



2011 Q3 Investor Conference Call

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NYSE Amex: PNS

John D. Bair

President, Chief Executive
Officer, and Chief Technology &
Innovation Officer

Timothy J. Harper

Chief Operating Officer

Nick Tomashot

Chief Financial Officer

Today's discussion may 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 achieving its financial growth and profitability goals, or its sales, earnings and profitability expectations for the fiscal year ending December 31, 2011. The words "believe," "expect," "anticipate," "estimate," "intend," "seek," "may" and similar expressions identify forward-looking statements that speak only as of the date thereof. 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. For more details please refer to the Company's Securities and Exchange Commission filings, including its most recent Annual Report on Form 10-K and quarterly reports on Form 10-Q.

Extremely pleased with the hard work and accomplishments of the PDSi team in transforming our business

Positioned for sustained profitability

- Seven sequential quarters of profitability (including a record fiscal 2010)
- Today's 33% gross margins are ten points higher than past years'
- Built an organization with a leaner overhead cost structure
- SG&A has been reduced by a third since 2009
- Much stronger Balance Sheet
 - Zero debt
 - Accumulating cash for investment in growth

All of this was accomplished in the worst economic environment in a generation

We have better positioned PDSi for growth

- Execution led the way for our Investment Strategy in 2011
 - Had to get profitable and generate cash internally to invest
- In 2011 we have made investments in the following areas to target and support growth
 - Business Development resources, process and management
 - Our NPI/Program Management
 - Capabilities in telecom and data center equipment repair
 - Redesigning our Production Facility
 - IBM Partnership agreements

We are now developing the investments

2011 Third Quarter Financial Results

Third quarter net income was \$0.2 million, or \$0.03 per diluted share

- Q3 2010 was \$1.7 million, or \$0.21 per diluted share, for the same quarter last year
 - Last year included a more than \$1.3 million, or \$0.17 per diluted share, non-cash net benefit related to the reversal of substantially all of the Company's deferred tax asset valuation allowance
 - Q3 2011 included a \$56 thousand, or less than 1¢ per share, tax benefit from the finalization of the amended tax returns for years impacted by R&D tax credit study
- Sequential quarterly revenue down slightly to \$6.7 million versus \$6.8 million in Q2, when we set a record level for quarterly Service revenue
 - Maintained Gross Margins at 33%
- Continue to generate cash
 - \$0.3 million operating cash flow
 - \$0.3 million EBITDA
 - Zero use of line of credit, \$1.5 million cash on hand

2011 focus is on profitable growth in all three segments of our business.

- Service business growth has been excellent
- Positive milestones impacting the Integration and Embedded Computing business
- Continue to generate earnings and cash, allowing us to:
 - Pay off debt and get free of restrictive covenants
 - Internally fund investments
 - Generate cash reserve

“PDSi puts computer technologies to work for our customers”

- If you would like to ask a question, please press the * key followed by the 1 key on your push-button phone.
- You will hear a three tone prompt following your selection. If you are using speaker equipment, you will have to lift the hand set before pressing the numbers.
- A replay of this conference call will be available on the Company's website in approximately one hour.