

Non-GAAP Financial Measures Reconciliation
Sypris Solutions, Inc.
July 4, 2010

Sypris Solutions, Inc. considers free cash flow to be an important metric of the Company's ability to service and repay its debt. Free cash flow is defined as cash provided by operating activities less capital expenditures. Free cash flow for periods ended in 2010 and 2009 are as follows (in thousands):

Consolidated Cash Flow Statement:

Cash flows from operating activities:

Net cash provided by (used in) operating activities - continuing operations

Net cash provided by (used in) operating activities - discontinued operations

Net cash provided by (used in) operating activities

Cash flows from investing activities:

Capital expenditures

Proceeds from sale of assets

Changes in nonoperating assets and liabilities

Net cash used in investing activities - continuing operations

Net cash used in investing activities - discontinued operations

Net cash used in investing activities

Cash flows from financing activities:

Net change in debt under revolving credit facility

Debt modification costs

Cash dividends paid

Net cash provided by (used in) financing activities

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of period

Cash and cash equivalents at end of period

Reconciliation of Free Cash Flow and Free Cash Flow Before Restructuring Expense				
Quarter ended July 4, 2010	Quarter ended April 4, 2010	Six months ended July 4, 2010	Quarter ended July 5, 2009	Six months ended July 5, 2009
A	\$ 1,207	\$ (1,267)	\$ (60)	\$ 3,845
	-	-	-	\$ 2,135
	1,207	(1,267)	(60)	5,980
B	(386)	(244)	(630)	(1,278)
	63	8	71	56
	(21)	57	36	44
	(344)	(179)	(523)	(1,178)
	-	-	-	(257)
	(344)	(179)	(523)	(1,435)
	-	-	-	500
	-	-	-	(652)
	-	-	-	(386)
	-	-	-	500
	863	(1,446)	(583)	5,045
	14,162	15,608	15,608	5,080
	\$ 15,025	\$ 14,162	\$ 15,025	\$ 10,125

Free Cash Flow:

Net cash provided by (used in) operating activities - continuing operations

Capital expenditures

Free cash flow

Quarter ended July 4, 2010	Quarter ended April 4, 2010	Six months ended July 4, 2010	Quarter ended July 5, 2009	Six months ended July 5, 2009
A	\$ 1,207	\$ (1,267)	\$ (60)	\$ 3,845
B	(386)	(244)	(630)	(1,278)
	\$ 821	\$ (1,511)	\$ (690)	\$ 2,567

Net debt to total capital ratio is used by management to analyze the Company's financial structure and its reliance on debt financing for funding its operational requirements. Net debt is defined as the sum of short-term and long-term debt less cash and cash equivalents and restricted cash. The ratio of net debt to total capital for periods ended in 2010 and 2009 are computed as follows (in thousands):

Net Debt to Total Capital:

Current portion of long-term debt

Long-term debt

less: Cash and cash equivalents

less: Restricted cash - current

less: Restricted cash

Net debt

Capital:

Total stockholders' equity

Net debt

Total capital

Net debt to total capital

Reconciliation of Net Debt to Total Capital Ratio	
Quarter ended July 4, 2010	December 31, 2009
\$ 3,000	\$ 4,000
20,305	19,305
(15,025)	(15,608)
(3,000)	(74)
-	(3,000)
\$ 5,280	\$ 4,623
\$ 60,097	\$ 66,218
5,280	4,623
\$ 65,377	\$ 70,841
8.1%	6.5%

Non-GAAP Financial Measures Reconciliation

Sypris Solutions, Inc.

July 4, 2010

Sypris Solutions, Inc. considers EBITDA and EBITDAR to be important metrics, as they are commonly utilized by management, investors and financial institutions to analyze operating performance and entity valuation. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. EBITDAR is defined as earnings before interest, taxes, depreciation and amortization, and restructuring expenses. EBITDA and EBITDAR for periods ended in 2010 and 2009 are computed as follows (in thousands):

	Reconciliation of EBITDAR				
	Quarter ended July 4, 2010	Quarter ended April 4, 2010	Six months ended July 4, 2010	Quarter ended July 5, 2009	Six months ended July 5, 2009
Loss from continuing operations	\$ (3,964)	\$ (2,424)	\$ (6,388)	\$ (6,633)	\$ (18,166)
Income tax expense	571	199	770	413	768
Interest expense, net	583	601	1,184	1,449	2,160
Depreciation and amortization	3,708	3,720	7,428	3,858	7,818
Nonrecurring expense	1,002	413	1,415	1,732	3,713
EBITDAR	\$ 1,900	\$ 2,509	\$ 4,409	\$ 819	\$ (3,707)

	Reconciliation of Segment EBITDA and EBITDAR				
	Quarter ended July 4, 2010	Quarter ended April 4, 2010	Six months ended July 4, 2010	Quarter ended July 5, 2009	Six months ended July 5, 2009
Income (loss) from continuing operations:					
Industrial Group	\$ (100)	\$ (937)	\$ (1,037)	\$ (5,400)	\$ (12,970)
Electronics Group	(1,369)	1,065	(304)	1,961	733
General, corporate and other	(2,495)	(2,552)	(5,047)	(3,194)	(5,929)
	(3,964)	(2,424)	(6,388)	(6,633)	(18,166)
Income tax (benefit) expense:					
Industrial Group	571	199	770	315	790
Electronics Group	-	-	-	-	-
General, corporate and other	-	-	-	98	(22)
	571	199	770	413	768
Interest expense, net:					
Industrial Group	60	58	118	73	188
Electronics Group	2	3	5	3	(5)
General, corporate and other	521	540	1,061	1,373	1,977
	583	601	1,184	1,449	2,160
Depreciation and amortization:					
Industrial Group	3,129	3,111	6,240	3,085	6,184
Electronics Group	527	556	1,083	699	1,485
General, corporate and other	52	53	105	74	149
	3,708	3,720	7,428	3,858	7,818
EBITDA:					
Industrial Group	3,660	2,431	6,091	(1,927)	(5,808)
Aerospace & Defense	(840)	1,624	784	2,663	2,213
General, corporate and other	(1,922)	(1,959)	(3,881)	(1,649)	(3,825)
	898	2,096	2,994	(913)	(7,420)
Nonrecurring Expense:					
Industrial Group	190	413	603	1,461	2,703
Electronics Group	812	-	812	271	1,010
General, corporate and other	-	-	-	-	-
	1,002	413	1,415	1,732	3,713
EBITDAR:					
Industrial Group	3,850	2,844	6,694	(466)	(3,105)
Electronics Group	(28)	1,624	1,596	2,934	3,223
General, corporate and other	(1,922)	(1,959)	(3,881)	(1,649)	(3,825)
	\$ 1,900	\$ 2,509	\$ 4,409	\$ 819	\$ (3,707)