

# **PARK ELECTROCHEMICAL CORP.**

## **NEWS RELEASE**

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### **PARK ELECTROCHEMICAL REPORTS FOURTH QUARTER AND FISCAL YEAR RESULTS**

MELVILLE, New York, May 1, 2007.....Park Electrochemical Corp. (NYSE-PKE) reported sales of \$59,826,000 for the fourth quarter ended February 25, 2007 compared to sales of \$56,974,000 for the fourth quarter of last year. Park's sales for the fiscal year ended February 25, 2007 were \$257,377,000 compared to sales of \$222,251,000 for the prior year.

Park reported net earnings before special items of \$8,109,000 for the fourth quarter ended February 25, 2007 compared to net earnings before special items of \$10,943,000 for last fiscal year's fourth quarter. The Company believes it is important to highlight that, in evaluating the quarter to quarter net earnings comparisons, the income tax provision for the 2007 fiscal year's fourth quarter was \$2,430,000 compared to an income tax benefit of \$399,000 for the prior fiscal year's fourth quarter. Similarly, the effective tax rate for the 2007 fiscal year's fourth quarter was 23.1% compared to a tax rate of negative 3.8% for the prior fiscal year's fourth quarter. In the fourth quarter ended February 25, 2007, the Company recorded a tax benefit of \$715,000 relating to the recognition of tax credits resulting from operating losses sustained in prior years in France. In the fourth quarter ended February 26, 2006, the Company recorded a tax charge of \$3,088,000 in connection with the repatriation of approximately \$70 million of the accumulated earnings and profits of the Company's Nelco Products Pte. Ltd. subsidiary in Singapore and an asset impairment charge of \$2,280,000 related to the write-off of construction costs for the installation of an advanced high-speed treater at the Company's Neltec Europe SAS facility in Mirebeau, France. The treater, which was installed at the Neltec Europe facility when the business environment in Europe was more suited for such a treater, has been moved to the Company's Nelco manufacturing facility in Singapore. In the 2006 fiscal year fourth quarter, the Company also recorded a benefit of \$170,000 relating to the reduction of a portion of the \$1,059,000 charge for employment termination benefits related to the workforce reduction at Neltec Europe in the first quarter of the 2006 fiscal year. Accordingly, net earnings were \$8,824,000 for the fourth quarter ended February 25, 2007 compared to net earnings of \$5,745,000 for last year's fourth quarter.

For the year ended February 25, 2007, Park reported net earnings before special items of \$35,002,000 compared to net earnings before special items of \$31,620,000 for the prior fiscal year. The Company believes it is important to highlight that, in evaluating the year to year net earnings comparisons, the income tax provision for the 2007 fiscal year was \$10,456,000 compared to an income tax provision of \$3,908,000 for the prior fiscal year. Similarly, the effective tax rate for the 2007 fiscal year was 23.0% compared to a tax rate of 11.0% for the prior fiscal year. During the 2007 fiscal year, the Company recorded the tax benefit of \$715,000 relating to the recognition of tax credits in France mentioned above, recorded a pre-tax charge of \$1,316,000 in connection with the termination of a life insurance agreement with Jerry Shore, Park's founder and former Chairman, and recognized a \$499,000 tax benefit relating to the insurance termination charge. During the 2007 fiscal year, the Company also recognized tax benefits of \$3,500,000 relating to the elimination of certain valuation allowances previously established

related to deferred tax assets in the United States and of \$1,391,000 relating to the elimination of reserves no longer required as the result of the completion of a tax audit. During the 2006 fiscal year, the Company recorded the \$3,088,000 earnings repatriation tax charge, the \$2,280,000 asset impairment charge and the \$889,000 net employment termination benefits charge mentioned above and recognized a tax benefit of \$1,512,000 relating to the elimination of certain valuation allowances previously established related to deferred tax assets in the United States. Accordingly, net earnings were \$39,791,000 for the year ended February 25, 2007 compared to net earnings of \$26,875,000 for the year ended February 26, 2006.

Park reported diluted earnings per share before special items of \$.40 for the fourth quarter ended February 25, 2007 compared to \$.54 for last year's fourth quarter. Diluted earnings per share after special items were \$0.44 for the quarter ended February 25, 2007 compared to \$0.28 for the quarter ended February 26, 2006. Diluted earnings per share before special items were \$1.72 for the year ended February 25, 2007 compared to \$1.57 for the year ended February 26, 2006. Diluted earnings per share after special items were \$1.96 for the year ended February 25, 2007 compared to \$1.33 for the year ended February 26, 2006. The Company believes it is important, in evaluating quarter to quarter and year to year earnings per share comparisons, to consider the significant differences in income tax provisions and effective tax rates for the respective periods.

Brian Shore, Park's President and CEO, said, "I will not comment at this time on our financial performance for the 2007 fiscal year. I will leave it to others to do that. However, I would like to state that, in my opinion, Park's people did an outstanding job for our shareholders in the 2007 fiscal year."

The Company will conduct a conference call to discuss its financial results at 11:00 a.m. EDT today. Forward-looking and other material information may be discussed in this conference call. The conference call dial-in number is (888) 695-0609.

For those unable to listen to the call live, a conference call replay will be available from approximately 2:00 p.m. EDT today through 11:59 p.m. EDT on Saturday May 5, 2007. The conference call replay can be accessed by dialing (888) 203-1112 and entering passcode 9947120 or on the Company's website at [www.parkelectro.com](http://www.parkelectro.com) under the caption "Investor Conference Calls".

Any additional material financial or statistical data disclosed in the conference call will also be available at the time of the conference call on the Company's web site at [www.parkelectro.com](http://www.parkelectro.com) under the caption "Investor Conference Calls".

Park believes that an evaluation of its ongoing operations would be difficult if the disclosure of its financial results were limited to generally accepted accounting principles ("GAAP") financial measures, which include special items, such as tax benefits, the earnings repatriation tax charge, the asset impairment charge, the insurance arrangement termination charge and the employment termination benefits charge. Accordingly, in addition to disclosing its financial results determined in accordance with GAAP, Park discloses non-GAAP operating results that exclude special items in order to assist its shareholders and other readers in assessing the Company's operating performance, since the Company's on-going, normal business operations do not include such special items. The detailed operating information presented below reconciles the non-GAAP operating results before special items to earnings determined in accordance with GAAP. Such non-GAAP financial measures are provided to supplement the results provided in accordance with GAAP.

Certain portions of this press release may be deemed to constitute forward looking statements that are subject to various factors which could cause actual results to differ materially from Park's expectations. Such factors include, but are not limited to, general conditions in the electronics industry, Park's competitive position, the status of Park's relationships with its customers, economic conditions in

international markets, the cost and availability of raw materials and utilities, and the various factors set forth in Item 1A “Risk Factors” and under the caption “Factors That May Affect Future Results” after Item 7 of Park’s Annual Report on Form 10-K for the fiscal year ended February 26, 2006.

Park Electrochemical Corp. is a global advanced materials company which develops and manufactures high-technology digital and RF/microwave printed circuit materials (the Nelco® product line) and advanced composite materials (the Nelcote™ product line) principally for the telecommunications and internet infrastructure, high-end computing and aerospace markets. Park’s core capabilities are in the areas of polymer chemistry formulation and coating technology. The Company’s manufacturing facilities are located in Singapore, China, France, Connecticut, New York, Arizona and California.

Additional corporate information is available on the Company’s website at [www.parkelectro.com](http://www.parkelectro.com).

The performance table (in thousands, except per share amounts—unaudited):

	<u>13 weeks ended</u>		<u>52 weeks ended</u>	
	<u>2/25/07</u>	<u>2/26/06</u>	<u>2/25/07</u>	<u>2/26/06</u>
Sales	\$59,826	\$56,974	\$257,377	\$222,251
Net Earnings before Special Items	\$8,109	\$10,943	\$35,002	\$31,620
Special Items	715	(5,198)	4,789	(4,745)
Net Earnings	\$8,824	\$5,745	\$39,791	\$26,875
Basic and Diluted Earnings per Share:				
Basic Earnings before Special Items	\$0.40	\$0.54	\$1.74	\$1.58
Special Items	<u>0.04</u>	<u>(0.25)</u>	<u>0.23</u>	<u>(0.24)</u>
Basic Earnings per Share	\$0.44	\$0.29	\$1.97	\$1.34
Diluted Earnings before Special Items	\$0.40	\$0.54	\$1.72	\$1.57
Special Items	<u>0.04</u>	<u>(0.26)</u>	<u>0.24</u>	<u>(0.24)</u>
Diluted Earnings per Share	\$0.44	\$0.28	\$1.96	\$1.33
Weighted Average Shares Outstanding				
Basic	20,194	20,109	20,175	20,047
Diluted	20,283	20,291	20,317	20,210

The comparative balance sheets (in thousands):

	<u>2/25/07</u>	<u>2/26/06</u>
<u>Assets</u>		
Current Assets		
Cash and Marketable Securities	\$208,775	\$199,652
Accounts Receivable, Net	39,418	35,964
Inventories	15,090	15,022
Other Current Assets	<u>3,049</u>	<u>3,023</u>
Total Current Assets	266,332	253,661
Fixed Assets, Net	49,895	54,370
Other Assets	<u>5,695</u>	<u>3,281</u>
Total Assets	<u>\$321,922</u>	<u>\$311,312</u>
<u>Liabilities and Stockholders' Equity</u>		
Current Liabilities		
Accounts Payable	\$ 13,589	\$ 13,259
Accrued Liabilities	13,058	14,651
Income Taxes Payable	<u>5,918</u>	<u>10,817</u>
Total Current Liabilities	32,565	38,727
Deferred Income Taxes	4,294	5,193
Restructuring Accruals—non-current	3,715	4,718
Liabilities from Discontinued Operations	<u>17,181</u>	<u>17,251</u>
Total Liabilities	57,755	65,889
Stockholders' Equity	<u>264,167</u>	<u>245,423</u>
Total Liabilities and Stockholders' Equity	<u>\$321,922</u>	<u>\$311,312</u>
Equity Per Share	<u>\$13.08</u>	<u>\$12.20</u>

Detailed operating information (in thousands—unaudited):

	<u>13 Weeks Ended</u>		<u>52 Weeks Ended</u>	
	<u>2/25/07</u>	<u>2/26/06</u>	<u>2/25/07</u>	<u>2/26/06</u>
Net Sales	\$ 59,826	\$ 56,974	\$257,377	\$222,251
Cost of Sales	45,367	41,290	193,270	167,650
%	75.8%	72.5%	75.1%	75.4%
Gross Profit	14,459	15,684	64,107	54,601
%	24.2%	27.5%	24.9%	24.6%
Selling, General and Administrative Expenses	6,341	6,815	26,682	25,129
%	10.6%	11.9%	10.4%	11.3%
Profit from Operations	8,118	8,869	37,425	29,472
%	13.6%	15.6%	14.5%	13.3%
Other Income	2,421	1,675	8,033	6,056
%	4.0%	2.9%	3.1%	2.7%
Pre-Tax Operating Profit	10,539	10,544	45,458	35,528
%	17.6%	18.5%	17.7%	16.0%
Income Tax Provision	2,430	(399)	10,456	3,908
Effective Tax Rate	23.1%	- 3.8%	23.0%	11.0%
Net Earnings before Special Items	8,109	10,943	35,002	31,620
%	13.6%	19.2%	13.6%	14.2%
Special Items:				
Impairment Charge	-	2,280	-	2,280
%	-	4.0%	-	1.0%
Employment Termination Benefits Charge	-	(170)	-	889
%	-	-0.3%	-	0.4%
Insurance Arrangement Termination Charge	-	-	1,316	-
%	-	-	0.5%	-
Income Tax Provision (Benefit)	(715)	-	(6,105)	(1,512)
Effective Tax Rate	-6.8%	-	-13.4%	-4.3%
Income Tax Charge on Repatriated Earnings	-	3,088	-	3,088
Effective Tax Rate	-	29.3%	-	8.7%
Total Special Items	(715)	5,198	(4,789)	4,745
%	-1.0%	9.1%	-2.0%	2.1%
After Special Items:				
Earnings before Income Taxes	10,539	8,434	44,142	32,359
%	17.6%	14.8%	17.2%	14.6%
Income Tax Provision (Benefit)	1,715	2,689	4,351	5,484
Effective Tax Rate	16.3%	31.9%	9.9%	17.0%
Net Earnings	8,824	5,745	39,791	26,875
%	14.7%	10.1%	15.5%	12.1%

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