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## **PAR TECHNOLOGY CORPORATION REPORTS FOURTH QUARTER RESULTS**

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NEW HARTFORD, NY, PAR TECHNOLOGY CORPORATION (NYSE:PTC)

(New Hartford, NY- February 13, 2007) PAR Technology Corporation (NYSE: PTC), a leader in providing integrated hardware, software and service solutions to the hospitality industry, and provider of Government I/T solutions and services, today reported financial results for the fourth quarter and year ended December 31, 2006.

For the fourth quarter ended December 31, 2006, PAR Technology Corporation reported revenues of \$54.2 million compared to \$53.5 million in the fourth quarter 2005, an increase of 1.4%. Net income fell to \$820,000 versus the \$3.2 million earned in the fourth quarter one year ago. The Company reported diluted net earnings per share of \$0.06 for this past quarter, compared to the \$0.22 reported for the same period a year earlier. The 2006 fourth quarter results include non-cash stock-based compensation expense of \$110,000 or \$0.01 per share due to the expensing of stock options and other share-based compensation in accordance with Statement of Financial Accounting Standards No. 123R, "Share-Based Payment". Such treatment was not required in the fourth quarter 2005.

For the year ended December 31, 2006, PAR Technology Corporation reported revenues of \$208.7 million, a 1.5% increase from the \$205.6 million reported one year ago. The Company also reported net income of \$5.7 million in 2006 versus the \$9.4 million earned last year. Diluted net earnings per share in 2006 were reported at \$0.39 compared to diluted net income per share of \$0.64 reported for the year 2005. In accordance with Statement of Financial Accounting Standards No. 123R, 2006 results include non-cash stock-based compensation expense of \$310,000 or \$0.02 per share compared to no such expense for 2005.

John W. Sammon, PAR Chairman & CEO commented, "In 2006 we experienced some weakness relative to our expectations in our hospitality business while our government business performed as planned. As our hospitality business fell short of plan; we never-the-less expanded our investments in support of our hospitality growth strategy. Specifically we took steps to expand our infrastructure to grow channels of distribution and to strengthen our international support organization especially in the Asia Pacific area. Additionally; in November we announced the acquisition of the assets of Siva Corporation, a software technology leader in the hospitality industry. This acquisition, while reducing earnings, has provided the next generation software platform for the hospitality market. We believe that by acquiring the Siva assets and retaining its engineering talent, we will accelerate our time to market by meeting future requirements of hospitality chains, which are being driven by advances in web based technology, thus providing a significant platform for long-term growth."

Sammon concluded, "In summary, while I would like to be able to report improved operating results for every quarter, I feel it is far more important to follow our strategy and to continue to make strategic investments in our businesses. We feel that these investment initiatives will over the long term, produce a growing, more predictable and increasingly profitable revenue stream which will significantly increase shareholder value. As we pursue this strategy - in 2007, we expect to see single digit revenue growth, with earnings per share possibly flat when compared to 2006."

Certain Company information in this release or by its spokespersons from time to time may contain forward-looking statements. Any statements in this document that do not describe historical facts are forward-looking statements. Forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including without limitation, delays in new product introduction, risks in technology development and commercialization, risks in product development and market acceptance of and demand for the Company's products, risks of downturns in economic conditions generally, and in the quick service sector of the restaurant market specifically, risks of intellectual property rights associated with competition and competitive pricing pressures, risks associated with foreign sales and high customer concentration, and other risks detailed in the Company's filings with the Securities and Exchange Commission.

PAR Technology Corporation is a leading provider of professional services and enterprise business intelligence software and hardware to the hospitality industry. PAR develops, markets and supports hardware and software products that improve the ability of hospitality business professionals to make timely, fact-based business decisions. The Company is a premier provider of I/T management solutions to hotel and restaurant companies, with over 40,000 installations worldwide in 100 countries. PAR has also been a leader in providing computer-based system design and engineering services to the Department of Defense and Federal Government Agencies. PAR Technology Corporation's stock is traded on the New York Stock Exchange under the symbol PTC. For more information please visit the Company's website at [www.partech.com](http://www.partech.com).

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PAR TECHNOLOGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(in thousands except share amounts)  
(unaudited)

	December 31,	
<b>Assets</b>	2006	2005
Current assets:		
Cash and cash equivalents	\$ 4,273	\$ 4,982
Accounts receivable-net	46,791	40,781
Inventories-net	35,948	29,562
Income tax refunds	1,103	879
Deferred income taxes	5,139	5,690
Other current assets	2,737	2,598
Total current assets	95,991	84,492
Property, plant and equipment - net	7,535	8,044
Goodwill	25,734	20,622
Intangible assets - net	10,695	9,904
Other assets	2,841	2,087
	\$ 142,796	\$ 125,149
 <b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 90	\$ 76
Borrowings under lines of credit	7,713	3,500
Accounts payable	12,470	12,703
Accrued salaries and benefits	8,279	9,725
Accrued expenses	1,861	2,352
Customer deposits	3,656	3,973
Deferred service revenue	12,254	11,332
Total current liabilities	46,323	43,661
Long-term debt	7,858	1,948
Deferred income taxes	653	201
Other long-term liabilities	1,879	847
Commitments and contingent liabilities		
Shareholders' Equity:		
Preferred stock, \$.02 par value, 1,000,000 shares authorized	—	—
Common stock, \$.02 par value, 29,000,000 shares authorized; 15,980,486 and 15,914,958 shares issued; 14,327,731 and 14,136,654 outstanding	320	318
Capital in excess of par value	38,602	37,271
Retained earnings	53,159	47,442
Accumulated other comprehensive loss	(489)	(611)
Treasury stock, at cost, 1,652,755 and 1,778,304 shares	(5,509)	(5,928)
Total shareholders' equity	86,083	78,492
	\$ 142,796	\$ 125,149

PAR TECHNOLOGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
(in thousands except per share amounts)  
(unaudited)

	For the three months ended December 31,		For the year ended December 31,	
	2006	2005	2006	2005
Net revenues:				
Product	\$ 19,532	\$ 24,344	\$ 83,237	\$ 91,130
Service	18,256	15,444	61,979	58,327
Contract	16,405	13,677	63,451	56,182
	<u>54,193</u>	<u>53,465</u>	<u>208,667</u>	<u>205,639</u>
Costs of sales:				
Product	11,683	13,435	47,925	53,443
Service	13,402	11,318	46,338	44,205
Contract	15,051	12,612	58,895	52,405
	<u>40,136</u>	<u>37,365</u>	<u>153,158</u>	<u>150,053</u>
Gross margin	<u>14,057</u>	<u>16,100</u>	<u>55,509</u>	<u>55,586</u>
Operating expenses:				
Selling, general and administrative	8,930	8,694	33,440	30,867
Research and development	3,454	2,487	11,802	9,355
Amortization of identifiable intangible assets	361	294	1,283	1,030
	<u>12,745</u>	<u>11,475</u>	<u>46,525</u>	<u>41,252</u>
Operating income	1,312	4,625	8,984	14,334
Other income, net	180	248	617	743
Interest expense	(276)	(103)	(734)	(287)
Income before provision for income taxes	1,216	4,770	8,867	14,790
Provision for income taxes	(396)	(1,538)	(3,146)	(5,358)
Net income	<u>\$ 820</u>	<u>\$ 3,232</u>	<u>\$ 5,721</u>	<u>\$ 9,432</u>
Earnings per share				
Basic	\$ .06	\$ .23	\$ .40	\$ .68
Diluted	\$ .06	\$ .22	\$ .39	\$ .64
Weighted average shares outstanding				
Basic	<u>14,264</u>	<u>14,075</u>	<u>14,193</u>	<u>13,792</u>
Diluted	<u>14,700</u>	<u>14,775</u>	<u>14,752</u>	<u>14,648</u>