

PRESS RELEASE
FOR IMMEDIATE RELEASE

September 15, 2004

**BUTLER NATIONAL CORPORATION REPORTS NET INCOME INCREASE OF 111%
ON A 155% INCREASE IN SALES FOR FIRST QUARTER FY 2005**

[OLATHE, KANSAS], September 15, 2004, - Butler National Corporation (OTC Bulletin Board "BUKS") announces first quarter fiscal year 2005 results for the period ended July 31, 2004 as filed on Form 10-Q pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Historical selected financial data related to all operations:

	Quarter Ended July 31 <u>(In thousands except per share data)</u>			Quarter Ended April 30 <u>(In thousands except per share data)</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net Sales	\$ 5,172	\$ 2,024	\$ 1,175	\$ 3,109	\$ 1,705	\$ 1,655
Operating Income	500	229	(119)	318	11	8
Net Income	424	201	(147)	251	(20)	8
Per Share Net Income	.01	.01	(.00)	.01	(.00)	.00
Total Assets	13,922	8,982	9,398	nr	nr	nr
Long-term Obligations	1,418	1,574	1,410	nr	nr	nr
Shareholders' Equity	7,117	5,895	5,406	nr	nr	nr
New Product Research and Development Cost	328	313	304	611	265	335

Nr = not reported

Highlights of the report include:

Sales for the first quarter fiscal year 2005 ended July 31, 2004 increased 155% or \$3.1 million to \$5.2 million as compared to \$2.0 million from the same period last year. The increase in sales is due to an increase in Aircraft Modifications and Avionics related Classic Aviation Products.

Operating income for the first quarter in fiscal year 2005 was \$500,000, an increase of 118% from the previous year and up 57% from the previous quarter. The increase is due primarily to product improvements in Aircraft Modifications and Avionics.

Backlog at July 31, 2004 was \$11,500,000 compared to \$11,456,000 at April 30, 2004 and \$7,300,000 at July 31, 2003.

Management Comments:

"We just completed the first quarter of the new fiscal year with profits on target to approach the success

of Butler National in fiscal 2005. Our focus on Classic Aviation Products allowed us to invest in product development and market refinement as an expense, 6% of sales, and show a seven-figure profit during very tough times in the aerospace industry. We just completed our third profitable year, April 30, 2004 and increased this profit in first quarter fiscal 2005. We continue development of new products to stabilize our long-term revenues including RVSM for the Learjet 20 series, weapon control systems, expanded professional services, Gaming Accountable To Kansans, and extension of our gaming management segment.

Our determination to focus Butler National Corporation on 'Classic' Aviation Products, consistent with our long and significant heritage as a manufacturer of airline avionics equipment and a modification facility for aircraft in service is beginning to make a positive showing on the financial statements. It is our intent to provide Classic Aviation Products that will support and promote continued safe commercial and general aviation. Our plans are to provide support to currently available aircraft that will operate with a positive cost benefit picture into the middle of the 21st century.

Currently, our backlog is in excess of \$11,500,000 reflecting the potential to realize the results of our product development efforts. We must continue working hard to ship the backlog, replace the backlog with new orders and further take advantage of these new products. We are pleased to see the growth in our backlog for our new Classic Aviation Products and Services. Significant accomplishments were made by all operating segments and in gaming. However, because of our major investment in product development, we may not always maintain smooth and continuous quarterly profits.

I am pleased with the continued progress by our people in this fiscal year. Many programs and projects are being established to continue this progress into the future. We are looking forward to a very good year in fiscal 2005," commented Clark D. Stewart, President of the Company.

Our Business:

Butler National Corporation operates in the Aerospace and Services business segments. The Aerospace segment focuses on the manufacturing of support systems for "Classic" commercial and military aircraft including the Butler National TSD for the Boeing 737 and 747 Classic aircraft, switching equipment for Boeing/Douglas Aircraft, weapon control systems for Boeing Helicopter and performance enhancement structural modifications for Learjet, Cessna, Dassault and Raytheon business aircraft. Services include electronic monitoring of water pumping stations, temporary employee services, Indian gaming services and administrative management services.

Forward-Looking Information:

The information set forth above may include "forward-looking" information as outlined in the Private Securities Litigation Reform Act of 1995. The Cautionary Statements, filed by the Company as Exhibit 99 to the Company's Annual Report on Form 10-K, are incorporated herein by reference and investors are specifically referred to such Cautionary Statements for a discussion of factors which could affect the Company's operations and forward-looking statements contained herein.

FOR MORE INFORMATION, CONTACT:

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