

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHMENT

Multiple horizontal lines for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ SEE ATTACHMENT

Multiple horizontal lines for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHMENT

Multiple horizontal lines for providing other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ *P. Matthew Farabaugh* Date ▶ 3-3-14

Print your name ▶ **P. MATTHEW FARABAUGH** Title ▶ **V.P. AND CFO**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

ATTACHMENT TO FORM 8937

Part I Reporting Issuer

1 Issuer's Name: Park Electrochemical Corp.		2 Issuer's Employer Identification Number (EIN): 11-1734643	
3 Name of Contact for Additional Information: P. Matthew Farabaugh		4 Telephone No of Contact: 631-465-3600	5 Email Address of Contact: mfarabaugh@parkelectro.com
6 Number and street of contact: 48 South Service Rd		7 City, Town, or post office, state and zip code of contact: Melville, New York 11747	
8 Date of Action February 3, 2014 /February 25, 2014		9 Classification and description Class A Common Stock	
10 CUSIP number: 700416209	11 Serial Number(s):	12 Ticker Symbol: PKE	13 Account Number(s):

Part II Organizational Action

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action

Cash Distributions on Common Stock in excess of Current and Accumulated Earnings and Profits

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis

- \$0.10 of the \$0.10 per share distributions to shareholders on February 3, 2014 (100%) was determined to be in excess of Current and Accumulated Earnings and Profits based on information available as of January 9, 2014.
- \$2.50 of the \$2.50 per share distribution to shareholders on February 25, 2014 (100%) has been determined to be in excess of Current and Accumulated Earnings and Profits based on information available as of January 9, 2014.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates

An earnings and profits study of Park Electrochemical Corp. was updated on January 9, 2014 using the following type of information:

- Retained earnings as of March 1, 1963 as an estimate of cumulative taxable income from the date of incorporation (March 31, 1954) through March 1, 1963;
- Prior year corporate income tax returns from the fiscal year ended February 29, 1964 through March 3, 2013;
- The current income tax benefit for fiscal year ended March 2, 2014 as calculated for the tax provision for financial statement purposes;
- Revenue Agent Reports for Internal Revenue Service examinations throughout the history of the company;

ATTACHMENT TO FORM 8937

- Other pertinent tax and financial information necessary to determine earnings and profits from corporate acquisitions and mergers, stock transactions, etc throughout the long history of Park Electrochemical Corp.

17 List the applicable Internal Revenue Code Section(s) and subsection(s) upon which the tax treatment is based

Internal Revenue Code Section 301 - Distributions of Property provides in paragraph -

(c) Amount taxable.

In the case of a distribution to which subsection (a) applies—

(1) Amount constituting dividend.

That portion of the distribution which is a dividend (as defined in section 316) shall be included in gross income.

(2) Amount applied against basis.

That portion of the distribution which is not a dividend shall be applied against and reduce the adjusted basis of the stock.

(3) Amount in excess of basis.

(A) In general. Except as provided in subparagraph (B), that portion of the distribution which is not a dividend, to the extent that it exceeds the adjusted basis of the stock, shall be treated as gain from the sale or exchange of property.

(B) Distributions out of increase in value accrued before March 1, 1913. That portion of the distribution which is not a dividend, to the extent that it exceeds the adjusted basis of the stock and to the extent that it is out of increase in value accrued before March 1, 1913, shall be exempt from tax.

Internal Revenue Code Section 316 – Dividend Defined - provides in paragraph (a) -

(a) General rule.

For purposes of this subtitle, the term "dividend" means any distribution of property made by a corporation to its shareholders—

ATTACHMENT TO FORM 8937

(1) out of its earnings and profits accumulated after February 28, 1913, or

(2) out of its earnings and profits of the taxable year (computed as of the close of the taxable year without diminution by reason of any distributions made during the taxable year), without regard to the amount of the earnings and profits at the time the distribution was made.

- An Earnings and Profits Study of Park Electrochemical Corp. and Subsidiaries was updated on January 9, 2014 which revealed all of the \$0.10 per share distributions to shareholders on February 3, 2014 are in excess of Park's earnings and profits.
- An Earnings and Profits Study of Park Electrochemical Corp. and Subsidiaries was updated on January 9, 2014 which revealed all of the \$2.50 per share distributions to shareholders on February 25, 2014 are in excess of Park's earnings and profits.

18 Can any resulting loss be recognized?

Not Applicable

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year

Reportable on Form 1099-DIV and Form 5452, Corporate Report of Non-dividend Distributions