

CSP Inc.
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CSP Inc. Declares Annual Dividend

BILLERICA, MA, January 12, 2012 - The Board of Directors of CSP Inc. (NASDAQ: CSPI), a provider of IT solutions, systems integration services and dense cluster computing systems, announced that the Company has declared an annual dividend of \$0.10 per share payable on February 3, 2012 to shareholders of record on January 27, 2012.

The Board determined that it would declare the cash dividend based on CSP's strong balance sheet and financial condition, and considering the Company's current working capital needs and potential investments in strategic growth opportunities. CSP reported total cash and cash equivalents of \$15.9 million at September 30, 2011.

"We are pleased to extend this dividend to our shareholders," said Chairman and Chief Executive Officer Alexander R. Lupinetti. "Going forward, the Board intends to review CSP's financial performance, balance sheet strength and working capital requirements each year to determine the amount of the annual cash dividend, if any. The Board is committed to building long-term shareholder value and will regularly evaluate the best use of cash, including dividends, stock repurchases and investments in strategic growth initiatives."

About CSP Inc.

Based in Billerica, Massachusetts and founded in 1968, CSP Inc. and its subsidiaries develop and market IT integration solutions and high-performance computer systems to meet the diverse requirements of our industrial, commercial, and defense customers worldwide.

CSP's Systems segment includes the MultiComputer Division, which designs and manufactures commercial high-performance computer signal processing systems for a variety of complex real time applications in defense and commercial markets. The Company's MODCOMP Inc. subsidiary, also part of its Service and Systems Integration segment was founded in 1970, and has offices in the U.S., U.K. and Germany. Modcomp provides solutions and services for complex IT environments including storage and servers, unified communications solutions, IT security solutions and consulting services.

More information about CSP is available on the company's website at www.cspi.com.

To learn more about MODCOMP, Inc., consult www.modcomp.com.

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'Safe Harbor Provision' Statement'

The Company wishes to take advantage of the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995 with respect to statements that may be deemed to be forward-looking under the Act. Such forward-looking statements may include, but are not limited to, those relating to the Company's intent to issue an annual cash dividend. The Company cautions that numerous factors could cause actual results to differ materially from forward-looking statements made by the Company. Such risks include general economic conditions, market factors, competitive factors and pricing pressures, and others described in the Company's filings with the SEC. Please refer to the section on forward-looking statements included in the Company's filings with the Securities and Exchange Commission.

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