

FOR: IMMEDIATE RELEASE

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PARAGON TECHNOLOGIES' CHAIRMAN'S LETTER TO STOCKHOLDERS

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EASTON, PA – March 30, 2012 – Paragon Technologies, Inc. (OTC Pink: PGNT), a leading supplier of "smart" material handling systems and "software-driven" warehouse and distribution center solutions, today issued a letter to stockholders from Sham Gad, the Company's Chairman. The letter can also be viewed on the Company's website at www.ptgamex.com

March 30, 2012

To The Stockholders of Paragon Technologies:

While Paragon regularly communicates to stockholders through its quarterly and annual reports, the Company has had little direct communication with investors, many of whom have been invested in the Company for many years. I write you this letter today not only as Chairman of Paragon Technologies but also as a fellow stockholder. With a nearly 25% ownership stake in the Company, you can take comfort that my interests are 100% aligned with yours.

As the General Partner of Gad Partners Funds, a value-oriented investment partnership modeled after the original 1956 Buffett Partnerships, my limited partners can expect, at a minimum, two things from me. First, that I will always eat my own cooking and remain a significant investor alongside them at all times. Second, I will strive to communicate candidly with respect to all business issues. I share that same philosophy with respect to Paragon and its stockholders.

My ownership stake, the largest of any current stockholder, for the most part was made at prices at or above current prices. To be more specific, my ownership interest constitutes an investment of over \$1 million in the Company. I will prosper only when you prosper, but also be the first in line to feel the pain.

Like you, I am well aware of the obvious conditions under which Paragon exists and operates. Over the past five years, Paragon's balance sheet has shrunk from approximately \$12 million in cash to approximately \$5 million. During that same time period, sales have also declined from approximately \$21.4 million to approximately \$8.5 million. When I joined the Board in 2010, I felt that the overhead structure did not match the size of the Company. To that effect, I worked with the Board to better align overhead expense with the Company's size. Through the collective efforts of the Board, management, and employees, we made the tough but necessary decisions. Operating expenses were reduced from approximately \$3.1 million in 2010 to approximately \$2.5 million in 2011. As a result of our collective efforts, your Company reported an operating profit in 2011.

Yet as any experienced business operator understands, cost cuts are not a permanent path to profitability. For profitability to be reliable, revenue growth is required in conjunction with an efficient operating structure. As

your Chairman and a fellow stockholder, I will work diligently with the Board, management, and team members of Paragon in pursuit of this objective.

We will intelligently and prudently pursue opportunities to invest in the growth of the Order Fulfillment Systems side of the business where there should be ample opportunity to pursue new customers. We will also remain focused on the Production & Assembly Systems side of the business, which has been a key systems provider to some of the world's most recognized companies including Oshkosh Corporation, Cummins Inc., Bombardier Inc., Harley-Davidson, Inc., The Johns Hopkins Hospital, as well as the United States Postal Service.

In addition to operating effectively, sound capital allocation is also a prerequisite in order for management to be effective stewards over the Company's assets. To that approach, going forward your Company will remain very attentive and disciplined in how it allocates its capital. Sound capital allocation dictates a constant evaluation of risk and return in all operational and cash management decisions.

Paragon has a strong balance sheet with no debt and nearly \$5 million in cash. Through a disciplined capital allocation process, we will examine ways to utilize the Company's assets to increase the intrinsic value of the Company. Currently, the Company's current market valuation ignores the value and potential growth prospects of the business operations. As of December 31, 2011, the Company's book value per share stood at approximately \$3.25, most of which resides in cash, compared with a current market price of approximately \$2.75. Over time, we hope to change that misconception. However, management can only affect the intrinsic value of the Company and has no control over market value. But I sincerely subscribe to Warren Buffett's assertion that in the short run, the market is a voting machine, but in the long run, it is a weighing machine.

While it takes little time to articulate these objectives going forward, execution is, unfortunately, not as quick. Yet rest assured that we are working tirelessly on your behalf in our efforts to make Paragon a dynamic company for its stockholders, team members, and customers.

Respectfully,



Sham Gad
Chairman of the Board

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Cautionary Statement. *Certain statements contained herein are not based on historical fact and are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and the Securities and Exchange Commission rules, regulations and releases. Paragon intends that such forward-looking statements be subject to the safe harbors created hereby. Among other things, the forward-looking statements regard Paragon's earnings, liquidity, financial condition, review of strategic alternatives, and other matters. Words or phrases denoting the anticipated results of future events, such as "anticipate," "does not anticipate," "should help to," "believe," "estimate," "is positioned," "expects," "may," "will," "is expected," "should," "continue," and similar expressions that denote uncertainty, are intended to identify such forward-looking statements. Paragon's actual results, performance, or achievements could differ materially from the results expressed in, or implied by, such "forward-looking statements": (1) as a result of factors over which Paragon has no control, including the strength of domestic and foreign economies, sales growth, competition, and certain cost increases; and (2) if the factors on which Paragon's conclusions are based do not conform to its expectations. The forward-looking statements contained in this press release may become outdated over time. Paragon does not assume any responsibility for updating any forward-looking statements. Furthermore, achievement of the objectives of the Company is subject to certain risks, including, but not limited to, those risks outlined in Paragon's filings with the OTC Markets Group, including its annual report for the fiscal year ended December 31, 2011, as filed with the OTC Markets Group.*

This press release and prior releases are available at www.ptgamex.com.