

ELXSI CORPORATION

ANNOUNCES STOCK REPURCHASE PROGRAM AND PRELIMINARY UNAUDITED RESULTS FOR THE YEAR ENDED DECEMBER 31, 2011

ORLANDO, Florida – February 17, 2012 - ELXSI Corporation today announced that it is releasing preliminary unaudited financial results for the year ended December 31, 2011. The Company expects to report net income of approximately \$3,760,000, or \$0.94 per diluted share, for the year ended December 31, 2011 as compared to net income of \$329,000, or \$0.08 per diluted share for the year ended December 31, 2010. The Company's sales for the year ended December 31, 2011 were approximately \$60 million, as compared to approximately \$52 million in 2010. The Company's audit report for the year ended December 31, 2011 is expected to be released on or before March 31, 2012.

As indicated below and reported in previous press releases, the year ended December 31, 2011 financially reflects the success of the Company's strategic restructuring of its restaurant division and its focus on continued product and market development at its Cues robotics division. The Company expects to report record levels of sales and profitability in 2011 at the Cues division, which contributed to the expected substantial increase in earnings per share for the year ended December 31, 2011. In addition, the Company achieved these results while reducing its bank debt from approximately \$3.0 million at December 31, 2010 to approximately \$1.7 million at December 31, 2011. The Company's tangible book value was approximately \$4.57 per share as of December 31, 2011.

The Company also announced that its Board of Directors has approved a program to repurchase, from time to time and subject to market conditions, its Common Stock on the open market and in privately negotiated transactions. The Company believes its shares are undervalued at current market prices. However, in order to provide liquidity to its stockholders, the Company has secured the necessary approvals from its lender to implement the stock repurchase program for up to \$1.5 million worth of its Common Stock.

	<u>Year Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(amounts in \$000's, except per share data)	
Sales	\$ 60,356	\$ 52,273
Loss on asset impairment for restaurant closures and lease terminations costs and sales of property and buildings	(93)	(647)
Operating income	4,560	895
Income tax expense	(229)	(33)
Net income	\$ 3,760	\$ 329
Basic and diluted earnings per common share	<u>\$.94</u>	<u>\$.08</u>
Basic and diluted weighted average number of shares outstanding	<u>4,012</u>	<u>4,012</u>

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, 2011, June 30, 2011 and September 30, 2011 are located at www.otcm Markets.com under the symbol ELXS. Contact David M. Doolittle, (407) 849-0190 ext. 211 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.