Analyst and Investor Conference Call

First Quarter Fiscal Year 2008

February 5, 2008, 2:00pm Pacific

Operator introduces Gerry Perkel, Planar's President and Chief Executive Officer:

GP: Good afternoon and thank you for joining us for Planar's first quarter earnings conference call. With me this afternoon is Scott Hildebrandt, Planar's Chief Financial Officer.

Before I begin, I do need to say that the press releases we issued today contained forward-looking statements. On this conference call we will comment on our strategic and business outlook, and make other forward-looking statements based on our current expectations, estimates, assumptions and projections. Words such as expects, anticipates, intends, plans, believes, sees, estimates and variations of such words and similar expressions are intended to identify such forward-looking statements. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially. I refer you to the press releases we issued earlier today and to our periodic filings with the SEC for a description of factors that could cause actual results to differ materially from those forecast. The forward-looking statements we make today speak only as of today and we do not undertake any obligation to update any such statements to reflect events or circumstances occurring after today.

With that behind us, let me summarize some of our results for the quarter. Our net sales were $80.6 million for the first quarter of 2008, which represents 24 percent growth over the first quarter of 2007. Specialty revenues, which are the focus of our new strategy, grew 30 percent in the first quarter of 2008 compared to the year-ago quarter.

The first quarter of 2008 was also a strong quarter in terms of new products. We began shipping more than a dozen new specialty products as a part of our strategy to improve our competitive position and expand our market address in our various specialty segments.

In the first quarter we also saw a return to Non-GAAP profitability. Our goals for fiscal 2008 include a strong focus on translating our growing specialty revenue base into increased profitability. While the first quarter's Non-GAAP profits were modest, they were a step in the right direction.

Let me now review the status and performance in our various segments for the quarter…

Industrial segment sales in the first fiscal quarter were $17.1 million, up 5 percent sequentially and up 4 percent compared with the first quarter of fiscal 2007. Strategic investments in product development, sales and marketing resources continue to show positive signs as we recorded our third consecutive quarter of sequential growth and the first quarter with year-over-year growth in six quarters. Opportunities in the pipeline for ruggedized and customized displays continue to look healthy across a number of different end markets, including retail, military, marine, and public safety.

The Medical segment recorded first quarter sales of $10.5 million, down 7 percent compared with the fourth quarter of fiscal 2007 and up 2 percent compared with the first quarter a year-ago. Sales of Diagnostic Imaging (DI) monitors grew 4 percent compared to the first quarter of 2007. This was partially offset by a decrease in sales of lower-margin patient monitors which declined 27 percent year-over-year as we continue to transition away from this lower-margin product line to focus on higher-margin opportunities for Diagnostic Imaging monitors.

Sales in the Home Theater segment were $15.1 million for the first quarter of 2008, down 1 percent sequentially and down 3 percent compared with the same period a year-ago including the historical results of Runco as represented to Planar in connection with the acquisition. Sales for Runco and Vidikron branded products were $14.2 million, down 1 percent both sequentially and compared to the year-ago period. Sales for Planar branded products were $0.9 million during the first quarter of 2008. We are focusing on driving growth and improved operational efficiencies in this segment including the consolidation of operations from Union City, California to our other global facilities planned for March of 2008.

Sales in the Control Room and Signage segment were $17.8 million in the first quarter, up 3 percent sequentially and down 5 percent compared with the year-ago period. Our Digital Signage software and services business, Coolsign, recorded its' fourth consecutive quarter of sequential revenue growth and is a key area of focus for driving growth and improved profitability in this segment moving forward.

Sales in the Commercial segment were $20.0 million, down 17 percent sequentially and up 11 percent versus the first quarter a year-ago. Sales in new specialty display product categories including higher-margin touch monitors, business projectors, and network monitors grew 43 percent compared with the first quarter of 2007 and represented 22 percent of total revenue in this segment for the quarter, reflecting our strategic shift to higher-margin products in this segment. Sales of desktop monitors grew 4 percent compared with the first quarter of 2007 and declined 20 percent sequentially as we experienced unusually high sales of desktop monitors in the fourth quarter of 2007 due to some unique market conditions.

With that summary, I'll now turn the call over to Scott who will review our financial performance in a bit more detail…..Scott.

SH: Thank you Gerry.

Starting with our **Income Statement**, first quarter gross margin was 25.3 percent of sales on a Non-GAAP basis, up from the 21.0 percent recorded in the fourth quarter of 2007 and down from the 28.9 percent recorded in the first quarter of last year. Gross margins improved sequentially primarily due to the inventory charges that were recorded in the fourth quarter of 2007. Gross margins were down compared to last years first quarter primarily due to unfavorable product mix in our medical and industrial segments combined with increased lower-margin sales of Home

Theater and Commercial products in the first quarter of 2008 compared with the first quarter of 2007. In addition, some incremental expenses in our Home Theater business were incurred in our first quarter as we transition the Runco operation from Union City, California to Planar's existing global facilities.

Operating expenses on a Non-GAAP basis were 24 percent of sales for the quarter, down from 24.7 percent in the fourth quarter. The sequential reduction in our operating expense was primarily due to a large Home Theater tradeshow that occurred in our fourth quarter last year, combined with lower engineering expenses in our Industrial Business Unit.

Turning to our **balance sheet**, we ended the first quarter with cash and short term investments of $16.0 million, up $0.8 million compared with the end of the fourth quarter. In addition, we had outstanding $25 million of short-term borrowing on our line of credit at the end of the first quarter, up slightly from the end of the fourth quarter. Accounts receivable days sales outstanding was 49 days for the first quarter, up from 46 days in the fourth quarter of 2007 impacted by the timing of shipments during the quarter. Inventory at the end of our first quarter was roughly similar to the levels on hand at the end of the fourth quarter of 2007.

Moving to our **business outlook,** looking forward we continue to focus on translating expanding revenues into improved profitability and increased shareholder value over time. However, in the short term, financial results will be impacted by seasonality as the second quarter of the fiscal year historically experiences some revenue declines, especially in the Control Room and Signage, Commercial, and Home Theater Business Units. As such, our expectations for the second quarter, ending March 28, 2008, are for sales of $73 million to $77 million and Non-GAAP net income per share of approximately breakeven to a modest loss. Adjusting for various GAAP charges, we believe second quarter 2008 GAAP net loss per share will be approximately 24 cents.

Shifting to some **additional forward looking information**, fully diluted shares outstanding should be approximately 18.25 million shares for the second quarter. Also, we are projecting capital expense of $5 to $6 million for fiscal 2008. Depreciation should be in the range of $1.2 to $1.4 million per quarter the rest of fiscal 2008.

With that I will now turn it back over to you Gerry…..

GP: Thank you, Scott.

Before we open up the call to questions, let me touch on another announcement we made today and then conclude today's call with some final thoughts on the Company going forward.

One of the core principles in our new strategy is that a strong integrated operations and global supply chain organization can create a differential advantage vs. the many small competitors we see in the specialty display industry. As we continue through the evolution of our strategy, particularly punctuated by the two substantial acquisitions we have made, the opportunities and challenges facing our operations team have grown substantially. In an effort to improve our ability to address these challenges, we announced earlier today the strengthening of our team by hiring John Major, as our new VP of Global Operations and Supply Chain. John was most recently VP of Global Supply chain and Manufacturing Operations for Tektronix Inc. where he was instrumental in the implementation of Tektronix's LeanSigma structured continuous improvement program. John brings a strong manufacturing, service and quality background and relevant experience in high technology global supply chain operations to Planar. As we have noted, realizing operational efficiencies from our recent acquisitions is key to our efforts to improve profitability and increase shareholder value moving forward. I am very much looking forward to John's contributions toward this goal.

Finally, as we spoke about last quarter, we have seen a fair amount of improvement in the revenue base and make up of our Company over the past several quarters. Higher-margin specialty revenue now makes up approximately 80 percent of our total revenue, and is growing. We have invested both organically and through acquisitions to create a portfolio of products and go to market capabilities to address several specialty display market segments and I am encouraged by both our revenue results and the potential new products and opportunities in our pipeline. However, we have not been able to deliver that same improvement to the bottom line to this point.

We have launched a number of growth initiatives in line with our new strategy. Some have already delivered improvement while others have been slower to materialize than our original expectations. We do believe that the combination of reduced costs from continued integration activities along with specialty revenue growth from our growth initiatives will provide the basis for improved profitability in the second half of the fiscal year. Unfortunately, the ongoing global economic challenges are such that we are likely to need to reduce costs if we are to meet our fiscal year goals for Non-GAAP profitability of 20 cents per share. We are currently managing the delicate balance of improving profitability through cost reductions while ensuring that we provide the requisite time to allow our growth initiatives to mature. As such, we are evaluating trade offs associated with taking additional cost actions to accelerate our profit improvement focus. We are committed to driving shareholder value improvement through profit expansion over time and I continue to be excited about the opportunities our new strategy has to offer.

With that I will now open up our conference call for questions…….