# ELXSI CORPORATION REPORTS NET INCOME
# FOR THE YEAR ENDED
# December 31, 2010

ORLANDO, Florida – April 14, 2011 - ELXSI Corporation today announced that it reported net income of $329,000, or $0.08 per diluted share, for the year ended December 31, 2010 as compared to a net loss of ($290,000), or ($0.07) per diluted share for the year ended December 2009.

**Restaurant Operations**. The Company's favorable trend of reducing its restaurant operations' losses continued during 2010. The operating losses (before losses on disposals of property and buildings) decreased dramatically by a robust $1 million, or 67%, from $1.5 million in 2009 to $495,000 in 2010. Overall restaurant sales decreased $1.7 million, or 13%, from $13.2 million in 2009 to $11.5 million in 2010. The Company believes that the decrease was primarily attributable to closed and non-comparable restaurants. Sales at comparable restaurants declined $323,000, or approximately 4%, in 2010 as compared to 2009, which the Company believes was less than the national average for all restaurants as well as family casual chains based on recognized industry statistics.

The losses on disposals of property and buildings decreased by $286,000, or approximately 31%, from $933,000 during 2009 to $647,000 during 2010.

As a result, the operating losses (after losses on disposals of property and buildings) from the Company's restaurant operations decreased $1.3 million or 54% from $2.4 million in 2009 to $1.1 million in 2010.

As of December 31, 2010, the Company operated 10 restaurants in New England; five under the "Bickford's Grille" name and five under the traditional "Bickford's" name. In addition, the Company leased six other properties that were closed and are no longer being operated by the Company because they were not profitable. The Company, however, is subleasing four of these other properties to third parties. Over the last eight years, the Company has systematically closed and sold operating units to stem its exposure to the overall declining restaurant market. Throughout this restructuring period, the Company has absorbed costs related to the downsizing. The Company expects the losses related to these discontinued operations will significantly decline in 2011 from approximately $935,000 in 2010 to less than $100,000 in 2011.

While management had hoped that it would have been able to reduce losses from discontinued operations to a greater extent during 2010, the Company is encouraged that as of March 2011, it has successfully exited all but one remaining discontinued restaurant property. Since June 2010 the remaining discontinued property has been under contract with a buyer and the Company expects to close the sale of this unit during the third or fourth quarter of 2011. In the meantime, the Company is receiving a monthly payment from the proposed buyer to continue his option to purchase the property, which is equal to the Company's monthly lease payment to its landlord. So in effect, the negative impact form the onerous task of closing and disposing of units has finally become relatively insignificant.

Management expects further improvements as the Company successfully disposed of two non profitable restaurants during March 2011 that were included in the December 31, 2010 list of 10 operating locations and incurred losses of approximately $200,000 during 2010.

Currently, the Company's restaurant operations have a core of eight operating restaurants. Management believes this core group will outperform the historic results of the past eight years of its restaurant operations.

**Cues Division**. The Company's Cues Division is a leading manufacturer of video inspection equipment, repair equipment and asset management software serving the wastewater and environmental industries. During 2010, Cues Division sales and operating income decreased 9% and 20%, respectively, as compared to 2009. Cues Division operating income was approximately $2.8 million during 2010, compared to approximately $3.4 million during 2009. The profit decline for 2010 was primarily related to the decrease in sales, lower production levels as back log diminished and slight margin erosion from pricing competition. Anticipating the expected profit decline, management took steps during February 2010, to reduce operating costs, including, headcount, payroll and associated benefits, by approximately $2.0 million annually until such time that the backlog of sustainable and profitable orders increase. During July 2010, approximately half of the

February 2010 wage reduction was reinstated and some direct labor employees were hired to increase production during the third and fourth quarters of 2010.

Management believes that worldwide economic conditions continued to affect its Cues Division in 2010 as municipal funds for inspection projects and general construction activities were delayed or postponed indefinitely. Given the state of world infrastructure, management believes the long-term outlook for pipe inspection and repair equipment along with asset management software remains strong despite current conditions.

During the first quarter of 2011, Cues's sales backlog increased significantly compared to the same period in the prior year. As a result, management decided to reinstate the remaining half of the 2010 wage reductions during the second quarter of 2011.

**Corporate**. Corporate operating expense increased $115,000, or approximately 19%, in 2010 as compared to 2009 due primarily to increased legal expense related to lease negotiations and restaurant closures. As of December 31, 2010, the Company's outstanding line of credit was approximately $3.0 million. Management believes that current availability under its credit facility, which was recently extended until December 2013, is adequate to fund operations throughout 2011. Consolidated interest expense decreased by $48,000, or approximately 8% to $523,000 during 2010 as compared 2009.

**Summary**. Based on the above, management expects that 2011 will be a breakthrough year in all financial respects, compared to recent history. This is predicated simply on the assumption that the current run rate is essentially unchanged from 2010, but the effects of the restaurant operation's restructuring will have a positive impact for the full year.

| | Year Ended December 31, 2010 | Year Ended December 31, 2009 |
|---|---|---|
| | (amounts in $000's, except per share data) | |
| Sales | $ 52,273 | $ 57,862 |
| Loss on asset impairment for restaurant closures and lease lease terminations costs and sales of property and buildings | (647) | (933) |
| Operating income | 895 | 368 |
| Income tax expense | (33) | (50) |
| Net income (loss) | $ 329 | $ (290) |
| Basic and diluted earnings (loss) per common share | $ .08 | $ (.07) |
| Basic and diluted weighted average number of shares outstanding | 4,012 | 4,012 |

The Company's common stock can be traded through the "OTC Pink" marketplace, an electronic quotation service for over-the-counter securities. The Company's financial statements for the year ended December 31, 2010 and the fiscal quarters ended March 31, 2010, June 30, 2010 and September 30, 2010 are located at www.otcmarkets.com under the symbol ELXS. Contact David M. Doolittle, (407) 849-0190 for additional information.

*This Press Release includes forward-looking statements that involves risks and uncertainties. Additional written or oral forward-looking statements may be made by or on behalf of the Company from time to time in press releases and other public announcements, or otherwise. Such statements may include, but not be limited to, projections of revenue, income, losses and cash flows, plans for future capital and other expenditures, plans for future operations, financing needs or plans, plans relating to products or services, estimates concerning the effects of litigation or other disputes, as well as expectations and assumptions relating to any or all of the foregoing, relating to the Company, its subsidiaries and/or divisions.*

*Although the Company believes that its forward-looking statements are based on expectations and assumptions that are reasonable, forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted. Accordingly, no assurance can be given that such expectations or assumptions will prove to have been correct, and future events and actual results could differ materially from those described in or underlying the forward-looking statements. Among the factors that could cause future events and actual results to differ materially are: the demand for the Company's products and services and other market acceptance risks; the presence in the Company's markets of competitors with greater financial resources, the impact of competitive products and services and pricing; the loss of any significant customers or group of customers; general economic and market conditions nationally and (in the case of the Company's restaurant operations) in New England; the ability of the Cues Division to develop new products; capacity and supply constraints or difficulties; the emergence of future opportunities; the Company's ability to* *collect certain related party notes receivable; changes in the value of certain investments pledged to secure related party receivables; the Company's ability to meet certain covenant requirements under its borrowing agreements; the ability of the Company to utilize its deferred tax assets; the Company's ability to collect outstanding accounts receivable; and the effects of the Company's accounting policies.*

*The Company assumes no obligation to update its forward-looking statements or advise of changes in the expectations, assumptions and factors on which they are based.*