



2007 Q2 Results Conference Call

August 1, 2007

LIFECYCLE SOLUTIONS FOR OEMs



Conference Call Participants

Mike Sayre

President and Chief Executive Officer

George Troutman

Chief Financial Officer

Michael Darnell

Vice President, Global Sales and
Marketing





Safe Harbor Statement

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," "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, 2006.





Second Quarter 2007 Highlights

- Net income per diluted share increased to \$0.03 from \$0.01 the previous year.
- Results benefited from lower operating costs.
- Continue to position PDSi to benefit from long-term growth strategy.





Growth Strategy Activities

- Remain committed to achievement of 2009 goals
- Specific actions include:
 - Implementing Operational Improvement Plan
 - Refining internal processes
 - Enhancing scalability
 - Expanding global capabilities
 - Refocused sales organization and strategy





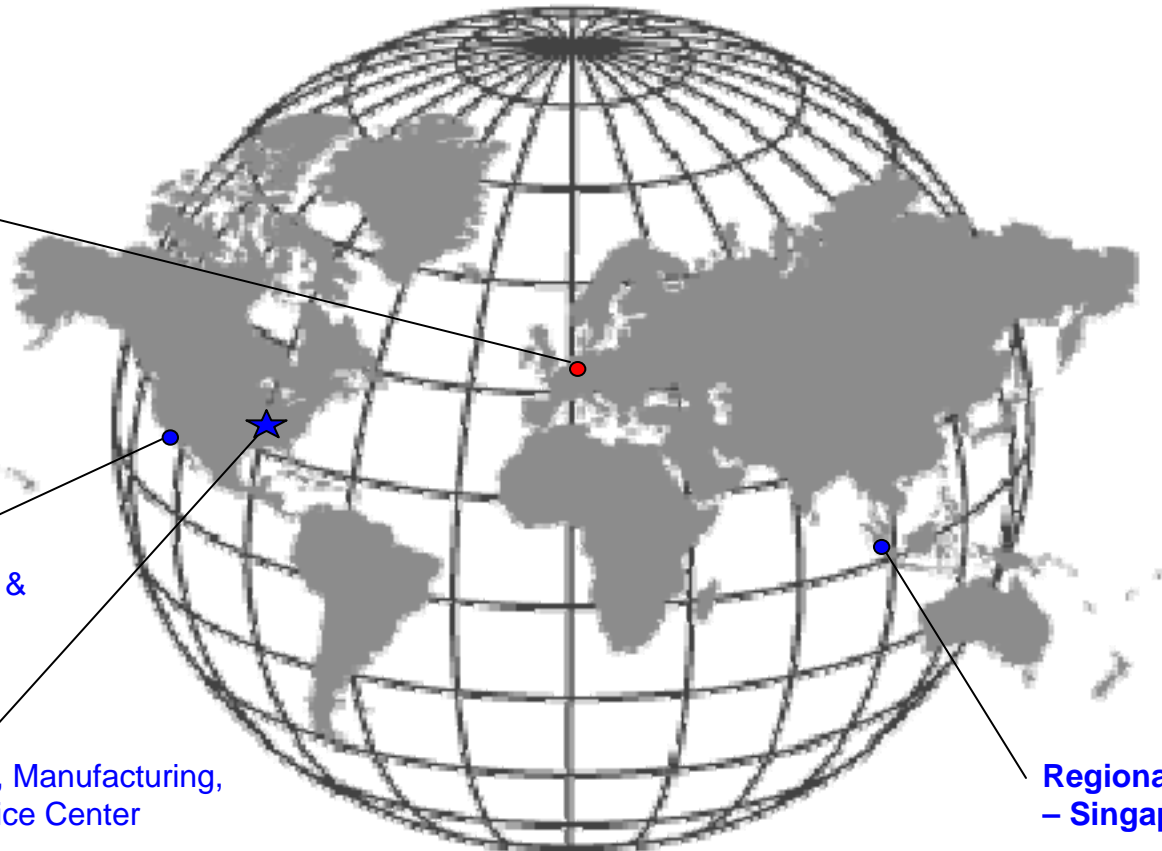
Global Footprint – August 2006

1 Regional Service Partners
– The Netherlands

Engineering, Manufacturing, &
Integration Center
- Los Angeles, CA

Corporate HQ, Engineering, Manufacturing,
Integration, Logistics & Service Center
- **Columbus, OH**

Regional HQ
– **Singapore**





Global Footprint – August 2007

Regional HQ and Service Center
– Amsterdam, The Netherlands

3 Regional Service Partners
– The Netherlands

Engineering & Design
- Los Angeles, CA

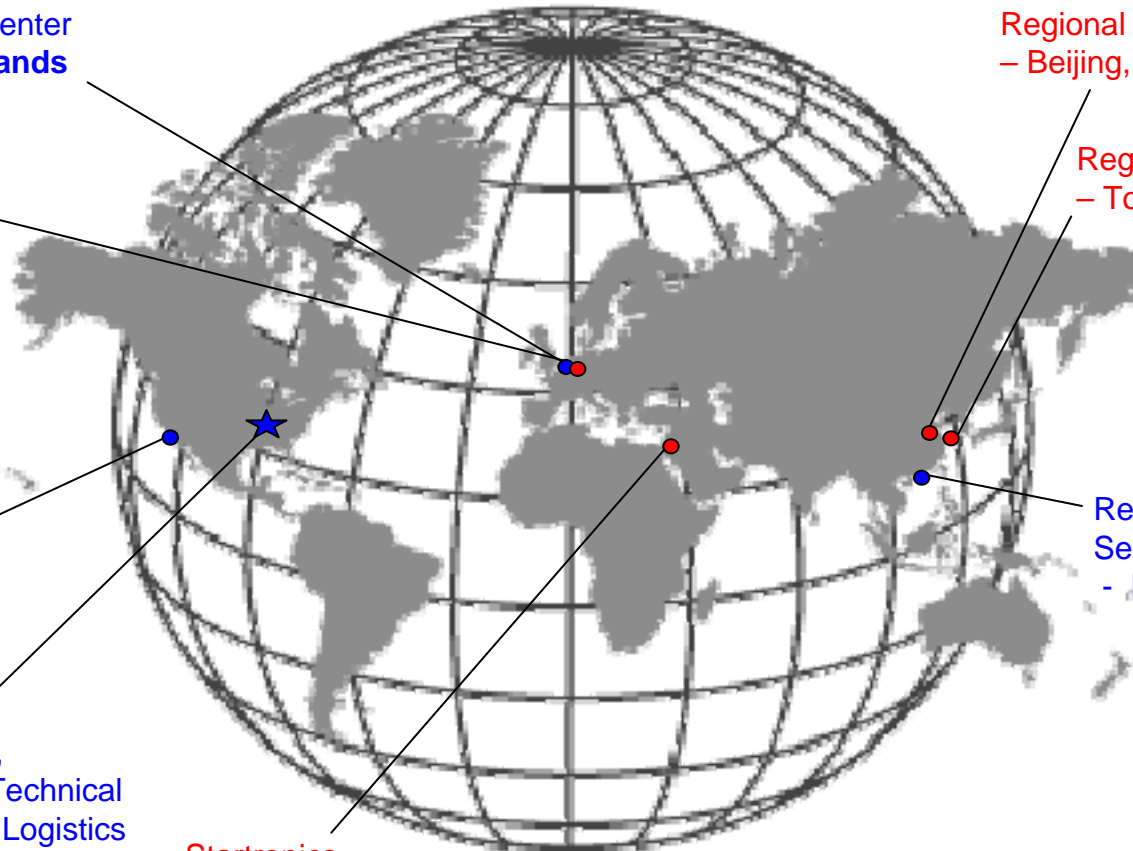
**Corporate HQ, Engineering,
Manufacturing, Integration, Technical
Support, Technical Support, Logistics
& Service Center**
- Columbus, OH

Startronics
– Israel

Regional Service Partner
– Beijing, China

Regional Service Partner
– Tokyo, Japan

Regional HQ &
Service Center
- Hong Kong





Planned Aspan Acquisition

- Announced non-binding letter of intent to acquire stock.
- Currently share profits equally from customers within Europe, the Middle East and Africa.
- PDSi's service sales and overall gross profit expected to benefit after completion of transaction.





Additional Achievements

- Continued integration activities.
- Achieved full recertification including four quality systems registrations.
- Introduced NEBS®-compliant computing platform for critical telecommunications applications based on AdvancedTCA® standard.





Selected Financial Highlights

\$ in millions,
except per share amount

	<u>Quarter Ended June 30,</u>			<u>Six Months Ended June 30,</u>		
	<u>2007</u>	<u>2006</u>	<u>% Change As Reported</u>	<u>2007</u>	<u>2006</u>	<u>% Change As Reported</u>
Net sales	\$19.2	\$19.3	(0.2)%	\$37.7	\$34.3	10.2%
Gross profit	\$ 3.7	\$ 4.4	(15.4)%	\$ 7.1	\$ 7.3	(2.0)%
Operating expenses	\$ 3.2	\$ 4.2	(23.6)%	\$ 7.1	\$ 7.7	(8.0)%
Net income (loss)	\$ 0.2	\$0.05		\$ (0.3)	\$ (0.5)	
Earnings (loss) per common share	\$0.03	\$0.01		\$(0.05)	\$(0.08)	





Balance Sheet Improvements

- Inventory declined \$4.2 million from year-end 2006.
- Accounts receivable were \$4.7 million lower than at December 31, 2006.
- Accounts payable decreased \$6.1 million
- Total borrowings were \$12.0 million at the end of the second quarter of 2007 versus \$13.1 million at year-end 2006.
- Cash from operations was \$0.9 million for the first six months of 2007 versus \$1.3 million used in operations for the same period last year.





Global Sales & Marketing

- Michael Darnell hired as Vice President of Global Sales and Marketing.
- 18 years of management and sales/marketing leadership experience, including more than 10 years of direct involvement with the embedded systems industry, in which PDSi participates.
- As Vice President of Sales/Marketing for a technology company, Mr. Darnell was responsible for increasing organic sales from \$29 million to over \$75 million, and then through acquisitions to approximately \$110 million.





Questions, Answers, & Replay

- 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 web site in approximately one hour.





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