

Butler National Corporation
19920 West 161st Street
Olathe, Kansas 66062

Our Fifty-Fifth Year of Operation
Our Forty-Seventh Year of Public Ownership

PRESIDENT'S LETTER

To Each Shareholder:

Management is focused on increasing long-term shareholder value from increased cash generation, earnings growth, and prudently managing capital expenditures. We plan to accomplish this by continuing to drive increased revenue from product and service innovations, strategic acquisitions, and targeted marketing programs.

The global economy continues to be under pressure. We have faced recession, uncertainty, and a high degree of volatility for several years. Throughout these times, we have worked to increase shareholder value and develop the foundation for growth including strong domestic and international growth. In fiscal year 2015 revenue was \$47,062,000. Net income after taxes was \$27,000. Fiscal year 2015 was a challenging year for Butler National that ended with an even more challenging future as we moved into fiscal year 2016 with a more expensive United States dollar.

The foundation for our future growth is positive. Our Aerospace Products, which are increasingly focused on international markets, represent a foundation for growth despite recent struggles. The emerging markets continue to lead the recovery of an uncertain global economy including key markets in Latin America, South America, Africa, and Asia. This growth in the global aerospace industry creates new demand for Butler National products and services including complex structural modifications, STC approved avionics, maintenance, repair, and overhaul (MRO). The demand by our international customers for Aerospace Products is very dependent on the value of the US dollar compared to their local currency. Potential orders are delayed or projects cancelled when the US dollar increases in relative value. Our Professional Services, in particular the Boot Hill Casino, continue to remain profitable despite the current challenges in the gaming industry.

We face challenges. As we grow and expand our business, some of our business segments are impacted by a shift in our product mix through the addition of lower margin products (avionics and gaming) resulting in an overall drop in margin as the demand slows for the high-margin proprietary special mission products. We are working to overcome these challenges.

Financial Results

Brief comparative information for the fiscal years ending April 30:

(Dollars in thousands)		2015		2014		2013		2012		2011
Total Revenues	\$	47,062	\$	47,271	\$	49,152	\$	52,719	\$	46,335
Net Income (loss)		27		112		(148)		1,900		1,259
Cash		6,195		6,261		5,148		7,431		8,475
Assets		41,598		41,678		43,860		40,562		32,158
Shareholders' Equity		25,402		24,354		23,574		22,604		18,025
Backlog		9,099		5,614		3,309		8,816		9,969

Our revenue is primarily derived from two very different business segments; Aerospace Products and Professional Services. These segments operate through various Butler National Corporation subsidiaries and affiliates listed on Exhibit 21 of the attached Annual Report to the Securities and Exchange Commission on Form 10-K.

Revenue		2015	2014	2013
Professional Services		65.4%	65.6%	72.3%
Aerospace Products		34.6%	34.4%	27.7%

Assets		2015	2014	2013
Professional Services		52.0%	53.0%	54.4%
Aerospace Products		48.0%	47.0%	45.6%

L.L. Bradford and Company, LLC, a firm of independent public accountants, audited Butler National records for fiscal years 2013 and 2014. RBSM, LLP, a Las Vegas based firm of independent public accountants, audited Butler National records for fiscal year 2015. I encourage you to review the detailed discussions of Butler National's operations in Item 7 of the attached Annual Report to the Securities and Exchange Commission on Form 10-K.

Strategic Plans

Butler National initiated a series of growth strategies in fiscal year 2011. We have continued these strategies in fiscal years 2012 through 2015. We have launched a number of new products and expanded our customer base into a number of international markets. We began to pursue acquisition opportunities. We believe that Butler National is somewhat unique among publicly traded companies considered "small-cap" and "micro-cap" because of its potential to generate revenue growth and positive cash flows. We continue to focus on strategies that drive this performance.

Aerospace Products

Aerospace Products, the legacy segment of the Butler National business, derives its revenue by designing, engineering, manufacturing, installing, servicing, and repairing products for classic and current production aircraft. These products include JET autopilot service and repairs, AVCON provisions for special mission equipment installations, Butler Avionics equipment sales and installation, and Butler National electronic controls and safety equipment manufacture and sales. Aerospace customers range in size from owners and operators of small single engine airplanes to owners and operators of large commercial and military aircraft. Aerospace Products are sold to and serviced for customers located in many countries of the world. Sales and profits are dependent upon the economic conditions in the USA and the country where the customer is located.

Fiscal 2015 was a struggle for our Aerospace Products. The first two quarters of fiscal 2015 continued a positive turn-around of the Aerospace Products segment. Fiscal 2015 continued the momentum until the US dollar became stronger internationally causing a significant slowdown in order placement and delayed acceptance of completed aerospace products. These actions related to dollar value and uncertain economic conditions caused major fluctuations in business operations.

In Fiscal 2016, we are looking to drive growth in international markets and through the development of new supplemental type certificates. This includes significant efforts in South America, Europe, Africa, and Asia. Butler National, and its subsidiary Avcon Industries, are recognized worldwide in the Aerospace Industry. Avcon and Butler are renowned for their ability to complete complex structural modifications and ISR system integrations with a current focus on business aircraft (Learjet, Cessna, Dassault, and Hawker-Beechcraft). This includes the AVCON R/X (range extension) modification to improve stability and range, passenger to freighter configuration conversions, and the addition of provisions for aerial photography and radar capabilities for government, military and corporate customers around the world. These modifications represent changes to the aircraft that require complex engineering and systems integration. Generally, these projects generate premium pricing and may result in higher margins for Butler National.

Aerospace Products revenue increased slightly to \$16.3 million at April 30, 2015 compared to \$16.2 million at April 30, 2014. Aerospace Products reported an operating loss of \$475,000 in fiscal 2015 compared to an operating income of \$103,000 in fiscal 2014.

This year, our company invested \$2.0 million in new product development to accelerate growth and position the company for increased global opportunities.

Professional Services

Professional Services derives its revenue from professional management services in the gaming industry through BNSC and BHCMC and licensed architectural and civil engineering services to the business community through BCS Design. Revenue from Professional Services decreased 1% to \$30.8 million in fiscal 2015 compared to \$31.0 million in fiscal 2014.

Before removing the non-controlling interest in Professional Services, this segment reported an operating profit of \$1.8 million in fiscal 2015 compared to an operating profit of \$1.8 million in fiscal 2014.

Cautionary Statement

In the Aerospace Products segment, the Federal Aviation Administration (FAA) or a foreign equivalent agency regulates the civilian aircraft industry and many times the governmental customers require conformity to these regulations. All new modification and avionics products require testing and approval by the regulatory agencies. If and when approved by the regulators, there can be no assurance that the aircraft manufacturers will acknowledge the products or that the manufacturers will allow the operators to purchase and use a product not produced by the original manufacturer or its designee.

In the Professional Services segment please note that, even in consideration of current facts, there is always a risk that no additional Indian agreements will materialize or that the National Indian & Gaming Commission and/or the Secretary of Interior may not approve future Indian agreements. In addition, there can be no assurance that Kansas or any other state will approve a Class III Compact with Indian tribes or that Kansas will not repeal the Kansas Expanded Lottery Act (known as SB 66) which allows the State to own and operate casino

games. There can be no assurance that Kansas will extend our current agreement with the State to manage the Boot Hill Casino and Resort.

Near-Term Strategy, Long-Term Strategy, and Shareholder Value

Our near-term strategy is to build the domestic Professional Services segment and the international Aerospace Products segment. We expect the increased size and scale to continue to generate high margin revenue growth and strong cash flows. We plan to leverage major global trends, build barriers-to-entry, and pursue acquisitions. We are focused on strategic acquisitions and product development that accelerate growth, provide operating synergy, and increase the size and scale of the Company to increase shareholder value.

Our long-term plan is for our segments to grow into significant independent segments. We remain determined and dedicated to the sense of urgency and entrepreneurial spirit that will enable Butler National the flexibility to meet new challenges and seize new opportunities.

We recognize that strategic development plans will not produce instant results. However, we believe that we have significantly changed the business potential of Butler National Corporation during the first four years of a ten-year plan to grow the company product lines, establish a worldwide base of customers and stabilize the annual operations in both business segments. This strategy requires considerable international marketing expense and significant product development investment.

Our Commitment to the Future

While we still have a great distance to travel before the realization of our goals, I am pleased to report to each of you that our Company continues to have exciting opportunities each day. Looking ahead in the best interest of the shareholders, we have set our sights on achieving profitable long-term growth for Butler National Corporation. We constantly evaluate new opportunities and seek financially and strategically sound investments for the continued growth of Butler National.

On behalf of all of us at Butler National, I want to thank each shareholder for your continued cooperation and support. For Butler National, I express our appreciation for the trust, support and assistance provided by customers, tribes, financial institutions, vendors, and governmental agencies. We are confident that we are taking steps to direct Butler National to a new, exciting, and profitable future.

Thank you for your continued support of Butler National Corporation.

Sincerely,



Clark D. Stewart
President and Chief Executive Officer

July 29, 2015