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

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

SUN HYDRAULICS CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

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- Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

SUN HYDRAULICS CORPORATION

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
Monday, June 8, 2009

Notice hereby is given that the Annual Meeting of Shareholders of Sun Hydraulics Corporation, a Florida corporation, will be held on Monday, June 8, 2009, at 10:00 a.m., Eastern Daylight Savings Time, at the Company's manufacturing facility, located at 701 Tallevast Road, Sarasota, Florida 34243, for the following purposes:

1. To elect three Directors to serve until the Annual Meeting in 2012, and until their successors are elected and qualified or until their earlier resignation, removal from office or death;
2. To ratify the appointment of Kirkland, Russ, Murphy & Tapp, P.A. as the Company's independent registered certified public accounting firm for the year 2009; and
3. To transact such other business as properly may come before the Meeting or any adjournment thereof.

Your attention is directed to the Proxy Statement accompanying this Notice for a more complete description of the matters to be acted upon at the Meeting. The 2008 Annual Report of the Company is enclosed. Shareholders of record at the close of business on April 17, 2009, are entitled to receive notice of and to vote at the Meeting and any adjournment thereof.

All shareholders are cordially invited to attend the Meeting. Whether or not you expect to attend, please sign and return the enclosed Proxy promptly in the envelope provided to assure the presence of a quorum. You may revoke your Proxy and vote in person at the Meeting if you desire.

If your shares are held in street name by a brokerage, your broker will supply you with a proxy to be returned to the brokerage. It is important that you return the form to the brokerage as quickly as possible so that the brokerage may vote your shares. You may not vote your shares in person at the Meeting unless you obtain a power of attorney or legal proxy from your broker authorizing you to vote the shares, and you present this power of attorney or proxy at the Meeting.

By Order of the Board of Directors,



GREGORY C. YADLEY
Secretary

Sarasota, Florida
April 27, 2009

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE SHAREHOLDERS MEETING TO BE HELD ON JUNE 8, 2009

This Proxy Statement and our 2008 Annual Report to Shareholders are available at:
http://investor.sunhydraulics.com/annuals.cfm?lang_id=1

SUN HYDRAULICS CORPORATION
1500 West University Parkway
Sarasota, Florida 34243

PROXY STATEMENT

This Proxy Statement is furnished by the Board of Directors of Sun Hydraulics Corporation (the "Company") in connection with the solicitation of proxies to be voted at the Company's 2009 Annual Meeting of Shareholders, which will be held on Monday, June 8, 2009, at 10:00 a.m., Eastern Daylight Savings Time, at the Company's manufacturing facility, located at 701 Tallevast Road, Sarasota, Florida 34243 (the "Meeting").

Any proxy delivered pursuant to this solicitation may be revoked, at the option of the person executing the proxy, at any time before it is exercised by delivering a signed revocation to the Company, by submitting a later-dated proxy, or by attending the Meeting in person and casting a ballot. If proxies are signed and returned without voting instructions, the shares represented by the proxies will be voted as recommended by the Board of Directors.

The cost of soliciting proxies will be borne by the Company. In addition to the use of the mail, proxies may be solicited personally or by telephone by regular employees of the Company. The Company does not expect to pay any compensation for the solicitation of proxies, but may reimburse brokers and other persons holding stock in their names, or in the names of nominees, for their expense in sending proxy materials to their principals and obtaining their proxies. The approximate date on which this Proxy Statement and enclosed form of proxy first has been mailed to shareholders is April 27, 2009.

The close of business on April 17, 2009, has been designated as the record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting. As of April 17, 2009, 16,873,868 shares of the Company's Common Stock, par value \$.001 per share, were issued and outstanding. Each shareholder will be entitled to one vote for each share of Common Stock registered in his or her name on the books of the Company on the close of business on April 17, 2009, on all matters that come before the Meeting. Abstentions will be counted as shares that are present and entitled to vote for purposes of determining whether a quorum is present. Shares held by nominees for beneficial owners will also be counted for purposes of determining whether a quorum is present if the nominee has the discretion to vote on at least one of the matters presented, even though the nominee may not exercise discretionary voting power with respect to other matters and even though voting instructions have not been received from the beneficial owner (a "broker non-vote"). Abstentions and broker non-votes are not counted in determining whether a proposal has been approved.

PROPOSAL 1
ELECTION OF DIRECTORS

The Board of Directors of the Company currently consists of seven members. The Board is divided into three classes of Directors serving staggered three-year terms. Directors hold their

positions until the annual meeting of shareholders in the year in which their terms expire, and until their respective successors are elected and qualified or until their earlier resignation, removal from office or death.

The term of office of two of the Company's current seven Directors, Allen J. Carlson and John Kahler, will expire at the Meeting. The Nominating Committee of the Board of Directors has selected Messrs. Carlson and Kahler as nominees to stand for reelection to the Board at the Meeting. The Nominating Committee also has selected Wolfgang H. Dangel as a nominee to stand for election as a Director at the Meeting.

Biographical information for the three nominees for Director is set forth below under "Directors and Executive Officers."

Shareholders may vote for up to three nominees for the class of Directors who will serve until the Company's annual meeting in 2012. If a quorum is present at the meeting, Directors will be elected by a plurality of the votes cast. Shareholders may not vote cumulatively in the election of Directors. In the event any of the nominees should be unable to serve, which is not anticipated, the proxy committee, which consists of Ferdinand E. Megerlin and David N. Wormley, will vote for such other person or persons for the office of Director as the Nominating Committee of the Board of Directors may recommend.

The Board of Directors unanimously recommends that you vote "FOR" Mr. Carlson, Mr. Dangel and Mr. Kahler to serve until the Company's annual meeting in 2012, and until their successors shall be duly elected and qualified or until their earlier resignation, removal from office or death. Executed proxies in the accompanying form will be voted at the Meeting in favor of the election as directors of the nominees named above, unless authority to do so is withheld.

GOVERNANCE OF THE COMPANY

Directors and Executive Officers

The following table sets forth the names and ages of the Company's Directors, nominees for Director, and executive officers and the positions they hold with the Company. Executive officers serve at the pleasure of the Board of Directors.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Allen J. Carlson	58	President, Chief Executive Officer and Director (term expiring in 2009), Nominee for Director (term expiring in 2012)
Jeffrey Cooper	68	Officer
Tricia L. Fulton	42	Chief Financial Officer
Peter G. Robson	64	General Manager, Sun Hydraulics Limited
Tim A. Twitty	42	Officer

<u>Name</u>	<u>Age</u>	<u>Position</u>
Marc Bertoneche	62	Director (term expiring in 2010), and a member of the Audit and Compensation Committees
John S. Kahler	69	Director (term expiring in 2009), Nominee for Director (term expiring in 2012) and a member of the Audit and Nominating Committees
Christine L. Koski	51	Director (term expiring in 2011)
Philippe Lemaitre	59	Director (term expiring in 2010) and a member of the Audit, Compensation and Nominating Committees
Ferdinand E. Megerlin	70	Chairman of the Board, Director (term expiring in 2010)
David N. Wormley	69	Director (term expiring in 2011) and a member of the Compensation and Nominating Committees
Wolfgang H. Dangel	45	Nominee for Director (term expiring in 2012)

Mr. Carlson joined the Company in March 1996 and served as Vice President from January 2000 until May 2000, when he was named President and Chief Executive Officer. From October 1977 to March 1996, Mr. Carlson held various engineering, marketing and management positions for Vickers Incorporated, a wholly-owned subsidiary of Trinova Corporation. He is a graduate of the Milwaukee School of Engineering and the Advanced Management Program at the Harvard Business School. Mr. Carlson is first vice chair and a member of the executive committee of the board of directors of the National Fluid Power Association, and he serves on the board of regents of the Milwaukee School of Engineering. Mr. Carlson has over 35 years experience in the fluid power industry.

Mr. Cooper joined the Company in December 1990 as an engineer and has been an Officer since September 1991. He is primarily involved with product development and marketing. From August 1987 to December 1990, he was Engineering Manager, Mobile Valves, of Vickers, Incorporated, a wholly-owned subsidiary of Trinova Corporation, and from September 1979 to August 1986, he served as Vice President of Engineering for Double A Products Company. Mr. Cooper is an engineering graduate of Willesden College of Technology, London, England. Mr. Cooper has over 35 years experience in the fluid power industry.

Ms. Fulton joined the Company in March 1997 and has held positions of increasing responsibility, most recently as the Corporate Controller. Ms. Fulton was named Chief Financial Officer on March 4, 2006. From July 1995 to March 1997, Ms. Fulton served as the Director of Accounting for Plymouth Harbor. From November 1991 to July 1995, she served in various financial capacities for Loral Data Systems. From September 1989 to September 1991, Ms. Fulton was an auditor with Deloitte & Touche. Ms. Fulton is a graduate of Hillsdale College and the General Management Program at the Harvard Business School.

Mr. Robson has served as a Director of Sun Hydraulics Limited, Coventry, England, since May 1993, and has been employed by the Company as the General Manager of its United Kingdom operations since 1982. Mr. Robson is a Chartered Engineer and a graduate of Coventry University. Mr. Robson has over 36 years experience in the fluid power industry.

Mr. Twitty joined the Company in November 1993, serving in positions of increasing responsibility. He is primarily involved with factory automation, process development and manufacturing operations leadership. He was named an Officer on March 3, 2007. Mr. Twitty is a graduate of Vincennes University.

Dr. Bertoneche holds a chair as Professor in Business Administration at the University of Bordeaux in France, and was on the Faculty of INSEAD, the European Institute of Business Administration in Fontainebleau, France, for more than 20 years. He is a Visiting Professor at the Harvard Business School and an Associate Fellow at the University of Oxford. He is a graduate of University of Paris and earned his MBA and PhD from Northwestern University. Dr. Bertoneche has served as a Director of the Company since August 2001.

Mr. Kahler retired as the President, CEO and a Director of Cincinnati Incorporated as of February 28, 2005. Mr. Kahler served in various management positions with Cincinnati Incorporated since 1989. He is a graduate of Carnegie Mellon University and the Harvard Business School. Mr. Kahler has served as a Director of the Company since May 1998.

Ms. Koski joined the executive team of nMetric, LLC as head of marketing in July 2006. Prior to joining nMetric, Ms. Koski founded Koski Consulting Group, Inc. in June 2001 to work with start-up companies in the area of business strategy and marketing. In May 2001, Ms. Koski completed an Executive MBA degree from Southern Methodist University. From 1980 through 2000, Ms. Koski held various positions in sales, product management, purchasing, sales management, and international marketing management with Celanese A.G. or its former affiliates, including Celanese Ltd., Hoechst AG and Hoechst Celanese Chemical Group Ltd. Ms. Koski has served as a Director of the Company since May 2000.

Mr. Lemaitre retired in November 2006 as Chairman, President and Chief Executive Officer of Woodhead Industries, Inc. upon its sale to Molex. Before joining Woodhead in 1999, Mr. Lemaitre was Corporate Vice President and Chief Technology Officer of AMP, Inc. and was also in charge of AMP Computer and Telecom Business Group Worldwide. Prior to joining AMP, Mr. Lemaitre was an Executive Vice President of TRW, Inc. and also General Manager of TRW Automotive Electronics Group Worldwide. He previously held various management and research engineering positions with TRW, Inc., International Technegroup, Inc., General Electric Company and Engineering Systems International. Mr. Lemaitre also serves as a director of Multi-Fineline Electronix, Inc. He holds a Master of Civil Engineering degree from Ecole Speciale des Travaux Publics, Paris, France, and a Master of Science degree from the University of California, Berkeley, California. Mr. Lemaitre has served as a Director of the Company since June 2007.

Dr. Megerlin retired in March 2003 as a member of the Executive Board of Linde AG and Chairman and Managing Director of the Linde Material Handling Division of Aschaffenburg, Germany. Prior to such time, he also was Chairman of Linde's U.S. subsidiaries Linde Hydraulics Corp., Canfield, Ohio, and Linde Lift Truck Corp., Sommerville, South Carolina. Within VDMA, Germany's association for mechanical and plant engineering,

Dr. Megerlin formerly was Chairman and a member of the Executive Board of the German Fluid Power Association. He is a mechanical engineer and received his Dipl-Ing (M.S.) degree from the Technical University of Karlsruhe, Germany, and his Dr.-Ing. (Ph.D.) from TH Aachen, Germany. Dr. Megerlin has over 35 years of experience in the fluid power industry. Dr. Megerlin has served as a Director of the Company since May 1998 and as Chairman of the Board since June 2007.

Dr. Wormley is the Dean of the Engineering School at Pennsylvania State University, where he has taught since 1992. He previously was a member of the engineering faculty at the Massachusetts Institute of Technology. Dr. Wormley has served as a Director of the Company since December 1992. He also serves as a director of Michael Baker Corporation. He is an engineer and earned his Ph.D. from the Massachusetts Institute of Technology.

Mr. Dangel, a nominee for Director, has been President of Schaeffler Group Asia/Pacific and a member of the Extended Management Board of Schaeffler Group (Global) since January 2007. He previously served as President and CEO of Bosch Rexroth North America, from January 2001 to December 2006. Prior to that, Mr. Dangel was affiliated with other Mannesmann and Rexroth companies, including as Managing Director and Chairman of the Management Board of Mannesmann Rexroth (China) Ltd. from June 1996 to December 2000. Mr. Dangel also serves as a director of FAG India, Ltd. and previously served as a member of the board of directors of the National Fluid Power Association. He holds a Masters Degree in Economics from the University of Applied Sciences in Rosenheim, Germany.

Independence and Committees of the Board of Directors

Independence of Directors. At its meeting in March 2009, the Board undertook a review of Director independence and considered transactions and relationships between each Director or any member of his or her immediate family and the Company and its subsidiaries and affiliates, including those reported under "Certain Relationships and Related Transactions." The purpose of this review was to determine whether any relationships or transactions were inconsistent with a determination that a Director is independent within the meaning of the rules of the Nasdaq Stock Market and, for audit committee members, also independent within the meaning of the rules of the Securities and Exchange Commission. The Board determined that a majority of the Directors of the Company (Messrs. Bertoneche, Kahler, Lemaitre, Megerlin, and Wormley) qualify as independent and that none of them has any material relationship with the Company that might interfere with the exercise of his independent judgment.

The Board of Directors has the standing committees listed below.

Audit Committee.

The Audit Committee, which consists of Marc Bertoneche, John Kahler (Chair) and Philippe Lemaitre, held seven meetings in 2008. The Board of Directors determined, under applicable SEC and NASDAQ rules, that all of the members of the Audit Committee are independent and that Dr. Bertoneche meets the qualifications as an Audit Committee Financial

Expert and he has been so designated. The functions of the Audit Committee are to select the independent public accountants who will prepare and issue an audit report on the annual financial statements of the Company and a report on the Company's internal controls over financial reporting, to establish the scope of and the fees for the prospective annual audit with the independent public accountants, to review the results thereof with the independent public accountants, to review and approve non-audit services of the independent public accountants, to review compliance with existing major accounting and financial policies of the Company, to review the adequacy of the financial organization of the Company, to review management's procedures and policies relative to the adequacy of the Company's internal accounting controls, to review compliance with federal and state laws relating to accounting practices and to review and approve transactions, if any, with affiliated parties. The Audit Committee also is responsible for review of management's monitoring of the Company's compliance with its code of ethics and the periodic review and update of the code. The code of ethics is available on the Investor Relations page of our Web site www.sunhydraulics.com and from the Company upon written request sent to Corporate Secretary, 1500 West University Parkway, Sarasota, Florida 34243.

The Audit Committee is governed by a written charter approved by the Board of Directors. The charter was revised in March 2009 and is available on the Investor Relations page of our Web site www.sunhydraulics.com and from the Company upon written request sent to the Corporate Secretary, 1500 West University Parkway, Sarasota, Florida 34243.

Compensation Committee.

The Compensation Committee, which consists of Marc Bertoneche, Philippe Lemaitre (Chair) and David Wormley, reviews, approves and recommends to the Board of Directors the terms and conditions of all employee benefit plans or changes thereto, administers the Company's restricted stock and stock option plans and carries out the responsibilities required by the rules of the Securities and Exchange Commission. The Committee met five times during 2008. Mr. Lemaitre was appointed to the Compensation Committee in June 2008, replacing John Kahler.

The Compensation Committee is governed by a written charter approved by the Board of Directors. The charter was revised in March 2007 and is available on the Investor Relations page of our Web site www.sunhydraulics.com and from the Company upon written request sent to the Corporate Secretary, 1500 West University Parkway, Sarasota, Florida 34243.

Nominating Committee.

The Nominating Committee, which consists of John Kahler, Philippe Lemaitre and David Wormley (Chair), held four meetings in 2008. The Nominating Committee is responsible for identifying individuals qualified to become members of the Board of Directors, consistent with criteria approved by the Board, and for selecting the director nominees to stand for election at each annual meeting of shareholders. Mr. Kahler was appointed to the Nominating Committee in June 2008, replacing Ferdinand Megerlin.

In March 2004, the Board adopted a Statement of Policy Regarding Director Nominations, setting forth qualifications of Directors, procedures for identification and evaluation of candidates for nomination, and procedures for recommendation of candidates by shareholders. As set forth in the Statement of Policy, a candidate for Director should meet the following criteria:

- must, above all, be of proven integrity with a record of substantial achievement;
- must have demonstrated ability and sound judgment that usually will be based on broad experience;
- must be able and willing to devote the required amount of time to the Company's affairs, including attendance at Board and committee meetings and the annual shareholders' meeting;
- must possess a judicious and somewhat critical temperament that will enable objective appraisal of management's plans and programs; and
- must be committed to building sound, long-term Company growth.

Other than the foregoing, the Board does not believe there is any single set of qualities or skills that an individual must possess to be an effective Director or that it is appropriate to establish any specific, minimum qualifications for a candidate for election as a Director. Rather, the Committee will consider each candidate in light of the strengths of the other members of the Board of Directors and the needs of the Board and the Company at the time of the election.

The Committee will take whatever actions it deems necessary under the circumstances to identify qualified candidates for nomination for election as a member of the Board of Directors, including the use of professional search firms, recommendations from Directors, members of senior management and security holders. All such candidates for any particular seat on the board shall be evaluated based upon the same criteria, including those set forth above and such other criteria as the Committee deems suitable under the circumstances existing at the time of the election.

Shareholder recommendations for Nomination as a Director. In order for the Committee to consider a candidate recommended by a shareholder, the shareholder must provide to the Corporate Secretary, at least 120, but not more than 150, days prior to the date of the shareholders' meeting at which the election of Directors is to occur, a written notice of such security holder's desire that such person be nominated for election at the upcoming shareholders meeting; provided, however, that in the event that less than 120 days' notice or prior public disclosure of the date of the meeting is given or made to shareholders, notice by the shareholder to be timely must be received not later than the close of business on the tenth business day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs.

A shareholder's notice of recommendation must set forth:

- (a) as to each person whom the shareholder proposes be considered for nomination for election as a Director,
 - (i) the name, age, business address and residence address of the person,
 - (ii) the principal occupation or employment of the person during the past five years,
 - (iii) the number of shares of Company common stock beneficially owned by the person,
 - (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of Directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, and
 - (v) the consent of the person to serve as a Director, if so elected; and
- (b) as to the shareholder giving the notice
 - (i) the name and record address of shareholder,
 - (ii) the number of shares of Company common stock beneficially owned by the shareholder,
 - (iii) a description of all arrangements or understandings between the shareholder and each proposed nominee and any other person pursuant to which the nominations are to be made, and
 - (iv) a representation that the shareholder intends to appear in person or by proxy at the meeting to nominate the person(s) named.

The Nominating Committee is governed by a written charter approved by the Board of Directors, and the Statement of Policy Regarding Director Nominations described above. The charter and policy statement are available on the Investor Relations page of our Web site www.sunhydraulics.com and from the Company upon written request sent to the Corporate Secretary, 1500 West University Parkway, Sarasota, Florida 34243.

The Nominating Committee has selected Wolfgang H. Dangel as a nominee for election as a Director at the Meeting. Mr. Dangel was known by Sun's current and two former chief executive officers, Allen Carlson, Bob Koski and Clyde Nixon. Ferdinand Megerlin, the Company's current Chairman, suggested that the Nominating Committee consider Mr. Dangel for election as a Director in 2009, based upon his background and industry experience.

Director Participation and Relationships

The Board of Directors held six meetings during 2008. Each Director attended all of the meetings of the Board and of each committee of which he or she was a member in 2008.

The Board of Directors, in March 2004, adopted a policy stating that it is in the best interests of the Company that all Directors and nominees for Director attend each annual meeting of the shareholders of the Company. The policy provides that the Board, in selecting a date for

the annual shareholders meeting, will use its best efforts to schedule the meeting at a time and place that will allow all Directors and nominees for election as Directors at such meeting to attend the meeting. The policy further provides that an unexcused absence under the policy should be considered by the Nominating Committee in determining whether to nominate a Director for re-election at the end of his or her term of office. All of the Directors attended last year's annual meeting of shareholders.

No family relationships exist between any of the Company's Directors and executive officers. There are no arrangements or understandings between Directors and any other person concerning service as a Director.

Compensation Committee Interlocks and Insider Participation

None.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's Directors, officers and holders of more than 10% of the Company's Common Stock to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of Common Stock and any other equity securities of the Company. To the Company's knowledge, based solely upon a review of the forms, reports and certificates filed with the Company by such persons, other than as set forth below, all of them complied with the Section 16(a) filing requirements in 2008.

Jeffrey Cooper filed one Form 4 reporting one gift transaction late and another Form 4 late, reporting one transaction. Marc Bertoneche, John Kahler, Philippe Lemaitre, Ferdinand Megerlin, Allen Carlson, Tricia Fulton, Tim Twitty and Peter Robson each filed late one Form 4 reporting one transaction.

Communications with the Board of Directors

Shareholders and other parties interested in communicating with our Board of Directors may do so by writing to the Board of Directors, Sun Hydraulics Corporation, 1500 West University Parkway, Sarasota, Florida 34243. Under the process for such communications established by the Board of Directors, the Chairman of the Board reviews all such correspondence and regularly forwards it, or a summary of the correspondence, to all of the other members of the Board. Directors may at any time review a log of all correspondence received by the Company that is addressed to the Board or any member of the Board and request copies of any such correspondence. Additionally, correspondence that, in the opinion of the Chairman, relates to concerns or complaints regarding accounting, internal accounting controls and auditing matters is forwarded to the Chair of the Audit Committee.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

During 2008, the Company had no material relationships or transactions with any of the Directors or executive officers, or their affiliates. Under the Company's Code of Ethics, all employees, including the CEO, the CFO and the person performing the functions of a controller, are instructed to avoid any personal activity, investment or association which could appear to interfere with their good judgment concerning the Company's best interests. The Company's policy is that if an employee or Director is related in any way to a vendor or customer, someone other than that employee or Director should be the one to decide whether the Company will do business with that person. The Audit Committee must approve all transactions in which an officer or Director, or any member of such person's family, may have a personal interest. The Company has determined that the following Directors are independent under the independence standards of the NASDAQ Stock Market, LLC: Marc Bertoneche, John S. Kahler, Philippe Lemaitre, Ferdinand E. Megerlin and David N. Wormley.

INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

The Audit Committee engaged Kirkland, Russ, Murphy & Tapp, P.A. to report upon the financial statements of the Company for the year ended December 27, 2008. Those audited financial statements are included in the Company's annual report to shareholders that has been provided to the shareholders along with this Proxy Statement. It is expected that a representative from Kirkland, Russ, Murphy & Tapp, P.A. will be in attendance at the Meeting. Such representative will have the opportunity to make a statement if desired, and will be available to respond to any questions from those in attendance.

Fees

The Company incurred aggregate audit fees of \$493,600 and \$448,670 to Kirkland, Russ, Murphy and Tapp P.A. during fiscal years 2008 and 2007, respectively, and of \$21,400 to Grant Thornton LLP during fiscal year 2007. These fees were for professional services rendered for the audit of the Company's consolidated financial statements, the reviews of the financial statements included in the Company's Forms 10-Q for fiscal years 2008 and 2007, respectively, and the statutory audit of Sun Hydraulik Holdings Limited, Sun Hydraulics Corporation's wholly-owned subsidiary for its European market operations, Sun Hydraulics Limited, and Sun Hydraulik GmbH, both wholly-owned subsidiaries of Sun Hydraulik Holdings Limited, and Sun Hydraulics Korea Corporation, Sun Hydraulics Corporation's wholly-owned subsidiary for Korean operations. Included in Audit Related Fees for 2008 was \$6,000 paid to Kirkland, Russ, Murphy & Tapp, P.A. for assistance in responding to a comment letter from the staff of the Securities and Exchange Commission. The Audit Committee has not adopted any pre-approval policies and approves all engagements with the Company's auditors prior to the performance of services by them. As a matter of policy, the Audit Committee has determined generally not to request any new non-audit services from its auditors.

	Kirkland, Russ, Murphy and Tapp, P.A.		Grant Thornton LLP	
	2008	2007	2008	2007
Audit Fees	\$ 470,800	\$ 435,850	\$ —	\$ —
Audit Related Fees	22,800	12,820	—	21,400
Tax Fees	—	—	—	—
All Other Fees	—	—	—	—

AUDIT COMMITTEE REPORT

The following report shall not be deemed to be incorporated by reference into any filings made by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates it by reference, or to be "soliciting material" or to be "filed" with the Securities and Exchange Commission or subject to Regulations 14A or 14C or to the liabilities of Section 18 of the Securities Exchange Act of 1934.

Management is responsible for the Company's internal controls, financial reporting process and compliance with laws and regulations and ethical business standards. The independent accountants are responsible for performing an independent audit of the Company's consolidated financial statements and internal control over financial reporting based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The primary purpose of the Audit Committee is to oversee the Company's financial reporting activities, as more fully described on page 5 of this Proxy Statement. The Audit Committee selects the Company's independent accountants and meets regularly with them to review and approve the scope of their audit, report, recommendations and fees. The Audit Committee met seven times during 2008.

The Audit Committee has reviewed and discussed the audited consolidated financial statements of the Company for the fiscal year ended December 27, 2008, with the Company's management and with Kirkland, Russ, Murphy & Tapp, P.A., the Company's independent accountants ("KRMT"). Management represented to the Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles. The Audit Committee also reviewed and discussed with the Company's management and KRMT their respective reports on the effectiveness of the Company's internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act as of December 27, 2008. The Audit Committee has discussed with KRMT the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees).

The Audit Committee has also received written disclosures from KRMT addressing applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence and discussed with KRMT its independence. The Audit Committee has considered the provision of services by KRMT covered in Audit Fees and Audit Related Fees above and has determined that such services are compatible with the firm maintaining its independence from the Company.

The Audit Committee monitors the Company's program of ethics and compliance. It invites and investigates reports regarding accounting, internal accounting controls or auditing irregularities or other matters. No waivers of the Company's code of ethics were requested or granted during the year ended December 27, 2008.

Based on the Audit Committee's review and discussions noted above, the Audit Committee recommended to the Board of Directors, and the Board has approved, the inclusion of the audited financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 2008, for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

John S. Kahler, Chairman
 Marc Bertoneche
 Philippe Lemaitre

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT
 AND RELATED STOCKHOLDER MATTERS**

The following table sets forth as of April 17, 2009, information as to the beneficial ownership of the Company's Common Stock by (i) each person or entity known by the Company to be the beneficial owner of more than 5% of the outstanding shares of Common Stock, (ii) each Director and nominee for Director, (iii) Each Named Executive Officer of the Company, and (iv) all Directors and executive officers of the Company as a group.

<u>Name and Address of Beneficial Owner (1)</u>	<u>Amount and Nature of Beneficial Ownership (2)</u>	<u>Percent of Class</u>
Beverly Koski (3) 5135 Willow Leaf Drive Sarasota, FL 34241	4,426,032	26.2%
Christine L. Koski (3) 3070 South Bristol Street, Suite 100 Costa Mesa, CA 92626	4,336,803	25.7%
Robert C. Koski (3) 7305 Crape Myrtle Way Sarasota, FL 34241	4,188,863	24.8%
Koski Family Limited Partnership 3525 Turtle Creek Boulevard #19B Dallas, TX 75219	4,128,863	24.5%
Thomas L. Koski (3) 100 Seaview Avenue #1F East Norwalk, CT 06855	4,188,863	24.8%

<u>Name and Address of Beneficial Owner (1)</u>	<u>Amount and Nature of Beneficial Ownership (2)</u>	<u>Percent of Class</u>
Keeley Asset Management Corp. and Keeley Small Cap Value Fund, a series of Keeley Funds, Inc. (4) 401 South LaSalle Street Chicago, IL 60605	965,000	5.7%
Allen J. Carlson (5)	50,152	*
Tim A. Twitty (6)	16,918	*
Jeffrey Cooper (7)	14,207	*
David N. Wormley	13,194	*
John S. Kahler (8)	11,459	*
Tricia L. Fulton (9)	10,441	*
Marc Bertoneche	7,545	*
Ferdinand E. Megerlin	5,394	*
Peter G. Robson (10)	3,045	*
Philippe Lemaitre	2,498	*
Wolfgang H. Dangel	0	*
All Directors and Executive Officers as a Group (11 persons)	4,471,656	29.9%

* Less than 1%.

- (1) Unless otherwise indicated, the address of each of the persons listed who own more than 5% of the Company's Common Stock is 1500 West University Parkway, Sarasota, Florida 34243.
- (2) This column sets forth shares of the Company's Common Stock which are deemed to be "beneficially owned" by the persons named in the table under Rule 13d-3 of the Securities and Exchange Commission. Except as otherwise indicated, the persons listed have sole voting and investment power with respect to all shares of Common Stock owned by them, except to the extent such power may be shared with a spouse. A portion of the shares owned by certain executive officers and Directors are held in margin accounts at brokerage firms. Under the terms of the margin account agreements, stocks and other assets held in the account may be pledged to secure margin obligations under the account. As of the date of this proxy statement, none of the executive officers and Directors have any outstanding margin obligations under any such accounts.
- (3) Includes 4,128,863 shares owned by the Koski Family Limited Partnership, over which Christine L. Koski, Robert C. Koski, Thomas L. Koski, and Beverly Koski share voting and investment power as the general partners in the Partnership. Christine L. Koski, Robert C. Koski and Thomas L. Koski are the adult children of Beverly Koski.

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- (4) According to the Schedule 13G, filed February 13, 2009, by Keeley Asset Management Corp. Keeley Asset Management Corp. and Keeley Small Cap Value Fund share beneficial ownership over the same 965,000 shares.
 - (5) Includes 1,349 shares subject to currently exercisable options and 14,009 shares of unvested restricted stock.
 - (6) Includes 2,835 shares subject to currently exercisable options and 4,747 shares of unvested restricted stock.
 - (7) Includes 627 shares of unvested restricted stock.
 - (8) Includes 6,634 shares owned by Mr. Kahler's spouse.
 - (9) Includes 4,747 shares of unvested restricted stock.
 - (10) Includes 1,983 shares of unvested restricted stock.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Philosophy and Objectives

The goals of our compensation program are to attract and retain highly qualified leadership personnel, providing them attractive long-term career opportunities. Our compensation philosophy is to provide executives with a competitive total compensation package which motivates superior job performance, the achievement of our business objectives, and the enhancement of shareholder value. Rather than basing compensation on a series of specific performance objectives, we encourage initiative, teamwork and innovation, and each executive is empowered to use his or her abilities and particular area of responsibility to strengthen our overall performance. Our general approach to compensating executive officers is to pay cash salaries which generally are competitive within ranges of salaries paid to executives of other manufacturing companies, particularly those of similar size and those in our geographic areas. Our compensation committee sets overall compensation at a level it believes to be fair, based upon an analysis of the individual executive's experience and past and potential contributions to us.

The Compensation Process

Our compensation program is overseen by a compensation committee (the "Committee") comprised of independent directors which operates pursuant to a charter, the most recent version of which was approved by the Board of Directors on March 3, 2007. The Committee makes all compensation decisions concerning the executive officers and makes equity awards to all of our other key management employees upon the recommendation of the chief executive officer.

Compensation of our executive officers on an individual basis is reviewed annually by the Committee. The Committee sets the compensation of the chief executive officer, and the chief executive officer proposes changes for the other executive officers. After discussion, the Committee approves or modifies the chief executive officer's recommendations in executive session.

To assist in determining appropriate overall compensation, the Committee reviews information regarding revenues, income, and executive compensation for other public manufacturing companies and for other businesses operating in Florida and the southeast United States and selected businesses in the U.S. of similar size and scope. The Committee also considers selected information regarding compensation practices, including employee benefits, from manufacturing companies in other countries in which we operate in an effort to ensure that we maintain competitiveness locally in the markets in which our executive officers reside. The foregoing data is used for informational purposes, and the Committee does not benchmark compensation against any group or size of company.

Components of Executive Compensation

Salary. Our general approach to compensating executive officers is to pay cash salaries which generally are competitive within ranges of salaries paid to executives of other manufacturing companies, particularly in our geographic areas. Bonuses have been utilized infrequently in the past and, therefore, salary is the primary component of executive compensation. None of the Company's executive officers other than Peter Robson has an employment contract. See "Employment Agreement with Peter Robson" below. Our overall financial performance influences the general level of salary increases and there are no pre-arranged annual increases or established ranges for salary increases. The chief executive officer, after seeking input from other key managers and reviewing selected market data, recommends increases for the other executive officers, based upon his analysis of the individual executive's experience and past and potential contributions.

Equity Compensation. We utilize equity awards as long-term compensation incentives for executive officers and other key managers. In 2003, the Committee solicited recommendations from Mercer Human Resource Consulting in connection with establishing a long-term compensation program. The Committee used the consultant's recommendations as guidance with respect to the level and elements of long-term compensation for executive officers. The Committee determined that the long-term compensation program would be related to company performance but that it would not move automatically in lock-step with such performance. The Committee has recognized that, at different periods in the economic cycle, long-term compensation might have greater or lesser importance in relationship to salary adjustments. Each year, the Committee establishes a pool of shares to be used for long-term compensation. The level of the pool varies with our performance, although the Committee believes that it is important to reward and incentivize employees even in difficult times. The chief executive officer recommends awards for executive officers and other key employees. The Committee reviews those recommendations, approves or revises them, and determines long-term compensation for the chief executive officer and the other named executive officers.

The principal element of our long-term compensation program is the use of restricted shares of Company common stock, granted under written plans approved by our shareholders. The Committee believes that this form of long-term compensation, tied to value creation for the Company, best aligns the interests of key employees with that of shareholders. Criteria used by the Committee in these awards include individual responsibilities and performance results and the individual's years of experience in the industry, with the emphasis on subjective measures

such as sustained contributions to the Company, initiative, the effect of the individual on the attitudes and performance of others, and the amount of management required for the individual. No particular weight is given to any specific criterion. The Committee prior to 2008 determined the dollar amount of equity compensation to be provided and then granted a number of shares of stock that had a fair market value equal to that amount on the date of grant. Fair market value was determined based on the closing price of our stock on the day of determination. For 2008, the long-term compensation pool for key employees was denominated in shares rather than in dollars. Equity awards are “time based” so that, in order to earn the full award, an employee must remain in our employ for a specified period of time, typically three years.

Historically, the Committee also has used stock options, vesting over a specified period of time, typically three to five years, as part of the long-term compensation program. When stock options were used, the mix of restricted shares and options was entirely within the discretion of the Committee and varied from year to year. Since 2005, given the problems experienced by many public companies with excessive awards of stock options and restatements as a result of grant date issues, as well as the new stock compensation accounting rules, the Committee has not made any stock option grants and used only restricted shares as equity awards.

Because of the differences in tax treatment for employees of our foreign subsidiaries, stock appreciation rights (referred to in our plan document as performance shares) sometimes have been used for long-term compensation purposes for non-US employees, including executive officers. In 2008, performance shares were granted to one French employee.

Retirement Plan and ESOP. All of our U.S. executives, along with all of our other U.S. employees, are eligible to participate in the Sun Hydraulics Corporation 401(k) and ESOP Retirement Plan (the “Plan”). Under the tax-qualified Plan, all U.S. based employees are able to contribute the lesser of up to 100% of their annual salary or the limit prescribed by the Internal Revenue Service to the Plan on a before-tax basis. Based on years of service, we match 100% of up to the first 6% of pay that is contributed to the Plan. All employee contributions are fully vested upon contribution. Our matching contributions vest over a five year period – 20% after one year, 40% after two years, 60% after three years, 80% after four years and 100% after five years. Each year, the Board of Directors determines, based on the Company’s performance and other factors it deems relevant, whether to make an additional contribution, and if so, in what amount. Since 2004, when an employee stock ownership plan (“ESOP”) was incorporated into the Plan, these additional contributions have been made in shares of Company common stock and all eligible employees, regardless of whether they make voluntary contributions to the Plan, participate pro rata, based upon their pay as a percentage of total pay for all U.S. employees. In 2008, the additional contribution, funded by newly-issued shares of Company common stock, was equal to approximately six percent of the U.S. based employee payroll. Our sole executive officer who resides outside of the U.S., Peter Robson, maintains his own individual retirement plan under the laws of the United Kingdom. We contribute to such plan each year an amount equal to 10% of Mr. Robson’s base salary pursuant to the terms of Mr. Robson’s employment agreement.

Special Shared Distribution Dividend. As part of the Company’s culture and as a means of maintaining a highly productive workforce to sustain its growth and profitability, the

Company believes it is important to share its success with both employees and shareholders. In furtherance of this philosophy, in May 2008, our Board of Directors introduced and declared a special shared distribution dividend. The shared distribution dividend rewards employees through a contribution into their retirement accounts and concurrently rewards shareholders with a special cash dividend. In May 2008, therefore, the Company declared a cash dividend of \$0.09 per share and, in addition to the ESOP contribution equal to 6% of 2007 wages described above, U.S. employees received a second ESOP contribution equivalent to another 3% of wages. At the same time, the Company announced that it would continue to explore methods that would allow non-U.S. employees to participate in any similar future shared distributions; this was accomplished in early 2009, as described below.

Based on the Company's strong financial performance in 2008 and consistent with our focus on long-term sustainable growth, our Board of Directors in February 2009 again declared a shared distribution dividend, comprised of a \$0.09 per share cash dividend to shareholders and a distribution to employees worldwide equal to 9% of their 2008 wages. The majority of employees receive their shared distribution in the form of Company stock into qualified retirement accounts.

Other Compensation. We do not use other forms of compensation on a regular basis. Relatively small cash and equity bonuses have been used sporadically to reward significant and unusual contributions. Because of the broad responsibilities given to employees and the encouragement of individual initiative, we have educational assistance policies for all employees, including executive officers. Educational assistance has been given to executive officers in the past for graduate study leading to masters and other degrees, and more specialized training, including management training at the Harvard Business School. Senior management participates in our benefit plans on the same terms as other employees. These plans include medical and dental insurance, group life insurance, and a charitable gift matching program. Under our employee stock purchase plan, approved by the shareholders in 2001, employees including executive officers may purchase shares of Company common stock at a discount of 15% from market price on the first or last day of the quarterly purchase period, whichever is lower, on a tax-favored basis under Section 423 of the Internal Revenue Code.

We provide only limited perquisites and other personal benefits.

2008 Executive Compensation

At the September 2008 meeting of the Compensation Committee, the chief executive officer at the Committee's request reviewed our 2008 performance projected through the end of the year and the general level of anticipated employee compensation adjustments. The Committee discussed with the chief executive officer its philosophy in awarding long-term compensation and its desire to avoid arbitrary results by making future awards calculated in number of shares rather than in dollars which are later converted to stock. The Committee indicated that it would set the amount of the long-term compensation pool and the chief executive officer agreed to provide his recommendations for individual awards no later than September 30, 2008. The Committee then set a meeting for October 12 and agreed that, unless it was unable to finalize the awards at that time, October 22 would be the determination date for

2008 long term compensation grants. Although the Committee generally discusses with the chief executive officer salary issues for executive officers at this meeting, it was agreed that salary adjustments would be deferred until the December meeting.

Following the departure of the chief executive officer from the meeting, the Committee reviewed our financial performance and particular successful initiatives over the past seven years. The Committee reviewed selected compensation information derived from a number of surveys and other published information. Long-term compensation awards for the four prior years were reviewed, and the Committee agreed that the 2008 long term compensation pool for key employees would be denominated in shares rather than in dollars. To make the transition from a cash-based system to one based on awards of a particular number of shares, a dollar amount for the long-term compensation pool was suggested, which then was converted to shares, with a deemed conversion price set based upon the average market price of our stock over the past year. Accordingly, the pool was set at 31,000 shares. To assist in understanding the relative contributions of key employees, the Committee made stock awards within specific ranges. The Committee considered the chief executive officer individually, and those senior leaders responsible for implementing the Company's business strategy with the potential for increased executive responsibilities as part of the management development and succession plan as a group. Other leaders whom the chief executive officer believed merited recognition also were eligible for and received long-term compensation awards.

At the Committee's meeting on October 22, 2008, held by conference telephone, the chief executive officer reviewed his long term compensation recommendations for key employees, including executive officers, provided to the Committee on September 30, 2008, and explained his reasoning with respect to the individual awards. He responded to questions regarding the numerous factors that were considered by him and the other members of the leadership group who participated in formulating the recommendations, including experience in the industry, tenure with the Company, past contributions and the ability for greater future contributions. The chief executive officer explained his recommendations for the differentials between the awards for the different recipients and responded to further questions. Following the departure of the chief executive officer from the meeting, the Committee, after further discussion, determined to increase the size of the pool by 2,000 shares in order to increase awards to two individuals and agreed upon an award for the chief executive officer. It was agreed that all of the awards would be made in shares of the Company's stock based on the closing price of the stock on the NASDAQ Global Select Market on October 22. The share awards are subject to divestiture ratably over a three year period, if the employee leaves the Company during the term. For one European employee, the compensation was agreed to be paid pursuant to a performance share agreement, pursuant to which a cash payment is made on each of the three anniversaries of the grant date equal to the closing bid price of the stock on the NASDAQ Global Select Market on that date multiplied by the number of performance shares vesting on such date. Included in the awards were 7,000 shares to the Allen J. Carlson, Chief Executive Officer; 1,500 shares to Peter Robson, General Manager, Sun Hydraulics Limited; and 3,000 shares each to Tricia Fulton, Chief Financial Officer, and Tim Twitty, Officer.

At its regularly-scheduled meeting on December 5, 2008, the Committee would typically have considered new annual salaries for the executive officers. However, the chief executive

officer requested that his compensation adjustment, as well as that for the approximately 14 people who report directly to him, be deferred, given the uncertainty in the financial markets and world economy. The Committee concurred in this request and commended the chief executive officer and his colleagues for this demonstration of leadership.

Tax and Accounting Implications

Section 162(m) of the Internal Revenue Code limits the tax deduction to \$1.0 million for compensation paid to a corporation's key executive officers unless certain requirements are met, including that the compensation qualify as performance-based compensation. While the Compensation Committee may from time to time approve awards which would vest upon the passage of time or other compensation which would not result in qualification of those awards as performance-based compensation, it is not anticipated that compensation realized by any executive officer under any of our plans now in effect will result in a material loss of tax deductions.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

COMPENSATION COMMITTEE

Philippe Lemaitre, Chairman
Marc Bertoneche
David N. Wormley

Summary Compensation Table

The table below summarizes the total compensation paid or earned by each of the named executive officers for the fiscal years ended December 27, 2008, December 29, 2007, and December 30, 2006. The Company has not entered into any employment agreements with any of the named executive officers except for Peter Robson. Mr. Robson's agreement, entered into in 1981, set initial salary, which has been adjusted thereafter from time to time by the Company at its discretion. See "Employment Agreement with Peter Robson" below. When setting total compensation for each of the named executive officers, the Committee reviews the executive's current compensation, including equity and non-equity-based compensation.

SUMMARY COMPENSATION

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Stock Awards (\$ (4))</u>	<u>Option Awards (\$ (6))</u>	<u>All Other Compensation (\$ (7))</u>	<u>Total (\$)</u>
Clyde G. Nixon (1) Former Chairman of the Board of Directors	2008	—	—	—	—	—
	2007	—	—	—	—	—
	2006	100,000	17,636	—	14,142	131,778
Allen J. Carlson President and Chief Executive Officer	2008	373,000	136,880	6,000	46,662	562,542
	2007	345,000	99,663	15,231	33,197	493,091
	2006	312,000	80,854	19,934	40,628	453,416
Jeffrey Cooper Officer	2008	161,000	12,090	—	29,671	202,761
	2007	161,000	22,400	3,277	20,883	207,560
	2006	156,000	31,720	4,747	21,853	214,320
Tricia L. Fulton Chief Financial Officer	2008	140,000	40,150	—	26,493	206,643
	2007	124,583	29,592	1,004	16,560	171,739
	2006	108,218	20,583	2,474	14,296	145,571
Tim Twitty Officer	2008	142,000	40,150	—	26,939	209,089
	2007	132,000	32,924	2,342	17,704	184,970
Richard J. Dobbyn (2) Former Chief Financial Officer	2008	—	—	—	—	—
	2007	—	—	—	—	—
	2006	121,875	22,193	5,771	16,904	166,743
Peter G. Robson (3) General Manager, Sun Hydraulics Limited	2008	176,174	21,166 (5)	—	42,575	239,915
	2007	184,032	91,036	—	22,072	297,140
	2006	169,834	43,000	—	21,355	234,189

- (1) Mr. Nixon retired from being a full-time employee on December 31, 2006. He remained Chairman of the Board of Directors until his passing in April 2007.
- (2) Mr. Dobbyn retired as Chief Financial Officer on March 4, 2006.
- (3) Amounts were paid in pounds sterling, which are converted to U.S. dollars at the average exchange rate.
- (4) Amounts represent the compensation expense relating to restricted stock recorded in accordance with FAS 123R, with the exception of Mr. Robson.
- (5) Amount represents \$17,523 of compensation expense relating to restricted stock recorded during 2008 in accordance with FAS 123R. Remaining \$3,643 represents compensation expense relating to phantom stock grants recorded during 2008, in accordance with FAS 123R.
- (6) Amounts represent the compensation expense relating to stock options during 2008 in accordance with FAS 123R.

(7) All Other Compensation amounts for 2008 are as follows:

<u>Name</u>	<u>Year</u>	<u>Perquisites and Other Personal Benefits \$(a)</u>	<u>Company Contributions to Retirement and 401(k) Plans (\$)</u>	<u>Total (\$)</u>
Allen J. Carlson	2008	5,262	41,400	46,662
Jeffrey Cooper	2008	691	28,980	29,671
Tricia L. Fulton	2008	1,686	24,807	26,493
Tim Twitty	2008	1,686	25,253	26,939
Peter G. Robson	2008	304	42,271	42,575

(a) Amounts represent dividends received on unvested restricted stock shares.

GRANTS OF PLAN-BASED AWARDS

<u>Name</u>	<u>Grant Date</u>	<u>All Other Stock Awards: Number of Shares of Stock or Units (#) (1)</u>	<u>Grant Date Fair Value of Stock and Option Awards (\$)</u>
Allen J. Carlson	October 22, 2008	7,000	132,300
Jeffrey Cooper	—	—	—
Tricia L. Fulton	October 22, 2008	3,000	56,700
Tim Twitty	October 22, 2008	3,000	56,700
Peter G. Robson	October 22, 2008	1,500	28,350

(1) Amounts represent the number of restricted shares of stock granted under the 2001 Restricted Stock Plan. The shares vest in annual installments over three years. Dividends will be paid on the shares of restricted stock.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

<u>Name</u>	<u>Option Awards</u>				<u>Stock Awards</u>	
	<u>Number of Securities Underlying Unexercised Options (#) Exercisable</u>	<u>Number of Securities Underlying Unexercised Options (#) Unexercisable</u>	<u>Option Exercise Price (\$)</u>	<u>Option Expiration Date</u>	<u>Number of Shares or Units of Stock That Have Not Vested (#)</u>	<u>Market Value of Shares or Units of Stock That Have Not Vested (\$)</u>
Allen J. Carlson	1,349	2,700	(1) 12.27	12/9/2012	14,009 (2)	252,722
Jeffrey Cooper	—	—	—	—	627 (3)	11,311
Tricia L. Fulton	—	—	—	—	4,747 (4)	85,636
Tim Twitty	2,835	—	5.49	10/15/2011	4,747 (4)	85,636
Peter G. Robson	—	—	—	—	2,610 (5)	47,084

(1) This award will vest 50% on December 9, 2009, and 50% on December 9, 2010.

(2) Awards represent restricted stock that will vest as follows: 2,333 on October 22, 2009, 1,844 on December 7, 2009, 3,320 on December 9, 2009, 2,333 on October 22, 2010, 1,845 on December 7, 2010, and 2,334 on October 22, 2011.

(3) Awards represent 627 shares of restricted stock that will vest on October 10, 2009.

- (4) Awards represent restricted stock that will vest as follows: 878 on October 10, 2009, 434 on October 15, 2009, 1,000 on October 22, 2009, 435 on October 15, 2010, 1,000 on October 22, 2010 and 1,000 on October 22, 2011.
- (5) Awards represent 627 phantom stock units that will vest on October 10, 2009. Also included are restricted stock awards that vest as follows: 241 on October 15, 2009, 500 on October 22, 2009, 242 on October 15, 2010, 500 on October 22, 2010, and 500 on October 22, 2011.

OPTION EXERCISES AND STOCK VESTED

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Allen J. Carlson	4,994	105,209	7,609	116,693
Jeffrey Cooper	1,013	25,082	1,034	19,745
Tricia L. Fulton	—	—	2,261	42,326
Tim Twitty	—	—	2,261	42,326
Peter G. Robson	—	—	1,546	28,290

Pension Benefits

The Company does not maintain a pension plan for any of its U.S.-based executive officers, other than the Sun Hydraulics Corporation 401(k) and ESOP Retirement Plan. Our sole executive officer who resides outside of the U.S., Peter Robson, maintains his own individual retirement plan under the laws of the United Kingdom. We contribute to such plan each year an amount equal to 10% of Mr. Robson's base salary, pursuant to the terms of Mr. Robson's employment agreement.

Nonqualified Deferred Compensation

The Company does not maintain a nonqualified deferred compensation program.

Potential Payments Upon Termination or Change of Control

The Company has not entered into agreements with any of its executive officers, other than Peter Robson, relating to payments in connection with the termination of their employment, a change in control of the Company or a change in the officer's responsibilities. Pursuant to the terms of Mr. Robson's employment agreement, the Company is required to provide Mr. Robson with six months' prior written notice of his termination of employment. In the event that the Company were to give Mr. Robson less than six months' prior written notice, it would likely be required to pay him his base salary for six months after such notice is delivered to him.

Employment Agreement with Peter Robson

The Company entered into an employment agreement with Peter Robson on April 22, 1981, in connection with his initial employment with the Company. The agreement set Mr. Robson's initial salary, which has been adjusted thereafter from time to time by the Company at its discretion. Pursuant to the terms of the agreement, the Company provides Mr. Robson with family health insurance and a retirement supplement equal to 10% of Mr. Robson's base salary. The agreement provides that it may be terminated by either party upon six months' prior written notice to the other.

DIRECTOR COMPENSATION

The Company uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the Board. Currently, except as described below with respect to the Chairman of the Board and the chairs of the audit, nominating and compensation committees, each nonemployee director is paid a cash fee of \$2,500 for attendance at each board meeting and each meeting of a committee of the Board on which he or she serves when the committee meeting is not held within one day of a meeting of the Board, plus 250 shares of the Company's common stock pursuant to the Sun Hydraulics Corporation Amended and Restated 2004 Nonemployee Director Equity and Deferred Compensation Plan (the "Nonemployee Directors Plan"). The Chairman's fee currently is twice that of a regular Director, and the fee for the chairs of the audit, compensation and nominating committees is 125% that of a regular Director.

The objective of the Nonemployee Directors Plan is to provide deferred benefits to non-employee directors, increase their beneficial ownership in the Company and more closely align their interests in the long-term growth and profitability of the Company with that of the shareholders. Under the Nonemployee Directors Plan, directors also may elect to receive all or part of the remainder of their fees in shares of the company's common stock and to defer receipt of their fees until a subsequent year.

Pursuant to the Nonemployee Directors Plan, a deferred stock account is established for each non-employee director and credited with a number of share units on the date of each Board meeting. The value of the share units so credited is equivalent to the fair market value of the Company's stock on the NASDAQ Global Market on the date of grant, for the dollar amount of directors fees payable in stock that the individual director elects to be deferred, and such additional amount of director fees payable in cash that the individual director elects to be paid in stock and deferred. Share units are equivalent to shares of the Company's common stock, except that share units have no voting rights and receive dividend equivalents rather than dividends.

Each director receives dividend equivalents on the share units contained in his or her deferral account, which are equal in value to dividends paid on the Company's common stock. The dividend equivalents granted are then reinvested in the non-employee director's stock deferral account in the form of additional share units. Upon retirement or termination of services as a director, each non-employee director receives a share of common stock for each share unit awarded. Such shares are received either in a lump sum or over a period not to exceed 10 years, as elected in advance by each director.

Directors also are reimbursed for their expenses incurred in connection with their attendance at such meetings. Directors who are employees of the Company receive no compensation for their service as directors.

Prior to June 1, 2008, under a prior version of the Nonemployee Directors Plan, rather than the payment of 250 shares of Company stock for attendance at each board and separately-held committee meeting, each non-employee Director received shares of the Company's common stock with a fair market value of \$2,500 in the aggregate as compensation. The fair market value was determined by calculating the average of the high and low selling prices of a share of common stock as reported through the Nasdaq Stock Market on the date of the meeting. Because the actual value of director compensation will vary depending on the Company's performance and the value the market places on the shares, the board concluded that payment of a specific number of shares (rather than shares with a fair market value of \$2,500) would better align the interest of the directors with the shareholders. At the recommendation of the Compensation Committee, the board amended the Nonemployee Directors Plan on March 1, 2008, to make this change. At the same time, the Nonemployee Directors Plan was amended to authorize the Board of Directors to increase from time to time, as it deems desirable or appropriate, the number of shares of stock awarded to all or any one or more of the nonemployee directors, and to limit to 25,000 the number of shares of stock that, in the aggregate, may be issued under the Nonemployee Directors Plan during any single calendar year. These amendments were approved by the shareholders at the Company's 2008 Annual Meeting.

2008 Director Compensation

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Awards (\$)(1)</u>	<u>All Other Compensation (\$)(2)</u>	<u>Total (\$)</u>
Marc Bertoneche (3)	10,000	(27,039)	2,805	(14,234)
John S. Kahler (4)	11,875	2,696	1,235	15,806
Christine L. Koski	10,000	23,940	—	33,940
Robert E. Koski	—	—	27,547 (7)	27,547
Philippe Lemaitre	11,250	12,874	472	24,596
Ferdinand E. Megerlin (5)	22,500	7,182	1,666	31,348
Hirokatsu Sakamoto	2,500	2,500	—	5,000
David N. Wormley (6)	11,875	29,343	—	41,218

- (1) The stock awards represent the compensation for 2008 in accordance with FAS 123R. For those Directors who defer receipt of cash compensation or shares of common stock by receiving common stock units in lieu of payment of the cash or stock, the amount represents the net of the grant date fair value and the revaluation of the deferred stock units using the closing price at December 27, 2008. All stock units, the receipt of which is deferred by a Director, will be paid in shares at such time as the individual ceases to be

a Director of the Company. Please see the Security Ownership of Certain Beneficial Owners and Management schedule under Item 12 regarding the number of shares beneficially owned by each of the directors.

- (2) Amounts represent the value of dividends received on the outstanding deferred stock units during 2008. Dividends are also deferred in the form of stock units and will be payable in shares of stock.
- (3) Marc Bertoneche has elected to receive and defer cash fees in the form of stock units. Dr. Bertoneche has also elected to defer stock awards in the form of stock units. The total grant date fair value of deferred stock units issued during 2008 was \$33,940. At December 27, 2008, Dr. Bertoneche had 6,969 deferred stock units.
- (4) John S. Kahler has elected to defer stock awards in the form of stock units. The total grant date fair value of deferred stock units issued during 2008 was \$29,343. At December 27, 2008, Mr. Kahler had 3,340 units.
- (5) Ferdinand E. Megerlin has elected to receive and defer \$3,500 of his cash fees in the form of stock units. Dr. Megerlin has also elected to defer all of his stock awards in the form of stock units. The total grant date fair value of deferred stock units issued during 2008 was \$48,880. At December 27, 2008, Dr. Megerlin had 4,734 units.
- (6) David N. Wormley has elected to receive \$2,375 of his cash fees in the form of Company common stock. The common stock was issued during 2008 in accordance with attendance at Board meetings.
- (7) Amount represents compensation of \$25,139 received for services performed as an employee of the Company and \$2,408 in Company contributions to Mr. Koski's 401(k) Plan account. Mr. Koski was an employee and director of the Company until his passing in October 2008.

Equity Compensation Plan Information

The following table summarizes the Company's equity compensation plan information as of December 27, 2008. Information is included for both equity compensation plans approved by the Company's shareholders and equity compensation plans not approved by the shareholders.

<u>Plan category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants, and rights</u>	<u>Weighted-average exercise price of outstanding options, warrants, and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</u>
	<u>(a)</u>	<u>(b)</u>	<u>(c)</u>
Equity compensation plans approved by shareholders	36,019	\$ 3.17	1,599,013
Equity compensation plans not approved by shareholders	—	—	675
Total	36,019	\$ 3.17	1,599,688

Equity compensation plans approved by shareholders include the 1996 Stock Option Plan, the 2001 Restricted Stock Plan, the Employee Stock Purchase Plan, the 2004 Nonemployee Director Equity and Deferred Compensation Plan, and the 2006 Stock Option Plan.

Shares to be issued upon exercise in column (a) were: 19,193 under the 1996 Stock Option Plan and 16,826 under the 2004 Nonemployee Director Equity and Deferred Compensation Plan. The weighted average exercise price in column (b) represents shares issued under the 1996 Stock Option Plan with a weighted average price of \$5.95 and shares under the 2004 Nonemployee Director Equity and Deferred Compensation Plan with a weighted average share price of zero. The number of securities available for future issuance in column (c) were: zero shares under the 1996 Stock Option Plan, 750,000 shares under the 2006 Stock Option Plan, 567,771 shares under the Employee Stock Purchase Plan, 127,589 shares under the 2001 Restricted Stock Plan, and 153,653 shares under the 2004 Nonemployee Director Equity and Deferred Compensation Plan.

The only equity compensation plan not approved by shareholders was the 1999 Stock Award Plan. Under the 1999 Stock Award Plan, which was approved by the Board of Directors on May 21, 1999, the grant of 6,750 shares of Company common stock was authorized. The general purpose of the Plan is to recognize and acknowledge extraordinary contributions of employees through the grant of shares of common stock, thereby providing them with a more direct stake in the future welfare of the Company and encouraging them to continue to demonstrate leadership and commitment to the Company. Subject to supervision by the Board and the provisions of the Plan, the Company's president has the authority to determine the employees to whom awards shall be granted and the number of shares of common stock to be the subject of each award. As of December 27, 2008, there were 675 shares remaining for future grants, and there were no outstanding options, warrants, or rights associated with this plan.

PROPOSAL 2
RATIFICATION OF THE APPOINTMENT OF INDEPENDENT
REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Kirkland, Russ, Murphy & Tapp, P.A. to report upon the financial statements of the Company for the year ended January 2, 2010, and the effectiveness of the Company's internal control over financial reporting as of January 2, 2010. Although the Company is not required to seek shareholder ratification of this appointment by the Company's Bylaws or otherwise, the Board believes it to be sound corporate governance to do so. If the shareholders do not ratify this appointment, the Audit Committee will reconsider the appointment and consider that vote in the review of its future selection of accountants, but will not be required to engage a different auditing firm. A representative from Kirkland, Russ, Murphy & Tapp, P.A. will be in attendance at the Meeting, will have the opportunity to make a statement if desired, and will be available to respond to any questions from those in attendance.

The Board of Directors, as a matter of good corporate practice, has elected to seek ratification of Kirkland, Russ, Murphy & Tapp, P.A. as the independent registered certified public accounting firm to report upon the financial statements of the Company for the year ended January 2, 2010, and unanimously recommends that you vote "FOR" Proposal 2.

OTHER BUSINESS

Management of the Company does not know of any other business that may be presented at the Meeting. If any matter not described herein should be presented for shareholder action at the Meeting, the persons named in the enclosed Proxy will vote the shares represented thereby in accordance with their best judgment.

**SHAREHOLDER PROPOSALS FOR THE 2010 PROXY STATEMENT
AND PRESENTATION AT THE 2010 ANNUAL MEETING**

Under SEC Rule 14a-8, in order for a shareholder proposal to be included in the Company's Proxy Statement for the 2010 Annual Meeting, and under the Company's Bylaws, for a matter to be considered at such meeting (other than the election of Directors), the shareholder proposal, together with certain other information specified in the Bylaws, must be submitted no later than December 27, 2009. Accordingly, notice to the Company of a shareholder proposal submitted after December 27, 2009, will be considered untimely, and the matter will not be considered at the 2010 Annual Meeting.

Shareholder proposals should be submitted in writing to Gregory C. Yadley, Secretary, at 1500 West University Parkway, Sarasota, Florida 34243. A copy of the Company's Bylaws will be provided upon request in writing to the Secretary.

By Order of the Board of Directors,



GREGORY C. YADLEY
Secretary

Dated: April 27, 2009

SUN HYDRAULICS CORPORATION
701 Tallevast Road
Sarasota, FL 34243

PROXY FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD JUNE 8, 2009.
THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS

The undersigned, having received notice of the Annual Meeting of Shareholders of Sun Hydraulics Corporation to be held at 10:00 a.m., Eastern Daylight Savings Time, on Monday, June 8, 2009, hereby designates and appoints Ferdinand E. Megerlin and David N. Wormley, and each of them with authority to act without the other, as attorneys and proxies for the undersigned, with full power of substitution, to vote all shares of Common Stock, par value \$.001 per share, of Sun Hydraulics Corporation that the undersigned is entitled to vote at such Meeting or at any adjournment thereof, with all the powers the undersigned would possess if personally present, such proxies being directed to vote as specified below and in their discretion on any other business that may properly come before the Meeting.

This proxy when properly executed will be voted in the manner directed herein by the undersigned shareholder. **If no direction is made, this proxy will be voted FOR the election of each of the Directors listed on the reverse side and FOR Proposal 2.**

In their discretion the proxies are authorized to vote upon such other business as may properly come before the meeting.

The undersigned reserves the right to revoke this Proxy at any time prior to the Proxy being voted at the Meeting. The Proxy may be revoked by delivering a signed revocation to the Company at any time prior to the Meeting, by submitting a later-dated Proxy, or by attending the Meeting in person and casting a ballot. The undersigned hereby revokes any proxy previously given to vote such shares at the Meeting.

(see reverse side)

A. PROPOSALS – The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposal 2.

1. Election of Directors *:

	FOR	Withhold		FOR	Withhold		FOR	Withhold
01-Allen J. Carlson	<input type="checkbox"/>	<input type="checkbox"/>	02-John S. Kahler	<input type="checkbox"/>	<input type="checkbox"/>	03- Wolfgang H. Dangel	<input type="checkbox"/>	<input type="checkbox"/>

* To elect three Directors for a three-year term ending in 2012.

2.	Ratification of Appointment of Kirkland, Russ, Murphy & Tapp, P.A. as the Independent Registered Certified Public Accounting Firm of the Corporation.	FOR <input type="checkbox"/>	AGAINST <input type="checkbox"/>	ABSTAIN <input type="checkbox"/>
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B. Authorized Signatures – This section must be completed for your vote to be counted. — Date and Sign Below

NOTE: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee, guardian or corporate officer, please give full title as such.

Date (mm/dd/yyyy)

Signature

Signature
