

OMB APPROVAL	
OMB Number:	3235-0060
Expires:	February 28, 2013
Estimated average burden hours per response	5.0
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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): October 26, 2010

**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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**Item 5.02. Departures of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On October 26, 2010, the Registrant's Compensation Committee awarded an aggregate of 16,050 shares of Restricted Stock to three executive officers of the Registrant under its 2001 Restricted Stock Plan. All of such shares of Restricted Stock will vest in three equal installments over three years, beginning October 27, 2011, provided that the executive is then employed by the Registrant or one of its subsidiaries. There are no specific performance goals or business criteria that must be met for the employees to receive such shares. All of the shares of Restricted Stock were awarded pursuant to Restricted Share Agreements in the form filed as Exhibit (d)(2) to the Registrant's Schedule TO filed with the Commission on June 12, 2001. Included in the awards of Restricted Stock were the award of 8,250 shares to Allen Carlson, President and Chief Executive Officer; 3,900 shares to Tricia Fulton, Chief Financial Officer; and 3,900 shares to Tim Twitty, Officer.

**Item 8.01 Other Events**

On October 28, 2010, the Registrant issued the press release attached hereto as Exhibit 99.1 announcing the declaration of a special dividend to shareholders of \$0.50 per share to be paid, in cash, on November 30, 2010, to all shareholders of record on November 15, 2010.

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

(d) Exhibits.

99.1 Press Release of the Registrant dated October 28, 2010.

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**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: October 29, 2010

**Sun Hydraulics' Board of Directors Declares One-Time \$0.50 Dividend**

SARASOTA, FL—(Marketwire - October 28, 2010) - Sun Hydraulics Corporation (NASDAQ: SNHY) has announced that the Company's Board of Directors has elected to issue a \$0.50 per share dividend to shareholders. The dividend is payable on November 30, 2010 to shareholders of record as of November 15, 2010. The special dividend totals approximately \$8.5 million.

Commenting on the Board's dividend declaration, Sun's president and CEO Allen Carlson said, "Sun's strong financial position and ability to generate cash allows us to reward our shareholders with this one-time special dividend. In our consideration of the timing of this declaration, the Board took into account potential upcoming changes in dividend tax rates."

Sun Hydraulics advises all shareholders to familiarize themselves with rules regarding dividends, payment dates and ex-dividend dates. See the following website for more information <http://www.sec.gov/answers/dividen.htm>.

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).

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