



**RadiSys Company Overview**  
MARCH 2-3, 2009

BRIAN BRONSON  
CFO

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FINANCE & IR MANAGER

**LEADING  
THE FUTURE OF  
EMBEDDED TECHNOLOGY**

A decorative graphic at the bottom of the slide consisting of several thin, white, wavy lines that create a sense of motion or a signal wave.

## **FORWARD-LOOKING STATEMENTS ARE INCLUDED IN THIS PRESENTATION.**

Any statements in this presentation regarding future expectations for the business of RadiSys constitute forward-looking statements that involve a number of risks and uncertainties. We caution you not to place undue reliance on these statements. Factors that could cause actual results to differ materially from those in the forward-looking statements can be found in our SEC filings, including our 2007 Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q.

## **THIS PRESENTATION IS AS OF MARCH 2-3, 2009.**

The content of this presentation contains time-sensitive information that is accurate only as of the time hereof. RadiSys undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the Company's expectations.

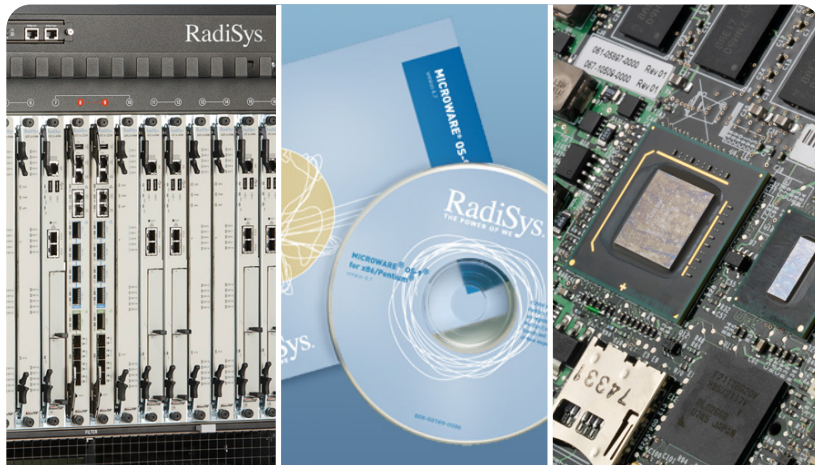


## WE PROVIDE ADVANCED EMBEDDED SOLUTIONS & COMPLETE LIFECYCLE OWNERSHIP

- Embedded Boards, Blades, Software, Systems & Turnkey Platforms
- Concept, Design, Delivery, Sustaining & End of Life

## THAT ENABLES OUR CUSTOMERS TO...

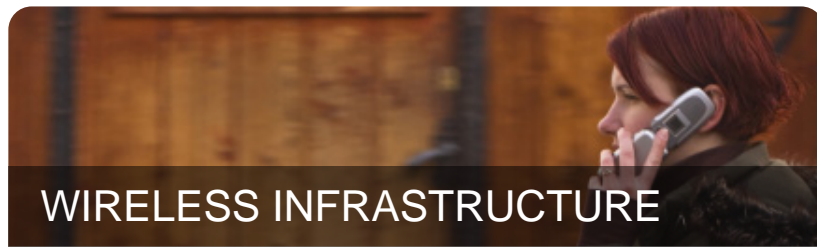
- Get more products to market
- Get products to market faster
- Redeploy R&D to higher value
- Reduce product costs



# The Markets We Serve

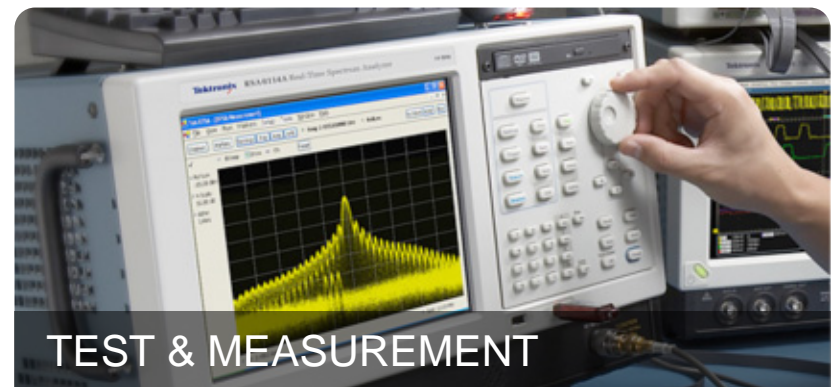
## COMMUNICATIONS NETWORKING

80% OF SALES | 80% OF R&D



## COMMERCIAL

20% OF SALES | 20% OF R&D



## RADISYS MEDIA SERVERS

- Powerful, multi-service platforms for manipulating voice, video and images in real-time
- Highly standards based, extremely scalable and flexible
- Gross Margins of 60-70%

## APPLICATIONS

- Conferencing, Messaging, Call Center, Voice Services, Interactive Voice Recognition
- Move from TDM to IP where IP media servers are required
- Global presence and global opportunities

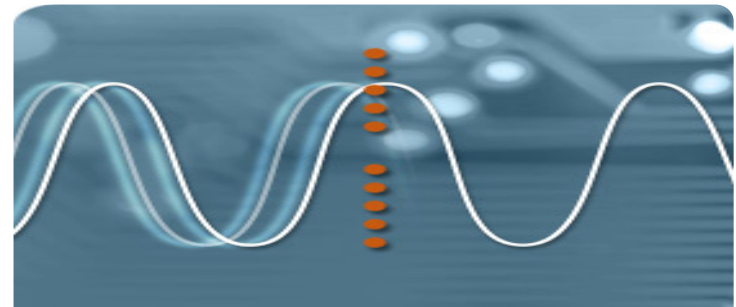


## RADISYS ATCA PRODUCTS

- Leading 10G System -switching to handle high throughput applications
- Platform software to manage shelf management, datapath software, blade/switch management
- Wide selection of ATCA blades optimized for target applications
- Best in class partners – CG Linux OS, HA Middleware, building block assets - silicon, chassis

## APPLICATIONS

- IPTV, Voice Quality Enhancement (VQE), Radio Network Controller (RNC), Media Gateways -VoIP, IP Multimedia Subsystem (IMS), WiMax



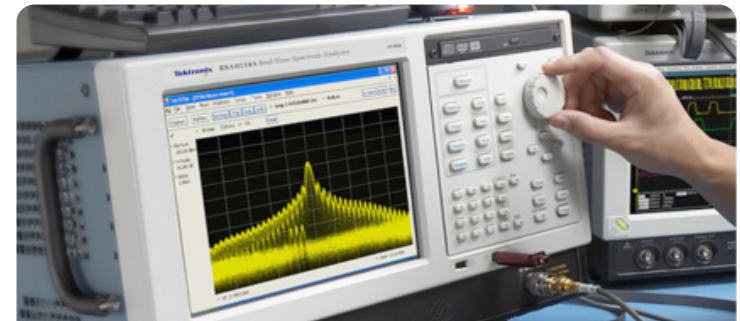
## MEDICAL IMAGING SOLUTIONS

- High performance image processing, long life solutions
- Applications – MRI, Ultrasound, CAT Scan
- Products – Embedded Servers, Computer on Module Express



## GRAPHICS COMPUTE PLATFORMS

- Mobile, low power, small form factor
- Applications – Mobile security, patient monitoring, portable instruments, in-flight entertainment, gaming
- Products – Computer on Module Express & Single Board Computers



# Our Customers

## COMMUNICATIONS NETWORKING



## COMMERCIAL



GE Healthcare



Agilent



# Principle Competitors

## OUR CUSTOMERS

Choose to keep development in-house and proprietary.



## PLATFORM PROVIDERS



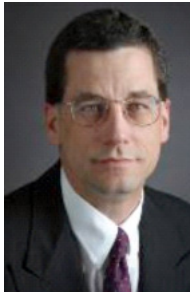
## BOARD PROVIDERS



# Global Operations



# Leadership Team



**Scott Grout**  
President & CEO



**Brian Bronson**  
CFO



**George Shenoda**  
CTO



**Anthony Ambrose**  
VP / GM  
Communications  
Networking Market



**Wade Clowes**  
VP / GM  
Commercial  
Market



**John Major**  
VP Global  
Operations



**Chris Lepiane**  
VP Global  
Sales and Service

# Strategic Transformations

<b>FROM</b>	<b>TO</b>	<b>PROGRESS</b>
Engineering Services	Product Company	75% Wins Standard Based
Hardware Only	Hardware, Software & Systems	\$100M '08 Next-Gen Com Rev
ASPs \$2-\$4K	ASPs \$20-\$30/\$60K	More ATCA Systems & Media Server Systems
GM% in the 20s	ATCA 30%+, Media Server 60%+	GM% of 31.6% in Q408*
Revenue Concentrated	Revenue Diversified	100+ New Customers
US Centric	Global – Ops, R&D, Customers	Diversified '08 Revenues: 32% - NA, 37% - Europe, 31% - Asia
In-house Manufacturing	Outsourced Manufacturing	80% Outsourced Manufacturing
Technology Centric	Market Centric & Tech Enabled	Product Marketing Team

## MEANINGFUL NEW PRODUCT DEPLOYMENTS

- New Tier 1 wireless networking customer reached Carrier approval to deploy with ATCA Platform
- New business won with ZTE in China for unified communications applications
- Shipped embedded servers to two Tier 1 medical imaging customers

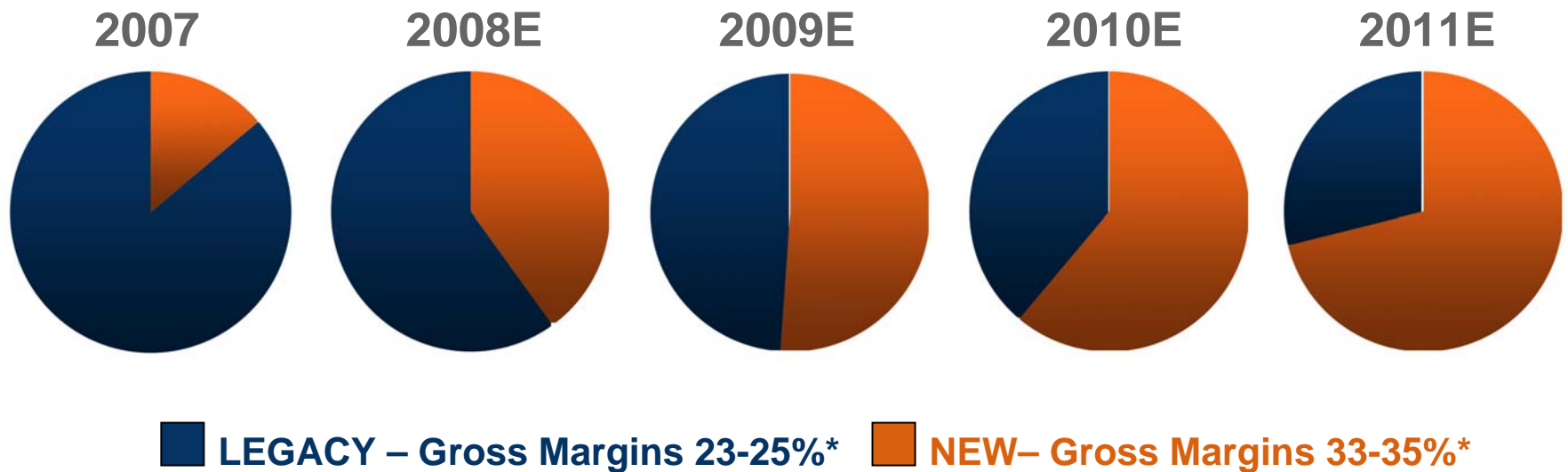
## SIGNIFICANT NEW PRODUCT REVENUE GROWTH

- Next-generation communication revenue of over \$100M in 2008
- Record Media Server revenues with growth in NA, Europe, Asia in 2008
- Record ATCA revenues in 2008 as customers move to deployment

## CONTINUED CUSTOMER DIVERSIFICATION

- Design wins with over 100 new customers
- Six new customers entered top 10 customer list in past year and half

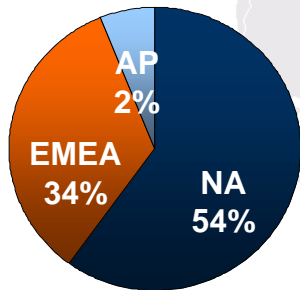
## PROJECTED REVENUES



# Global Business Growth

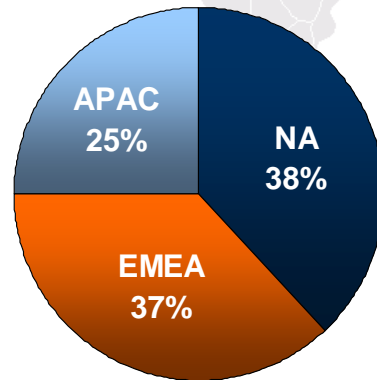


**Q2 2003**



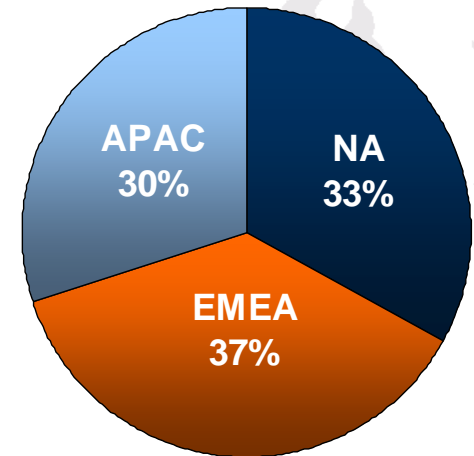
**\$49M**

**Q2 2007**



**\$76M**

**Q3 2008**



**\$100M**

## RECORD REVENUE IN 2008

- Revenue up 15% over 2007
- Record ATCA & Media Server Revenue

## INCREASING REVENUE OF NEW, HIGHER VALUE PRODUCTS

- \$100M of Revenue in 2008 from ATCA & Media Server Products
- Up from \$36M in 2007

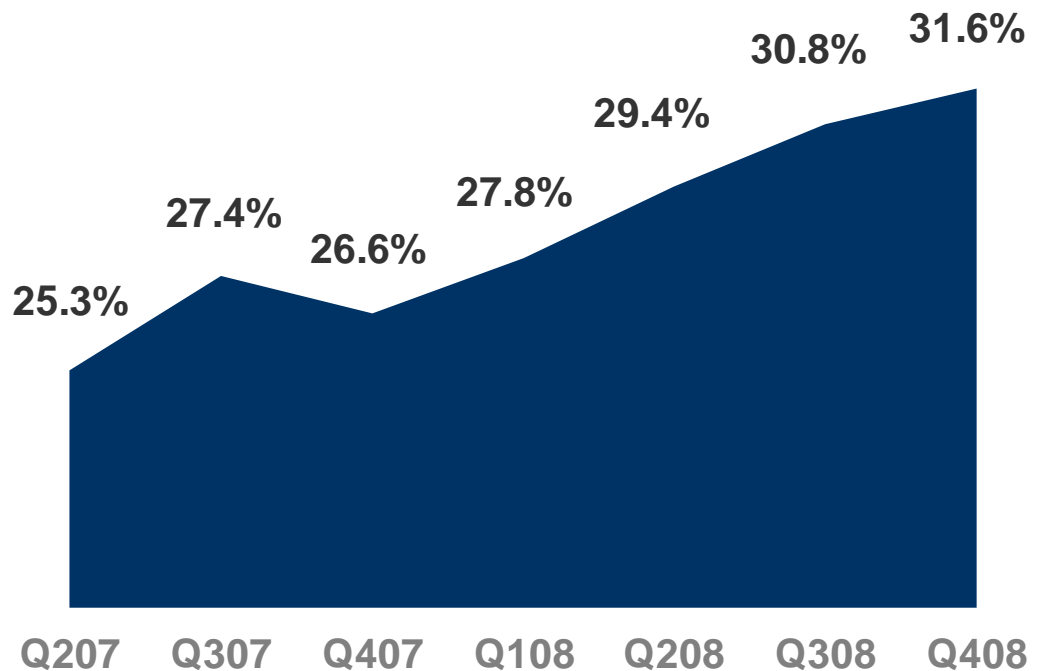


## FAVORABLE PRODUCT MIX

- Revenue growth / mix of business moving to higher value products

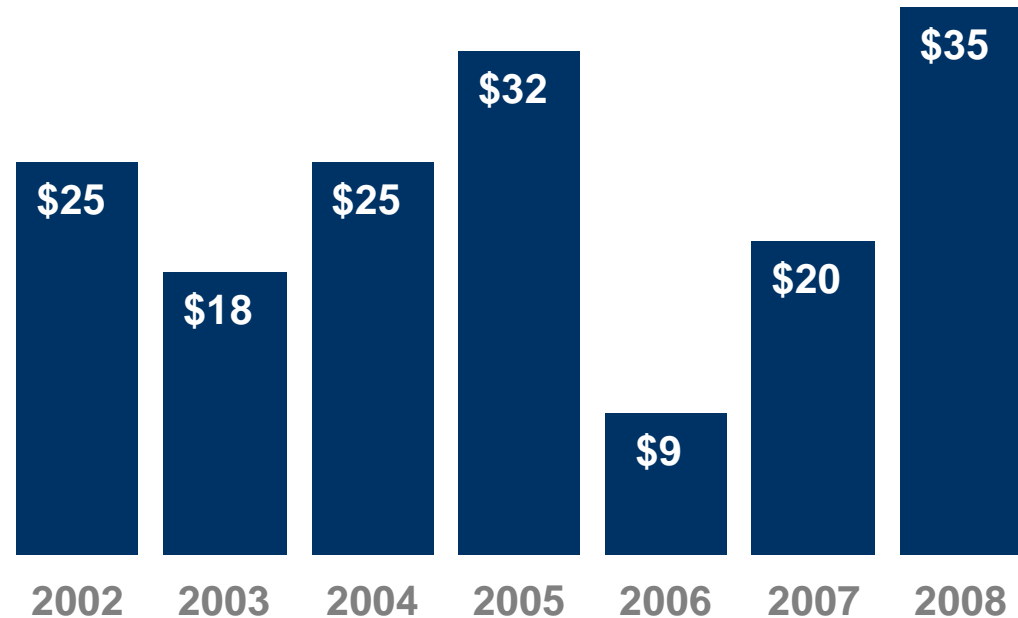
## IMPROVED MANUFACTURING COSTS

- Excess & obsolete inventory charges down year over year
- Cost reductions



## OPERATING CASH FLOW

- Generated cash flow from operating activities of between \$10M and \$35M a year since 2002
- Generated cash flow from operating activities of \$35M in 2008
- Current cash flow break-even is around \$63M - \$65M depending on product mix



## 2008 RESULTS

### REVENUE

- \$373M, up 15% year over year

### GROSS MARGIN\*

- 29.9%, up 2.8 percentage points year over year

### OPERATING INCOME\*

- 5.6%, up 2.8 percentage points year over year

### EPS\*

- \$12.5M or 49 cents, up \$4.2M or 15 cents year over year

### CASH FLOW

- Operating cash flow of \$35M, up 75% or \$15M year over year

### CASH BALANCE

- \$74M of Cash and Equivalents at the end of 2008

## Q1 OUTLOOK

### REVENUE

- \$73M to \$79M, lower wireless & softness in Commercial \*\*

### EPS\*

- \$0.05 to \$0.11 \*\*
- Increased uncertainty & projected softening in demand
- Remain focused on core strategies, while monitoring expenses to continue to generate operating cash flow

\*Represents non-GAAP results. A reconciliation of GAAP to Non-GAAP results is located on earnings releases filed on Form 8-K.

\*\* Per the Company's guidance on February 3, 2009.

# Balance Sheet

\$ millions

	31-Dec-07	30-Sep-08	31-Dec-08
<b>ASSETS</b>			
Cash & ST Investments	\$123	\$83	\$74
LT Investments	-	57	51
Settlement Right (UBS)	-	-	11
Accounts Receivable	71	49	46
Inventory	23	31	29
Goodwill & Intangibles	106	91	20
Deferred Tax Assets	47	49	56
Other Assets	23	23	22
<b>TOTAL ASSETS</b>	<b>\$393</b>	<b>\$383</b>	<b>\$309</b>
<b>LIABILITIES &amp; EQUITY</b>			
Current Liabilities	\$72	\$61	\$59
ST Convertible Notes	98	37	-
ST Line of Credit - UBS	-	-	40
LT Convertible Notes	-	55	50
LT Line of Credit - SVB	-	20	-
Other Long-term Liab	3	3	3
Shareholders' Equity	220	207	157
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$393</b>	<b>\$383</b>	<b>\$309</b>

# Why Invest in RadiSys?

## **Well positioned for growth in a transforming market**

- Industry shift to merchant supplied embedded platforms

## **Selling new products with higher ASP's, more value, more margin**

- ATCA, Media Servers, Imaging Servers
- Next-generation communication revenue of \$100 million in 2008

## **Significant new wins and now ramping**

- Many new customers in compelling applications

## **Meaningful financial progress**

- Gross margin\* from a low of 25% in '07 to over 31.6% in Q408
- Operating income\* from 0% to 8% over past 5 quarters

## **Strong cash position and generating cash flow**

- Cash of \$74 million as of end of 2008
- Operating cash flow of \$34 million in 2008, with \$11 million in Q408