



2008 Q1 Results Conference Call

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www.pinnacle.com

Mike Sayre

President and Chief Executive Officer

Nick Tomashot

Chief Financial Officer

Michael Darnell

Vice President of Global Sales
and Marketing

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. The words "believe," "may," "expect," "anticipate," "estimate," "project," "should," "seek," "plan" or "planning" 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, which are contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

- Positive contribution from focused growth strategy
- Record \$1.3 million 12-month rolling net income
 - Positive factors include increased gross margin and lower operating expenses
- Successful completion of Aspan acquisition
 - Strengthens physical footprint
 - Establishes company as a global provider

- Named 2007 Repair Service Provider of the Year by Silicon Graphics, Inc.
- Timothy J. (TJ) Harper named Vice President of Global Operations and Logistics
- Announced Nick Tomashot as Chief Financial Officer, Treasurer and Secretary



2008 First Quarter Results

	First Quarter	
	<u>2008</u>	<u>2007</u>
Total sales (\$ millions)	\$17.2	\$18.5
Gross profit	\$3.7	\$3.4
<i>Gross profit margin</i>	21.7%	18.2%
Operating expenses (\$ millions)	\$3.2	\$3.9
Interest expense (\$000)	\$91	\$250
Net income (\$000)	\$264	\$(481)
Earnings per share	\$0.03	\$(0.08)

- Debt outstanding was \$7.7 million at March 31, 2008
- Number of weighted average common shares increased to 7,778,388
- Established \$11 million revolving credit facility with KeyBank
 - Repaid \$4 million note

- Re-alignment of sales efforts
- Re-evaluate marginal accounts & programs
- Refined front-end sales processes
- Aggressively service and grow existing customer relationships
- Expand our reach into under-served markets and geographies
- Increase emphasis on middle-tier customers in a broader range of markets

- Seek areas well-suited to PDSi's capabilities and goals
- Emphasis on both standard products and customer-driven derivative designs
- Increase PDSi content in solutions
- Global repair/service strategy targeting higher value solutions and complex intellectual property

- **Expansion of customer base**

- Diversification of product and service sales
- Close coordination with engineering
- Make existing business better; pursue strategic opportunities
- Increase market and brand awareness

- **Key Objectives for 2008**

- Design-wins & service wins
- Reduced time-to-market
- Global expansion of channel partners
- Increased global service presence
- Product roadmap for multi-market sales strategy

- 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.