6 Manor Parkway
Salem, New Hampshire 03079

September 18, 2009

Dear Fellow Shareholders:

The global economic recession impacted essentially all of Standex's business units for most of fiscal 2009. In response to these unprecedented macroeconomic conditions, we took aggressive actions to mitigate the effects of the recession as we continued to execute on our long-term growth strategy. As a result, we improved our bottom-line performance and strengthened our balance sheet. At the same time, we made the investments in our operating businesses necessary to drive long-term organic growth.

Margin Improvement and Cash Generation

After reporting excellent top- and bottom-line growth in the first quarter of fiscal 2009, essentially all of Standex's business units were affected by a sudden and severe sales volume decline in the second fiscal quarter caused by the global recession. We immediately directed our focus and resources to navigating successfully through the recession. While our primary objectives were cutting costs, conserving cash and reducing debt, we also focused on making positive changes in the company that would benefit our financial performance for the long term.

During the fiscal year, we secured substantial cost savings through headcount and other workforce-related reductions, procurement and productivity savings, and plant consolidations. We reduced our US-based workforce by approximately 25% in line with the sales volume reality that we faced. We also made the difficult near-term decisions to institute a world-wide pay freeze, temporarily suspend company contributions to the 401(k) plan and eliminate all annual incentive and long-term compensation awards for fiscal year 2009. Clearly, these were not easy decisions, and we appreciate the sacrifices that our entire workforce has made to ensure that Standex will be a stronger company when the economy rebounds.

We increased our emphasis on internal productivity improvements and cost reductions. We achieved substantial cost reductions in the cost of inventory materials, maintenance and repair items, and third-party services. In addition, we significantly restricted capital expenditures, aggressively decreased working capital and reduced our dividend payments in order to conserve cash and lower debt.

Plant consolidations have been an important and ongoing component of our long-term strategy to optimize our manufacturing footprint and improve our bottom-line performance. During the past year we accelerated our plant consolidation efforts as we closed eight facilities and initiated the consolidation of a ninth facility in the fourth fiscal quarter.

As a result of these initiatives, we achieved $36 million of sustainable annual savings by the end of the fiscal year. We also generated $34.2 million in free cash flow and reduced our net debt by $20 million. In the fourth quarter of fiscal 2009 we achieved net income that was essentially flat with the fourth quarter of fiscal 2008 despite a 23% reduction in sales volume.

It is clear that our actions to enhance margins and effectively manage cash flows have had a very considerable, positive effect on our near-term performance. We have established a cost structure that enables us to maintain good levels of profitability even at these low sales volume levels. At the same time, we have solid upside opportunity for margin and profit enhancements as our markets rebound and sales volume increases.

Organic Growth Initiatives

While we have been successful in improving our bottom-line performance throughout the year, we also have made investments in organic growth through a number of new product development and sales channel enhancement initiatives. These include capitalizing on sales synergies, expanding into new geographic markets, increasing market share through the development of new product applications and technology, and enhancing our sales penetration with strategic end users and sales channel partners. We have a number of exciting growth initiatives underway at each one of our operating units and we will highlight just two examples as part of this year end report.

At our Engraving Group, we have developed two new patented engraving processes to expand our automotive mold texturizing business. These two new processes enable us to offer our automotive customers a complete suite of texturizing capabilities to support the tooling required to produce all of the texturized components in the interior and exterior of new and updated platforms. Instead of going to three or more different suppliers, OEMs can now get all of their texturized tooling needs met through Standex. Because our proprietary technologies markedly decrease the required process steps and throughput time for producing the tooling, we can offer our customers reduced lead times and tooling costs, giving Standex a significant competitive advantage.

During the fourth quarter, our Electronics business launched its new miniature reed switch line, which is being targeted for the medical device market, initially in hearing aids, and eventually for other medical-related applications where zero power on/off switching is important. We are making important inroads in the reed switch market by providing unique product features and performance. This is an excellent example of how we are engineering new products that bring higher margins and that enable us to enter new markets.

Strategic Execution

As we enter fiscal 2010, we are beginning to see increased signs of stability in our incoming order rates and customer quotation and business activities. We are cautiously optimistic that we have found the bottom of the effect of the recession on our sales volume. As a result of the aggressive actions we took in 2009, we are already a much better performing company, and we look forward to seeing greater improvements as the economy begins to rebound.

As we move forward in fiscal 2010, we will continue to focus on our performance improvement initiatives which include the following components:

Refining our business portfolio and building larger, more profitable operating groups by investing in both organic growth initiatives and acquiring complementary or bolt-on acquisitions that fill in product or geographic gaps.
Driving organic growth through a number of new product and technology developments, sales channel enhancement initiatives and capitalizing on cross-selling opportunities.
Optimizing our manufacturing footprint by consolidating plants and leveraging low-cost manufacturing in Mexico and China.
Continuously improving our cost structure through gains in labor productivity, achieving procurement savings by leveraging our corporate-wide spending, and increasing efficiency through Lean initiatives**.**
Effectively managing the balance sheet by focusing on working capital management, limiting capital expenditures to critical strategic projects, generating strong free cash flow and reducing debt.

In closing, we would like to thank our dedicated employees for their sacrifice and support as we endeavor to make Standex a stronger company for the long term. On behalf of everyone at Standex, we also would like to thank our shareholders for their continuing support.

Sincerely,

Roger L. Fix
President and Chief Executive Officer

Edward J. Trainor
Chairman of the Board