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**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): June 13, 2006

**SUN HYDRAULICS CORPORATION**

(Exact name of registrant as specified in its charter)

Florida _____ (State or other jurisdiction of incorporation)	0-21835 _____ (Commission File Number)	59-2754337 _____ (IRS Employer Identification No.)
1500 West University Parkway, Sarasota, Florida _____ (Address of principal executive offices)		34243 _____ (Zip Code)

Registrant's telephone number, including area code 941-362-1200

\_\_\_\_\_  
(Former name or former address, if changed since last report.)

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 (see General Instruction A.2. below):

- 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))
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## **TABLE OF CONTENTS**

[Item 8.01 Other Events](#)

[Item 9.01. Financial Statements and Exhibits.](#)

[SIGNATURE](#)

[EX-99.1 PRESS RELEASE](#)

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## [Table of Contents](#)

### **Item 8.01 Other Events**

On June 13, 2006, the Registrant issued the press release attached hereto as Exhibit 99.1 announcing (1) the Company's intention to purchase up to an additional \$2.5 million of Sun Hydraulics stock, to be completed no later than January 15, 2007, on the open market or through privately negotiated transactions; and (2) the declaration of a \$0.10 per share cash dividend on its common stock, payable on July 15, 2006, to shareholders of record as of June 30, 2006.

### **Item 9.01. Financial Statements and Exhibits.**

(c) Exhibits.

99.1 Press release dated June 13, 2006.

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[Table of Contents](#)

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

SUN HYDRAULICS CORPORATION

By: /s/ Tricia L. Fulton

Tricia L. Fulton  
Chief Financial Officer (Principal Financial and  
Accounting Officer)

Dated: June 14, 2006

**Sun Hydraulics Corporation Announces New \$2.5 Million Stock Repurchase Plan and Declares Second Quarter Dividend of \$0.10**

SARASOTA, FLA, June 13, 2006 — Sun Hydraulics Corporation (NASDAQ: SNHY) today announced that its Board of Directors has authorized the repurchase of up to an additional \$2.5 million of Sun Hydraulics stock, to be completed no later than January 15, 2007. The stock purchases will be made in the open market or through privately negotiated transactions. Market purchases will be made subject to restrictions relating to volume, price and timing in an effort to minimize the impact of the purchases on the market for Sun Hydraulics' securities. The amount of the stock repurchases will be used to continue to fund the Company's employee stock ownership and employee stock purchase plans.

During May 2006, the Company completed purchases under the stock repurchase plan previously announced on December 13, 2005. Between December 2005 and May 2006, the Company purchased \$2.0 million of stock, representing 105,198 shares. The Company also announced a \$0.10 per share dividend on its common stock. The dividend is payable on July 15, 2006, to shareholders of record as of June 30, 2006.

Sun Hydraulics Corporation is a leading designer and manufacturer of high performance screw-in hydraulic cartridge valves and manifolds for worldwide industrial and mobile markets. For more information about Sun, please visit our website at [www.sunhydraulics.com](http://www.sunhydraulics.com)

**FORWARD-LOOKING INFORMATION**

Certain oral statements made by management from time to time and certain statements contained herein that are not historical facts are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and, because such statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements, including those in Management's Discussion and Analysis of Financial Condition and Results of Operations are statements regarding the intent, belief or current expectations, estimates or projections of the Company, its Directors or its Officers about the Company and the industry in which it operates, and assumptions made by management, and include among other items, (i) the Company's strategies regarding growth, including its intention to develop new products; (ii) the Company's financing plans; (iii) trends affecting the Company's financial condition or results of operations; (iv) the Company's ability to continue to control costs and to meet its liquidity and other financing needs; (v) the declaration and payment of dividends; and (vi) the Company's ability to respond to changes in customer demand domestically and internationally, including as a result of standardization. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that the anticipated results will occur.

Important factors that could cause the actual results to differ materially from those in the forward-looking statements include, among other items, (i) the economic cyclicality of the capital goods industry in general and the hydraulic valve and manifold industry in particular, which directly affect customer orders, lead times and sales volume; (ii) conditions in the capital markets, including the interest rate environment and the availability of capital; (iii) changes in the competitive marketplace that could affect the Company's revenue and/or cost bases, such as increased competition, lack of qualified engineering, marketing, management or other personnel, and increased labor and raw materials costs; (iv) changes in technology or customer

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requirements, such as standardization of the cavity into which screw-in cartridge valves must fit, which could render the Company's products or technologies noncompetitive or obsolete; (v) new product introductions, product sales mix and the geographic mix of sales nationally and internationally; and (vi) changes relating to the Company's international sales, including changes in regulatory requirements or tariffs, trade or currency restrictions, fluctuations in exchange rates, and tax and collection issues. Further information relating to factors that could cause actual results to differ from those anticipated is included but not limited to information under the heading Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Form 10-Q for the quarter ended April 1, 2006, and under the headings Item 1. "Business," Item 1A. "Risk Factors" and Item 7. "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in the Company's Form 10-K for the year ended December 31, 2005. The Company disclaims any intention or obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

Contact:  
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