ELXSI CORPORATION REPORTS NET INCOME FOR THE THREE AND SIX MONTHS ENDED June 30, 2015

ORLANDO, Florida – August 14, 2015 - ELXSI Corporation today announced that it reported net income of $3,081,000, or $0.85 per diluted share during the second quarter ended June 30, 2015, as compared to net income of $1,938,000, or $0.56 per basic and diluted share during the second quarter of 2014.

For the six months ended June 30, 2015, the Company reported net income of $4,360,000, or $1.23 per diluted share, as compared to net income of $2,726,000, or $0.79 per basic and diluted share.

Cues Division. Cues is a leading manufacturer of robotic video inspection equipment, repair equipment and asset management software for wastewater pipelines and drainage systems. The Company also provides consulting and specialty services related to pipeline markets. The business achieved record annual sales and operating income during 2014.

During the second quarter ended June 30, 2015, net sales and operating income increased 13% and 60%, respectively, compared to the same period in 2014. The operating income increased as a result of the increased sales volume and a 6% increase in the gross profit percentage during 2015 compared to the same period in the prior year. The gross profit percentage increased as a result of higher margin sales and higher production volume absorbing a larger share of the indirect factory overhead expense.

Management continues to evaluate the market for specialty inspection technology systems combining laser, sonar and digital video along with sophisticated data gathering and data processing performed by the Cues Mapping Services division. Neither segment contributed to the record results achieved by Cues during the period ended June 30, 2015.

Cues now expects to occupy the 53,000 square foot facility in Orlando, Florida to consolidate and expand its vehicle assembly operations, which will provide more efficient production space, during the third quarter of 2015. The property is being leased for three years with an option for two additional years.

Restaurant Operations. The restaurant sales and operating income represented approximately 9% and 1%, respectively, of the Company totals for the second quarter of 2015.

Restaurant net sales during the second quarter of 2015 increased $10,000, or 0.5%, from $1,946,000 in 2014 to $1,956,000 in 2015. The Restaurants recorded operating income of $52,000 in the second quarter of 2015, compared to operating income of $50,000 in the second quarter of 2014.

As a result of its closure during May 2015, the sales at the Leominster, MA restaurant decreased $92,000, during the second quarter of 2015, compared to the same period in the prior year.

Excluding Leominster, MA, same store sales and customer counts increased 5% and 2%, respectively, during the second quarter of 2015 compared to the same period in the prior year.

As of June 30, 2015, the Company operated five restaurants in New England; four under the “Bickford’s Grille” name and one under the traditional “Bickford’s” name. In addition, the Company leased four other properties at which the Company previously operated restaurants that are now closed and are no longer being operated by the Company because these restaurants were not profitable. During July 2015, the lease at one of the four leased properties expired. The Company is currently subleasing the three reaming properties to third parties thereby reducing its financial exposure under the three lease obligations.

Corporate. As of June 30, 2015, the Company had a cash balance of $9,886,000 and no outstanding borrowings on its $6,000,000 line of credit.

Corporate administrative expense increased $191,000, or 40% in the second quarter of 2015 compared to 2014. Included in the second quarter 2015 administrative expense is an increase of approximately $189,000 in stock grant compensation expense for 175,000 shares of Company Common Stock that is expected to be earned in 2015, but will be distributed during 2017 and beyond at a maximum rate of 80,000 shares per year. Under the stock grant, which was effective January 1, 2014 and expires on December 31, 2018, up to 400,000 shares can be earned contingent on the Company achieving certain minimum operating income levels. The total stock grant compensation expense in 2015 will not exceed the total stock grant compensation expense recorded in 2014. During April 2015, 40,000 shares were issued.

Consolidated interest expense was $81,000 and $95,000, respectively in the second quarters of 2015 and 2014. The Company intends to pay the phantom stock option plan liability during 2015, which will reduce interest expense by approximately $200,000 annually.

During the second quarter of 2015, the Company repurchased 17,315 shares of its common stock for approximately $266,000 under its previously announced programs to repurchase up to $5,000,000 of its common stock on the open market and in privately negotiated transactions. Since announcement of this program in 2012, the Company has repurchased an aggregate of 290,293 shares of its common stock for $2,966,000. The Company will continue to repurchase shares under this program from time to time and subject to market conditions.

Summary. Below is a summary of the 2015 second quarter and six months results compared to the same period in the prior year.

Unaudited	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
	(amounts in 000's, except per share data)			
Sales	$ 22,318	$ 19,977	$ 41,331	$ 36,561
Operating income	3,484	2,127	4,935	3,113
Income tax expense	(332)	(99)	(431)	(198)
Net income	$ 3,081	$ 1,938	$ 4,360	$ 2,726
Earnings per common share:				
Basic	$ 0.91	$ 0.56	$ 1.29	$ 0.79
Diluted	$ 0.85	$ 0.56	$ 1.23	$ 0.79
Weighted average number of common and common equivalent shares:				
Basic	3,396	3,450	3,385	3,464
Diluted	3,537	3,450	3,543	3,464

The Company's tangible and intangible net book value was $10.96 per share at June 30, 2015. The Company's trailing twelve months earnings per shares was $2.52 per diluted share as of June 30, 2015.

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, 2014 and the fiscal quarters ended June 30, 2015 and March 31, 2015 are located at www.otcmarkets.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, expectations with respect to the Company's restructuring activities, financing needs or plans and the adequacy of the funds available to operate the Company's business, 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 Company's ability to successfully restructure its restaurant operations, 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 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.