

ChargeSource Powering the Mobile Lifestyle

Comarco Investor Presentation

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Comarco, Inc.

This presentation includes “forward-looking statements” that are subject to risks, uncertainties, and other factors that could cause actual results or outcomes to differ materially from those contemplated by the forward-looking statements. A number of important factors could cause our results to differ materially from those indicated by these forward-looking statements, including, among others, the impact of perceived or actual weakening of economic conditions on customers’ and prospective customers’ spending on our products and services; quarterly fluctuations in our revenue or other operating results; failure to meet financial expectations of analysts and investors, including failure from significant reductions in demand from earlier anticipated levels; risks related to market acceptance of our products and our ability to meet contractual and technical commitments with our customers; activities by us and others regarding protection of intellectual property; and competitors’ release of competitive products and other actions. Further information on potential factors that could affect our financial results are included in risks detailed from time to time in our Securities and Exchange Commission filings, including those detailed filings on Form 10-K and Form 10-Q.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither we nor any other person assume responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to revise or update publicly any forward-looking statements for any reason.

AGENDA

- ❑ **Comarco Strategy**
- ❑ **Market Opportunity**
- ❑ **Achievements in Fiscal 2009**
- ❑ **Objectives for Fiscal 2010**
- ❑ **Retail/Targus**
- ❑ **OEM**
- ❑ **Financials**

Comarco Business Strategy

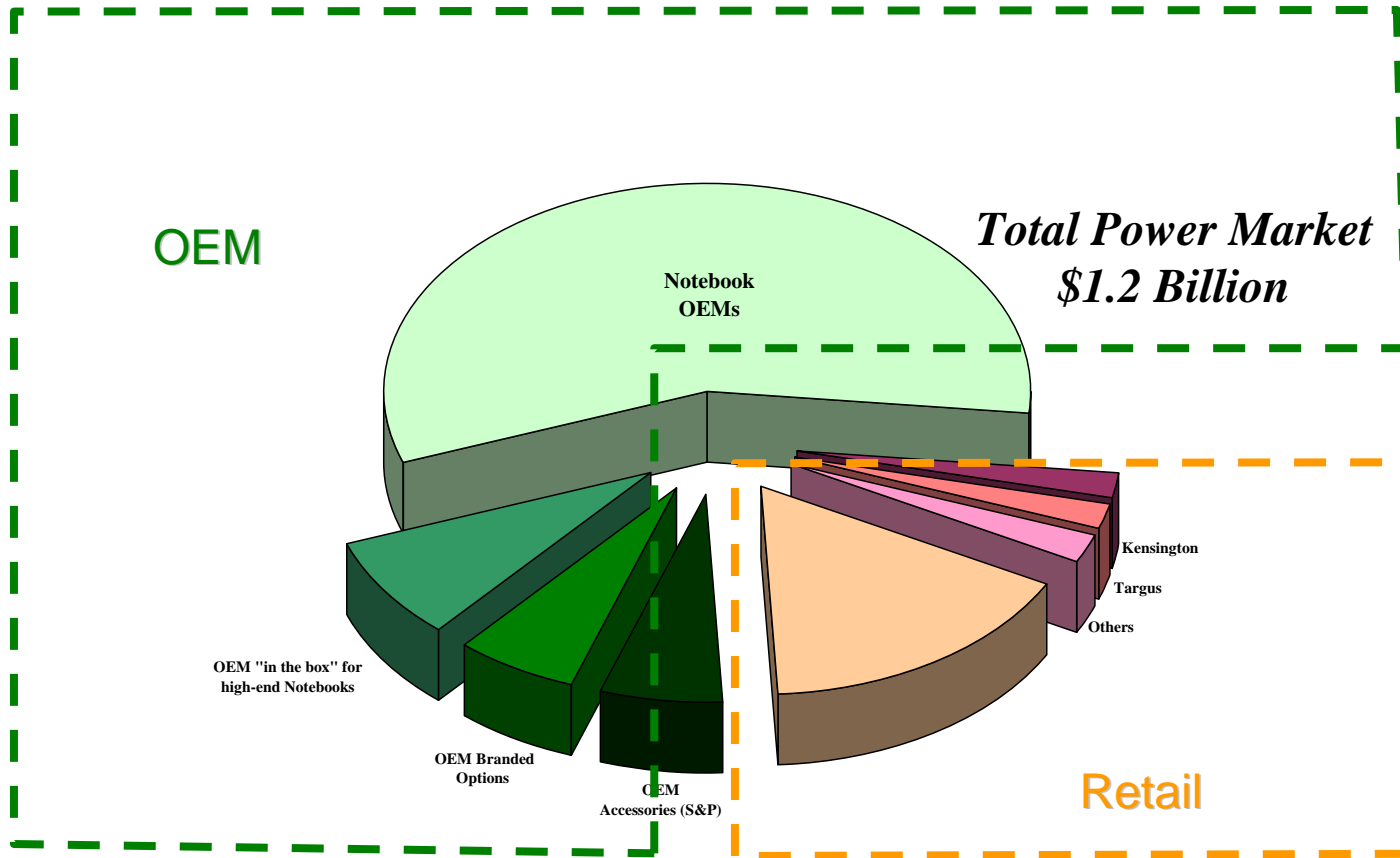
Become the preeminent supplier of Mobile Power Products

- ❑ Focus on ChargeSource market opportunity
- ❑ Extract value from Wireless Test Solutions and Call Box to redeploy to ChargeSource business
- ❑ Execute transition/turnaround
- ❑ Improve financial flexibility
- ❑ Drive revenue growth, profitability and enhanced valuation

ChargeSource Strategy

- ❑ **Exploit strong IP portfolio: next generation “slim & light”, multiple/intelligent charging**
- ❑ **Position Company for significant growth**
 - **Maximize Retail Opportunities with Targus**
 - **Exploit OEM opportunity**
 - **Expand presence with Lenovo**
 - **Execute on recently won business at Dell**
 - **Pursue additional OEMs**
- ❑ **Improve product margins, operating costs, and internal processes**
- ❑ **Improve supply chain and manufacturing operations**

Addressable Market - \$500M+



Achievements in Fiscal 2009

- ❑ **Sold WTS and Call Box businesses for gross proceeds of ~ \$15.5 million**
- ❑ **Completed development of next generation “slim and light” follow-on products for OEM market (Constellation) and retail market (Manhattan)**
- ❑ **Established credit facility with Silicon Valley Bank of \$5 million**
- ❑ **ChargeSource revenue of \$13.5 million, up 32% over fiscal 2008**
- ❑ **Operating expenses reduced by approximately 50% annually**
 - **Staff reductions major contributor**
 - **Facility costs down nearly \$600K**
- ❑ **Cash at year-end of \$14.1 million**

ChargeSource Achievements in Fiscal 2009

- ❑ **Began volume shipments of “slim and light” products to Lenovo**
 - **220,000+ units shipped**
- ❑ **Received key win at Lenovo for new Constellation product**
 - **First shipments scheduled for summer of fiscal 2010**
- ❑ **Signed worldwide distribution agreement with Targus**
- ❑ **Rationalized manufacturing costs and expense structure**
 - **Cost-optimized products allow for improved profit**
 - **Expanded contract manufacturing**
 - **Improved material costs and raw material inventories**

Objectives for Fiscal 2010

- ❑ **Strengthen customer base**
 - **Retail – maximize Targus partnership**
 - **OEM – expand Lenovo business, execute on recently won business with Dell, pursue additional OEMs**
- ❑ **Expand ChargeSource product lines**
- ❑ **Continue to exploit IP**
- ❑ **Improve gross margins**
 - **Product design**
 - **Product costs/manufacturing efficiency**
- ❑ **Maintain affordable expense structure**

Retail Strategy / Targus

- ❑ **Mutually exclusive agreement with Targus is the foundation of the retail strategy**
- ❑ **Targus is a leading supplier of power adapters in the worldwide retail market**
- ❑ **First product shipments began in FYQ2 2010 with significant volumes expected in FY Q3 and Q4**
- ❑ **Significant revenue opportunity**
 - **CMRO replaces all the iGo business which generated approximately \$30M in revenue last year**

OEM Strategy / Lenovo

- ❑ **Strengthen relationship with Lenovo**
 - **Next generation “slim and light” Constellation power adapter expected to ship in late summer 2009**
 - **Cost-optimized design should generate 20% to 25% margins**
 - **Potential for bundling**

OEM Strategy

- ❑ **Execute on landmark win with Dell**
 - **Innovative 90W Air Auto DC Adapter expected to ship in the fall of 2009**
 - **First direct project with Dell**
 - **Based on stringent product requirements**
 - **Opportunity to work together on additional products**
- ❑ **Will continue to pursue additional OEM customers with unique products which rely on Comarco's IP and technical innovation**

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Financials

Comarco, Inc.

INCOME STATEMENT (in thousands, except EPS)	Three Months Ended July 31,		Six Months Ended July 31,	
	2009	2008	2009	2008
Revenue	7,580	3,158	9,602	6,979
Cost of revenue	5,664	3,337	7,999	7,166
Gross loss	1,916	(179)	1,603	(187)
Selling, general and administrative expenses	1,597	2,193	3,283	5,695
Engineering and support expenses	972	761	1,842	1,377
Operating loss	(653)	(3,133)	(3,522)	(7,259)
Other income, net	18	28	7	81
Loss from continuing operations before income taxes	(635)	(3,105)	(3,515)	(7,178)
Income tax benefit	0	571	0	1,518
Net loss from continuing operations	(635)	(2,534)	(3,515)	(5,660)
Income from discontinued operations, net of tax	(27)	885	12	2,354
Net income (loss)	(662)	(1,649)	(3,503)	(3,306)
Basic and diluted income (loss) per share:				
Net loss from continuing operations	(0.09)	(0.35)	(0.48)	(0.77)
Net income from discontinued operations	0.00	0.12	0.00	0.32
	<u>(0.09)</u>	<u>(0.23)</u>	<u>(0.48)</u>	<u>(0.45)</u>
Weighted average common shares outstanding:				
Basic	7,327	7,327	7,327	7,327
Diluted	7,327	7,327	7,327	7,327
Common shares outstanding	<u>7,327</u>	<u>7,327</u>	<u>7,327</u>	<u>7,327</u>

BALANCE SHEET (in thousands)	July 31, 2009	January 31, 2009
	<u> </u>	<u> </u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$11,509	\$14,144
Accounts receivable, net	7,630	4,145
Inventory, net	590	1,232
Other current assets	382	691
Total current assets	<u>20,111</u>	<u>20,212</u>
Property and equipment, net	1,115	1,279
Restricted cash	0	77
Total Assets	<u><u>\$21,226</u></u>	<u><u>\$21,568</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$4,422	\$1,501
Accrued liabilities	2,346	3,178
Line of Credit	1,000	0
Total current liabilities	<u>7,768</u>	<u>4,679</u>
Tax liability: FIN 48	86	86
Deferred rent	124	182
Total liabilities	<u>7,978</u>	<u>4,947</u>
Stockholders' equity	<u>13,248</u>	<u>16,621</u>
Total Liabilities & Equity	<u><u>\$21,226</u></u>	<u><u>\$21,568</u></u>

Six Reasons to Consider CMRO

- ❑ **Well-positioned in the large and growing power accessories market**
- ❑ **Proprietary IP on “slim and light” multiple source power adapter**
- ❑ **Expanding business with leading notebook OEM customers
Lenovo and Dell**
- ❑ **Exclusive worldwide distribution agreement with retail leader
Targus**
- ❑ **Opportunities for additional operating and product cost
reductions**
- ❑ **Strong cash position**

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