

Corporate Fact Sheet

April 2007



Systems & Integration Solutions

Corporate Profile

To meet the diverse requirements of its industrial, commercial, scientific and defense customers worldwide, CSPI and its subsidiaries develop and market cutting-edge integration solutions for complex IT environments and high-performance cluster computer systems for military applications.

Strategy

CSP Inc. has a five point strategy to grow the company:

- 1) develop architecturally superior high performance cluster computer systems based on open systems technologies for military applications
- 2) provide cutting-edge IT integration solutions for complex IT environments
- 3) leverage core competencies to extend key technologies to new growth markets like hybrid computing with FPGA technologies
- 4) provide pipeline of innovative products to maintain strong relationships with customers
- 5) seek additional opportunities for growth through acquisitions and strategic partnerships

Businesses

MODCOMP, Inc.

The Company's MODCOMP, Inc. subsidiary is a leading provider of cutting-edge IT solutions and systems integration services. MODCOMP works with best-of-breed suppliers to develop customized solutions in the global IT markets and has offices in the U.S., U.K. and Germany.

CSP Inc., MultiComputer Division

The MultiComputer Division designs and builds high-performance cluster computing systems for the defense market. These systems are dense and rugged with powerful real-time I/O and require minimum physical space or power. These systems are used on land, airborne and shipboard platforms for high speed digital signal processing in radar, sonar and surveillance applications.

Highlights

CSP Inc. Reports 40% Sales Increase for First-Quarter Fiscal 2007

For the first quarter of fiscal 2007, CSP Inc. sales increased 40% to \$21.1 million from \$15.1 million in the first quarter of fiscal 2006. Net income for the first quarter of fiscal 2007 was \$978,000, or \$0.25 per diluted share, compared with a net loss of \$546,000, or \$0.15 per diluted share, in the first quarter of fiscal 2006.

"CSP began fiscal 2007 with excellent first-quarter performance across the board, reporting a 40% increase in sales versus the first quarter of fiscal 2006 and a profit of \$978,000," said Alexander R. Lupinetti, chairman and chief executive officer of CSP Inc. "Strong MultiComputer systems sales and robust demand for our IT systems integration services and best-of-breed IT solutions drove revenue and net income growth."

"CSP's Systems segment performed very well in the first quarter, primarily as a result of MultiComputer systems shipments to Raytheon," added Lupinetti. "The shipments were part of a previously announced \$17 to

Highlights Continued

\$18 million contract award to supply FastCluster 220R MultiComputer Systems. We expect to deliver the remainder of the systems during the current fiscal year."

CSP Inc. Reports Fourth-Quarter & Year-End Fiscal 2006 Financial Results For the fourth quarter of fiscal 2006, CSP Inc. sales increased 35% to \$17.7 million from \$13.1 million in the fourth quarter of fiscal 2005. Net income for the fourth quarter of fiscal 2006 was \$1.5 million, or \$0.40 per diluted share, compared with a net loss of \$445,000, or \$0.12 per share, in the fourth quarter of fiscal 2005. The fourth quarter of fiscal 2006 net income includes \$1.4 million of tax benefit for the reversal of a portion of the deferred tax valuation allowance. Fourth quarter fiscal 2006 net income also includes \$84,000 in equity-based compensation expense under SFAS 123R relating to employee and director stock options and the employee stock purchase plan.

For fiscal 2006, CSP reported a 20% increase in sales to \$69.0 million from \$57.5 million in fiscal 2005. Net income for fiscal 2006 increased by \$1.2 million to \$2.0 million, or \$0.52 per diluted share, from \$753,000, or \$0.20 per diluted share, for fiscal 2005. Net income for fiscal 2006 includes \$1.1 million of tax benefit for the reversal of a portion of the deferred tax valuation allowance. Net income for fiscal 2006 also includes \$384,000 for professional fees related to the previously announced restatement of the Company's interim and annual financial results for fiscal 2004 and fiscal 2003, restructuring expenses of \$516,000 and equity-based compensation expense of \$286,000.

CSPI and Annapolis Broaden Partnership with Reseller Agreement

January 25, 2007 - CSP Inc. MultiComputer Division announced the completion of an agreement authorizing Annapolis Micro Systems, a leader in the field of FPGA technologies, to resell CSPI's FastCluster hybrid computing platforms to commercial and government customers for FPGA based applications.

CSPI Selects Annapolis Micro Systems CoreFire FPGA Technologies for its FastCluster 3000 SERIES

January 11, 2007 - CSP Inc. MultiComputer Division announced its selection of CoreFire™ FPGA technologies to power its next generation of High Performance Hybrid Computing embedded clusters. Under this partnership CSPI will integrate Annapolis's state of the art FPGA designs and CoreFire Development Suite into its rugged embedded clusters to boost DSP front end capabilities.

CSP Inc. Awarded Raytheon Contract to Supply FastCluster 220R Systems August 8, 2006 - CSP Inc. MultiComputer Division reported a contract award, worth between \$17 and \$18 million, to provide Raytheon Company with FastCluster 220R systems. Initial system deliveries will begin in late 2006 and continue over the next year. This is the largest contract in the history of the MultiComputer Division.

CSP Inc. Announces FastCluster 3000 SERIES VXS Systems

April 24, 2006 - CSP Inc. MultiComputer Division announced the 3000 SERIES, its 2nd generation of FastCluster systems. Building upon the momentum of the 2000 SERIES, the new VXS systems deliver unrivaled performance in bi-section bandwidth and processing density while preserving absolute code reuse at the application layer.

Financial Highlights

(Amounts in thousands, except per share amounts)

Selected Five Year Financial Data

Fiscal Year:	2006	2005	2004	2003	2002
Sales	\$68,937	\$57,490	\$51,402	\$31,173	\$26,568
Net income (loss)	\$1,975	\$753	\$1,211	\$(1,384)	\$(5,663)
Net income (loss) per share-diluted	\$0.52	\$0.20	\$0.32	\$(0.39)	\$(1.61)
Weighted average number of shares outstanding-diluted	3,805	3,822	3,743	3,534	3,524

Selected Quarterly Financial Data

Quarter Ended:	12/31/06	9/30/06	6/30/06	3/31/06	12/31/05
Sales	\$21,131	\$17,638	\$18,556	\$17,647	\$15,096
Net income	\$978	\$1,532	(\$44)	\$1,033	(\$546)
Net income per share-diluted	\$0.25	\$0.40	(\$0.01)	\$0.27	(\$0.15)
Weighted average number of shares outstanding-diluted	3,893	3,848	3,685	3,767	3,679

Selected Quarterly Balance Sheet Data

Quarter Ended:	12/31/06	9/30/06	6/30/06	3/31/06	12/31/05
<u>Assets</u>					
Current Assets	\$32,361	\$31,615	\$31,690	\$29,984	\$24,783
Property, equipment improvements, net	1,168	1,141	1,153	1,089	1,065
Other assets	<u>5,732</u>	<u>5,694</u>	<u>5,594</u>	<u>5,300</u>	<u>5,495</u>
Total assets	<u>\$39,261</u>	<u>\$38,450</u>	<u>\$38,437</u>	<u>\$36,373</u>	<u>\$31,343</u>
<u>Liabilities & Shareholders' Equity</u>					
Total current liabilities	11,205	12,016	13,574	\$12,266	\$8,453
Other liabilities	7,802	7,519	7,906	7,555	7,378
Shareholders' equity	<u>20,254</u>	<u>18,915</u>	<u>16,957</u>	<u>16,552</u>	<u>15,512</u>
Total liabilities and shareholders' equity	<u>\$39,261</u>	<u>\$38,450</u>	<u>\$38,437</u>	<u>\$36,373</u>	<u>\$31,343</u>

Stock Information

NASDAQ symbol:	CSPI
Shareholders' equity (12/31/06):	\$20.2 million
Shares outstanding (12/31/06):	3.73 million
CY '06 52 week high / low:	\$9.25/\$5.51
Stock price (12/29/06):	\$8.18

Management

Alexander R. Lupinetti
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Offices

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