

TECHNOLOGY RESEARCH CORPORATION REPORTS SECOND QUARTER FINANCIAL RESULTS

CLEARWATER, FLORIDA, October 31, 2006 -- Technology Research Corporation ("TRC"), (NASDAQ-TRCI), today announced revenues and operating results for its second fiscal quarter ended September 30, 2006.

Revenues were \$9.7 million, \$1.0 million higher than the revenue reported in the same quarter last year. Net loss for the second fiscal quarter ended September 30, 2006 was \$416 thousand compared with a net loss of \$245 thousand for the fiscal quarter ended September 30, 2005. Diluted net loss per share is \$.07 for the current quarter compared with a \$.04 diluted net loss per share for the same quarter last year.

Robert S. Wiggins, Chairman, President & CEO said, "Our second quarter results were impacted by a non-recurring \$468 thousand write-down of raw material inventory to market value resulting from a significant decline in the selling price of TRC products to the Chinese RAC manufacturers. From an operational perspective, without this large inventory write-down TRC's gross profit margin for the second quarter improved approximately 4 percentage points over the second quarter of the prior year despite continuing increases in commodity prices. Part of this gross product margin improvement was due to the introduction of new products that provided required functionality at a lower cost. Additionally, the strong 30% increase in Commercial revenues over the second quarter of the prior year reflects the favorable acceptance of TRC's products. Unfortunately, lack of available funding late in the government's fiscal year ended September 30, 2006, significantly impacted our military revenues which were 21% lower than last year's second quarter. Another factor impacting our bottom line results continues to be our increased operating expenses driven by the significant legal expenses we are incurring in the patent infringement lawsuit against Tower Manufacturing Corporation."

Based on the Company's operating results for the first six months of the year and expectations for the remainder of fiscal 2007, TRC is withdrawing its full year revenue and earnings forecast. Orders for some of the Company's newly developed products are not materializing as quickly as originally projected and are expected to be delayed until future quarters. RAC revenues are also being impacted by intense competition and significant price erosion in sales to the Chinese RAC manufacturers. Furthermore, along with the government's unexpected funding issues that negatively impacted military revenues during the first half of the fiscal 2007 year, there is remaining uncertainty as to the timing of funded releases in the government's new fiscal year which may result in lower military revenues in fiscal 2007. While TRC expects to remain profitable, the uncertainty in the RAC market, military funding and the patent infringement litigation expenses leave a range of possible operating results for the remainder of fiscal 2007 dependent on these and other future events.

The fourth quarter dividend of \$.02 per share was paid on October 20, 2006 to shareholders of record on September 29, 2006.

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TRC is an internationally recognized leader in electrical safety products that prevent electrocution and electrical fires and protect against serious injury from electrical shock. Based on its core technology in ground fault sensing, products are designed to meet the needs of the consumer, commercial and industrial markets worldwide. The Company also supplies power monitors and control equipment to the United States Military and its prime contractors.

*"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Some of the statements in this report constitute forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 and the Securities Exchange Act of 1934. These statements are related to future events, other future financial performance or business strategies, and may be identified by terminology such as "may," "will," "should," "expects," "scheduled," "plans," "intends," "anticipates," "believes," "estimates," "potential," or "continue," or the negative of such terms, or other comparable terminology. These statements are only predictions. Actual events as well as results may differ*

materially. In evaluating these statements, you should specifically consider the factors described throughout this report. We cannot be assured that future results, levels of activity, performance or goals will be achieved.

TECHNOLOGY RESEARCH CORPORATION AND SUBSIDIARY  
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(In thousands, except per share data)

|   | Three months ended |              | Six months ended |               |
|---|--------------------|--------------|------------------|---------------|
|   | September 30       | September 30 | September 30     | September 30  |
|   | 2006               | 2005         | 2006             | 2005          |
| Operating revenues:                                   |                    |              |                  |               |
| Commercial  | \$ 7,227           | 5,539        | 15,181           | 13,466        |
| Military  | 2,478              | 3,123        | 5,140            | 5,772         |
|   | <u>9,705</u>       | <u>8,662</u> | <u>20,321</u>    | <u>19,238</u> |
| Operating expenses:                                   |                    |              |                  |               |
| Cost of sales   | 7,739              | 6,883        | 15,925           | 15,166        |
| Selling, general, and administrative                  | 1,845              | 1,517        | 3,724            | 2,892         |
| Research, development and engineering                 | 542                | 538          | 1,029            | 1,026         |
|   | <u>10,126</u>      | <u>8,938</u> | <u>20,678</u>    | <u>19,084</u> |
| Operating income (loss)                               | (421)              | (276)        | (357)            | 154           |
| Interest and sundry income (expense)                  | (17)               | (54)         | (44)             | (94)          |
| Income (loss) before income taxes                     | (438)              | (330)        | (401)            | 60            |
| Income tax expense (benefit)                          | (22)               | (85)         | (12)             | 12            |
| Net income (loss)                                     | <u>\$ (416)</u>    | <u>(245)</u> | <u>(389)</u>     | <u>48</u>     |
| Net income (loss) per common share:                   |                    |              |                  |               |
| Basic   | \$ (.07)           | (.04)        | (.07)            | .01           |
| Diluted   | \$ (.07)           | (.04)        | (.07)            | .01           |
| Weighted average number of common shares outstanding: |                    |              |                  |               |
| Basic   | 5,888,828          | 5,775,625    | 5,880,017        | 5,775,018     |
| Diluted   | 5,888,828          | 5,775,625    | 5,880,017        | 5,836,472     |
| Dividends paid  | \$ .020            | .015         | .035             | .030          |

TECHNOLOGY RESEARCH CORPORATION AND SUBSIDIARY  
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands, except per share data)

|   | September 30  | March 31      |
|---|---------------|---------------|
|   | 2006          | 2006          |
| ASSETS                                    |               |               |
| Current assets:                           |               |               |
| Cash and cash equivalents                 | \$ 1,023      | 2,607         |
| Short-term investments                    | 510           | 500           |
| Accounts receivable, net                  | 7,704         | 10,730        |
| Inventories                               | 10,018        | 9,633         |
| Prepaid expenses and other current assets | 164           | 210           |
| Deferred income taxes                     | 686           | 445           |
| Total current assets                      | <u>20,105</u> | <u>24,125</u> |
| Property, plant and equipment             | 14,630        | 14,285        |
| Less accumulated depreciation             | 9,918         | 9,346         |
| Net property, plant and equipment         | <u>4,712</u>  | <u>4,939</u>  |
| Intangible Assets (net)                   | 555           | -             |
| Other assets                              | <u>68</u>     | <u>70</u>     |

|                                       |    |               |               |
|---------------------------------------|----|---------------|---------------|
|                                       | \$ | <u>25,440</u> | <u>29,134</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY  |    |               |               |
| Current liabilities:                  |    |               |               |
| Current portion of long-term debt     | \$ | -             | 1,000         |
| Trade accounts payable                |    | 3,658         | 4,850         |
| Accrued expenses                      |    | 1,191         | 1,296         |
| Dividends payable                     |    | 133           | 101           |
| Income taxes payable                  |    | 105           | 357           |
| Total current liabilities             |    | <u>5,087</u>  | <u>7,604</u>  |
| Long-term debt, less current portion  |    | 1,000         | 2,000         |
| Deferred income taxes                 |    | 211           | 244           |
| Total liabilities                     |    | <u>6,298</u>  | <u>9,848</u>  |
| Stockholders' equity:                 |    |               |               |
| Common stock                          |    | 3,014         | 2,983         |
| Additional paid-in capital            |    | 9,192         | 8,770         |
| Retained earnings                     |    | 6,976         | 7,573         |
| Treasury stock, 21,500 shares at cost |    | (40)          | (40)          |
| Total stockholders' equity            |    | <u>19,142</u> | <u>19,286</u> |
|                                       | \$ | <u>25,440</u> | <u>29,134</u> |

\* The condensed consolidated balance sheet is derived from the Company's audited balance sheet as of that date.

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