PARK ELECTROCHEMICAL CORP
Form 10-K
May 15, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 1, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to _______

Commission file number 1-4415

PARK ELECTROCHEMICAL CORP.

(Exact Name of Registrant as Specified in Its Charter)

New York	**11-1734643**
(State or Other Jurisdiction of	(I.R.S. Employer

Incorporation of Organization)	Identification No.)
48 South Service Road, Melville, New York	**11747**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code (631) 465-3600

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $.10 per share	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked prices of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

Title of Class	Aggregate Market Value	As of Close of Business On
Common Stock, par value $.10 per share	$577,826,253	August 29, 2014

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Title of Class	Shares Outstanding	As of Close of Business On
Common Stock, par value $.10 per share	20,387,169	May 8, 2015

DOCUMENTS INCORPORATED BY REFERENCE

Proxy Statement for Annual Meeting of Shareholders to be held July 21, 2015 incorporated by reference into Part III of this Report.

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PART I

ITEM 1. BUSINESS.

General

Park Electrochemical Corp. (“Park”), through its subsidiaries (unless the context otherwise requires, Park and its subsidiaries are hereinafter called the “Company”), is a global advanced materials company which develops, manufactures, markets and sells high-technology digital and radio frequency (“RF”)/microwave printed circuit materials products principally for the telecommunications and internet infrastructure and high-end computing markets and advanced composite materials, parts and assemblies and low-volume tooling products for the aerospace markets. Park’s core capabilities are in the areas of polymer chemistry formulation and coating technology.

Park operates through fully integrated business units in Asia, Europe and North America. The Company's manufacturing facilities are located in Singapore, France, Kansas, Arizona and California. The Company also maintains research and development facilities in Arizona, Kansas and Singapore.

Sales of Park’s printed circuit materials products were 78%, 82% and 85% of the Company’s total net sales worldwide in the 2015, 2014 and 2013 fiscal years, respectively, and sales of Park’s advanced composite materials, parts and assemblies products were 22%, 18% and 15% of the Company’s total net sales worldwide in the 2015, 2014 and 2013 fiscal years, respectively.

Park was founded in 1954 by Jerry Shore, who was the Company’s Chairman of the Board until July 14, 2004.

The sales and long-lived assets of the Company’s operations by geographic area for the last three fiscal years are set forth in Note 14 of the Notes to Consolidated Financial Statements in Item 8 of Part II of this Report. The Company’s foreign operations are conducted principally by the Company’s subsidiaries in Singapore and France. The Company’s foreign operations are subject to the impact of foreign currency fluctuations. See Note 1 of the Notes to Consolidated Financial Statements in Item 8 of Part II of this Report.

The Company makes available free of charge on its Internet website, www.parkelectro.com, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. None of the information on the Company's website shall be deemed to be a part of this Report.

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Printed Circuit Materials

Printed Circuit Materials - Operations

The Company is a leading global designer and manufacturer of advanced printed circuit materials used to fabricate complex multilayer printed circuit boards and other electronic interconnection systems, such as multilayer back-planes, wireless packages, high-speed/low-loss multilayers and high density interconnects (“HDIs”). The Company’s multilayer printed circuit materials consist of copper-clad laminates and prepregs, which is an acronym for pre-impregnated material. The Company has long-term relationships with its major customers, which include leading independent printed circuit board fabricators, electronic manufacturing service companies, electronic contract manufacturers and major electronic original equipment manufacturers ("OEMs"). Multilayer printed circuit boards and interconnect systems are used in virtually all advanced electronic equipment to direct, sequence and control electronic signals between semiconductor devices (such as microprocessors and memory and logic devices), passive components (such as resistors and capacitors) and connection devices (such as infra-red couplings, fiber optics, compliant pin and surface mount connectors). Examples of end uses of the Company’s digital printed circuit materials include high speed routers and servers, telecommunications switches, storage area networks, supercomputers, satellite switching equipment, and wireless local area networks ("LANs"). The Company's RF/microwave printed circuit materials are used primarily for military avionics, antennas for cellular telephone base stations, automotive adaptive cruise control systems and avionic communications equipment. The Company has developed long-term relationships with major customers as a result of its leading edge products, extensive technical and engineering service support and responsive manufacturing capabilities.

Park believes it founded the modern day printed circuit industry in 1957 by inventing a composite material consisting of an epoxy resin substrate reinforced with fiberglass cloth which was laminated together with sheets of thin copper foil. This epoxy-glass copper-clad laminate system is still used to construct the large majority of today’s advanced printed circuit products. The Company also believes that in 1962 it invented the first multilayer printed circuit materials system used to construct multilayer printed circuit boards. The Company also pioneered vacuum lamination and many other manufacturing technologies used in the industry today. The Company believes it is one of the industry’s technological leaders.

The Company believes that it is one of the world’s largest manufacturers of advanced multilayer printed circuit materials. It also believes that it is one of only a few significant independent manufacturers of high performance multilayer printed circuit materials in the world. The Company was the first manufacturer in the printed circuit materials industry to establish manufacturing presences in the three major global markets of North America, Europe and Asia, with facilities established in Europe in 1969 and Asia in 1986.

Printed Circuit Materials – Industry Background

The printed circuit materials manufactured by the Company and its competitors are used primarily to construct and fabricate complex multilayer printed circuit boards and other advanced electronic interconnection systems. Multilayer printed circuit materials consist of prepregs and copper-clad laminates. Prepregs are chemically and electrically engineered thermosetting or thermoplastic resin systems which are impregnated into and reinforced by a specially manufactured fiberglass cloth product or other woven or non-woven reinforcing fiber. This insulating dielectric substrate generally is 0.030 inch to 0.002 inch in thickness or less in some cases. While these resin systems historically have been based on epoxy resin chemistry, in recent years, increasingly demanding OEM requirements have driven the industry to utilize proprietary enhanced epoxies as well as other higher performance resins, such as phenolic, bismalimide triazine ("BT"), cyanate ester, enhanced polyimide, non-Methylene Dianiline (“MDA”) polyimide, allylated polyphenylene ether (“APPE”) or polytetrafluoroethylene ("PTFE"). One or more plies of prepreg are laminated together to form an insulating dielectric substrate to support the copper circuitry patterns of a multilayer printed circuit board. Copper-clad laminates consist of one or more plies of prepreg with each ply laminated on the top and bottom with specialty thin copper foil. Copper foil is specially formed in thin sheets which may vary from 0.0056 inch to 0.0002 inch in thickness and normally have a thickness of 0.0014 inch or 0.0007 inch. The Company supplies both copper-clad laminates and prepregs to its customers, which use these products as a system to construct multilayer printed circuit boards.

The printed circuit board fabricator processes copper-clad laminates to form the inner layers of a multilayer printed circuit board. The fabricator photo images these laminates with a dry film or liquid photoresist. After development of the photoresist, the copper surfaces of the laminate are etched to form the circuit pattern. The fabricator then assembles these etched laminates by inserting one or more plies of dielectric prepreg between each of the inner layer etched laminates and also between an inner layer etched laminate and the outer layer copper plane, and then laminating the entire assembly in a press. Prepreg serves as the insulator and bond between the multiple layers of copper circuitry patterns found in the multilayer circuit board. When the multilayer configuration is laminated, these plies of prepreg form an insulating dielectric substrate supporting and separating the multiple inner and outer planes of copper circuitry. The fabricator drills vertical through-holes or vias in the multilayer assembly and then plates the through-holes or vias to form vertical conductors between the multiple layers of circuitry patterns. These through-holes or vias combine with the conductor paths on the horizontal circuitry planes to create a three-dimensional electronic interconnect system. In specialized applications, an additional set of microvia layers (2 or 4, typically) may be added through a secondary lamination process to provide increased density and functionality to the design. The outer two layers of copper foil are then imaged and etched to form the finished multilayer printed circuit board. The completed multilayer board is a three-dimensional interconnect system with electronic signals traveling in the horizontal planes of multiple layers of copper circuitry patterns, as well as in the vertical planes through the plated holes or vias.

Semiconductor manufacturers have introduced successive generations of more powerful microprocessors and memory and logic devices. Electronic equipment manufacturers have designed these advanced semiconductors into more compact products. High performance computing devices in these smaller platforms require greater reliability, faster signal speeds, closer tolerances, higher component and circuit density and increased overall complexity. As a result, the interconnect industry has developed smaller, lighter, faster and more cost-effective interconnect systems, including advanced multilayer printed circuit boards.

Advanced interconnect systems require higher technology printed circuit materials to ensure the performance and reliability of the electronic system and to improve the manufacturability of the interconnect platform. Printed circuit board fabricators and electronic equipment manufacturers require advanced printed circuit materials that have increasingly higher temperature tolerances and more advanced and stable electrical properties in order to support high-speed computing in a miniaturized and often portable environment. Temperature tolerance has been further emphasized by the advent of lead-free assemblies.

With the very high density circuit demands of miniaturized high performance interconnect systems, the uniformity, purity, consistency, performance predictability, dimensional stability and production tolerances of printed circuit materials have become successively more critical. High density printed circuit boards and interconnect systems often involve higher layer count multilayer circuit boards where the multiple planes of circuitry and dielectric insulating substrates are very thin (dielectric insulating substrate layers may be 0.002 inch or less) and the circuit line and space geometries in the circuitry plane are very narrow (0.002 inch or less). In addition, advanced surface mount interconnect systems are typically designed with very small pad sizes and very small plated through-holes or vias which electrically connect the multiple layers of circuitry planes, and these interconnect systems frequently make use of multiple lamination cycles and/or laser drilled vias. High density interconnect systems must utilize printed circuit materials whose dimensional characteristics and purity are consistently manufactured to very high tolerance levels in order for the printed circuit board fabricator to attain and sustain acceptable product yields.

Shorter product life cycles and competitive pressures have induced electronic equipment manufacturers to bring new products to market and increase production volume to commercial levels more quickly. These trends have highlighted the importance of front-end engineering of electronic products and have increased the level of collaboration among system designers, fabricators and printed circuit materials suppliers. As the complexity of electronic products increases, materials suppliers must provide greater technical support to interconnect systems fabricators on a timely basis regarding manufacturability and performance of new materials systems.

Printed Circuit Materials – Products and Services

The Company produces a broad line of advanced printed circuit materials used to fabricate complex multilayer printed circuit boards and other electronic interconnect systems, including backplanes, high speed/low loss multilayers and high density interconnects (“HDIs”). The Company’s diverse advanced printed circuit materials product line is designed to address a wide array of end-use applications and performance requirements.

The Company’s printed circuit materials products have been developed internally and through long-term development projects with its principal suppliers and, to a lesser extent, through licensing arrangements. The Company focuses its research and development efforts on developing industry leading product technology to meet the most demanding product requirements and has designed its product line with a focus on the higher performance, higher technology end of the materials spectrum.

The Company’s products utilize, among other things, high-speed, low-loss, engineered formulations, high-temperature modified epoxies, phenolics, BT epoxies, MDA polyimides, enhanced polyimides, APPE, SI® (Signal Integrity) products, cyanate esters and PTFE formulations for RF/microwave applications.

The Company’s high performance printed circuit materials consist of high-speed, low-loss Cathodic Anodic Filament (“CAF”) resistant materials for digital and RF/microwave applications requiring lead-free compatibility and high bandwidth signal integrity, BT materials, polyimides for applications that demand extremely high thermal performance, cyanate esters, quartz reinforced materials, and PTFE and modified epoxy materials for RF/microwave systems that operate at frequencies up to at least 79 GHz.

The Company has developed long-term relationships with select customers through broad-based technical support and service, as well as manufacturing proximity and responsiveness at multiple levels of the customer’s organization. The Company focuses on developing a thorough understanding of its customer’s business, product lines, processes and technological challenges. The Company seeks customers which are industry leaders committed to maintaining and improving their industry leadership positions and which are committed to long-term relationships with their suppliers. The Company also seeks business opportunities with the more advanced printed circuit fabricators and electronic equipment manufacturers who are interested in maximizing the full value of the products and services provided by their suppliers. The Company believes its proactive and timely support in assisting its customers with the integration of advanced materials technology into new product designs further strengthens its relationships with its customers.

The Company’s emphasis on service and close relationships with its customers is reflected in its short lead times. The Company has developed its manufacturing processes and customer service organizations to provide its customers with printed circuit materials products on a just-in-time basis. The Company believes that its ability to meet its customers' customized manufacturing and quick-turn-around ("QTA") requirements is one of its unique strengths.

Printed Circuit Materials – Customers and End Markets

The Company’s customers for its advanced printed circuit materials include the leading independent printed circuit board fabricators, electronic manufacturing service (“EMS”) companies, electronic contract manufacturers (“ECMs”) and major electronic original equipment manufacturers ("OEMs") in the computer, networking, telecommunications, wireless communications, aerospace, military, instrumentation and automotive industries located throughout North America, Europe and Asia. The Company seeks to align itself with the larger, more technologically-advanced and better capitalized independent printed circuit board fabricators and major electronic equipment manufacturers which are industry leaders committed to maintaining and improving their industry leadership positions and to building long-term relationships with their suppliers. The Company’s selling effort typically involves several stages and relies on the talents of Company personnel at different levels, from management to sales personnel and quality engineers. In recent years, the Company has augmented its traditional sales personnel with an OEM marketing team and process and product technology specialists.

During the Company’s 2015 fiscal year, the Company did not have sales to any customer that equaled or exceeded 10% of the Company’s total worldwide sales. During the Company’s 2014 fiscal year, approximately 15.8% of the Company's total worldwide sales were to TTM Technologies, Inc., a leading manufacturer of printed circuit boards. During the Company’s 2013 fiscal year, approximately 16.1% of the Company’s total worldwide sales were to TTM Technologies, Inc. and approximately 10.1% of the Company’s total worldwide sales were to Sanmina-SCI Corporation, a leading electronics contract manufacturer and manufacturer of printed circuit boards. During the Company’s 2014 and 2013 fiscal years, sales to no other customer of the Company equaled or exceeded 10% of the Company’s total worldwide sales.

Although the Company’s printed circuit materials business is not dependent on any single customer, the loss of a major customer or of a group of customers could have a material adverse effect on the Company’s business or its consolidated results of operations or financial position.

The Company’s printed circuit materials products are marketed primarily by sales personnel and, to a lesser extent, by independent distributors and independent sales representatives in industrial centers in Europe and Asia.

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Printed Circuit Materials – Manufacturing

The process for manufacturing multilayer printed circuit materials is capital intensive and requires sophisticated equipment as well as clean-room environments. The key steps in the Company's manufacturing process include: the impregnation of specially designed fiberglass cloth with a specially designed resin system and the partial curing of that resin system; the assembling of laminates consisting of single or multiple plies of prepreg and copper foil in a clean-room environment; the vacuum lamination of the copper-clad assemblies under simultaneous exposure to heat, pressure and vacuum; and the finishing of the laminates to customer specifications.

Prepreg is manufactured in a treater. A treater is a roll-to-roll continuous machine which sequences specially designed fiberglass cloth or other reinforcement fabric into a resin tank and then sequences the resin-coated cloth through a series of ovens which partially cure the resin system into the cloth. This partially cured product or prepreg is then sheeted or paneled and packaged by the Company for sale to customers, or used by the Company to construct its copper-clad laminates.

The Company manufactures copper-clad laminates by first setting up in a clean room an assembly of one or more plies of prepreg stacked together with a sheet of specially manufactured copper foil on the top and bottom of the assembly. This assembly, together with a large quantity of other laminate assemblies, is then inserted into a large, multiple opening vacuum lamination press. The laminate assemblies are then laminated under simultaneous exposure to heat, pressure and vacuum. After the press cycle is complete, the laminates are removed from the press and sheeted, sheared and finished to customer specifications. The product is then inspected and packaged for shipment to the customer.

The Company manufactures multilayer printed circuit materials at four fully integrated facilities located in the United States, Europe and Southeast Asia. The Company opened its California facility in 1965, its Arizona facility in 1984, its Singapore facility in 1986 and its France facility in 1992. The Company services the North American market principally through its United States manufacturing facilities, the European market principally through its manufacturing facilities in the United States and in France, and the Asian market principally through its Singapore manufacturing facility. During the 2014 fiscal year, the Company modified certain of the equipment in its printed circuit materials facility in Singapore to support the production of PTFE laminates and other laminates requiring elevated process temperatures. By maintaining technical and engineering staffs at each of its manufacturing facilities, the Company is able to deliver fully-integrated products and services on a timely basis.

Printed Circuit Materials – Materials and Sources of Supply

The principal materials used in the manufacture of the Company's printed circuit materials products are specially manufactured copper foil, fiberglass and quartz cloth and synthetic reinforcements, and specially formulated resins and chemicals. The Company develops and maintains close working relationships with suppliers of these materials who have dedicated themselves to complying with the Company's stringent specifications and technical requirements. While the Company's philosophy is to work with a limited number of suppliers, the Company has identified alternate sources of supply for many, but not all, of these materials. However, there are a limited number of qualified suppliers of these materials, in some cases substitutes for these materials are not always readily available, and, in the past, the industry has experienced shortages in the market for certain of these materials. While the Company considers its relationships with its suppliers to be strong, a shortage of these materials or a disruption of the supply of materials caused by a natural disaster, such as the temporary disruption caused by the earthquake and tsunami in Japan in March 2011, or otherwise, could materially increase the Company's cost of operations and could materially adversely affect the business and results of operations of the Company.

Significant increases in the cost of materials purchased by the Company could also have a material adverse effect on the Company's business and results of operations if the Company were unable to pass such increases through to its customers. During the 2015, 2014 and 2013 fiscal years, the Company experienced significant volatility in the cost of copper foil, one of the Company's primary raw materials. The Company generally passes changes in the costs of its raw materials through to its customers.

Printed Circuit Materials – Competition

The multilayer printed circuit materials industry is characterized by intense competition and ongoing consolidation. The Company's competitors are primarily divisions or subsidiaries of very large, diversified multinational manufacturers which are substantially larger and have greater financial resources than the Company and, to a lesser degree, smaller regional producers. Because the Company focuses on the higher technology segment of the printed circuit materials market, technological innovation, quality and service, as well as price, are significant competitive factors.

The Company believes that there are several significant multilayer printed circuit materials manufacturers in the world and many of these competitors have significant presences in the three major global markets of North America, Europe and Asia. The Company believes that it is currently one of the world's largest advanced multilayer printed circuit materials manufacturers. The Company further believes it is one of only a few significant independent manufacturers of multilayer printed circuit materials in the world today.

The markets in which the Company's printed circuit materials operations compete are characterized by rapid technological advances, and the Company's position in these markets depends largely on its continued ability to develop technologically advanced and highly specialized products. Although the Company believes it is an industry technology leader and directs a significant amount of its time and resources toward maintaining its technological competitive advantage, there is no assurance that the Company will be technologically competitive in the future, or that the Company will continue to develop new products that are technologically competitive.

Advanced Composite Materials, Parts and Assemblies

Advanced Composite Materials, Parts and Assemblies - Operations

The Company also develops and manufactures engineered, advanced composite materials and advanced composite parts and assemblies and low-volume tooling for the aerospace markets and prototype tooling for such parts and assemblies.

The Company's advanced composite materials are developed and manufactured by the Company's Park Aerospace Technologies Corp. ("PATC") business unit located at the Newton, Kansas Airport and by the Company's Nelco Products Pte. Ltd. business unit in Singapore. The Company's advanced composite parts and assemblies and low-volume tooling are also developed and manufactured by the Company's PATC business unit.

PATC offers a full range of advanced composite materials manufacturing capability, as well as composite parts design, assembly and production capability, all in its Newton facility. PATC offers composite aircraft and space vehicle parts design and assembly services, in addition to "build-to-print" services. The Company believes that the ability of its PATC facility to offer such a wide and comprehensive array of composite materials and parts manufacturing and development technology and capability to the aircraft and space vehicle industries provides attractive benefits and advantages to those industries.

Advanced Composite Materials, Parts and Assemblies – Industry Background

The advanced composite materials manufactured by the Company and its competitors are used primarily to fabricate light-weight, high-strength structures with specifically designed performance characteristics. Composite materials are typically highly specified combinations of resin formulations and reinforcements. Reinforcements can be unidirectional fibers, woven fabrics, or non-woven goods such as mats or felts. Reinforcement materials are constructed of E-glass (fiberglass), carbon fiber, S2 glass, aramids, such as Kevlar® ("Kevlar" is a registered trademark of E.I. du Pont de Nemours & Co.) and Twaron® (“Twaron” is a registered trademark of Teijin Twaron B.V. LLC), quartz, polyester and other synthetic materials. Resin formulations are typically highly proprietary, and include various chemical and physical mixtures. The Company produces resin formulations using various epoxies, polyesters, phenolics, cyanate esters, polyimides and other complex matrices. The reinforcement combined with the resin is referred to as a “prepreg”. Advanced composite materials can be broadly categorized as either a thermoset or a thermoplastic. While both material types require the addition of heat to form a consolidated laminate, thermoplastics can be reformed using additional heat. Once fully cured, thermoset materials cannot be further reshaped. The Company believes that the demand for thermoset advanced materials is greater than that for thermoplastics due to the fact that fabrication processes for thermoplastics require much higher temperatures and pressures and are, therefore, typically more capital intensive than the fabrication processes for thermoset materials.

The Company works with aerospace original equipment manufacturers (“OEMs”), such as general aviation aircraft manufacturers, and certain tier I suppliers to qualify its advanced composite materials or parts and assemblies for use on current and upcoming programs. The Company’s customers typically design and specify a material specifically to meet the needs of the part’s end use and the customers’ processing methods. Such customers sometimes work with a supplier to develop the specific resin system and reinforcement combination to match the application. The Company’s customers’ processing, or the Company’s processing, may include hand lay-up, resin infusion or more advanced automated lay-up processes. Automated lay-up processes include automated tape lay-up, automated fiber placement and filament winding. These fabrication processes significantly alter the material form purchased. After the lay-up process is completed, the material is cured by the addition of heat and pressure. Cure processes typically include vacuum bag oven curing, high pressure autoclave, press forming and before-press curing. After the part has been cured, final finishing and trimming, and assembly of the structure, is performed by the fabricator or the Company.

Advanced Composite Materials, Parts and Assemblies – Products

The advanced composite materials products manufactured by the Company are primarily thermoset curing prepregs. The Company has developed proprietary resin formulations to suit the needs of the markets in which it participates by analyzing the needs of the markets and working with its customers. The complex process of developing resin formulations and selecting the proper reinforcement is accomplished through a collaborative effort of the Company’s research and development and technical sales and marketing resources working with the customers’ technical staff. The Company focuses on developing a thorough understanding of its customers’ businesses, product lines, processes and technical challenges. The Company develops innovative solutions which utilize technologically advanced materials and concepts for its customers.

The Company's advanced composite materials products include prepregs manufactured from proprietary formulations using modified epoxies, phenolics, polyesters, cyanate esters and polyimides combined with woven, non-woven and unidirectional reinforcements. Reinforcement materials used to produce the Company's products include polyacrylonitrile ("PAN") based carbons, E-glass, S2 glass, polyester, quartz, carbonized rayon, carbon fiber, aramids, such as Kevlar® ("Kevlar" is a registered trademark of E.I. du Pont de Nemours & Co.), Twaron® ("Twaron" is a registered trademark of Teijin Twaron B.V. LLC), polyester and other synthetic materials. The Company also sells certain specialty fabrics, such as Raycarb C2, a carbonized rayon fabric produced by Airbus Safran Launchers SAS (formerly Herakles, formerly Snecma Propulsion Solide) and used mainly in the rocket motor industry.

The Company's composite parts and assemblies are manufactured with carbon, fiberglass and other reinforcements impregnated with formulated resins. Certain of these impregnated reinforcements, or prepregs, are also manufactured by PATC.

Advanced Composite Materials, Parts and Assemblies – Customers and End Markets

The Company's advanced composite materials, parts and assemblies customers include manufacturers in the aerospace, fixed and rotary wing aircraft, rocket motor, electronics, RF and specialty industrial markets. The Company's materials are marketed primarily by sales personnel and, to a lesser extent, by independent distributors and independent sales representatives.

While no single advanced composite materials, parts and assemblies customer accounted for 10% or more of the Company's total sales during either of the last two fiscal years, the loss of a major customer or of a group of some of the largest customers of the Company's advanced composite materials, parts and assemblies product line could have a material adverse effect on such product line.

The Company's aerospace customers include fabricators of aircraft composite parts and assemblies. The Company's advanced composite materials are used by such fabricators and by the Company to produce primary and secondary structures, aircraft interiors and various other aircraft components. The Company's customers for aerospace materials, and the Company itself, produce parts and assemblies for commercial aircraft and for the general aviation and business aviation, kit aircraft and military markets. Many of the Company's composite materials are used in the manufacture of aircraft certified by the Federal Aviation Administration (the "FAA").

Customers for the Company's rocket motor materials include United States defense prime contractors and subcontractors. These customers fabricate rocket motors for heavy lift space launchers, strategic defense weapons, tactical motors and various other applications. The Company's materials are used to produce heat shields, exhaust gas management devices and insulative and ablative nozzle components. Rocket motors are primarily used for commercial and military space launch, and for tactical and strategic weapons. The Company also has customers for these materials outside of the United States.

The Company also sells composite materials for use in RF electrical applications. Customers buying these materials typically fabricate antennas and radomes engineered to preserve electrical signal integrity. A radome is a protective cover over an electrical antenna or signal generator. The radome is designed to minimize signal loss and distortion.

Advanced Composite Materials, Parts and Assemblies – Manufacturing

The Company's manufacturing facilities for advanced composite materials are currently located in Newton, Kansas and in Singapore, and its manufacturing facility for composite parts and assemblies is also located in Newton, Kansas. See "Advanced Composite Materials, Parts and Assemblies - Operations" elsewhere in this Report.

The process for manufacturing composite materials, parts and assemblies is capital intensive and requires sophisticated equipment, significant technical know-how and very tight process controls. The key steps used in the manufacturing process include resin mixing, reinforcement impregnation, resin film casting and solvent drying processes.

Prepreg is manufactured by the Company using either solvent (solution) coating methods on a treater or by hot melt impregnation. A solution treater is a roll-to-roll continuous process machine which sequences reinforcement through tension controllers and combines solvated resin with the reinforcement. The reinforcement is dipped in resin, passed through a drying oven which removes the solvent and advances (or partially cures) the resin. The prepreg material is interleafed with a carrier and cut to the roll lengths desired by the customer. The Company also manufactures prepreg using hot melt impregnation methods which use no solvent. Hot melt prepreg manufacturing is achieved by mixing a resin formulation in a heated resin vessel, casting a thin film on a carrier paper, and laminating the reinforcement with the resin film.

The Company also completes additional processing services, such as slitting, sheeting, biasing, sewing and cutting, if needed by the customer. Many of the products manufactured by the Company also undergo extensive testing of the chemical, physical and mechanical properties of the product. These testing requirements are completed in the laboratories and facilities located at the Company's manufacturing facilities. The Company's laboratories have been approved by several aerospace OEMs, and the Company has achieved certification pursuant to the National Aerospace and Defense Contractors Accreditation Program ("NADCAP") for both non-metallic materials manufacturing and testing and composites fabrication. After all the processing has been completed, the product is inspected and packaged for shipment to the customer. The Company typically supplies final product to the customer in roll or sheet form. The Company's PATC facility has received accreditation by NADCAP for composite parts manufacturing and for composite materials manufacturing, and the Company believes that the PATC facility is one of the few facilities in the world with NADCAP accreditation for manufacturing both composite materials and composite parts.

Advanced Composite Materials, Parts and Assemblies – Materials and Sources of Supply

The Company designs and manufactures its advanced composite materials to its own specifications and to the specifications of its customers. Product development efforts are focused on developing prepreg materials that meet the specifications of the customers. The materials used in the manufacture of these engineered materials include graphite and carbon fibers and fabrics, aramids, such as Kevlar® ("Kevlar" is a registered trademark of E.I. du Pont de Nemours & Co.) and Twaron® (“Twaron” is a registered trademark of Teijin Twaron B.V. LLC), quartz, fiberglass, polyester, specialty chemicals, resins, films, plastics, adhesives and certain other synthetic materials. The Company purchases these materials from several suppliers. Substitutes for many of these materials are not readily available. The qualification and certification of advanced composite materials for certain FAA certified aircraft typically include specific requirements for raw material supply and may restrict the Company’s flexibility in qualifying alternative sources of supply for certain key raw materials. The Company continues to work to determine acceptable alternatives for several raw materials.

The Company manufactures composite parts and assemblies primarily to its customers' specifications using its own composite materials or composite materials supplied by third parties, based on the specific requirements of the Company's customers.

Advanced Composite Materials, Parts and Assemblies – Competition

The Company has many competitors in the advanced composite materials, parts and assemblies markets, ranging in size from large international corporations to small regional producers. Several of the Company's largest competitors are vertically integrated, producing raw materials, such as carbon fiber and cloth, as well as composite parts and assemblies. Some of the Company's competitors may also serve as a supplier to the Company. The Company competes for business primarily on the basis of responsiveness, product performance, product qualification, FAA data base design allowables and innovative new product development.

Backlog

The Company considers an item as backlog when it receives a purchase order specifying the number of units to be purchased, the purchase price, specifications and other customary terms and conditions. At April 26, 2015, the unfilled portion of all purchase orders received by the Company and believed by it to be firm was approximately $28,147,000, compared to $33,755,000 at April 27, 2014. A major portion of the Company's backlog consists of composite materials.

Various factors contribute to the size of the Company's backlog. Accordingly, the foregoing information may not be indicative of the Company's results of operations for any period subsequent to the fiscal year ended March 1, 2015.

Patents and Trademarks

The Company holds several patents and trademarks or licenses thereto. In the Company's opinion, some of these patents and trademarks are important to its products. Generally, however, the Company does not believe that an inability to obtain new; or to defend existing, patents and trademarks would have a material adverse effect on the Company.

Employees

At March 1, 2015, the Company had 461 employees. Of these employees, 395 were engaged in the Company's manufacturing operations, and 66 consisted of executive, sales and marketing and research and development personnel and general administrative staff.

Environmental Matters

The Company is subject to stringent environmental regulation of its use, storage, treatment and disposal of hazardous materials and the release of emissions into the environment. The Company believes that it currently is in substantial compliance with the applicable Federal, state and local and foreign environmental laws and regulations to which it is subject and that continuing compliance therewith will not have a material effect on its capital expenditures, earnings or competitive position. The Company does not currently anticipate making material capital expenditures for environmental control facilities for its existing manufacturing operations during the remainder of its current fiscal year or its succeeding fiscal year. However, developments, such as the enactment or adoption of even more stringent environmental laws and regulations, could conceivably result in substantial additional costs to the Company.

The Company and certain of its subsidiaries have been named by the Environmental Protection Agency (the “EPA”) or a comparable state agency under the Comprehensive Environmental Response, Compensation and Liability Act (the “Superfund Act”) or similar state law as potentially responsible parties in connection with alleged releases of hazardous substances at four sites.

Under the Superfund Act and similar state laws, all parties who may have contributed any waste to a hazardous waste disposal site or contaminated area identified by the EPA or comparable state agency may be jointly and severally liable for the cost of cleanup. Generally, these sites are locations at which numerous persons disposed of hazardous waste. In the case of the Company’s subsidiaries, generally the waste was removed from their manufacturing facilities and disposed at the waste sites by various companies which contracted with the subsidiaries to provide waste disposal services. Neither the Company nor any of its subsidiaries has been accused of or charged with any wrongdoing or illegal acts in connection with any such sites. The Company believes it maintains an effective and comprehensive environmental compliance program. Management believes the ultimate disposition of known environmental matters will not have a material adverse effect on the liquidity, capital resources, business, consolidated results of operations or financial position of the Company.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Environmental Matters” included in Item 7 of Part II of this Report and Note 13 of the Notes to Consolidated Financial Statements included in Item 8 of Part II of this Report.

ITEM 1A. RISK FACTORS.

The business of the Company faces numerous risks, including those set forth below or those described elsewhere in this Form 10-K Annual Report or in the Company's other filings with the Securities and Exchange Commission. The risks described below are not the only risks that the Company faces, nor are they necessarily listed in order of significance. Other risks and uncertainties may also affect the Company’s business. Any of these risks may have a material adverse effect on the Company's business, financial condition, results of operations or cash flow.

The industries in which the Company operates are undergoing technological changes, and the Company's business could suffer if the Company is unable to adjust to these changes.

The Company's operating results could be negatively affected if the Company were unable to maintain and increase its technological and manufacturing capability and expertise. Rapid technological advances in semiconductors and electronic equipment have placed rigorous demands on the printed circuit materials manufactured by the Company and used in printed circuit board production.

The industries in which the Company operates are very competitive.

Certain of the Company's principal competitors are substantially larger and have greater financial resources than the Company, and the Company's operating results will be affected by its ability to maintain its competitive positions in these industries. The printed circuit materials, advanced composite materials and composite parts and assemblies industries are intensely competitive and the Company competes worldwide in the markets for such products.

The Company is vulnerable to an increase in the cost of gas or electricity.

Changes in the cost or availability of gas or electricity could materially increase the Company's cost of operations. The Company's production processes require the use of substantial amounts of gas and electricity, the cost and available supply of which are beyond the control of the Company.

The Company is vulnerable to disruptions and shortages in the supply of, and increases in the prices of, certain raw materials.

There are a limited number of qualified suppliers of the principal materials used by the Company in its manufacture of printed circuit materials, advanced composite materials and composite parts and assemblies. The Company has qualified alternate sources of supply for many, but not all, of its raw materials, but certain raw materials are produced by only one supplier. In some cases, substitutes for certain raw materials are not always readily available, and in the past there have been shortages in the market for certain of these materials. Raw material substitutions for certain aircraft related products may require governmental (such as Federal Aviation Administration) approval. While the Company considers its relationships with its suppliers to be strong, a shortage of these materials or a disruption of the supply of these materials caused by a natural disaster, such as the earthquake and tsunami in Japan in March 2011, or otherwise could materially increase the Company’s cost of operations and could materially adversely affect the business and results of operations of the Company. Likewise, significant increases in the cost of materials purchased by the Company could also materially increase the Company’s cost of operations and could have a material adverse effect on the Company’s business and results of operations if the Company were unable to pass such increases through to its customers. The Company experienced a supply chain issue as a result of the earthquake and tsunami in Japan in March 2011. Such issue was resolved during the 2012 fiscal year third quarter.

During the 2013, 2014 and 2015 fiscal years, the Company experienced significant volatility in the cost of copper foil, one of the Company’s primary raw materials. The Company generally passes changes in the costs of its raw materials through to its customers. See “Business—Printed Circuit Materials—Materials and Sources of Supply” in Item 1 of Part I of this Report and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 of Part II of this Report.

The Company's customer base is highly concentrated, and the loss of one or more customers could adversely affect the Company's business.

A loss of one or more key customers could adversely affect the Company's profitability. The Company's customer base is concentrated, in part, because the Company's business strategy has been to develop long-term relationships with a select group of customers. During the Company's fiscal years ended March 1, 2015, March 2, 2014 and March

3, 2013, the Company's ten largest customers accounted for approximately 53%, 59% and 63%, respectively, of net sales. The Company expects that sales to a relatively small number of customers will continue to account for a significant portion of its net sales for the foreseeable future. See "Business—Printed Circuit Materials—Customers and End Markets" and "Business—Advanced Composite Materials, Parts and Assemblies—Customers and End Markets" in Item 1 of Part I of this Report.

The Company's business is dependent on the electronics and aerospace industries, which are cyclical in nature.

The electronics and aerospace industries are cyclical and have experienced recurring cycles. The downturns, such as occurred in the electronics industry during the first quarter of the Company's fiscal year ended March 3, 2002 and in the general aviation industry in the fourth quarter of the Company’s 2009 fiscal year, can be unexpected and have often reduced demand for, and prices of, printed circuit materials and advanced composite materials, parts and assemblies. This potential reduction in demand and prices could have a negative impact on the Company’s business.

In addition, the Company is subject to the effects of general regional and global economic and financial conditions, such as the worldwide economic and financial crises that commenced in the second half of the Company’s fiscal year ended March 1, 2009.

The Company relies on short-term orders from its customers.

A variety of conditions, both specific to the individual customer and generally affecting the customer’s industry, can cause a customer to reduce or delay orders previously anticipated by the Company, which could negatively impact the Company’s business. In the printed circuit materials market, the Company typically does not obtain long-term purchase orders or commitments. Instead, it relies primarily on continual communication with its customers to anticipate the future volume of purchase orders.

The Company’s customers may require the Company to undergo a lengthy and expensive qualification process with respect to its products, with no assurance of sales. Any delay or failure in such qualification process could negatively affect the Company’s business and operating results.

The Company’s customers frequently require that the Company’s products undergo an extensive qualification process, which may include testing for performance, structural integrity and reliability. This qualification process may be lengthy and does not assure any sales of the product to that customer. The Company devotes substantial resources, including design, engineering, sales, marketing and management efforts, and often substantial expense, to qualifying the Company’s products with customers in anticipation of sales. Any delay or failure in qualifying any of its products with a customer may preclude or delay sales of those products to the customer, which may impede the Company’s growth and cause its business to suffer.

In addition, the Company engages in product development efforts with OEMs. The Company will not recover the cost of this product development directly even if the Company actually produces and sells any resulting product. There can be no guarantee that such efforts will result in any sales.

Consolidation among the Company's customers could negatively impact the Company's business.

A number of the Company's customers have combined in recent years and consolidation of other customers may occur. If an existing customer is not the controlling entity following a combination, the Company may not be retained as a supplier. While there is potential for increasing the Company's position with the combined customer, the Company's revenues may decrease if the Company is not retained as a supplier.

The Company faces extensive capital expenditure costs.

The Company’s business is capital intensive and, in addition, the introduction of new technologies could substantially increase the Company’s capital expenditures. In order to remain competitive the Company must continue to make significant investments in capital equipment and expansion of operations, which could adversely affect the Company’s results of operations.

The Company’s international operations are subject to different and additional risks than the Company’s domestic operations.

The Company’s international operations are subject to various risks, including unexpected changes in regulatory requirements, foreign currency exchange rates, tariffs and other barriers, political and economic instability, potentially adverse tax consequences, and any impact on economic and financial conditions around the world resulting from geopolitical conflicts or acts of terrorism, all of which could negatively impact the Company’s business. A portion of the sales and costs of the Company’s international operations are denominated in currencies other than the U.S. dollar and may be affected by fluctuations in currency exchange rates.

The Company is subject to a variety of environmental regulations.

The Company’s production processes require the use, storage, treatment and disposal of certain materials which are considered hazardous under applicable environmental laws, and the Company is subject to a variety of regulatory requirements relating to the handling of such materials and the release of emissions and effluents into the environment, non-compliance with which could have a negative impact on the Company’s business or consolidated results of operations. Other possible developments, such as the enactment or adoption of additional environmental laws, could result in substantial costs to the Company.

If the Company’s efforts to protect its trade secrets are not sufficient, the Company may be adversely affected.

The Company’s business relies upon proprietary information, trade secrets and know-how in its product formulations and its manufacturing and research and development activities. The Company takes steps to protect its proprietary rights and information, including the use of confidentiality and other agreements with employees and consultants and in commercial relationships, including with distributors and customers. If these steps prove to be inadequate or are violated, the Company’s competitors might gain access to the Company’s trade secrets, and there may be no adequate remedy available to the Company

The Company depends upon the experience and expertise of its senior management team and key technical employees, and the loss of any key employee may impair the Company's ability to operate effectively.

The Company's success depends, to a certain extent, on the continued availability of its senior management team and key technical employees. Each of the Company's executive officers, key technical personnel and other employees could terminate his or her employment at any time. The loss of any member of the Company's senior management team might significantly delay or prevent the achievement of the Company's business objectives and could materially harm the Company's business and customer relationships. In addition, because of the highly technical nature of the Company's business, the loss of any significant number of the Company's key technical personnel could have a material adverse effect on the Company.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Set forth below are the locations of the significant properties owned and leased by the Company, the businesses which use the properties and the size of each such property. All of such properties, except for the Melville, New York property, are used principally as manufacturing and warehouse facilities.

Location	**Owned or Leased**	**Use**	**Size (Square Footage)**
Melville, NY	Leased	Administrative Offices	8,000
Fullerton, CA	Leased	Printed Circuit Materials	95,000
Anaheim, CA	Leased	Printed Circuit Materials	26,000
Tempe, AZ	Leased	Printed Circuit Materials	81,000
Lannemezan, France	Owned	Printed Circuit Materials	29,000
Singapore	Leased	Printed Circuit Materials	88,000
Newton, KS	Leased	Advanced Composite Materials, Parts and Assemblies	89,000
Singapore	Leased	Advanced Composite Materials	21,000

The Company believes its facilities and equipment to be in good condition and reasonably suited and adequate for its current needs. Most of the Company’s manufacturing facilities have the capacity to substantially increase their production levels.

In the 2013 fiscal year third quarter, the Company closed its Park Advanced Composite Materials, Inc. (“PACM”) facility, located in Waterbury, Connecticut, after the completion of the transfer of PACM’s aerospace composite materials manufacturing activities to PATC. In the 2013 fiscal year second quarter, the Company closed its Nelco Technology (Zhuhai FTZ) Ltd. facility located in the Free Trade Zone in Zhuhai, China and transferred the manufacturing activities conducted by such business unit to the Company’s Nelco Products Pte. Ltd. business unit located in Singapore.

ITEM 3. LEGAL PROCEEDINGS.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

Executive Officers of the Registrant.

Name	*Title*	*Age*
Brian E. Shore	Chief Executive Officer, and a Director	63
Christopher T. Mastrogiacomo	President and Chief Operating Officer	57
Stephen E. Gilhuley	Executive Vice President-Administration and Secretary	70
P. Matthew Farabaugh	Vice President and Chief Financial Officer	54
Constantine Petropoulos	Vice President and General Counsel	37
Mark A. Esquivel	Vice President- Aerospace	42

Mr. Shore has served as a Director of the Company since 1983 and as Chairman of the Board of Directors since July 2004. He was elected a Vice President of the Company in January 1993, Executive Vice President in May 1994, President in March 1996, and Chief Executive Officer in November 1996. He was President until July 28, 2014, when he was succeeded by Mr. Mastrogiacomo. Mr. Shore also served as General Counsel of the Company from April 1988 until April 1994.

Mr. Mastrogiacomo was elected President and Chief Operating Officer on July 28, 2014 after having served as Executive Vice President and Chief Operating Officer since June 1, 2011 and as Senior Vice President of Strategic Marketing since December 8, 2010. Prior to joining the Company as Vice President of Strategic Marketing in September 2010, Mr. Mastrogiacomo held senior management positions with Sanmina-SCI Corporation, a leading electronics contract manufacturing services company, and its predecessor, Hadco Corporation, a major manufacturer of advanced electronic interconnect systems. Since 2008, Mr. Mastrogiacomo was Senior Vice President, Printed Wiring Board (USA) of Sanmina-SCI Corporation; from 2004 to 2008, he was Senior Vice President of Operations, the Americas Enclosures Systems of Sanmina-SCI; and from 2000 to 2004, he was Senior Vice President, Printed Wiring Board Operations of Sanmina-SCI. During the twelve years prior to 1997, he held several management positions with Hadco Corporation.

Mr. Gilhuley was elected Executive Vice President – Administration on April 5, 2012, and he has been Secretary of the Company since July 1996. Prior to April 5, 2012, he had been Executive Vice President of the Company since October 2006 and Senior Vice President from March 2001 to October 2006. He also was General Counsel of the Company from April 1994 to October 2011, when he was succeeded by Stephen M. Banker, who was Vice President and General Counsel from October 2011 to May 2014 and who was succeeded by Mr. Petropoulos.

Mr. Farabaugh was elected Vice President and Chief Financial Officer on April 9, 2012. He had been Vice President and Controller of the Company since October 2007. Prior to joining the Company, Mr. Farabaugh was Corporate Controller of American Technical Ceramics, a publicly traded international company and a manufacturer of electronic components, located in Huntington Station, New York, from 2004 to September 2007 and Assistant Controller from 2000 to 2004. Prior thereto, Mr. Farabaugh was Assistant Controller of Park Electrochemical Corp. from 1989 to 2000. Prior to joining Park in 1989, Mr. Farabaugh had been a senior accountant with KPMG.

Mr. Petropoulos was elected Vice President and General Counsel on September 4, 2014. Prior to joining the Company, Mr. Petropoulos had been Managing Attorney at Scientific Games Corporation in New York City since November 2011. From September 2007 to October 2011, he was Senior Corporate Counsel, Finance & Strategic Development, at Coca-Cola HBC SA in Attica, Greece; and from October 2002 to September 2007 he was an attorney at Latham & Watkins LLP in New York City.

Mr. Esquivel was appointed Vice President- Aerospace of the Company in April 2015. Mr. Esquivel was also appointed as President of the Company's PATC business unit in Newton, Kansas. Mr. Esquivel has been employed by the Company and its subsidiaries in various positions since 1994. He was Vice President of Aerospace Composite Parts of PATC from March 2012 to April 2015 and President of PATC from June 2010 to March 2012. Prior to June 2010, Mr. Esquivel was Vice President and General Manager of Neltec, Inc., the Company's high-technology circuitry materials business unit located in Tempe, Arizona, and responsible for the day-to-day operations of Neltec, Inc., since his appointment to that position in September 2008. He served as Manufacturing Manager of Neltec, Inc. from August 2004 to September 2008 and as Materials Manager from February 2001 to August 2004, and he held various positions since he originally joined Neltec, Inc. in 1994.

There are no family relationships between the directors or executive officers of the Company.

Each executive officer of the Company serves at the pleasure of the Board of Directors of the Company.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

The Company's Common Stock is listed and trades on the New York Stock Exchange (trading symbol PKE). (The Common Stock also trades on the Chicago Stock Exchange.) The following table sets forth, for each of the quarterly periods indicated, the high and low sales prices for the Common Stock as reported on the New York Stock Exchange Composite Tape and dividends declared on the Common Stock.

For the Fiscal Year Ended	**Stock Price**		**Dividends**	
March 1, 2015	**High**	**Low**	**Declared**	
First Quarter	$30.60	$24.03	$ 0.10	
Second Quarter	32.46	25.59	0.10	
Third Quarter	28.34	19.31	0.10	
Fourth Quarter	25.87	20.50	1.60	**(a)**

For the Fiscal Year Ended	**Stock Price**		**Dividends**	
March 2, 2014	**High**	**Low**	**Declared**	
First Quarter	$26.41	$22.31	$ 0.10	
Second Quarter	28.43	23.08	0.10	
Third Quarter	30.18	26.32	0.10	
Fourth Quarter	30.64	24.88	2.60	**(b)**

(a) During the 2015 fiscal year fourth quarter, the Company declared its regular quarterly cash dividend of $0.10 per share in December 2014, payable February 2, 2015 to shareholders of record on January 5, 2015, and declared a special cash dividend of $1.50 per share in January 2015, payable February 24, 2015 to shareholders of record on February 10, 2015.

(b) During the 2014 fiscal year fourth quarter, the Company declared its regular quarterly cash dividend of $0.10 per share in December 2013, payable February 3, 2014 to shareholders of record on January 3, 2014, and declared a special cash dividend of $2.50 per share in January 2014, payable February 25, 2014 to shareholders of record on February 11, 2014.

As of May 8, 2015, there were 618 holders of record of Common Stock.

The Company expects, for the immediate future, to continue to pay regular cash dividends.

The following table provides information with respect to shares of the Company’s Common Stock acquired by the Company during each month included in the Company’s 2015 fiscal year fourth quarter ended March 1, 2015.

Period	**Total Number of Shares (or Units) Purchased**	**Average Price Paid Per Share (or Unit)**	**Total Number of Shares (or Units) Purchased As Part of Publicly Announced Plans or Programs**	**Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs**
December 1 - January 1	-	$ -	0	
January 2 - February 1	95,334	21.52	95,334	
February 2 - March 1	23,422	21.78	23,422	
Total	**118,756**	**$ 21.58**	**118,756**	**1,131,244 (a)**

(a) Aggregate number of shares available to be purchased by the Company pursuant to a share purchase authorization announced on January 8, 2015. Pursuant to such authorization, the Company is authorized to purchase its shares from time to time on the open market or in privately negotiated transactions.

In addition to the shares shown in the table above, the Company purchased an aggregate of 444,834 shares during the period March 9, 2015 through April 24, 2015 at an average price paid per share of $21.32, leaving an aggregate total of 686,410 shares available to be purchased by the Company pursuant to the aforementioned share purchase authorization announced on January 8, 2015. All of such 444,834 shares were purchased by the Company pursuant to a Rule 10b5-1 Stock Purchase Plan established by the Company on February 13, 2015 and terminated by the Company on April 24, 2015. Additional purchases by the Company pursuant to the aforementioned share purchase authorization may occur from time to time in the future. As previously announced by the Company, shares purchased by the Company will be retained as treasury stock and will be available for use under the Company's stock option plan and for other corporate purposes.

ITEM 6. SELECTED FINANCIAL DATA.

The following selected consolidated financial data of Park and its subsidiaries is qualified by reference to, and should be read in conjunction with, the Consolidated Financial Statements, related Notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations contained elsewhere herein. Insofar as such consolidated financial information relates to the five fiscal years ended March 1, 2015 and is as of the end of such periods, it is derived from the Consolidated Financial Statements for the five fiscal years ended March 1, 2015 and as of such dates audited by the Company's independent registered public accounting firms. The Consolidated Financial Statements as of March 1, 2015 and March 2, 2014, and for each of the three years ended March 1, 2015, March 2, 2014 and March 3, 2013, together with the report of the independent registered public accounting firm for the year ended March 1, 2015 and the report of the independent registered public accounting firm for the years ended March 2, 2014 and March 3, 2013, appear in Item 8 of Part II of this Report.

	Fiscal Year Ended (Amounts in thousands, except per share amounts)				
	March 1, 2015	**March 2, 2014**	**March 3, 2013**	**February 26, 2012**	**February 27, 2011**
STATEMENT OF EARNINGS INFORMATION					
Net sales	$162,086	$165,764	$176,416	$193,254	$211,652
Cost of sales	113,133	117,664	125,866	138,512	141,751
Gross profit	**48,953**	**48,100**	**50,550**	**54,742**	**69,901**
Selling, general and administative expenses	24,373	25,168	26,595	28,247	27,917
Restructuring charges	1,179	546	3,703	1,250	1,312
Earnings from operations	**23,401**	**22,386**	20,252	25,245	**40,672**
Interest expense	1,438	764	14	-	-
Interest and other income	827	460	647	808	645
Litigation and insurance settlements	-	-	-	1,598	-
Earnings before income taxes	**22,790**	**22,082**	**20,885**	**27,651**	**41,317**
Income tax provision	2,747	64,411	3,924	4,209	8,696
Net earnings (loss)	**$20,043**	**$(42,329)**	**$16,961**	**$23,442**	**$32,621**
Earnings per share:					
Basic earnings (loss) per share	$0.96	$(2.03)	$0.82	$1.13	$1.58
Diluted earnings (loss) per share	$0.96	$(2.03)	$0.81	$1.13	$1.58
Cash dividends per common share	$1.90	$2.90	$2.90	$0.40	$1.40
Weighted average number of common shares outstanding:					
Basic	20,912	20,849	20,801	20,746	20,628

Diluted	20,986	20,849	20,823	20,792	20,675

BALANCE SHEET INFORMATION

Working capital	$283,535	$286,997	$303,996	$290,149	$271,706
Total assets	350,682	377,093	369,658	365,988	353,808
Long-term debt	84,000	94,000	52,000	-	-
Shareholders' equity	181,599	200,543	299,922	343,211	325,308

See notes to Consolidated Financial Statements in Item 8 of Part II of this Report.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

General:

Park Electrochemical Corp. ("Park" or the "Company") is a global advanced materials company which develops, manufactures, markets and sells high-technology digital and RF/microwave printed circuit materials products principally for the telecommunications and internet infrastructure and high-end computing markets and advanced composite materials, parts and assemblies products and low-volume tooling for the 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, France, Kansas, Arizona and California. The Company also maintains research and development facilities in Arizona, Kansas and Singapore.

The Company's fiscal year is the 52 or 53 week period ending the Sunday nearest to the last day of February. The 2015, 2014 and 2013 fiscal years ended on March 1, 2015, March 2, 2014 and March 3, 2013, respectively. The 2015, 2014 and 2013 fiscal years consisted of 52, 52 and 53 weeks, respectively. **Unless otherwise indicated in this Discussion and Analysis, all references to years in this Discussion and Analysis are to the Company's fiscal years and all annual information in this Discussion and Analysis is for such fiscal years.**

The comparison of the Company's results of operations for 2014 to the Company's results of operations for 2013 are impacted by the facts that the 2014 fiscal year consisted of 52 weeks and the 2013 fiscal year consisted of 53 weeks.

2015 Financial Overview

The Company's total net sales worldwide in 2015 were 2% lower than in 2014 primarily due to lower sales of the Company's printed circuit materials products in North America and Europe, partially offset by higher sales of the Company's printed circuit materials products in Asia and higher sales of the Company's aerospace composite materials, parts and assemblies and low-volume tooling.

Despite the decline in total net sales and the fixed nature of certain overhead costs, the Company's gross profit increased in 2015 compared to 2014. The Company's gross profit margin, measured as a percentage of sales, improved to 30.2% in 2015 from 29.0% in 2014 due primarily to reductions in utility rates, cost reduction initiatives in the United States, a decrease in repairs and maintenance expenses and the improved operating performance of the Company's Park Aerospace Technologies Corp. ("PATC") business unit in Newton, Kansas. The gross profit in 2015 also benefited from the higher percentage of sales of higher margin, high performance printed circuit materials products than in 2014 and the growing percentage of sales of the Company's more technically advanced high performance products.

The Company's earnings from operations in 2015 were 5% higher than in 2014 primarily as a result of the favorable impact of the items mentioned in the preceding paragraph and the reduction in selling, general and administrative expenses partially offset by an increase in restructuring charges.

The Company's net earnings in 2015 were higher than in 2014 primarily as a result of a non-cash charge of $64.0 million recorded in the 2014 fourth quarter for the accrual of U.S. deferred income taxes on the undistributed earnings of the Company's subsidiary in Singapore. The charge was partially offset by a tax benefit of $2.2 million recorded in the 2014 second quarter in connection with a tax refund related to amended federal income tax returns.

The global markets for the Company's products continue to be very difficult to forecast, and it is not clear to the Company what the demand for the Company's products will be in 2016 or beyond. However, the Company is currently in the process of qualifying its aerospace composite materials, parts and assemblies products for use in certain aerospace manufacturing programs and expects sales of these products to continue to increase in the future.

Results of Operations:

Fiscal Year 2015 Compared to Fiscal Year 2014

(amounts in thousands, except per share amounts)	Fiscal Year Ended March 1, 2015	March 2, 2014	Increase / (Decrease)	
Net sales	$ 162,086	$ 165,764	$(3,678)	-2 %
Cost of sales	113,133	117,664	(4,531)	-4 %
Gross profit	**48,953**	**48,100**	**853**	**2 %**
Selling, general and administrative expenses	24,373	25,168	(795)	-3 %
Restructuring charges	1,179	546	633	116 %
Earnings from operations	**23,401**	**22,386**	**1,015**	**5 %**
Interest expense	1,438	764	674	88 %
Interest and other income	827	460	367	80 %
Earnings before income taxes	**22,790**	**22,082**	**708**	**3 %**
Income tax provision	2,747	64,411	(61,664)	-96 %
Net earnings (loss)	**$ 20,043**	**$ (42,329)**	**$62,372**	**147 %**
Earnings per share:				
Basic earnings (loss) per share	$ 0.96	$ (2.03)	$2.99	147 %
Diluted earnings (loss) per share	$ 0.96	$ (2.03)	$2.99	147 %

Net Sales

The Company's total net sales worldwide in 2015 decreased 2% from 2014 as a result of lower unit volumes of printed circuit materials products shipped to the Company's customers in North America and Europe, which were partially offset by higher unit volumes of printed circuit materials products shipped to the Company's customers in Asia and higher volumes of aerospace composite materials, parts and assemblies. The decrease in sales of the Company's printed circuit materials products in North America was primarily driven by a general slowdown in demand for certain legacy products, and the increase in sales of the Company's printed circuit materials products in Asia was primarily driven by an increase in demand for the Company's products as a result of the telecommunications infrastructure build-out in developing countries. The higher sales of the Company's aerospace composite materials, parts and assemblies products was primarily due to the qualification of its aerospace composite materials on a long-term jet engine manufacturing program. The Company's total net sales of its printed circuit materials products were $126.4 million in 2015 and $135.4 million in 2014 and comprised 78% and 82% of the Company's total net sales worldwide in 2015 and 2014, respectively. The Company's total net sales of its aerospace composite materials, parts and assemblies and low-volume tooling products were $35.6 million in 2015 and $30.4 million in 2014 and comprised 22% and 18% of the Company's total net sales worldwide in 2015 and 2014, respectively.

The Company's foreign sales were $86.7 million, or 53% of the Company's total net sales worldwide, during 2015 compared to $83.6 million of sales, or 50% of total net sales worldwide during 2014. The Company's foreign sales during 2015 increased 4% from 2014 as a result of higher sales in Asia.

The Company’s sales in North America, Asia and Europe were 46%, 47% and 7%, respectively, of the Company’s total net sales worldwide in 2015 compared to 50%, 43% and 7%, respectively, in 2014. The Company’s sales in North America decreased 8%, its sales in Asia increased 6% and its sales in Europe decreased 9% in 2015 compared to 2014.

During 2015, 92% of the Company’s total net sales worldwide of printed circuit materials consisted of high performance printed circuit materials, compared to 88% during 2014.

The Company’s high performance printed circuit materials (non-FR4 printed circuit materials) include high-speed, low-loss materials for digital and radio frequency (“RF”)/microwave applications requiring lead-free compatibility and high bandwidth signal integrity, bismalimide triazine (“BT”) materials, polyimides for applications that demand extremely high thermal performance and reliability, cyanate esters, quartz reinforced materials, and polytetrafluoroethylene (“PTFE”) and modified epoxy materials for RF/microwave systems that operate at frequencies up to at least 79GHz.

Gross Profit

Despite the reduction in the Company’s total net sales and the fixed nature of certain overhead costs, the Company’s gross profit in 2015 was 2% higher than its gross profit in the prior fiscal year and the overall gross profit as a percentage of net sales increased to 30.2% in 2015 compared to 29.0% in 2014. The increase in the gross profit margin was primarily due to reductions in utility rates, cost reduction initiatives in the United States, a decrease in repairs and maintenance expenses and the improved operating performance of the Company’s PATC business unit as a result of the increase in sales and efficiencies from larger production volumes. The gross profit in 2015 also benefited from the higher percentage of sales of higher margin, high performance printed circuit materials products than in 2014 and the growing percentage of sales of the more technically advanced high performance products.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by $0.8 million, or 3%, during 2015 compared to 2014. Such expenses measured as percentages of sales were 15.0% during 2015 compared to 15.2% during 2014. The decrease in such expenses in 2015 was primarily the result of lower freight expenses commensurate with lower sales in 2015 than in 2014, and lower travel and entertainment costs, legal fees and stock option expenses, which were partially offset by unfavorable changes in foreign exchange rates.

During 2015 and 2014, the Company recorded non-cash charges of $0.2 million and $0.7 million, respectively, resulting from the modification of previously issued employee stock options resulting from the $1.50 per share special cash dividend paid by the Company in February 2015 and the $2.50 per share special cash dividend paid by the Company in February 2014. Selling, general and administrative expenses in 2015 included $1.4 million of stock option expenses compared to $1.7 million of such expenses in 2014.

Restructuring Charges

During 2015, the Company recorded pre-tax restructuring charges of $1.2 million in connection with cost reduction initiatives in the United States and the closures in prior years of its facilities located in Zhuhai, China and Newburgh, New York, compared to pre-tax restructuring charges of $0.5 million in 2014 related to the closure of the facility in Zhuhai, China.

Earnings from Operations

For the reasons set forth above, the Company’s earnings from operations were $23.4 million for 2015, including the non-cash pre-tax charges of $0.2 million associated with the modification of previously issued employee stock options, pre-tax restructuring charges of $1.2 million related to cost reduction initiatives in the United States and the closures in prior years of facilities in Zhuhai, China and Newburgh, New York and a pre-tax charge of $0.3 million for additional fees incurred in connection with the 2014 fiscal year-end audit, compared to $22.4 million for 2014, including the non-cash pre-tax charges of $0.7 million associated with the modification of previously issued employee stock options, $0.5 million related to the closure of the facility in Zhuhai, China and $0.3 million for a financial advisory services retention fee.

Interest Expense

Interest expense in 2015 related to the Company’s outstanding borrowings under the four-year amended and restated revolving credit facility agreement that the Company entered into with PNC Bank, National Association in the fourth quarter of the 2014. The increase in interest expense of $0.7 million in 2015 was due to the increase in outstanding borrowings in 2015 compared to 2014. The amended and restated agreement provides for an interest rate on the outstanding loan balance of LIBOR plus 1.10%. Other interest rate options are available to the Company under the agreement. See “Liquidity and Capital Resources” and “Results of Operation - Fiscal Year 2014 Compared to Fiscal Year 2013 – Interest Expense” elsewhere in this Item 7 and Note 11 of the Notes to Consolidated Financial Statements included elsewhere in this Report for additional information.

Interest and Other Income

Interest and other income was $0.8 million and $0.5 million for 2015 and 2014, respectively. Interest income increased 80% in 2015 as a result of higher weighted average interest rates based on a larger average balances of marketable securities held by the Company in 2015 compared to last year's comparable period. During 2015 and 2014, the Company earned interest income principally from its investments, which were primarily in short-term instruments and money market funds.

Income Tax Provision

The Company’s effective income tax rate of 12.1% for 2015 was lower than the statutory U.S. Federal income tax rate because portions of the Company's taxable income in 2015 were derived in foreign jurisdictions with lower effective income tax rates. The Company’s effective income tax rate was 291.7% for 2014, which was adversely affected by a non-cash charge of $64.0 million for the accrual of U.S. deferred income taxes on the undistributed earnings of the Company’s subsidiary in Singapore. The aforementioned charge was partially offset by a tax benefit of $2.2 million recorded by the Company in the 2014 second quarter in connection with a tax refund related to amended federal income tax returns. The effect of the aforementioned items was to increase the Company’s income tax provision from $2.6 million to $64.4 million for 2014. See “Results of Operations – Fiscal Year 2014 Compared to Fiscal Year 2013 – Income Tax Provision” elsewhere in this Item 7.

Net Earnings

The Company's net earnings for 2015 were $20.0 million, including the pre-tax charges of $1.6 million related to a modification of previously issued employee stock options, cost reduction initiatives in the United States and the facility closures and additional 2014 fiscal year-end audit fees mentioned above, compared to a net loss of $42.3 million for 2014, including $64.0 million related to the U.S. income tax on the undistributed earnings of the Company's subsidiary in Singapore, a tax benefit of $2.2 million in connection with a tax refund related to amended federal income tax returns and pre-tax charges of $1.5 million related to the modification of previously issued employee stock options, the closure of the Company's facility in Zhuhai, China and the financial advisory services fee mentioned above. The net impact of the items described above was to reduce net earnings by $1.0 million in 2015 and to reduce net earnings by $62.5 million in 2014.

Basic and Diluted Earnings Per Share

Basic and diluted earnings per share for 2015 were $0.96, including the additional non-cash charges related to the modification of previously issued employee stock options, cost reduction initiatives in the United States and the facility closures and the additional 2014 fiscal year-end audit fees mentioned above, compared to a basic and diluted loss per share of $2.03, including the non-cash charge for the accrual of U.S. income tax on undistributed earnings, the tax benefit in connection with the tax refund related to amended federal income tax returns, the additional non-cash charges resulting from the modification of previously issued employee stock options, the pre-tax charges in connection with the closure of the Zhuhai facility and the financial advisory services retention fee mentioned above. The net impact of the items described above was to reduce basic and diluted earnings per share by $0.04 and $3.00 in 2015 and 2014, respectively.

Fiscal Year 2014 Compared to Fiscal Year 2013

The comparison of the Company's results of operations for 2014 to the Company's results of operations for 2013 are impacted by the fact that the 2013 fiscal year consisted of 53 weeks and the 2014 fiscal year consisted of 52 weeks.

	Fiscal Year Ended			
	March 2,	**March 3,**		
(amounts in thousands, except per share amounts)	**2014**	**2013**	**Increase / (Decrease)**	
Net sales	$165,764	$176,416	$(10,652)	-6 %
Cost of sales	117,664	125,866	(8,202)	-7 %

Gross profit	**48,100**	**50,550**	**(2,450)**	**-5 %**
Selling, general and administrative expenses	25,168	26,595	(1,427)	-5 %
Restructuring charges	546	3,703	(3,157)	-85 %
Earnings from operations	**22,386**	**20,252**	**2,134**	**11 %**
Interest expense	764	14	750	5357 %
Interest and other income	460	647	(187)	-29 %
Earnings before income taxes	**22,082**	**20,885**	**1,197**	**6 %**
Income tax provision	64,411	3,924	60,487	1541 %
Net (loss) earnings	**$(42,329)**	**$16,961**	**$(59,290)**	**-350 %**
Earnings per share:				
Basic (loss) earnings per share	$(2.03)	$0.82	$(2.85)	-348 %
Diluted (loss) earnings per share	$(2.03)	$0.81	$(2.84)	-351 %

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Net Sales

The Company’s total net sales worldwide in 2014 decreased 6% from 2013 as a result of lower unit volumes of printed circuit materials products shipped to the Company’s customers in North America, Asia and Europe. The lower sales of printed circuit materials products sold by the Company in 2014 was partially offset by higher sales of aerospace composite materials, parts and assemblies products by the Company’s operations in North America, Asia and Europe. The Company’s total net sales of its printed circuit materials products were $135.4 million in 2014 and $150.6 million in 2013 and comprised 82% and 85% of the Company’s total net sales worldwide in 2014 and 2013, respectively. The Company’s total net sales of its aerospace composite materials, parts and assemblies products were $30.4 million in 2014 and $25.9 million in 2013 and comprised 18% and 15% of the Company’s total net sales worldwide in 2014 and 2013, respectively.

The Company's foreign sales were $83.6 million, or 50% of the Company's total net sales worldwide, during 2014 compared to $95.4 million of sales, or 54% of total net sales worldwide during 2013. The Company's foreign sales during 2014 declined 12% from 2013 as a result of lower sales in Asia and Europe.

The Company’s sales in North America, Asia and Europe were 50%, 43% and 7%, respectively, of the Company’s total net sales worldwide in 2014 compared to 46%, 45% and 9%, respectively, in 2013. The Company’s sales in North America increased 2%, its sales in Asia decreased 9% and its sales in Europe decreased 31% in 2014 compared to 2013.

During 2014, 88% of the Company’s total net sales worldwide of printed circuit materials consisted of high performance printed circuit materials, compared to 82% for 2013.

Cost of Sales

The Company’s cost of sales decreased by 7% in 2014 from 2013 primarily as a result of lower sales and lower production volumes in 2014 than in 2013, and cost of sales as a percentage of sales decreased to 71.0% in 2014 from 71.3% in 2013. The decrease in costs of sales as a percentage of sales was due primarily to the improved operating performance of the Company’s PATC business unit, the elimination of the additional, and in some instances duplicative, costs associated with transferring aerospace composite materials manufacturing from the Company’s Park Advanced Composite Materials, Inc. (“PACM”) facility to the Company’s PATC facility in 2013, the cost reductions resulting from the closures of the Company’s PACM facility and Nelco Zhuhai facility in 2013 and lower depreciation expense in 2014 than in 2013.

Gross Profit

The Company’s gross profit in 2014 was lower than its gross profit in the prior fiscal year, but the overall gross profit as a percentage of net sales for the Company’s worldwide operations increased to 29.0% in 2014 compared to 28.7% in 2013 despite significantly lower sales and the partially fixed nature of overhead costs. The gross profit margin in 2014 benefitted from the higher percentage of sales of higher margin, high performance printed circuit materials products in 2014 than in 2013, cost reductions as a result of the aforementioned facility closures, the improved operating performance of the Company’s PATC business unit and the lower depreciation expense in 2014 than in 2013.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by $1.4 million, or 5%, during 2014 compared to 2013. Such expenses measured as percentages of sales were 15.2% during 2014 compared to 15.1% during 2013. The increase as a percentage of sales was the result of lower revenues combined with the partially fixed nature of such expenses. Such expenses in 2013 were impacted by additional, and in some instances duplicative, expenses associated with the consolidation of all of the Company's North American aerospace composite materials, parts and assemblies manufacturing, development and design activities at its PATC business unit. The decrease in such expenses in 2014 was primarily the result of lower legal fees and expenses, lower selling and freight expenses commensurate with lower sales in 2014 than in 2013 and the elimination of the additional, and in some instances duplicative, expenses associated with operating two facilities during the consolidation of the Company's aerospace activities at its PATC business unit in the 2013 fiscal year. Although such expenses declined in 2014, they were partially offset by increases in stock option expenses in 2014 compared to 2013 due to additional non-cash charges resulting from the modification of previously issued employee stock options resulting from the special cash dividend paid by the Company in February 2014 and a financial advisory services retention fee. Selling, general and administrative expenses in 2014 included $1.7 million of stock option expenses compared to $0.9 million in 2013.

Restructuring Charges

The Company recorded pre-tax restructuring charges of $0.5 million during 2014 in connection with the closure of its Nelco Zhuhai facility located in the Free Trade Zone in Zhuhai, China in the 2013 fiscal year second quarter, and the Company recorded pre-tax restructuring charges of $3.7 million in 2013 in connection with the closure of the Nelco Zhuhai facility and the closure of the PACM facility in Waterbury, Connecticut in the 2013 fiscal year third quarter.

Earnings from Operations

For the reasons set forth above, the Company's earnings from operations were $22.4 million for 2014, including the non-cash pre-tax charges of $0.7 million associated with the modification of previously issued employee stock options, $0.3 million for the financial advisory services retention fee and $0.5 million related to the closure of the Nelco Zhuhai facility described above, compared to $20.3 million for 2013, including the pre-tax restructuring charges of $3.7 million related to the closures of the Nelco Zhuhai facility and the PACM facility described above.

Interest Expense

The interest expense in 2014 related to the Company's borrowings under the four-year amended and restated revolving credit facility agreement that the Company entered into with PNC Bank, National Association in the fourth quarter of 2014. The amended and restated agreement provides for loans up to $104 million to the Company and letters of credit up to $2 million for the account of the Company and, subject to the terms and conditions of the agreement, an interest rate on the outstanding loan balance of LIBOR plus 1.10%. Other interest rate options are available to the Company under the agreement. At the end of 2014, the Company borrowed $104 million under this credit facility and used all of such borrowed funds to finance the payment of a special cash dividend of $2.50 per share, totaling $52 million, paid to its shareholders on February 25, 2014 and to continue the $52 million loan that was provided under the credit facility agreement that the Company entered into with PNC Bank in January 2013 to finance the payment of a special cash dividend of $2.50 per share, totaling $52 million, paid to the Company's shareholders on February 26, 2013. The credit facility agreement entered into in 2014 replaced the credit facility agreement entered into in 2013. See "Liquidity and Capital Resources" elsewhere in this Item 7 and Note 11 of the Notes to Consolidated Financial Statements included elsewhere in this Report for additional information.

Interest Income

Interest income decreased $187,000, or 29%, during 2014 compared to 2013 primarily as a result of lower prevailing interest rates and shorter average maturities of the Company’s investments during 2014 than 2013. During 2014 and 2013, the Company earned interest income principally from its investments, which were primarily in short-term instruments and money market funds.

Income Tax Provision

The Company's effective income tax rate was 291.7% for 2014 compared to 18.8% for 2013. The effective income tax rate for 2014 was adversely affected by a non-cash charge of $64.0 million for the accrual of U.S. deferred income taxes on the undistributed earnings of the Company’s subsidiary in Singapore. The charge included $34.4 million related to the U.S. income tax that would be payable if the Company were to repatriate funds in an after-tax amount necessary to repay the Company’s existing $104.0 million principal amount bank loan from PNC Bank and $29.6 million relating to the remainder of the undistributed earnings of the Company’s subsidiary in Singapore. The Company has no current plan to repatriate the undistributed earnings of its subsidiary in Singapore. The aforementioned charge was partially offset by a tax benefit of $2.2 million recorded by the Company in the 2014 second quarter in connection with a tax refund related to amended federal income tax returns. The effect of the aforementioned items was to increase the Company’s income tax provision from $2.6 million to $64.4 million for 2014.

Net Earnings

The Company’s net loss for 2014 was $42.3 million, including the $64.0 million non-cash charge for the accrual of U.S. income tax on undistributed earnings, the tax benefit of $2.2 million in connection with the tax refund related to amended federal income tax returns, the $0.7 million non-cash pre-tax charges associated with the modification of previously issued employee stock options and the pre-tax charges of $0.5 million in connection with the closure of the Nelco Zhuhai facility and $0.3 million financial advisory services retention fee described above, compared to net earnings for 2013 of $17.0 million, including the $3.7 million pre-tax charges related primarily to the closures of PACM and Nelco Zhuhai, described above. The net impact of the items described above was to reduce net earnings by $62.5 million in 2014 and to reduce net earnings by $3.4 million in 2013.

Basic and Diluted Earnings Per Share

Basic and diluted losses per share for 2014 were $2.03, including the non-cash charge for the accrual of U.S. income tax on undistributed earnings, the tax benefit in connection with the tax refund related to amended federal income tax returns, the additional non-cash charges related to the modification of previously issued employee stock options, the pre-tax charges in connection with the closure of the Nelco Zhuhai facility and the financial advisory services retention fee described above, compared to basic and diluted earnings per share of $0.82 and $0.81, respectively for 2013, including the charges related to the closures of PACM and Nelco Zhuhai described above. The net impact of the items described above was to reduce basic and diluted earnings per share by $3.00 in 2014 and to reduce basic and diluted earnings per share by $0.16 and $0.17, respectively, in 2013.

Liquidity and Capital Resources*:*

(amounts in thousands)	**March 1 2015**	**March 2 2014**	**Increase / (Decrease)**
Cash and marketable securities	$272,133	$270,356	$ 1,777
Restricted cash	-	25,000	(25,000)
Working capital	283,535	286,997	(3,462)

(amounts in thousands)	**Fiscal Year Ended**				
	March 1,	**March 2,**	**March 3,**	**Increase / (Decrease)**	
	2015	**2014**	**2013**	**2015 vs. 2014**	**2014 vs. 2013**
Net cash provided by operating activities	$29,011	$30,382	$19,334	$(1,371)	$11,048
Net cash provided by (used in)investing activities	5,481	(50,675)	44,947	$56,156	$(95,622)
Net cash used in financing activities	(25,948)	(32,536)	(7,774)	$6,588	$(24,762)

Cash, Marketable Securities and Restricted Cash

Of the $272.1 million of cash and marketable securities at March 1, 2015, approximately $269.0 million was owned by certain of the Company’s wholly owned foreign subsidiaries. In the fourth quarter of 2014, the Company provided a non-cash charge for the accrual of U.S. deferred income taxes in the amount of $64.0 million on undistributed earnings of the Company’s subsidiary in Singapore. The Company believes it has sufficient liquidity to fund its operating activities through the end of 2016 and for the foreseeable future thereafter.

The change in cash, marketable securities and restricted cash at March 1, 2015 compared to March 2, 2014 was the result of cash provided by operating activities and a number of additional factors. The significant changes in cash provided by operating activities were as follows:

- prepaid expenses and other current assets were 27% higher at March 1, 2015 than at March 2, 2014 principally due to an increase in current deferred tax assets, partially offset by the receipt of payment on an income tax recoverable during 2015;
- accounts payable increased 13% at March 1, 2015 compared to March 2, 2014 primarily due to the timing of payments to vendors and raw material purchases from suppliers;
- income taxes payable increased 38% at March 1, 2015 compared to March 2, 2014 primarily as a result of an increase in the Singapore income tax provision in 2015; and
- other liabilities increased 558% at March 1, 2015 than at March 2, 2014 primarily as a result of an increase in the Company’s tax reserves.

In addition, the Company paid $39.6 million and $60.5 million in cash dividends during 2015 and 2014, respectively, including special cash dividends of $31.4 million and $52.2 million paid in the fourth quarter of 2015 and the fourth quarter of 2014, respectively, and the Company made a $10.0 million principal payment on its long-term debt and purchased treasury shares at an aggregate cost of $2.7 million in the fourth quarter of 2015.

Working Capital

The decrease in working capital at March 1, 2015 compared to March 2, 2014 was due principally to the decreases in accounts receivable and increases in current deferred income taxes, income taxes payable and accounts payable, partially offset by increases in cash and marketable securities, inventories and prepaid expenses and other current assets and a decrease in accrued liabilities.

The Company's current ratio (the ratio of current assets to current liabilities) was 10.5 to 1 at March 1, 2015 compared with 12.8 to 1 at March 2, 2014.

Cash Flows

During 2015, earnings from the Company’s operations, before depreciation and amortization, stock-based compensation, provision for deferred income taxes and amortization of bond premium, of $23.1 million, increased by a net addition in working capital items (as discussed above), resulted in $29.0 million of cash provided by operating activities.

During 2015, the Company expended $0.4 million for the purchase of property, plant and equipment. Such expenditures compare to $1.1 million during 2014 and $1.4 million during 2013 for the purchase of property, plant and equipment, primarily for the purchase of equipment for the Company’s printed circuit materials manufacturing facility in Singapore and for the Company’s aerospace development and manufacturing facility in Kansas. During 2013, the Company also paid $2.2 million as additional payment for the acquisition of substantially all the assets and business of Nova Composites, Inc.

In addition, the Company paid $39.6 million, $60.5 million and $60.4 million in cash dividends during 2015, 2014 and 2013, respectively, including special cash dividends of $31.4 million ($1.50 per share), $52.2 million ($2.50 per share) and $52.1 million ($2.50 per share) paid in the fourth quarter of 2015, the fourth quarter of 2014 and the fourth quarter of 2013, respectively. In addition, the Company made a $10.0 million principal payment on its long-term debt and purchased treasury shares at an aggregate cost of $2.7 million during 2015.

Long-Term Debt

At March 1, 2015 and March 2, 2014, the Company had $94.0 million and $104.0 million of bank debt, respectively. In the fourth quarter of 2014, the Company entered into a four-year amended and restated revolving credit facility agreement (the “Amended Credit Agreement”) with PNC Bank, National Association. The Amended Credit Agreement provides for loans up to $104.0 million to the Company and letters of credit up to $2.0 million for the account of the Company, and subject to the terms and conditions of the Amended Credit Agreement, an interest rate on the outstanding loan balance of LIBOR plus 1.10%. For additional information, see Note 11 of the Notes to Consolidated Financial Statements included elsewhere in this Report.

Other Liquidity Factors

The Company believes its financial resources will be sufficient, through the end of 2016 and for the foreseeable future thereafter, to provide for continued investment in working capital and property, plant and equipment and for general corporate purposes. Such resources would also be available for purchases of the Company's common stock, appropriate acquisitions and other expansions of the Company's business.

The Company is not aware of any circumstances or events that are reasonably likely to occur that could materially affect its liquidity.

Contractual Obligations:

The Company's contractual obligations and other commercial commitments to make future payments under contracts, such as lease agreements, consist only of (i) operating lease commitments, commitments to purchase raw materials and commitments to purchase equipment, as described in Note 12 of the Notes to Consolidated Financial Statements included elsewhere in this Report, and (ii) the long-term debt described above. The Company has no other long-term debt, capital lease obligations, unconditional purchase obligations or other long-term obligations, standby letters of credit, guarantees, standby repurchase obligations or other commercial commitments or contingent commitments, other than two standby letters of credit in the total amount of $1.1 million to secure the Company's obligations under its workers' compensation insurance program.

As of March 1, 2015, the Company's significant contractual obligations, including payments due by fiscal year, were as follows:

Contractual Obligations (Amounts in thousands)	Total	2016	2017-2018	2019-2020	2021 and thereafter
Operating lease obligations	$10,079	$1,910	$2,425	$2,341	$ 3,403
Bank debt	94,000	10,000	84,000	-	-
Inventory purchase obligations	118	118	-	-	-
Total	$104,197	$12,028	$86,425	$2,341	$ 3,403

At March 1, 2015, the Company had unrecognized tax benefits of $1.1 million. A reasonable estimate of the timing of the payment of these liabilities is not possible.

Off-Balance Sheet Arrangements:

The Company's liquidity is not dependent on the use of, and the Company is not engaged in, any off-balance sheet financing arrangements, such as securitization of receivables or obtaining access to assets through special purpose entities.

Environmental Matters:

The Company is subject to various Federal, state and local government and foreign government requirements relating to the protection of the environment. The Company believes that, as a general matter, its policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage and that its handling, manufacture, use and disposal of hazardous or toxic substances are in accord with environmental laws and regulations. However, mainly because of past operations and operations of predecessor companies, which were generally in compliance with applicable laws at the time of the operations in question, the Company, like other companies engaged in similar businesses, is a party to claims by government agencies and third parties and has incurred remedial response and voluntary cleanup costs associated with environmental matters. Additional claims and costs involving past environmental matters may continue to arise in the future. It is the Company's policy to record appropriate liabilities for such matters when remedial efforts are probable and the costs can be reasonably estimated.

In 2015, 2014 and 2013, the Company charged approximately $44,000, $27,000 and $70,000, respectively, against pre-tax income for remedial response and voluntary cleanup costs and related legal fees. The Company received, or expects to receive, reimbursement pursuant to general liability insurance coverage for approximately $21,000, $15,000 and $15,000, respectively, of such amounts charged in 2015, 2014 and 2013. While annual environmental remedial response and voluntary cleanup expenditures, including legal fees, have generally been constant from year to year, and may increase over time, the Company expects it will be able to fund such expenditures from cash flow from operations. The timing of expenditures depends on a number of factors, including regulatory approval of cleanup projects, remedial techniques to be utilized and agreements with other parties. At March 1, 2015 and March 2, 2014, there were no amounts recorded in accrued liabilities for environmental matters.

Management does not expect that environmental matters will have a material adverse effect on the liquidity, capital resources, business, consolidated results of operations or consolidated financial position of the Company. See Note 13 of the Notes to Consolidated Financial Statements included in Item 8 of Part II of this Report for a discussion of the Company's contingencies, including those related to environmental matters.

Critical Accounting Policies and Estimates:

The following information is provided regarding critical accounting policies that are important to the Consolidated Financial Statements and that entail, to a significant extent, the use of estimates, assumptions and the application of management's judgment.

General

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these Financial Statements requires the Company to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent liabilities. On an ongoing basis, the Company evaluates its estimates, including those related to sales allowances, allowances for doubtful accounts, inventories, valuation of long-lived assets, income taxes, restructurings, contingencies and litigation, and employee benefit programs. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its Consolidated Financial Statements.

Revenue Recognition

The Company recognizes revenues when products are shipped and title has been transferred to a customer, the sales price is fixed and determinable, and collection is reasonably assured. All material sales transactions are for the shipment of the Company's products.

Sales Allowances and Product Warranties

The Company provides for the estimated costs of sales allowances at the time such costs can be reasonably estimated. The Company's products are made to customer specifications and tested for adherence to such specifications before shipment to customers. Composite parts and assemblies may be subject to "airworthiness" acceptance by customers after receipt at the customers' locations. There are no future performance requirements other than the products' meeting the agreed specifications. The Company's bases for providing sales allowances for returns are known situations in which products may have failed due to manufacturing defects in the products supplied by the Company. The Company is focused on manufacturing the highest quality printed circuit materials and advanced composite materials, parts and assemblies possible and employs stringent manufacturing process controls and works with raw material suppliers who have dedicated themselves to complying with the Company's specifications and technical requirements. The amounts of returns and allowances resulting from defective or damaged products have been approximately 1.0% of sales for each of the Company's last three fiscal years.

Accounts Receivable

The Company's accounts receivable are due from purchasers of the Company's products. Credit is extended based on evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are due within established payment terms and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than established payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, and the conditions of the general economy and the electronics and aerospace industries. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The Company writes off accounts receivable when they become uncollectible.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market. The Company writes down its inventory for estimated obsolescence or unmarketability based upon the age of the inventory and assumptions about future demand for the Company's products and market conditions.

Valuation of Long-Lived Assets

The Company assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. In addition, the Company assesses the impairment of goodwill at least annually. Important factors that could trigger an impairment review include, but are not limited to, significant negative industry or economic trends and significant changes in the use of the Company’s assets or strategy of the overall business.

Income Taxes

As part of the processes of preparing its consolidated financial statements, the Company is required to estimate the income taxes in each of the jurisdictions in which it operates. This process involves estimating the actual current tax expense together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the Company's Consolidated Balance Sheets. Deferred income taxes are provided for temporary differences in the reporting of certain items, such as depreciation and undistributed earnings of foreign subsidiaries, for income tax purposes compared to financial accounting purposes. In evaluating the Company's ability to recover the deferred tax assets within the jurisdiction from which they arise, all positive and negative evidence is considered, including the scheduled reversal of deferred tax liabilities, projected future taxable income, tax planning strategies and results of recent acquisitions. If these estimates and assumptions change in the future, the Company may be required to record additional valuation allowances against its deferred tax assets, resulting in additional income tax expense in the Company's Consolidated Statements of Operations, or conversely to further reduce the existing valuation allowance, resulting in less income tax expense. The Company evaluates the realizability of the deferred tax assets and assesses the need for additional valuation allowances quarterly.

Tax benefits are recognized for an uncertain tax position when, in the Company's judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority. For a tax position that meets the more-likely-than-not recognition threshold, the tax benefit is measured as the largest amount that is judged to have a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority. The liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances and when new information becomes available. Such adjustments are recognized entirely in the period in which they are identified. The effective tax rate includes the net impact of changes in the liability for unrecognized tax benefits and subsequent adjustments as considered appropriate by the Company. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, the Company believes its liability for unrecognized tax benefits is adequate. Interest and penalties recognized on the liability for unrecognized tax benefits are recorded as income tax expense.

Contingencies and Litigation

The Company is subject to a number of proceedings, lawsuits and other claims related to environmental, employment, product and other matters. The Company is required to assess the likelihood of any adverse judgments or outcomes in these matters as well as potential ranges of probable losses. A determination of the amount of reserves required, if any, for these contingencies is made after careful analysis of each individual issue. The required reserves may change in the future due to new developments in each matter or changes in approach, such as a change in settlement strategy in dealing with these matters.

Employee Benefit Programs

The Company's obligations for workers' compensation claims are effectively self-insured, although the Company maintains individual and aggregate stop-loss insurance coverage for such claims. The Company accrues its workers compensation liability based on estimates of the total exposure of known claims using historical experience and projected loss development factors less amounts previously paid out.

The Company and certain of its subsidiaries have a non-contributory profit sharing retirement plan covering their regular full-time employees. In addition, the Company's subsidiaries have various bonus and incentive compensation programs, most of which are determined at management's discretion.

The Company's reserves associated with these self-insured liabilities and benefit programs are reviewed by management for adequacy at the end of each reporting period.

FACTORS THAT MAY AFFECT FUTURE RESULTS.

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information about their companies without fear of litigation so long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the statement. Certain portions of this Report which do not relate to historical financial information 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 or from results which might be projected, forecasted, estimated or budgeted by the Company in forward-looking statements.

Generally, forward-looking statements can be identified by the use of words such as “expect,” “estimate,” “project,” “budget,” “forecast,” “anticipate,” “goal,” “intend,” “plan,” “may,” “will,” “could,” “should,” “believes,” “predicts,” “potential,” “continu expressions or the negative or other variations thereof. Such forward-looking statements are based on current expectations that involve a number of uncertainties and risks that may cause actual events or results to differ materially from Park’s expectations.

The factors described under “Risk Factors” in Item 1A of this Report, as well as the following additional factors, could cause the Company's actual results to differ materially from any such results which might be projected, forecasted, estimated or budgeted by the Company in forward-looking statements.

The Company's operating results are affected by a number of factors, including various factors beyond the Company's control. Such factors include economic conditions in the printed circuit materials, advanced composite materials and composite parts and assemblies industries, the timing of customer orders, product prices, process yields, the mix of products sold and maintenance-related shutdowns of facilities. Operating results also can be influenced by development and introduction of new products and the costs associated with the start-up of new facilities.

The Company, from time to time, is engaged in the expansion of certain of its manufacturing facilities. The anticipated costs of such expansions cannot be determined with precision and may vary materially from those budgeted. In addition, such expansions will increase the Company's fixed costs. The Company's future profitability depends upon its ability to utilize its manufacturing capacity in an effective manner.

The Company may acquire businesses, product lines or technologies that expand or complement those of the Company. The integration and management of an acquired company or business may strain the Company's management resources and technical, financial and operating systems. In addition, implementation of acquisitions can result in large one-time charges and costs. A given acquisition, if consummated, may materially affect the Company's business, financial condition and results of operations.

The Company's success is dependent upon its relationships with key suppliers and customers and key management and technical personnel.

The Company's future success depends in part upon its intellectual property which the Company seeks to protect through a combination of contract provisions, trade secret protections, copyrights and patents.

The market price of the Company's securities can be subject to fluctuations in response to quarter to quarter variations in operating results, changes in analyst earnings estimates, market conditions in the printed circuit materials, advanced composite materials and composite parts and assemblies industries, as well as general economic conditions and other factors external to the Company.

The Company's operating results could be affected by changes in the Company's accounting policies and practices or changes in the Company's organization, compensation and benefit plans, or changes in the Company's material agreements or understandings with third parties.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Foreign Exchange Risk - The Company's primary foreign currency exchange exposure relates to the translation of the financial statements of foreign subsidiaries using currencies other than the U.S. dollar as their functional currencies. The Company does not believe that a hypothetical 10% fluctuation in foreign exchange rates would have had a material impact on its consolidated results of operations or financial position.

Interest Rate Risk - The exposure to market risks for changes in interest rates relates to the Company's short-term investment portfolio and its variable rate borrowings under its long-term debt obligations pursuant to the four-year amended and restated revolving credit facility agreement (the "Amended Credit Agreement") with PNC Bank, National Association. See Note 11 of the Notes to Consolidated Financial Statements in Item 8 of Part II of this Report. The Company does not use derivative financial instruments in its investment portfolio or its long-term debt obligations. The Company's short-term investment portfolio is managed in accordance with guidelines issued by the Company. These guidelines are designed to establish a high quality fixed income portfolio of government and highly rated corporate debt securities with a maximum weighted maturity of less than one year. Based on the average anticipated maturity of the investment portfolio at the end of the 2015 fiscal year, the Company does not believe that a hypothetical 10% fluctuation in short-term interest rates would have had a material impact on the consolidated results of operations or financial position of the Company. The Company's outstanding borrowings of $94.0 million, at March 1, 2015, represent 100% of the Company's total long-term debt obligations. Outstanding borrowings bear interest at a rate equal to, at the Company's option, either a (a) LIBOR rate option determined by a fluctuating rate per annum equal to the LIBOR Rate plus 1.10% or (b) base rate option determined by a fluctuating rate per annum equal to the highest of (i) the Federal Funds Open Rate (as defined in the Amended Credit Agreement) plus 0.5%, (ii) the Prime Rate (as defined in the Amended Credit Agreement), and (iii) the Daily LIBOR Rate (as defined in the Amended Credit Agreement) plus 1.0%. The Company does not believe that a hypothetical 10% fluctuation in interest rates would have had a material impact on the consolidated results of operations or financial position of the Company.

Item 8. Financial Statements and Supplementary Data.

The Company's Financial Statements begin on the next page.

REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS

The Board of Directors and Shareholders

Park Electrochemical Corp.

We have audited the accompanying consolidated balance sheet of Park Electrochemical Corp. and subsidiaries as of March 1, 2015, and the related consolidated statements of operations, comprehensive earnings (loss), shareholders' equity and cash flows for the year then ended. Our audit also included the financial statement schedule listed in the index at Item 15. Park Electrochemical Corp.'s management is responsible for these consolidated financial statements and financial statement schedule. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Park Electrochemical Corp. and subsidiaries as of March 1, 2015, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Park Electrochemical Corp. and subsidiaries' internal control over financial reporting as of March 1, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated May 15, 2015 expressed an unqualified opinion thereon.

/s/ CohnReznick LLP

Jericho, New York

May 15, 2015

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Board of Directors and Shareholders

Park Electrochemical Corp.

We have audited the accompanying consolidated balance sheets of Park Electrochemical Corp. (a New York corporation) and subsidiaries (the "Company") as of March 2, 2014 and March 3, 2013 (not presented herein), and the related consolidated statements of operations, comprehensive earnings (loss), shareholders' equity, and cash flows for each of the two years in the period ended March 2, 2014. Our audits of the basic consolidated financial statements included the financial statement schedule listed in the index appearing under Item 15(a)(2). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Park Electrochemical Corp. and subsidiaries as of March 2, 2014 and March 3, 2013 (not presented herein), and the results of their operations and their cash flows for each of the two years in the period ended March 2, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Grant Thornton LLP

New York, New York

May 16, 2014

PARK ELECTROCHEMICAL CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share and per share amounts)

	March 1, 2015	**March 2, 2014**
ASSETS		
Current assets:		
Cash and cash equivalents	$141,538	$133,150
Marketable securities (Note 2)	130,595	137,206
Accounts receivable, less allowance for doubtful accounts of $396 and $416, respectively	21,431	22,881
Inventories (Note 3)	14,439	13,871
Prepaid expenses and other current assets	5,256	4,132
Total current assets	**313,259**	**311,240**
Property, plant and equipment, net	26,537	29,674
Goodwill and other intangible assets (Note 3)	9,840	9,847
Restricted cash	-	25,000
Other assets (Note 4)	1,046	1,332
Total assets	**$350,682**	**$377,093**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt (Note 11)	$10,000	$10,000
Accounts payable	6,882	6,109
Accrued liabilities (Note 3)	4,767	5,139
Income taxes payable	4,141	2,995
Current deferred income taxes	3,934	-
Total current liabilities	**29,724**	**24,243**
Long-term debt (Note 11)	84,000	94,000
Deferred income taxes (Note 4)	54,155	58,124
Other liabilities (Note 4)	1,204	183
Total liabilities	**169,083**	**176,550**
Commitments and contingencies (Notes 12 and 13)		
Shareholders' equity (Note 6):		
Preferred stock, $1 par value per shares-authorized, 500,000 shares; issued, none	-	-
Common stock, $0.10 par value per shares-authorized, 60,000,000 shares; issued, 20,962,644 and 20,882,844 shares, respectively	2,096	2,088
Additional paid in capital	164,819	161,677
Retained earnings	16,048	35,651
Accumulated other comprehensive earnings	1,468	1,221

	184,431	**200,637**
Less treasury stock, at cost, 130,641 and 4,074 shares, respectively	(2,832)	(94)
Total shareholders' equity	**181,599**	**200,543**
Total liabilities and shareholders' equity	**$350,682**	**$377,093**

See Notes to Consolidated Financial Statements.

PARK ELECTROCHEMICAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share amounts)

	Fiscal Year Ended		
	March 1, 2015	**March 2, 2014**	**March 3, 2013**
Net sales	$162,086	$165,764	$176,416
Cost of sales	113,133	117,664	125,866
Gross profit	**48,953**	**48,100**	**50,550**
Selling, general and administrative expenses	24,373	25,168	26,595
Restructuring charges (Note 9)	1,179	546	3,703
Earnings from operations	**23,401**	**22,386**	**20,252**
Interest expense (Note 11)	1,438	764	14
Interest and other income	827	460	647
Earnings before income taxes	**22,790**	**22,082**	**20,885**
Income tax provision (Note 4)	2,747	64,411	3,924
Net earnings (loss)	**$20,043**	**$(42,329)**	**$16,961**
Earnings per share (Note 7):			
Basic earnings (loss) per share	$0.96	$(2.03)	$0.82
Basic weighted average shares	20,912	20,849	20,801
Diluted earnings (loss) per share	$0.96	$(2.03)	$0.81
Diluted weighted average shares	20,986	20,849	20,823

See Notes to Consolidated Financial Statements.

PARK ELECTROCHEMICAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

(Amounts in thousands)

	Fiscal Year Ended		
	March 1, 2015	**March 2, 2014**	**March 3, 2013**
Net earnings (loss)	$20,043	$(42,329)	$16,961
Other comprehensive earnings, net of tax:			
Foreign currency translation	185	420	75
Less: reclassification adjustment for foreign currency translation gains included in net earnings	-	-	(1,465)
Unrealized gains on marketable securities:			
Unrealized holding gains arising during the period	90	117	41
Less: reclassification adjustment for gains included in net earnings (loss)	(21)	(20)	(67)
Unrealized losses on marketable securities:			
Unrealized holding losses arising during the period	(20)	(83)	(72)
Less: reclassification adjustment for losses included in net earnings (loss)	13	158	40
Other comprehensive earnings (loss)	247	592	(1,448)
Total comprehensive earnings (loss)	**$20,290**	**$(41,737)**	**$15,513**

See Notes to Consolidated Financial Statements.

PARK ELECTROCHEMICAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Amounts in thousands, except share and per share amounts)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Earnings	Treasury Stock Shares	Treasury Stock Amount
Balance, February 26, 2012	**20,795,591**	**$ 2,079**	**$ 157,115**	**$ 181,941**	**$ 2,077**	**158**	**$ (1)**
Net earnings	-	-	-	16,961	-	-	-
Foreign currency translation	-	-	-	-	(1,390)	-	-
Unrealized loss on marketable securities, net of tax	-	-	-	-	(58)	-	-
Stock options exercised	35,987	4	760	-	-	-	-
Stock-based compensation	-	-	915	-	-	-	-
Repurchase of treasury shares	-	-	-	-	-	3,908	(93)
Cash dividends ($2.90 per share)	-	-	-	(60,388)	-	-	-
Balance, March 3, 2013	**20,831,578**	**2,083**	**158,790**	**138,514**	**629**	**4,066**	**(94)**
Net loss	-	-	-	(42,329)	-	-	-
Foreign currency translation	-	-	-	-	420	-	-
Unrealized gain on marketable securities, net of tax	-	-	-	-	172	-	-
Stock options exercised	51,266	5	1,157	-	-	-	-
Stock-based compensation	-	-	1,730	-	-	-	-
Repurchase of treasury shares	-	-	-	-	-	8	-
Cash dividends ($2.90 per share)	-	-	-	(60,534)	-	-	-
Balance, March 2, 2014	**20,882,844**	**2,088**	**161,677**	**35,651**	**1,221**	**4,074**	**(94)**
Net earnings	-	-	-	20,043	-	-	-
Foreign currency translation	-	-	-	-	185	-	-
Unrealized gain on marketable securities, net of tax	-	-	-	-	62	-	-
Stock options exercised	79,800	8	1,724	-	-	-	-
Stock-based compensation	-	-	1,418	-	-	-	-
Repurchase of treasury shares	-	-	-	-	-	126,567	(2,738)
Cash dividends ($1.90 per share)	-	-	-	(39,646)	-	-	-
Balance, March 1, 2015	**20,962,644**	**$ 2,096**	**$ 164,819**	**$ 16,048**	**$ 1,468**	**130,641**	**$ (2,832)**

See Notes to Consolidated Financial Statements.

PARK ELECTROCHEMICAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	Fiscal Year Ended		
	March 1, 2015	**March 2, 2014**	**March 3, 2013**
Cash flows from operating activities:			
Net earnings (loss)	$20,043	$(42,329)	$16,961
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization	3,559	3,757	4,269
Stock-based compensation	1,418	1,730	915
Recovery of doubtful accounts	-	-	(135)
(Benefit) provision for deferred income taxes	(2,815)	63,681	1,137
Amortization of bond premium	796	1,816	1,499
Impairment of fixed assets	-	-	3,620
Gain on sale of fixed assets	-	(75)	-
Non-cash restructuring	-	-	(1,465)
Changes in operating assets and liabilities:			
Accounts receivable	1,138	3,087	(2,255)
Inventories	(664)	(925)	2,882
Prepaid expenses and other current assets	1,713	2,442	(3,126)
Other assets and liabilities	1,490	(813)	(310)
Accounts payable	322	(240)	(1,929)
Accrued liabilities	866	(567)	(2,708)
Income taxes payable	1,145	(1,182)	(21)
Net cash provided by operating activities	**29,011**	**30,382**	**19,334**
Cash flows from investing activities:			
Purchase of property, plant and equipment	(430)	(1,117)	(1,447)
Proceeds from sales of property, plant and eqipment	-	100	-
Purchases of marketable securities	(100,074)	(210,693)	(142,134)
Proceeds from sales and maturities of marketable securities	105,985	161,035	190,728
Business acquisition	-	-	(2,200)
Net cash provided by (used in) investing activities	**5,481**	**(50,675)**	**44,947**
Cash flows from financing activities:			
Dividends paid	(39,646)	(60,534)	(60,388)
Decrease (increase) in restricted cash	25,000	(25,000)	-
Proceeds from exercise of stock options	1,732	1,162	760
Proceeds from long-term debt	-	52,000	52,000
Payments of long-term debt	(10,000)	-	-
Payments for debt issuance costs	(296)	(164)	(53)
Purchase of treasury stock	(2,738)	-	(93)
Net cash used in financing activities	**(25,948)**	**(32,536)**	**(7,774)**

Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	8,544	(52,829)	56,507
Effect of exchange rate changes on cash and cash equivalents	(156)	(138)	107
Increase (decrease) in cash and cash equivalents	**8,388**	**(52,967)**	**56,614**
Cash and cash equivalents, beginning of year	133,150	186,117	129,503
Cash and cash equivalents, end of year	**$141,538**	**$133,150**	**$186,117**

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Three years ended March 1, 2015

(Amounts in thousands, except share (unless otherwise stated), per share and option amounts)

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1. Summary of Significant Accounting Policies

Park Electrochemical Corp. (“Park”), through its subsidiaries (collectively, the “Company”), is a global advanced materials company which develops, manufactures, markets and sells high-technology digital and RF/microwave printed circuit materials products principally for the telecommunications and internet infrastructure and high-end computing markets and advanced composite materials, parts and assemblies and low-volume tooling products for the aerospace markets.

a. *Principles of Consolidation* – The consolidated financial statements include the accounts of Park and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

b. *Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from those estimates. In addition, certain amounts in the prior years' consolidated statements of stockholders’ equity, consolidated statements of cash flows and Note 3, “Other Balance Sheet Data”, have been reclassified to conform to the current year presentation.

c. A*ccounting Period* – The Company’s fiscal year is the 52 or 53 week period ending the Sunday nearest to the last day of February. The 2015, 2014 and 2013 fiscal years ended on March 1, 2015, March 2, 2014 and March 3, 2013, respectively. Fiscal years 2015, 2014 and 2013 consisted of 52, 52 and 53 weeks, respectively.

d. *Fair Value Measurements* – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

Fair value measurements are broken down into three levels based on the reliability of inputs as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates and yield curves observable at commonly quoted intervals or current market) and contractual prices for the underlying financial instrument, as well as other relevant economic measures.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The fair value of the Company's cash and cash equivalents, accounts receivable, accounts payable and current liabilities approximate their carrying value due to their short-term nature. Due to the variable interest rates periodically adjusting with the current LIBOR, the carrying value of outstanding borrowings under the Company's long-term debt approximates its fair value. (See Note 11). Certain assets and liabilities of the Company are required to be recorded at fair value on either a recurring or non-recurring basis. On a recurring basis, the Company records its marketable securities at fair value using Level 1 or Level 2 inputs. (See Note 2).

The Company's non-financial assets measured at fair value on a non-recurring basis include goodwill and any long-lived assets written down to fair value. To measure fair value of such assets, the Company uses Level 3 inputs consisting of techniques including an income approach and a market approach. The income approach is based on a discounted cash flow analysis and calculates the fair value by estimating the after-tax cash flows attributable to a reporting unit and then discounting the after-tax cash flows to a present value using a risk-adjusted discount rate. Assumptions used in the discounted cash flow analysis require the exercise of significant judgment, including judgment about appropriate discount rates, terminal value, growth rates and the amount and timing of expected future cash flows. There were no transfers between levels within the fair value hierarchy during the 2015 and 2014 fiscal years.

During the 2013 fiscal year, the Company impaired the long-lived assets of Nelco Technology (Zhuhai FTZ) Ltd. (See Note 9).

e. *Cash and Cash Equivalents* – The Company considers all money market securities and investments with contractual maturities at the date of purchase of 90 days or less to be cash equivalents. The Company had $0 and $19,995 in debt securities included in cash equivalents at March 1, 2015 and March 2, 2014, respectively, which were valued based on level 2 inputs. (See Note 2). Certain Company's cash and cash equivalents are in excess of U.S. government insurance. Approximately $269,000 of the $272,133 of cash and marketable securities at March 1, 2015 was owned by certain of the Company's wholly owned foreign subsidiaries.

The Company classifies amounts required by the Amended Credit Agreement described in Note 11 to be maintained in cash and marketable securities as restricted cash on the consolidated balance sheets.

Supplemental cash flow information:

	Fiscal Year		
	2015	**2014**	**2013**
Cash paid during the year for:			
Income taxes, net of refunds	$1,707	$612	$5,866
Interest	1,380	729	-

At March 1, 2015 and March 2, 2014, the Company help approximately $28,970 and $27,195, respectively, of cash equivalents in foreign financial institutions.

f. *Marketable Securities* – All marketable securities are classified as available-for-sale and are carried at fair value, with the unrealized gains and losses, net of tax, included in comprehensive earnings (loss). Realized gains and losses, amortization of premiums and discounts, and interest and dividend income are included in interest and other income, net. The cost of securities sold is based on the specific identification method.

g. *Inventories* – Inventories are stated at the lower of cost (first-in, first-out method) or market. The Company writes down its inventory for estimated obsolescence or unmarketability based upon the age of the inventory and assumptions about future demand for the Company's products and market conditions.

h. *Revenue Recognition* – The Company recognizes revenues when products are shipped and title has been transferred to a customer, the sales price is fixed and determinable, and collection is reasonably assured. All material sales transactions are for the shipment of the Company's products.

i. *Sales Allowances and Product Warranties* – The Company provides for the estimated costs of sales allowances at the time such costs can be reasonably estimated. The Company's products are made to customer specifications and tested for adherence to specifications before shipment to customers. Composite parts and assemblies may be subject to "airworthiness" acceptance by customers after receipt at the customers' locations. There are no future performance requirements other than the products' meeting the agreed specifications. The Company's bases for providing sales allowances for returns are known situations in which products may have failed due to manufacturing defects in products supplied by the Company. The Company is focused on manufacturing the highest quality products and employs stringent manufacturing process controls and works with raw material suppliers who have dedicated themselves to complying with the Company's specifications and technical requirements. The amounts of returns and allowances resulting from defective or damaged products have been less than 1.0% of sales for each of the Company's last three fiscal years.

j. *Accounts Receivable* – The Company's accounts receivable are due from purchasers of the Company's products. Credit is extended based on evaluation of a customer's financial condition and, generally, collateral is not required.

Accounts receivable are due within established payment terms and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than established payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the Company’s previous loss history, the customer’s current ability to pay its obligation to the Company, and the conditions of the general economy and the electronics and aerospace industries. If the financial condition of the Company’s customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The Company writes off accounts receivable when they become uncollectible.

k. *Valuation of Long-Lived Assets* – The Company assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Important factors that could trigger an impairment review include, but are not limited to, significant negative industry or economic trends and significant changes in the use of the Company's assets or strategy of the overall business. No impairments of long-lived assets were identified in the 2015, 2014 or 2013 fiscal years other than impairments associated with restructuring activities. (See Note 9).

l. *Goodwill and Other Intangible Assets* – Goodwill is not amortized. Other intangible assets are amortized over the useful lives, which is 15 years, of the assets on a straight line basis. The Company tests for impairment of intangible assets whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. With respect to goodwill, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value is less than the carrying value. If, based on that assessment, the Company believes it is more likely than not that the fair value is less than the carrying value, a two-step goodwill impairment test is performed. The Company assesses the impairment of goodwill at least annually. The Company conducts its annual goodwill impairment test as of the first day of the fourth quarter. The Company concluded that there was no impairment in the 2015, 2014 or 2013 fiscal years.

m. *Shipping Costs* – The amounts paid by the Company to third-party shippers for transporting products to customers, which are not reimbursed by customers, are classified as selling expenses. The shipping costs included in selling, general and administrative expenses were approximately $3,398, $3,833 and $4,080 for the 2015, 2014 and 2013 fiscal years, respectively.

n. *Property, Plant and Equipment* – Property, plant and equipment are stated at cost less accumulated depreciation and amortization. The Company capitalizes additions, improvements and major renewals and expenses maintenance, repairs and minor renewals as incurred. Depreciation and amortization are computed principally by the straight-line method over the estimated useful lives of the assets. Machinery, equipment, furniture and fixtures are generally depreciated over 10 years. Building and leasehold improvements are generally depreciated over 25-30 years or the term of the lease, if shorter. The depreciation and amortization expenses associated with property, plant and equipment were $3,559, $3,757 and $4,269 for the 2015, 2014 and 2013 fiscal years, respectively.

o. *Income Taxes* – Deferred income taxes are provided for temporary differences in the reporting of certain items, such as depreciation and undistributed earnings of foreign subsidiaries, for income tax purposes compared to financial accounting purposes. In evaluating the Company’s ability to recover the deferred tax assets within the jurisdiction from which they arise, all positive and negative evidence is considered, including the scheduled reversal of deferred tax liabilities, projected future taxable income, tax planning strategies and results of recent acquisitions. If these estimates and assumptions change in the future, the Company may be required to record additional valuation allowances against its deferred tax assets, resulting in additional income tax expense in the Company's Consolidated Statements of Operations, or conversely to further reduce the existing valuation allowance, resulting in less income tax expense. The Company evaluates the realizability of the deferred tax assets and assesses the need for additional valuation allowances quarterly.

Tax benefits are recognized for an uncertain tax position when, in the Company's judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority. For a tax position that meets the more-likely-than-not recognition threshold, the tax benefit is measured as the largest amount that is judged to have a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority. The liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances and when new information becomes available. Such adjustments are recognized entirely in the period in which they are identified. The effective tax rate includes the net impact of changes in the liability for unrecognized tax benefits and subsequent adjustments as considered appropriate by the Company. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, the Company believes its liability for unrecognized tax benefits is adequate. Interest and penalties recognized on the liability for unrecognized tax benefits are recorded as income tax expense.

p. *Foreign Currency Translation* – Assets and liabilities of foreign subsidiaries using currencies other than the U.S. dollar as their functional currency are translated into U.S. dollars at period-end exchange rates or historical exchange rates, where applicable, and income and expense items are translated at average exchange rates for the period. Gains and losses resulting from translation are recorded as currency translation adjustments in comprehensive (loss) earnings.

q. *Stock-Based Compensation* – The Company accounts for employee stock options, the only form of equity compensation issued by the Company, as compensation expense based on the fair value of the options on the date of grant and recognizes such expense on a straight-line basis over the four-year service period during which the options become exercisable. The Company determines the fair value of such options using the Black-Scholes option pricing model. The Black-Scholes option pricing model incorporates certain assumptions relating to risk-free interest rate, expected volatility, expected dividend yield and expected life of options, in order to arrive at a fair value estimate.

r. *Treasury Stock* – The Company considers all shares of the Company's common stock purchased by the Company as authorized but unissued shares on the trade date. The aggregate purchase price of such shares is reflected as a reduction to Shareholders' Equity, and such shares are held in treasury at cost.

2. MArketable Securities

The following is a summary of available-for-sale securities:

	March 1, 2015			
	Total	**Level 1**	**Level 2**	**Level 3**
U.S. Treasury and other government securities	$119,493	$119,493	$-	$ -
U.S. corporate debt securities	11,102	7,084	4,018	-
Total marketable securities	**$130,595**	**$126,577**	**$4,018**	**$ -**

	March 2, 2014			
	Total	**Level 1**	**Level 2**	**Level 3**
U.S. Treasury and other government securities	$112,793	$112,793	$-	$ -
U.S. corporate debt securities	24,413	17,329	7,084	-
Total marketable securities	**$137,206**	**$130,122**	**$7,084**	**$ -**

At March 1, 2015 and March 2, 2014, the Company’s level 2 investments consisted of commercial paper which was not traded on a regular basis or in an active market, and the Company was unable to obtain pricing information on an ongoing basis. Therefore, these investments were measured using quoted market prices for similar assets currently trading in an active market or using model-derived valuations in which all significant inputs were observable for substantially the full term of the asset.

The following tables show the amortized cost basis, gross unrealized gains and losses and gross realized gains and losses on the Company’s available-for-sale securities:

	Amortized Cost Basis	**Gross Unrealized Gains**	**Gross Unrealized Losses**
March 1, 2015:			
U.S. Treasury and other government securities	$ 119,191	$ 314	$ 12
U.S. corporate debt securities	11,097	5	-
Total marketable securities	**$ 130,288**	**$ 319**	**$ 12**

March 2, 2014:			
U.S. Treasury and other government securities	$ 112,593	$ 200	$ -
U.S. corporate debt securities	24,401	13	1
Total marketable securities	**$ 136,994**	**$ 213**	**$ 1**

	Fiscal Year 2015	2014	2013
Gross realized gains on sale	$17	$26	$ 9
Gross realized losses on sale	44	209	35

The estimated fair values of such securities at March 1, 2015, by contractual maturity, are shown below:

Due in one year or less	$73,972
Due after one year through five years	56,623
	$130,595

3. Other balance sheet data

Other balance sheet data consisted of the following:

	March 1, 2015	**March 2, 2014**
Inventories:		
Raw materials	$7,376	$7,253
Work-in-process	3,114	3,097
Finished goods	3,605	3,223
Manufacturing supplies	344	298
	$14,439	**$13,871**

Property, plant and equipment: