



2006 Annual Meeting of Shareholders

May 4, 2006

LIFECYCLE SOLUTIONS FOR OEMs



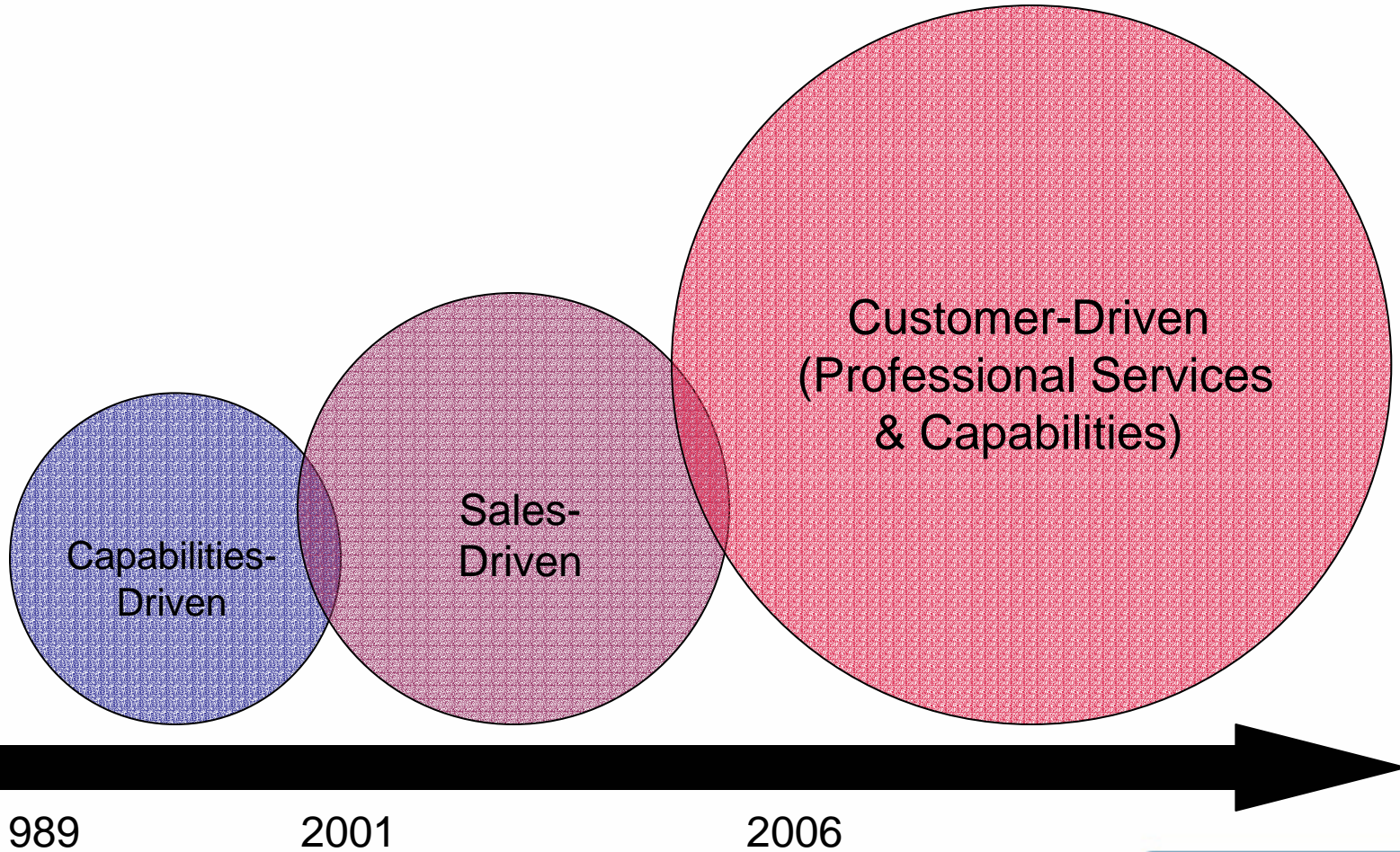
Safe Harbor Statement

The following discussion will contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, but not limited to, statements regarding the Company's outlook regarding sales, customers, growth, global presence, efficiencies and income for the 2006 fiscal year, as well as statements regarding the Company's more long-term financial goals relating to sales, revenue, growth, margin and expense. These forward-looking statements speak only as of the date they are made. Investors are cautioned that such statements involve risks and uncertainties that could cause actual results to differ materially from historical or anticipated results due to many factors. These risk factors include changes in general economic conditions, changes in the specific markets for the Company's products and services, changes in customer order patterns, increased competition, changes in the Company's business or its relationship with major technology partners or significant customers, pricing pressures, lack of adequate available financing to take advantage of business opportunities that may arise, and risks associated with the Company's new business practices, processes and information systems. These risk factors and other factors are described in more detail under the section entitled "Risk Factors" on page 19 of the Company's annual report to shareholders.





PDSi's Strategic Evolution





Diversified Customer Base



Lucent Technologies
Bell Labs Innovations



Global Fortune 500 Customers



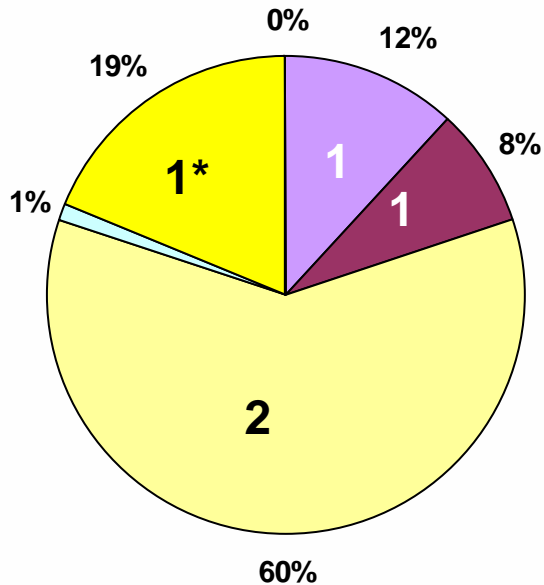
communications



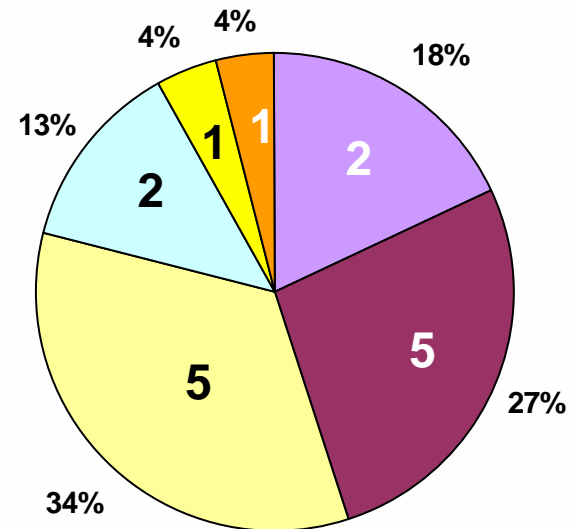


Market/Customer Composition

2002
% of \$16 Million in Sales



2005
% of \$44 Million in Sales



Medical Systems
Commercial Imaging

Telco Equipment
Industrial Systems

Enterprise Systems
Defense Contractors

* Number of customers with over \$500,000 in annual revenue.





Medical Systems



Bayer Diagnostics was added to our customer list in 1998 after we won a contract to develop a custom, embedded computer controller for their blood analysis equipment.



Today, PDSi provides Bayer Diagnostics with three separate, extended life, embedded computer products for use in one of their automated blood analysis products. PDSi also manages spare parts and logistics, and provides consulting, project management and management information services.





Telco Equipment



Alcatel became a PDSi customer in 1998 after we won a contract to develop a telecommunications-grade server, the TS1000.



Today, PDSi provides Alcatel with design services, software development, system architecture, frame-level integration, installation, field service, and support services including turn key customer specific application integration and customer software application support.





Computer and Network Equipment

Netscaler was a young and growing computer assembly customer of GNP Computers that was acquired by Citrix in August 2005, simultaneous to our acquisition of GNP.



Today, PDSi is in the start-up phase of a global, configure-to-order fulfillment contract for a network appliance system product, with a European fulfillment center being brought on line in Q2 2006. PDSi also manages the product integration, product management, spare parts and logistics of the platform and provides consulting, project management and management information services.





Commercial Imaging



Our relationship with Xerox was established in 2002 after PDSi was awarded a contract to design and produce a controller board for their next generation commercial publisher.

The Xerox logo, consisting of the word "XEROX" in a bold, red, sans-serif font with a registered trademark symbol.

Today, PDSi is designing and producing boards and systems for multiple high-speed copier product lines, managing spare parts and logistics, and providing consulting, project management and management information services.





2005 Business Highlights

- More than doubled the number of computer and network equipment customers and grew sales to that market over 50%.
- More than doubled the number of telecommunications equipment providers and our sales to customers in that market.
- More than doubled sales to one of the world's largest medical equipment and electronics manufacturers, making it one of the Company's largest customers in 2005.
- Acquired a new defense customer's large-scale rack integration business to provide flight simulation systems for the armed forces.
- Completed first acquisition, which was accretive to earnings in the second half of the year.





2005 Business Highlights (cont'd)

- Initiated development of a compelling model for linking services together to create the Fulcrum solution for Original Equipment Manufacturers.
- Introduced new Advanced Telecommunications Architecture (AdvancedTCA®) platforms to an emerging market for telecommunications equipment designed to this efficient blade-computer standard; a market that is expected to grow rapidly over the next few years.
- Began marketing an acquired Compact PCI (cPCI, an existing industry standard) architecture telecommunications platform worldwide securing significant orders for major telecommunication service providers in Italy and Japan for 2006.





2005 Financial Highlights

- 30% increase in total sales to a record \$44.6 million
- 21% increase in product sales
- Net Income increased 6%
- EPS increased to \$0.15 from \$0.14
- ROE increased to 16%
- No long-term debt



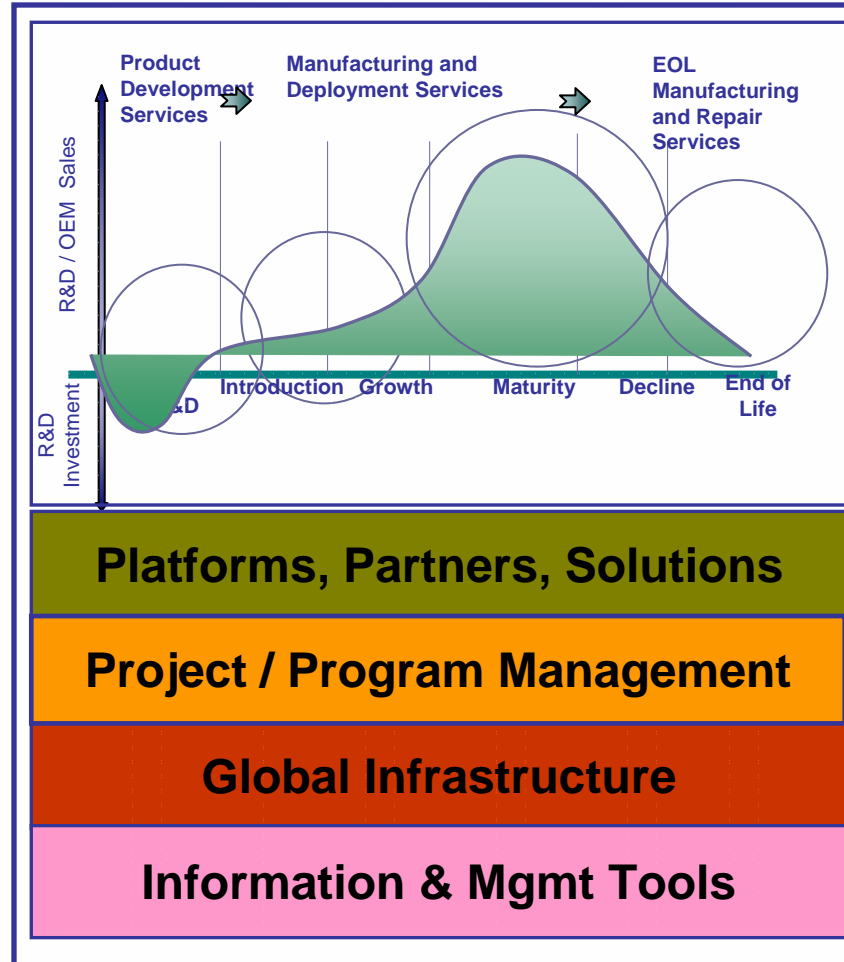


Vision

To be the **world-leading** provider of **innovative products and professional services** to **global equipment or software providers** with **sophisticated computing technologies** in their products, integral to the **success of our customers**, with experts across our organization that are acknowledged by our customers and our competitors as **the best in the business**.



Fulcrum Initiative





Fulcrum is...

- Professional Services
- Turn-key, cradle-to-grave service programs
- Products and programs that manage a high degree of complexity
- A comprehensive approach to product development and lifecycle management
- A unified, collaborative, out-sourcing alternative





Selected quotes from customer interviews performed by our marketing research and strategy consultants **Catapult Thinking** out of Boston, Massachusetts:

“So, if we can just manage PDSi, and PDSi, in turn, manages 10 suppliers or 20 suppliers for us, that’s 19 less interfaces that we have to deal with, and they can provide us much better information than we are able to pull ourselves because we don’t have the IT infrastructure to do it anymore.”

“I think that if they can map this out and articulate how the model works, it would help companies like us to really build a model ahead of time so that we are in this together. We are playing this game together.”

“I need to be able to get good service in multiple locations around the world. 40% of our revenues comes from outside the U.S., so it’s important to be able to have that ability and capabilities outside.”

“I think they’re good innovators...they do think about what kinds of things we can do differently or better or next. They’re very good technologically. I would have a hard time replacing them.”





Long-term Growth Strategies

- Focus on global Fortune 500 manufacturers with sophisticated computing technologies in their products
- Take advantage of the trend toward Business Process Outsourcing in these companies
- Broaden our scope of service offerings to a full suite of professional services that give us the capability to both design and implement solutions for our customers





2006 Outlook

- A record sales year
- Seek additional efficiencies to create more leverage in the business
- Grow customer relationships with enhanced systems and high value-added programs
- Increase global presence in select markets





Financial Goals

- Annual sales of \$100 million by 2009
- 25% average annual revenue growth in future years
- 15% organic growth annually, acquisitions to supplement
- Gross profit margin in mid-20% range by 2008
- SG&A expenses in high teens by 2007 ⁽¹⁾, declining to the mid-teens by 2009 ⁽¹⁾

⁽¹⁾ as a percent of sales



Q&A SESSION