**Tom Pursch**
*President*
Park Aircraft Technologies Corp.

**Marty Kendrick**
*Vice President of Operations*
Park Electrochemical Corp.

## Park Aircraft Technologies Corp.

Park Aircraft Technologies Corp. ("PATC") is centrally located in the middle of the United States just north of Wichita at the Newton City/County Airport in Kansas. After breaking ground about a year and a half ago, our development and manufacturing facility is complete and the major equipment installation is behind us. Our brand new 52,000 square foot facility is now coming to life for both our employees and our customers. As our visitors walk through our front doors and step onto our bright clean powder blue manufacturing floor, we want their reaction to be "WOW!" Our goal, however, is not to have that impression stop there...we want that same reaction to our products, our equipment, our process capability, our quality, our customer service and support, and our people. We recognize these are lofty goals, but we won't stop working and are committed to doing everything we need to do to make these goals a reality.

Our team is currently busy characterizing our new processes. The sixty inch wide hot melt film casting and impregnation system is now in production. This system is designed to produce resin impregnated fabrics and uni-directional tape. We have provided several customers with qualification samples representing a wide variety of reinforcement material and resin types. We also have completed another key milestone for our hot melt process as we successfully delivered our first volume production orders to customers. In addition, we are installing the twenty-four inch hot melt line which was transferred from our Waterbury, Connecticut facility. This line will give us more flexibility and capability to support our customers.

Park Aircraft Technologies Corp. team.

Beyond the manufacturing equipment is a very well-equipped quality assurance and development laboratory.

PATC's new hot melt line. First commercial sale of E-765 unitape produced on line took place in May 2009.

The capabilities of the laboratory include sample lay-up, oven curing, autoclave curing, environmental conditioning, multimodal structural loading testing, and much more. We also have a large drive-in freezer to store finished materials in zero degree conditions to keep products stored and ready for our customers. As our facility grows in capability, we are also busy staffing our business with enthusiastic and committed employees. We continue to place technicians, engineers and management personnel into key positions.

We have hosted our first customer visits to our bright, ultra-clean and well-equipped facility. Our commitment to our customers is to provide the products they need as quickly as possible and to create a culture that is nimble and focused on servicing their ever-changing demands and needs. Fiscal year 2010 should be an exciting year filled with key milestones, lots of activity and many firsts.

**David Dahlquist**
*Vice President of Business Development*
Park Electrochemical Corp.

# Business Development

In April 2008, Park completed the acquisition of what is now Park Aerospace Structures Corp. in Lynnwood, Washington. The new Nova™ product line of composite aerospace parts extends Park's capability as a supplier to the general aviation aircraft manufacturing industry beyond composite materials. During the 2009 fiscal year, the response of the general aviation community to Park's new capabilities has been encouraging. We have seen significant quoting activities with a number of targeted major customers.

Over the course of the 2009 fiscal year, Park has transitioned the focus of the team in Lynnwood, Washington from short-term, low volume or prototype programs to major new aircraft development programs. For such long-term development programs, customers seem to understand the value of Park's long history and financial stability as they look for suppliers who will be able to support programs for new aircraft that may take many years to design and test before gaining approval from civil aviation authorities such as the Federal Aviation Administration ("FAA").

Our position as both a material supplier and composite parts manufacturer allows Park to improve the quality and processability of our prepregs and gives us outstanding insight into the interactions between composite material properties and the finished composite parts. Park continues to closely integrate our composite parts and composite prepreg operations to ensure the best possible support of both our prepreg customers and our composite parts customers.

Park's patented composite strut design has been used on struts supporting loads up to 240,000 pounds.

Composite inlet duct for new jet aircraft.

To continue to expand our ability to support the general aviation aircraft manufacturing industry, Park is working to increase our engineering capabilities. Moving forward, Park intends to be in a position to support customers who prefer to have their suppliers complete the design details and FAA certification of composite parts and assemblies. This engineering capability is being developed internally, as well as through partnerships with outside resources.

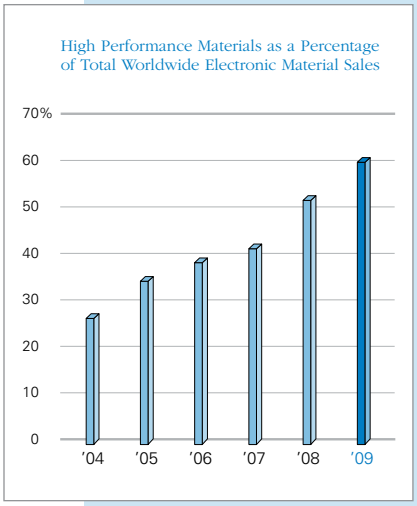
Park continues to actively pursue acquisition opportunities. Enhancing our aerospace parts engineering capability, adding new manufacturing processes and capabilities, or other opportunities to add unique product offerings are all key considerations in each target company. The current financial environment should create opportunities for Park to identify acquisition targets that will further the company's strategic goals.

In addition to growth through acquisition, Park continues to evaluate options for organic growth of our existing product lines. One project considered during the 2009 fiscal year was the construction of a composite parts manufacturing facility in Mexico. This facility was intended to provide high volume production of composite aircraft parts for a number of general aviation aircraft manufacturers. Park conducted a thorough investigation of potential sites in North America for such a facility; however, given the downturn in manufacturing activity in the general aviation aircraft market, we have decided to put this project on hold. We feel that this investigation will allow us to react quickly if the opportunity arises for Park to construct such a facility in the near future.

As fiscal year 2010 unfolds, we will continue our efforts to expand our business both through acquisition and organic growth. We are working to position Park to be prepared for continued growth in our target markets.

## Global Sales & Marketing

**Tony DiGaudio**
*Vice President of Marketing and Sales*
Park Electrochemical Corp.




As I take the time to look back on the 2009 fiscal year, now some months after it has come to an end, I have to conclude that it is probably the most remarkable year of my Park career. Our 2009 fiscal year was punctuated by significant events and interspersed with a broad range of emotions. How could a year that included the global economic downturn, and the effect that it has had on our chosen markets, be anything less than remarkable?

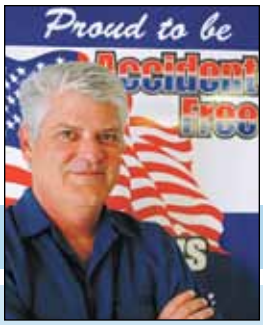
Early in the 2009 fiscal year, Park acquired the assets of what is now named Park Aerospace Structures Corp., and what we now call the Nova™ product line of aerospace parts. The sales and marketing team has been asked to learn new products and new markets before, and once again I will say that I'm proud of the team's performance to date. The mission was to learn about the aerospace parts market, learn who the players are, and of course generate interest and eventually opportunities. The level of interest we have encountered in this short amount of time is encouraging, and there are very real opportunities opening up for Park. In fact, following the acquisition in April 2008, we were working on quotes for major aerospace companies as early as May.

This does not mean life is going to be easy. The amount of effort required for each quote can be enormous, and may only be eclipsed by the expectations that will be placed upon us when we *win* a quote! And it will take many, many wins to satisfy our high expectations. We are not there yet.

Final assembly operation for an Unmanned Aerial Vehicle ("UAV") structure.

PATC's hot melt line is capable of producing unitape and prepreg up to 60 inches in width.

It probably goes without saying, but I'll say it anyway: We did not diminish our efforts to grow the Nelcote® composite materials product line, and we did not diminish our efforts to grow the high performance area of our Nelco® product line of advanced circuit materials. It was a year of learning and a yearlong effort to keep our resources in balance, and to keep each of our individual focuses laser sharp.




**Tim Slipp**
*Vice President and*
*General Manager*
Park Aerospace Structures Corp.

## Park Aerospace Structures Corp.

The end of our 2009 fiscal year was within one month of our first complete year of operation at Park Aerospace Structures Corp., our advanced composite parts manufacturing facility located in Lynnwood, Washington.

Initial lay-up of flat panels for a military aerospace structure. Panels are subsequently machined after curing.

At Park Aerospace Structures Corp., we manufacture complex composite parts for the general aviation, commercial aviation, defense and space flight industries. We sell our composite parts as Park's Nova™ product line.

The tasks associated with transforming an organization following an acquisition are considerably different than a start-up effort. Aside from the obvious actions such as customer and supplier notifications, signage, publications and transferring employees into a new human resources and employee benefits system with all of the attendant orientation and training, we were challenged with infusing the Park culture into the organization. Those who know Park understand that Park's culture is firmly steeped in integrity, individual responsibility, constant advancement and innovations in technology and methodologies. Our people do not back away from any challenges, nor will they accept failure. The products and services we provide have to be perfect every time. We also perform at a pace much faster than our competitors and deliver on time, every time. Our facilities are maintained in a spotless condition, constantly. Employee safety and environmental compliance have absolutely zero allowance for compromise.

If you visit Park Aerospace Structures Corp. today, you would quickly discover that we operate as described above. The employees who joined our team as part of the acquisition have wholeheartedly embraced the Park culture, and they are as committed to fostering the Park culture as any employee at our legacy facilities. Considering the nature of parts manufacturing, which includes a considerable amount of hands-on work, often utilizing very sharp tools, we are particularly proud of our safety performance; we completed our first full year of operation without a single accident or injury.

Our approach in the composite parts market is to be innovative in every respect, and to develop new and different offerings to our customers. We intend to stand out as a completely unique company, and one that functions at a much higher level than just a build-to-print factory. One way we will accomplish this is through our focus on engineering strength. We have already tripled the engineering staff at Park Aerospace Structures Corp., and have elevated our technology in regard to design software to the most current level available. Our efforts throughout the 2010 fiscal year will continue along this path as we further enhance our capabilities and implement state of the art technology.

The response from our existing and target customer base has been extremely positive. We have participated in an enormous number of RFQs on some very significant programs. We are offering our customers levels of assembly and completion that were not provided before, further increasing the capabilities of both our facility and our staff.

Space vehicle structure. Prepreg is "layed up" on a tool prior to curing.