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DATAKEY ELECTRONICS, INC.: NEW CORPORATION COMES WITH 25+ YEARS OF EXPERIENCE.

MINNEAPOLIS, Minn., April 29, 2002 – Datakey Electronics, Inc. reports strong growth in its traditional government and commercial markets for portable data carriers in the shapes of keys, tokens and tags. Additionally, Datakey Electronics plans to introduce several new versions of its portable carriers in 2002. Under new management since its 2001 acquisition from Datakey, Inc. (NASDAQ: DKEY), Datakey Electronics plans to increase support of its customers by adding more regional representatives around the country.

Datakey Electronics, Inc. manufactures products for Original Equipment Manufacturers (OEMs), consisting of proprietary memory keys and other custom-shaped tokens containing non-volatile memory. Datakey Electronics products are a convenient, rugged way to carry electronic data and to control access. These products are used world-wide in hundreds of military and commercial applications, providing a cost-effective and reliable way of storing and transporting electronic information where conventional methods would not survive.

Datakey Electronics, Inc. is the primary supplier of Crypto Ignition Keys (CIKs). Over 2,000,000 Crypto Ignition Keys were supplied to the STU-III secure telephone system. Also, Datakey Electronics supplies various shapes and sizes of CIKs to most all other crypto security devices produced for the U.S. government.

The new, privately held Datakey Electronics, Inc. has a legacy of more than 25 years of product development experience in robust device packaging and employee experience. Datakey Electronics plans to introduce up to 12 new products in 2002; products making many customers' current applications easier to do, while simultaneously addressing new applications and markets.

“Many of our products have been designed into applications such as access control, communications security, fuel dispensing, cashless vending, process control, data logging, instrument calibration, materials tracking and more. When Datakey, Inc. announced it was

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either selling or closing its Electronic Products Division, the mainstay of their business for more than 20 years, many customers were concerned about whether they would have a continuing source of our products,” said Jeff Daniel, Business Development Manager of Datakey Electronics. “Now under our new ownership, our customers will continue to be served with dependable Datakey Electronics products.”

“By taking this division and forming a new company with a sharp focus on our core technologies, we now have the ability to expand our existing markets and develop a new line of products to meet customers’ growing security and portable data needs,” added Scott Gardeen, Customer Applications Development Engineer. “In addition to broad security applications, our Memory Tokens, Keys, and other Systems Solutions products are used for facility access control, process and machine control, firmware updates and parameter uploads, calibration data, biometrics data, survivable ID tags, and authentication.

Datakey Electronics, Inc. has a world-wide base of customers including Microsoft, General Dynamics, Raytheon, Siemens, New York Health and Hospital Corporation, Tokheim and many other multi-national corporations.

Datakey Electronics, Inc. uses the latest electronic memory technology and manufacturing techniques to provide both off-the-shelf and custom products to solve difficult data transportation problems. Datakey Electronics’ products are packaged in convenient key and custom-shaped tokens and are supported by a full line of peripherals for programming and access. Design services are available for custom products, and system applications.

Datakey Electronics, Inc., based in Burnsville, MN, is a minority woman owned business and boasts a complete manufacturing facility with substantial capacity for production growth.

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