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NEWS FOR IMMEDIATE RELEASE

Datakey Electronics, Inc. Breaks Ground on New Manufacturing Facility



From left to right: Chuck Bainey, Tom Brennan, Jennifer Kaplan, Barry Stock, Adriana Jennings, Eric Jennings and Scott Frederiksen.

Burnsville, Minnesota, May 20, 2004 - Official groundbreaking ceremonies for Datakey Electronics, Inc.'s new 17,500 square foot office and manufacturing facility were held today at the construction site, 12730 Creek View Avenue in Savage, MN. The ceremony was attended by Savage City officials including the Mayor, the City Administrator,

Members of City Council and the Economic Development Commission. Also joining owners, Eric and Adriana Jennings, were representatives from The Bainey Group, Mohagen/Hansen Architectural Group, Welsh Companies, and First Community Bank of Savage.

"We are excited to welcome Datakey Electronics as our newest addition to the Eagle Creek Business Park. Datakey Electronics' office and high-tech manufacturing space represents the type of corporate headquarters business that we hoped to lure to Savage when the Park was originally envisioned," commented Tom Brennan, Mayor of Savage. "We have been working hard to improve the Savage business community and make the area more attractive to businesses like Datakey Electronics."

Barry Stock, City Administrator of Savage, added: *"Datakey Electronics' innovative product/service package and energetic management team provide a solid base for long term business success which will certainly provide sustainable contributions to our community in terms of enhanced tax base, positive image and quality job creation."*

"In anticipation of our lease ending, Adriana and I explored leasing, purchasing and building new space. We decided that building was cost-effective and would additionally provide a lot of intangible benefits to our employees and our processes," said Eric Jennings, President of Datakey Electronics. *"Scott Fredericksen of Welsh Companies helped us put together the building team that is creating this excellent long-term headquarters for our business. Our new building will provide ample, efficient space for our Manufacturing operations. Since we expect our headcount growth to be mainly in Engineering, Marketing and Customer Support, the office areas are designed to accommodate > 40% employment growth. We have accomplished that while maintaining our current level of expenses."*

The structure, designed by Mohagen/Hansen Architectural Group, will be both functional and attractive. Jennifer Kaplan, Architect, Mohagen/Hansen said,



"There is no reason a manufacturing facility can't incorporate function and design to create a pleasant working environment. Datakey Electronics' owners opted for a number of windows to be placed throughout both the office and manufacturing areas so all employees have the benefit of natural light."

Construction by *The Baine Group* is scheduled to be completed by mid-September of this year. *"We at The Baine Group understand the process of building a high-tech manufacturing facility and are committed to making our deadlines so Datakey Electronics can move in when scheduled,"* stated Chuck Baine, Project Manager, The Baine Group.

The project was financed locally by First Community Bank of Savage, who provided both construction and permanent financing. FCB Savage also arranged 50% of

the permanent financing through an SBA loan administered by the Twin Cities Metro CDC.

Following the ceremony, the entire Datakey Electronics team and the groundbreaking ceremony guests attended a celebratory luncheon at *Buca Di Beppo's*.

About Datakey Electronics, Inc.

Datakey Electronics, Inc. manufactures products for Original Equipment Manufacturers (OEMs), consisting of proprietary memory keys and other custom-shaped tokens containing re-programmable 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, cost-effectively providing a reliable way of storing and transporting electronic information where conventional methods would not survive.

Datakey Electronics, Inc. has a world-wide base of customers including Microsoft, General Dynamics, Raytheon, Siemens, New York Health and Hospital Corporation, Gasboy, governments and 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. Datakey Electronics products solve difficult data transportation problems, security problems, and access control problems. These 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., currently based in Burnsville, MN, is a minority woman-owned business with a complete manufacturing capabilities and substantial capacity for production growth.

Groundbreaking Ceremony Guests

Name	Title	Organization
Adriana Jennings	CEO	Datakey Electronics
Eric Jennings	President	Datakey Electronics
Scott Frederiksen	Senior Vice President	Welsh Companies
Nick Carmichael	Associate	Welsh Companies
Tom Hansen	President	First Community Bank of Savage
John McGinnis	Vice President	First Community Bank of Savage
Tom Brennan	Mayor	City of Savage

Barry Stock
Bryan Tucker
Lee Watson
Al McColl
Kevin Lienau
Chuck Bainey
Jeromy Moline
Todd Mohagen
Jennifer Kaplan

City Administrator
Planning Manager
Economic Development Commission
City Council Member
City Council Member
Project Manager
Superintendent
Principal
Architect

City of Savage
City of Savage
City of Savage
City of Savage
The Bainey Group
The Bainey Group
Mohagen-Hansen Architectural Group
Mohagen-Hansen Architectural Group



From left to right: Kevin Lienau, Al McColl, Bryan Tucker, Adriana Jennings, Tom Brennan, Barry Stock, Lee Watson and Eric Jennings.

From left to right: Chuck Bainey, Todd Mohagen, Jeromy Moline, Jennifer Kaplan, Tom Hansen, Adriana Jennings, John McGinnis, Eric Jennings, Scott Frederiksen and Nick Carmichael.