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PAR TECHNOLOGY CORPORATION REPORTS THIRD QUARTER RESULTS

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

(New Hartford, NY- October 26, 2006) PAR Technology Corporation (NYSE: PTC), a provider of integrated hardware, software and service solutions to the restaurant, hotel/resort, hospitality industries and information-technology services to the United States Government, today reported third quarter financial results.

For the third quarter ended September 30, 2006, PAR Technology Corporation reported revenues of \$48.5 million compared to \$52.2 million in the third quarter 2005, a decrease of 7%. Net income was reported at \$550,000, down from the \$2.5 million earned in the third quarter one year ago. The Company reported diluted earnings per share of \$0.04 for this past quarter, compared to the \$0.17 reported for the same period a year earlier. The 2006 third quarter results include non-cash stock-based compensation expense of \$62,000 due to the expensing of stock options and other share-based compensation in accordance with Statement of Financial Accounting Standards No. 123R. Such treatment was not required in the third quarter 2005.

For the nine months ended September 30, 2006, PAR Technology Corporation reported revenues of \$154.5 million, a 2% increase when compared to the \$152.2 million reported one year ago. The Company also reported net income of \$4.9 million in the first nine months of 2006 versus \$6.2 million for the first nine months of 2005, a decrease of 21%. Diluted earnings per share for the first nine months of 2006 was reported at \$0.33, a decrease of 21% when compared to diluted net income per share of \$0.42 reported for the same period in 2005. In accordance with Statement of Financial Accounting Standards No. 123R, the first nine months 2006 results include non-cash stock-based compensation expense of \$200,000 compared to no such expense for the first nine months of 2005.

John W. Sammon, Chairman and CEO of PAR Technology commented, "While we were disappointed by lower than previously anticipated third quarter revenue and earnings, we are still encouraged by the strength of the markets we participate in, our strong list of Tier 1 customers and the dedication and hard work of our employees. We believe that our balance sheet, product diversity and growth-oriented culture will enable us to return PAR to a more reliable growth pattern which will allow us to focus on expanding and developing our business."

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.

ABOUT PAR TECHNOLOGY

PAR Technology Corporation develops, markets and supports hardware and software products that improve the ability of restaurant, hotels/resorts and retail business professionals to make timely, fact-based business decisions. The Company is the world's largest supplier of Point-of-Sale systems to the quick service restaurant market with over 40,000 systems installed in over 100 countries. In addition PAR is 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 additional information visit PAR's website at www.partech.com.

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

	September 30, 2006	December 31, 2005
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,098	\$ 4,982
Accounts receivable-net	47,900	40,781
Inventories-net	34,839	29,562
Income tax refunds	2,353	879
Deferred income taxes	4,442	5,690
Other current assets	3,192	2,598
Total current assets	94,824	84,492
Property, plant and equipment - net	7,550	8,044
Goodwill	20,885	20,622
Intangible assets - net	8,902	9,904
Other assets	2,695	2,087
	\$ 134,856	\$ 125,149
 Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 129	\$ 76
Borrowings under lines of credit	9,899	3,500
Accounts payable	12,913	12,703
Accrued salaries and benefits	7,362	9,725
Accrued expenses	2,003	2,352
Customer deposits	3,545	3,973
Deferred service revenue	10,616	11,332
Total current liabilities	46,467	43,661
Long-term debt	1,889	1,948
Deferred income taxes	751	201
Other long-term liabilities	1,649	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; 15,959,536 and 15,914,958 shares issued; 14,181,232 and 14,136,654 outstanding	319	318
Capital in excess of par value	37,799	37,271
Retained earnings	52,338	47,442
Accumulated other comprehensive loss	(428)	(611)
Treasury stock, at cost, 1,778,304 shares	(5,928)	(5,928)
Total shareholders' equity	84,100	78,492
	\$ 134,856	\$ 125,149

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Net revenues:				
Product	\$ 17,975	\$ 22,855	\$ 63,705	\$ 66,786
Service	15,092	15,065	43,723	42,883
Contract	15,467	14,277	47,046	42,505
	<u>48,534</u>	<u>52,197</u>	<u>154,474</u>	<u>152,174</u>
Costs of sales:				
Product	10,370	13,239	36,242	40,008
Service	11,387	11,517	32,937	32,887
Contract	14,600	13,284	43,844	39,793
	<u>36,357</u>	<u>38,040</u>	<u>113,023</u>	<u>112,688</u>
Gross margin	<u>12,177</u>	<u>14,157</u>	<u>41,451</u>	<u>39,486</u>
Operating expenses:				
Selling, general and administrative	8,241	7,457	24,510	22,173
Research and development	2,613	2,483	8,348	6,868
Amortization of identifiable intangible assets	307	246	922	736
	<u>11,161</u>	<u>10,186</u>	<u>33,780</u>	<u>29,777</u>
Operating income	1,016	3,971	7,671	9,709
Other income, net	62	191	437	495
Interest expense	(206)	(41)	(458)	(184)
Income before provision for income taxes	872	4,121	7,650	10,020
Provision for income taxes	(322)	(1,578)	(2,750)	(3,820)
Net income	<u>\$ 550</u>	<u>\$ 2,543</u>	<u>\$ 4,900</u>	<u>\$ 6,200</u>
Earnings per share				
Basic	\$.04	\$.18	\$.35	\$.45
Diluted	\$.04	\$.17	\$.33	\$.42
Weighted average shares outstanding				
Basic	<u>14,181</u>	<u>13,978</u>	<u>14,168</u>	<u>13,696</u>
Diluted	<u>14,646</u>	<u>14,751</u>	<u>14,751</u>	<u>14,604</u>