

LICT CORPORATION

MARIO J. GABELLI
CHAIRMAN

July 2007

Dear Shareholders:

Research is wonderful.

We receive hundreds of annual reports. So I am taking the liberty of quoting from the opening paragraph of Herley's 2006 Annual Report.

"In her annual message to the Commonwealth in 1992, Queen Elizabeth II expressed her feelings about the year which saw the break up of two family marriages, one divorce, and the disastrous fire at Windsor Castle, by labeling that year an "Annus horribilis". It was a wry but sad comment on the tragedies of the year."

So what about LICT? Last year is described by some as our "Annus horribilis". We experienced similar dynamics regarding our venture capital investment in wireless auctions. But the good news is that we were able to preserve our corporate (and personal) integrity and continue to participate in new opportunities involving the digital world.

Enclosed is our 2006 Annual Report. By now you have our first quarter financial report and you will soon have available our second quarter report.

As Robert Dolan explains in his letter we are implementing the strategic initiatives that we shared with you at our Annual Meeting on January 26, 2007. These include:

- narrowing our business function to telecom-related through a spin-off of selected assets (our fourth such spin-off)
- improving our financial flexibility
- balancing our mix of regulated and deregulated activities through increased broadband penetration and expansion of CLEC opportunities
- improving EBTDA margins
- growing our underlying asset values and, at the same time narrowing the spread that exists between the public price of our shares and the underlying values

Corporate Governance

Let me express thanks for the efforts expended on our behalf by Avrum Gray and Sal Zizza, who served on our Board of Directors for a brief period during our most challenging period. I also note that Larry Moats is no longer serving as a director.

I did not formally introduce Glenn Angiolillo – while a lawyer, he's quite entrepreneurial and brings a fresh perspective on many challenges and opportunities, including "a law firm" that is suing its client for their own "issues".

Al Fiore, who served as an audit partner of KPMG and brings sound business judgment and a probing eye to LICT and Gary Sugarman also join us as directors. We all remember Gary as he was President of our own Brighton Communications after he left Rochester Telecom, where he helped define and implement their RLEC strategy. The Board's counsel and insight proves of significant value to the management of LICT.

I am available to discuss any aspect of our Corporate Governance, and more importantly, our stewardship of the assets at LICT with any of our shareholders at any time.

Mario J. Gabelli
Chairman of the Board