

Corporate Fact Sheet

April 2005

CSPI

Systems, Software & Services

Corporate Profile

To meet the diverse requirements of its industrial, commercial, scientific and defense customers worldwide, CSPI and its subsidiaries develop and market high-performance cluster computer systems and IT integration solutions for complex IT environments as well as messaging and image processing software.

Strategy

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

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

Businesses

MODCOMP, Inc.

MODCOMP, Inc. is a multinational business that develops and markets IT integration solutions for complex IT environments and provides network management, storage systems and security consulting services along with the best of breed hardware and software products from industry leading suppliers. In addition, MODCOMP develops and markets middleware software for messaging and legacy integration.

Scanalytics, Inc.

Scanalytics specializes in the development and marketing of highly sophisticated image-capture and analysis software products used by researchers in the biological and physical sciences. By integrating these software products with a diverse group of image-capture devices Scanalytics is able to solve application-specific problems in biotechnology and life science research, including Digital Microscopy, Genomics, and High Throughput screening.

CSPI Inc., MultiComputer Division

The MultiComputer Division helps its customers solve high-performance computing problems in the defense market by supplying very dense and rugged cluster computer systems with powerful real-time I/O capabilities that require minimum physical space or power. These systems are used on land, airborne and shipboard platforms in a broad array of applications, including software defined radio, radar, sonar and surveillance signal processing.

Highlights

CSPI Inc. Reports First-Quarter Fiscal 2005 Financial Results

For the first quarter of fiscal 2005, ended December 31, 2004, CSPI Inc. reported that sales increased 22 percent to \$14.4 million from \$11.8 million for the year-earlier quarter. The Company reported first-quarter net income of \$237,000 or \$0.06 per share (diluted), compared with a net loss of \$(228,000), or \$(0.06) per share (diluted), for the first quarter of fiscal 2004.

"We continued the momentum we established last year and recorded another quarter of solid financial performance by both our MultiComputer and MODCOMP businesses," stated Chairman, President and Chief Executive Officer Alexander R. Lupinetti. "In fact, the first quarter represented our sixth consecutive quarter of year-over-year revenue growth."

CSPI Inc. Reports Year-End Fiscal 2004 Financial Results

For the fiscal year ended September 30, 2004, the Company reported sales of \$52.8 million, an increase of 62 percent from sales of \$32.5 million for fiscal 2003. This includes twelve months of sales from the Technisource acquisition compared to four months in fiscal year 2003. For fiscal 2004, the Company reported net income of \$1.2 million, or \$0.32 per share diluted, compared with a net loss of \$1.4 million, or \$(0.39) per share diluted, for the prior year.

"One year ago, we outlined our strategy to position CSPI with the right products and services across our businesses to capitalize on a rebound in our global markets. We skillfully executed on that strategy in 2004 and we now look forward to pursuing opportunities for growth in each of our businesses in fiscal 2005," concluded Lupinetti.

CSPI Inc. Ships New FastCluster 220R Ruggedized System Supplied to Critical Defense Program

December 17, 2004 - CSPI Inc. MultiComputer Division announced it has shipped its new Ruggedized Embedded COTS Cluster, the FastCluster 220R, to a major defense contractor.

The CSPI team and FastCluster 220R were selected for this program because of their ability to deliver a high quality product conforming to the exacting MIL specifications of the program and have it available for on-time deployment. CSPI, working in collaboration with the customer and key partners, promptly developed and delivered an air-cooled system meeting Level III Ruggedization requirements for airflow, structural integrity, operating temperature range, shock, vibration and EMC/EMI.

CSPI Inc. Supplies Lockheed Martin with FastCluster 2942 Blades for Advanced Warning Airborne Surveillance Radar

October 26, 2004 - CSPI Inc. MultiComputer Division announced it has shipped FastCluster 2942 blades to Lockheed Martin for the System Development and Demonstration (SD&D) phase of the Advanced Hawkeye (AHE) program.

The Advanced Hawkeye will have computerized radar, Identification Friend or Foe and electronic surveillance sensors to provide early warning, threat analysis against potentially hostile air and surface targets. The AHE team will use the FastCluster 2942 blades in their next generation radar, which will begin to replace the current AN/APS-145 airborne radar in 2010. During the SD&D phase the Navy will use five radar systems for qualification, reliability and flight-testing.

Financial Highlights (First Quarter Fiscal Year 2005 Ended December 31,2004)

(Amounts in thousands, except per share amounts)

Selected Five Year Financial Data

Fiscal Year:	2004	2003	2002	2001	2000
Sales	\$52,824	\$32,515	\$28,111	\$41,916	\$62,021
Net income (loss)	\$1,211	\$(1,384)	\$(5,663)	\$(2,885)	\$675
Net income (loss) per share-diluted	\$0.32	\$(0.39)	\$(1.61)	\$(0.82)	\$0.18
Weighted average number of shares outstanding-diluted	3,743	3,534	3,524	3,527	3,663

Selected Quarterly Financial Data

Quarter Ended:	12/31/04	9/30/04	6/30/04	3/31/04	12/31/03
Sales	\$14,373	\$14,557	\$14,301	\$12,166	\$11,800
Net income (loss)	\$237	\$523	\$438	\$478	\$(228)
Net income (loss) per share-diluted	\$0.06	\$0.14	\$0.12	\$0.13	\$(0.06)
Weighted average number of shares outstanding-diluted	3,860	3,743	3,746	3,673	3,555

Selected Quarterly Balance Sheet Data

Quarter Ended:	12/31/04	9/30/04	6/30/04	3/31/04	12/31/03
Assets					
Current Assets	\$24,898	\$24,676	\$23,482	\$21,234	\$21,622
Property, equipment & improvements, net	1,224	1,213	1,046	1,072	936
Other assets	5,273	5,224	5,591	5,620	4,978
Total assets	<u>\$31,395</u>	<u>\$31,113</u>	<u>\$30,119</u>	<u>\$27,926</u>	<u>\$27,536</u>
Liabilities & Shareholders' Equity					
Total current liabilities	\$8,467	\$9,253	\$8,735	\$7,065	\$7,145
Other liabilities	8,322	7,836	8,643	8,579	8,484
Shareholders' equity	14,606	14,024	12,741	12,282	11,907
Total liabilities and shareholders' equity	<u>\$31,395</u>	<u>\$31,113</u>	<u>\$30,119</u>	<u>\$27,926</u>	<u>\$27,536</u>

Stock Information

NASDAQ symbol:	CSPI
Shareholders' equity (12/31/04):	\$14.6 million
Shares outstanding (12/31/04):	3.86 million
FY '04 52 week high / low:	\$9.68/\$4.58
Stock price (12/31/04):	\$10.39

Management

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