A Amendment to Loan Documents dated as of February 18, 1998.

C. The Borrower, certain of the Guarantors, the Agent Banks and the Banks entered into the 1999 Amended and Restated Loan Agreement dated as of October 27, 1999 (the "1999 Loan Agreement"), which amended, restated and replaced the Original Loan Agreement and the 1997A Loan Agreement, as amended. The 1999 Loan Agreement provides for (i) a revolving line of credit in the amount of $100,000,000, (ii) a swing line subfacility of $5,000,000 and (iii) a letter of credit subfacility of $15,000,000. The 1999 Loan Agreement was subsequently amended by the 2000A Amendment to Loan Documents dated as of November 9, 2000 (the "2000A Amendment").

D. The Borrower, certain of the Guarantors, the Agent and the Banks entered into the 2001A Amendment to Loan Documents dated as of February 15, 2001 and having an effective date of December 31, 2000 (the "2001A Amendment") in order to (i) change certain financial covenants and (ii) make certain other changes as set forth therein.

E. The Borrower, the Guarantors, the Agent and the Banks entered into the 2002A Amendment to Loan Documents dated as of December 21, 2001 and having an effective date of January 1, 2002 (the "2002A Amendment") in order to (i) to restructure, reorganize and/or rename, as applicable, certain of the Guarantors, and to add a Guarantor and (ii) to amend the Loan Agreement and other Loan Documents to reflect such changes in the Guarantors and (iii) make certain other changes as set forth therein. The 1999 Loan Agreement, as amended by the 2000A Amendment, 2001A Amendment, and the 2002A Amendment is referred to herein as the "Loan Agreement."

F. The Banks, the Borrower, and the Guarantors wish to further amend the Loan Agreement and other Loan Documents to, among other things, increase the revolving line of credit to $125,000,000 and add a new participant Bank (as identified in Schedule 1.1 hereto). Terms not defined herein shall have the meanings set forth in the Loan Agreement.

G. Subject to the terms set forth herein, the Banks are agreeable to the increasing of the revolving line of credit and the adding of a Bank as described in Schedule 1.1.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein and for other good and valuable consideration, the mutuality, receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. AMENDMENTS TO LOAN AGREEMENT.

A. Revolving Loan Commitments, Revolving Credit Loans. The aggregate amount of the Revolving Loan Commitments stated under Section 2.1.A of the Loan Agreement shall be amended and restated as One Hundred Twenty Five Million Dollars ($125,000,000).

B. List of Banks. The list of Banks attached hereto as Schedule 1.1 shall replace in its entirety Schedule 1.1 to the Loan Agreement.

C. Schedule of Revolving Loan Commitments. The schedule of revolving loan commitments and revolving credit facility pro rata shares attached hereto as Schedule 2.1 shall replace in its entirety Schedule 2.1 to the Loan Agreement.

D. The following new Section G is added to Section 4.2 of the Loan Agreement:

> 4.2 G. 2002B Additional Loan Documents. The Borrower and the Guarantors, as applicable, shall have delivered to the Agent Bank the following 2002B Additional Loan Documents:
>
> [1] Amendments to the existing Mortgage and Assignment of Leases and Rents from ST&M with respect to certain property in Orange County, Florida in form and substance acceptable to the Banks (the "ST&M Amendment");
>
> [2] Amendments to the existing Mortgage and Assignment of Leases and Rents from ST with respect to certain property in Jefferson County, Kentucky in form and substance acceptable to the Banks (the "ST Amendment");
>
> [3] Such other documents and instruments as the Agent Bank may reasonably request.

E. Section 7.6 is modified to read in its entirety as follows:

> 7.6 Fixed Charge Coverage Ratio. The Borrower shall not permit the Fixed Charge Coverage Ratio for any period of four consecutive Fiscal Quarters to fall below 2.0 to 1.0 as of the end of each Fiscal Quarter.

2. AMENDMENTS TO ST&M GUARANTY AGREEMENT. The Guaranty Agreement dated as of October 27, 1999 entered into by and among ST&M and the Agent Bank on behalf of itself and the other Banks (the "ST&M Guaranty") is amended as follows:

> Maximum Liability Amount. Part (b) of the statement of maximum aggregate liability under Section 2, Guaranty of Payment and Performance of the ST&M Guaranty is amended and restated as: One Hundred Twenty Five Million Dollars ($125,000,000), plus accrued interest, plus costs and expenses.

3. AMENDMENTS TO ST GUARANTY AGREEMENT. The Guaranty Agreement dated as of October 27, 1999 entered into by and among ST and the Agent Bank on behalf of itself and the other Banks (the "ST Guaranty") is amended as follows:

> Maximum Liability Amount. Part (b) of the statement of maximum aggregate liability under Section 2, Guaranty of Payment and Performance of the ST Guaranty is amended and restated as: One Hundred Twenty Five Million Dollars ($125,000,000), plus accrued interest, plus costs and expenses.

4. AMENDMENTS TO SE GUARANTY AGREEMENT. The Guaranty Agreement dated as of October 27, 1999 entered into by and among SE and the Agent Bank on behalf of itself and the other Banks (the "SE Guaranty") is amended as follows:

> Maximum Liability Amount. Part (b) of the statement of maximum aggregate liability under Section 2, Guaranty of Payment and Performance of the SE Guaranty is amended and restated as: One Hundred Twenty Five Million Dollars ($125,000,000), plus accrued interest, plus costs and expenses.

5. AMENDMENTS TO SDS GUARANTY AGREEMENT. The Guaranty Agreement dated as of October 27, 1999 entered into by and among SDS and the Agent Bank on behalf of itself and the other Banks (the "SDS Guaranty") is amended as follows:

> Maximum Liability Amount. Part (b) of the statement of maximum aggregate liability under Section 2, Guaranty of Payment and Performance of the SDS Guaranty is amended and restated as: One Hundred Twenty Five Million Dollars ($125,000,000), plus accrued interest, plus costs and expenses.

6. AMENDMENTS TO MARION GUARANTY AGREEMENT. The Guaranty Agreement dated as of December 21, 2001 entered into by and among Marion and the Agent Bank on behalf of itself and the other Banks (the "Marion Guaranty") is amended as follows:

> Maximum Liability Amount. Part (b) of the statement of maximum aggregate liability under Section 2, Guaranty of Payment and Performance of the Marion Guaranty is amended and restated as: One Hundred Twenty Five Million Dollars ($125,000,000), plus accrued interest, plus costs and expenses.

7. AMENDMENT TO ST&M SECURITY AGREEMENT. The list of documents which, collectively, compose the Loan Agreement as listed in the introductory paragraph on the first page of the Security Agreement dated February 15, 2001 between ST&M and Agent Bank is amended to include the 2002A Amendment and this Amendment.

8. AMENDMENT TO ST SECURITY AGREEMENT. The list of documents which, collectively, compose the Loan Agreement as listed in the introductory paragraph on the first page of the Security Agreement dated February 15, 2001 between ST and Agent Bank is amended to include the 2002A Amendment and this Amendment.

9. AMENDMENT TO SE SECURITY AGREEMENT. The list of documents which, collectively, compose the Loan Agreement as listed in the introductory paragraph on the first page of the Security Agreement dated February 15, 2001 between SE and Agent Bank is amended to include the 2002A Amendment and this Amendment.

10. AMENDMENT TO SDS SECURITY AGREEMENT. The list of documents which, collectively, compose the Loan Agreement as listed in the introductory paragraph on the first page of the Security Agreement dated February 15, 2001 between SDS and Agent Bank is amended to include the 2002A Amendment and this Amendment.

11. AMENDMENT TO MARION SECURITY AGREEMENT. The list of documents which, collectively, compose the Loan Agreement as listed in the introductory paragraph on the first page of the Security Agreement dated December 21, 2001 between Marion and Agent Bank is amended to include the 2002A Amendment and this Amendment.

12. RATIFICATION. Except as specifically amended by the provisions hereinabove, the Loan Documents remain in full force and effect. The Borrower and Guarantors reaffirm and ratify all of their respective obligations to Agent Bank and the Banks under all of the Loan Documents, as amended and modified hereby, including, but not limited to, the Loan Agreement, the Guaranty Agreements, the Security Agreements and all other agreements, documents and instruments now or hereafter evidencing and/or pertaining to the Loan Agreement. Each reference to all or any of the Loan Documents contained in any other of the Loan Documents shall be deemed to be a reference to such Loan Document, as modified hereby.

13. CONDITIONS PRECEDENT. The Banks' obligations under this Amendment are expressly conditioned upon and subject to the following:

A. The execution and delivery by the Borrower and the Guarantors, as applicable, of this Amendment and each of the 2002B Additional Loan Documents described in Section 4.2G of the Loan Agreement;

B. Delivery to the Agent Bank of a copy of the certificate of the corporate secretary of Borrower certifying resolutions of the Borrower's board of directors to the effect that execution, delivery and performance of this Amendment and the 2002B Additional Loan Documents have been duly authorized and as to the incumbency of those authorized to execute and deliver this Amendment, the 2002B Additional Loan Documents and all other documents to be executed in connection herewith;

C. Delivery to the Agent Bank of a copy of the certificate of the corporate secretary of each corporate Guarantor certifying resolutions of such Guarantor's board of directors to the effect that execution, delivery and performance of this Amendment and the 2002B Additional Loan Documents have been duly authorized and as to the incumbency of those authorized to execute and deliver this Amendment, the 2002B Additional Loan Documents and all other documents to be executed in connection herewith;

D. Delivery to the Agent Bank of a copy of the certificate of the Secretary or other appropriate representative of such Guarantor (i) certifying as to the authenticity, completeness and accuracy of, and attaching copies of the written consent of the managers of such Guarantor authorizing the execution, delivery and performance of this Amendment and the 2002B Additional Loan Documents to which such Guarantor is a party, and (ii) certifying the names and true signatures of the officers of such Guarantor authorized to execute and deliver on behalf of such Guarantor this Amendment and the 2002B Additional Loan Documents to which such Guarantor is a party;

E. The representations and warranties of the Borrower and the Guarantors as applicable in this Amendment and the 2002B Additional Loan Documents shall be true and accurate in all respects; and

F. Delivery to the Agent Bank of opinions of counsel to Borrower and the Guarantors, satisfactory to the Agent Bank.

14. REPRESENTATIONS, WARRANTIES, AND COVENANTS OF THE BORROWER. To induce the Agent Bank and the Banks to enter into this Amendment, the Borrower represents and warrants to Agent Bank and the Banks as follows:

A. The Borrower has full power, authority, and capacity to enter into this Amendment and the 2002B Additional Loan Documents to which the Borrower is a party, and this Amendment and the 2002B Additional Loan Documents to which the Borrower is a party constitute the legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their respective terms.

B. No uncured Event of Default under the Notes or any of the other Loan Documents has occurred which continues unwaived by the Agent Bank, and no event which with the passage of time, the giving of notice or both would constitute an Event of Default, exists as of the date hereof.

C. The Person executing this Amendment and the 2002B Additional Loan Documents to which the Borrower is a party on behalf of the Borrower is duly authorized to do so.

D. The representations and warranties made by the Borrower in any of the Loan Documents are hereby remade and restated as of the date hereof.

E. Except as previously disclosed to the Agent Bank or disclosed in the Borrower's filings with the Securities and Exchange Commission, copies of which have been provided previously to the Agent Bank, there are no material actions, suits, legal, equitable, arbitration or administrative proceedings pending or threatened against the Borrower, the adverse determination of which could have a material adverse effect on the Loan Documents, the business operations or financial condition of the Borrower or the ability of the Borrower to fulfill its obligations under the Loan Documents.

15. REPRESENTATIONS, WARRANTIES, AND COVENANTS OF THE GUARANTORS. To induce the Agent Bank and the Banks to enter into this Amendment, the Guarantors represent and warrant to the Agent Bank and the Banks as follows:

A. Each Guarantor has full power, authority, and capacity to enter into this Amendment and the 2002B Additional Loan Documents to which any such Guarantor is a party, and this Amendment and the 2002B Additional Loan Documents to which any such Guarantor is a party constitute the legal, valid and binding obligations of such Guarantor, enforceable against such Guarantor in accordance with their terms.

B. The Person executing this Amendment and the 2002B Additional Loan Documents to which such Guarantor is a party on behalf of each Guarantor is duly authorized to do so.

C. The representations and warranties made by each Guarantor in any of the Loan Documents are hereby remade and restated as of the date hereof.

D. Except as previously disclosed to the Agent Bank, there are no material actions, suits, legal, equitable, arbitration or administrative proceedings pending or threatened against any Guarantor, the adverse determination of which could have a material adverse effect on the Loan Documents, the business operations or financial condition of any Guarantor or the ability of any Guarantor to fulfill its obligations under the Guaranty Agreement.

16. MISCELLANEOUS.

A. Amendment and Other Fees and Expenses. The Borrower agrees to pay to or for the account of the Agent Bank, whichever is applicable, upon the closing of this Amendment (i) the amounts set forth in the fee letter dated July 2, 2002 from the Agent Bank to the Borrower, (ii) any recording or filing fees incurred by Agent Bank in connection with this Amendment, and (iii) the reasonable fees and expenses of Agent Bank's counsel in negotiating, drafting and closing this Amendment, the 2002B Additional Loan Documents and related documents.

B. Illegality. In case any one or more of the provisions contained in this Amendment should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

C. Changes in Writing. No modification, amendment or waiver of any provision of this Amendment nor consent to any departure by the Borrower or any of the Guarantors therefrom, will in any event be effective unless the same is in writing and signed by the Agent Bank, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

D. Successors and Assigns. This Amendment will be binding upon and inure to the benefit of the Borrower, the Guarantors, the Agent Bank and the Banks and their respective heirs, executors, administrators, successors and assigns; provided, however, that neither the Borrower nor the Guarantors may assign this Amendment in whole or in part without the prior written consent of the Agent Bank, and the Agent Bank and the Banks at any time may assign this Amendment in whole or in part, as provided in Section 11 of the Loan Agreement.

E. Counterparts. This Amendment may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Agent Bank, each Bank, the Borrower and each Guarantor has caused this Amendment to be duly executed as of the day and year first above written.

BANK ONE, KENTUCKY, NA, as Agent Bank ("the Agent Bank")
By: /s/ James D. Baker, Jr.

James D. Baker, Jr.
Vice President

BANK ONE, KENTUCKY, NA as a Bank
By: /s/ James D. Baker, Jr.

James D. Baker, Jr.
Vice President

BANK OF AMERICA, N.A. as a Bank
By: /s/ Bryan Hulker

Bryan Hulker
Vice President

LASALLE BANK NATIONAL ASSOCIATION as a Bank
By: /s/ A. Mark Mital

A. Mark Mital
Vice President

SUNTRUST BANK, NASHVILLE, N.A., as a Bank
By: /s/ Anson M. Lewis for Scott T. Corley

Scott T. Corley
Director

U.S. BANK NATIONAL ASSOCIATION f/k/a FIRSTAR BANK, N.A., as a Bank
By: /s/ Toby Rau

Toby Rau
Assistant Vice President

NATIONAL CITY BANK OF KENTUCKY as a Bank
By: /s/ Thomas P. Crockett

Thomas P. Crockett
Senior Vice President

SYPRIS SOLUTIONS, INC. (the "Borrower")
By: /s/ David D. Johnson

David D. Johnson
Vice President

SYPRIS TEST & MEASUREMENT, INC., a Delaware corporation ("ST&M")
(as a "Guarantor" and solely with respect to Sections 4.2G, 6 and 7 of the Loan Agreement)
By: /s/ David D. Johnson

David D. Johnson
Treasurer

SYPRIS TECHNOLOGIES, INC. a Delaware corporation ("ST")
(as a "Guarantor" and solely with respect to Sections 4.2G,
6 and 7 of the Loan Agreement)
By: /s/ David D. Johnson

David D. Johnson
Treasurer

SYPRIS ELECTRONICS, LLC, a Delaware limited liability
company ("SE") (as a "Guarantor" and solely with respect to
Sections 4.2G, 6 and 7 of the Loan Agreement)
By: /s/ David D. Johnson

David D. Johnson
Treasurer

SYPRIS DATA SYSTEMS, INC., a Delaware corporation ("SDS")
(as a "Guarantor" and solely with respect to Sections
4.2G, 6 and 7 of the Loan Agreement)
By: /s/ David D. Johnson

David D. Johnson
Treasurer

SYPRIS TECHNOLOGIES MARION, LLC, a Delaware limited
liability company ("Marion")(as a "Guarantor") and solely with
respect to Sections 4.2G, 6 and 7 of the Loan Agreement)
By: /s/ David D. Johnson

David D. Johnson
Treasurer