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Dear Fellow Shareholders:

We are pleased to report that PASSUR® Aerospace continues to make significant progress in key business areas. Sales increased by 18% to \$8,960,000 for the year ended October 31, 2009, compared to \$7,572,000 in FY2008. Operating profit for FY2009 was up approximately 16% to \$1,271,000 compared to \$1,094,000 in FY2008. Net profit was \$154,000 or \$.03 per diluted share compared to \$495,000 or \$.09 per diluted share in FY2008. We expanded the PASSUR Network through the deployment of 21 additional systems. PASSURs are now deployed at over 137 locations worldwide and at all of the top 35 US airports. We're also growing our customer base – we now provide our solutions to dozens of airlines (including 6 of the top 7 North American airlines, including the top 5 hub airlines), over 50 airport customers (including 10 of the top 15 in the US), and more than 200 corporate aviation customers.

We are a vertically integrated, innovative business intelligence company using predictive analytics to offer solutions which address the billions of dollars in unnecessary costs related to delays and cancellations in aviation. Industry-specific solutions are generated from our unique, integrated aviation database, which targets some of the toughest and most costly problem areas faced by the industry today. These problem areas include the need to: (1) reduce and minimize the impact of delays; (2) reduce the incidence of and costs of diversions; (3) improve airline reliability; (4) reduce unnecessary costs of arrival and departure management; and (5) help airlines and airports reduce the cost of unnecessary tarmac delays. Related non-financial costs targeted through the same product offerings include the carbon output from excessive fuel burn, and passenger disruption.

Our business intelligence solutions are powered by information from our proprietary sensor network – the PASSUR Network. The Network now covers over 85% of the top 100 commercial and general aviation airports in the US, with a total coverage of over 180 locations worldwide. The Network provides the backbone for the rich database of aircraft identification, behavior, and pinpoint location which has proved instrumental in reducing costs, improving efficiencies, and providing the immediate information to operators required for meaningful, actionable situational awareness. Our ETAs (estimated times of arrival) are acknowledged by our customers to be the most precise available.

The system has also proved to be invaluable in the management and analysis of aircraft incidents and accidents. Specifically, PASSUR was the first to deliver vital information after three recent incidents: the US Airways Hudson River landing, the Corey Lidle crash, and the most recent General Aviation aircraft crash in Austin, TX. The PASSUR Network is the largest of its type in the world and, after years of investments and technological advances, now processes signals from almost any relevant aircraft surveillance source, including ground-based radar, aircraft, other ground and aerospace-based sources, and satellites, including ADS-B (Automated Dependent Surveillance-Radar). PASSUR is fully ADS-B compatible.

Our solutions are reaching across the aviation spectrum and deep into our current customers' operations. We recently announced that American Airlines and US Airways made major purchases of our arrival management system. American's recent purchase was their first major acquisition of our technology. Our airport solutions continue to be expanded with many valuable enhancements, such as the recent announcement of the launch of our Airport Network of Field Condition Reporting – next generation capabilities that provide all key airport users timely, accurate, and complete field condition status updates plus official FAA NOTAMs for more cost effective, efficient, and safe traffic management decisions. This program is unique to PASSUR and has been purchased by ten leading North American airports.

Additionally, over 30 airports and their airlines use our Landing Fee Management Program. This Program is the industry-standard for airports and airlines who want to ensure the complete collection and equitable distribution of landing fees. Airport landing fees aggregating almost \$1 billion are managed using PASSUR software.

Our Tarmac Delay Program addresses the pressing need for airlines and airports to work collaboratively to minimize passenger disruption and airline fines related to tarmac delays – airline fines per aircraft can easily exceed \$2MM for even a single extended tarmac delay event. Our patent-pending, proven program is used by several leading airports today.

We continue to add to our suite of data, information, analytics, and collaborative decision making solutions, which aggregate many different sets of information from our database, onto a single screen (or dashboard). These dashboards take a mass of data and convert it to user-friendly, easily understood, actionable information, which includes trends and deviations from the norm. In 2009 we invested about \$900,000 in software development to add additional layers of value to several of our solution offerings. Our patent portfolio currently consists of 5 issued patents, and 19 patents pending, with 2 additional filings in fiscal year 2009.

In addition, our PASSUR Professional Services Program is becoming an increasingly important part of the total solutions package we offer our customers. The experts in our Professional Services Program include former FAA, airline and airport personnel, as well as commercial, corporate, and military pilots, who have significant experience in air traffic management, airline and airport financial analysis, as well as airline and airport operations. This team provides custom-designed business intelligence solutions to customers who want turn-key solutions for their most pressing problems. The team also provides outsourcing services for complex operational projects requiring a strong collaborative component.

For the fifth year, we were named to the Connecticut Technology Fast 40 Program, a listing of the 40 fastest growing technology companies in the state.

We are encouraged by our momentum, although there continue to be risks in our business. We remain confident that our business model can generate profitable growth and appreciate your continued support.

Yours truly,



James T. Barry
President & Chief Executive Officer



G.S. Beckwith Gilbert
Chairman of the Board

The forward-looking statements in this shareholder letter relating to management's expectations and beliefs are based on preliminary information and management assumptions. Such forward-looking statements are subject to a wide range of risks and uncertainties that could cause results to differ in material respects, including those related to customer needs, budgetary constraints, competitive pressures, the success of airline trials, the profitable use of the Company's owned PASSURs located at major airports, the Company's maintenance of above average quality of its product and services, as well as potential regulatory changes. Further information regarding factors that could affect the Company's results is contained in the Company's SEC filings, including the October 31, 2009 Form 10-K.