



2006 Q3 Results Conference Call

October 31, 2006

LIFECYCLE SOLUTIONS FOR OEMs



Conference Call Participants

Mike Sayre

President and Chief Executive Officer

George Troutman

Chief Financial Officer

Rob Harris

Vice President, Global Sales and Marketing, and General Manager of International Business





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. 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. These factors include changes in the specific markets for the Company’s products and services, changes in customer order patterns, changes in the Company’s business or its relationship with major technology partners or significant customers, pricing pressures, lack of adequate capital to take advantage of business opportunities that may arise, lack of success in technological advancements, and risks associated with the Company’s new business practices, processes and information systems. For more details, please refer to the Company’s Securities and Exchange Commission filings, including its most recent Annual Report on Form 10-KSB for the year ended December 31, 2005 and quarterly reports on Form 10-Q and Form 10-QSB.





Vision Statement

To be the best in the business at providing collaborative technology solutions for industry-leading technology companies.





PDSi Transformation

- Implementing plans to achieve long-term growth
- Building a scalable infrastructure
- Expanding geographic presence
- Extending products and services
- Achieving financial goals



Shaped by collaborative processes, tools, capabilities and platforms that solve common business issues for customers:

- Improving profitability
- Solving resource productivity issues
- Increasing revenue realization/time to revenue
- Growing market share
- Improving customer satisfaction



Management Team

Mike Sayre	President and Chief Executive Officer
George Troutman	Chief Financial Officer, Treasurer and Secretary
Rob Harris	Vice President, Global Sales and Marketing and General Manager of International Business
George Mehok	Vice President, Business Solutions Group
John Bair	Chief Technology and Innovation Officer





Operational Improvement Plan

Monrovia, California facility

- Production terminated on September 30, 2006
- \$1,150,000 accrual for fair value of lease cost and related items
- \$250,000 charges related to shutdown of facility

Annual savings of at least \$1.6 million after Operational Improvement Plan is fully implemented





Silicon Graphics, Inc.

- Completed negotiations and executed Agreement Relating to Assumption and Cure on August 28, 2006
- Agreement provides settlement whereby SGI will pay PDSi 70% of the Company's pre-petition claims on outstanding receivables
- Received payment of approximately \$250,000 for buyback of certain inventory
- Service agreement extended through 2009





New Credit Facility

- Entered into new credit facility on September 29th with KeyBank NA
- Renewed \$11 million revolving line of credit through May 15, 2008
- Established \$4 million transaction note with a maturity date of May 15, 2007





Selected Financial Highlights

\$ in millions,
except per share amount

	<u>Quarter Ended Sept. 30,</u>			<u>Nine Months Ended Sept. 30,</u>		
	<u>2006</u>	<u>2005</u>	<u>% Change As Reported</u>	<u>2006</u>	<u>2005</u>	<u>% Change As Reported</u>
Net sales	\$15.4	\$14.3	8%	\$49.6	\$28.7	73%
Gross profit	\$2.4	\$3.1	(22)%	\$9.7	\$6.8	43%
Operating expenses	\$4.8	\$2.5	95%	\$12.5	\$5.7	118%
Net (loss)/Income	\$(1.4)	\$0.4	N/A	\$(1.9)	\$0.5	N/A
(Loss) Earnings per share	\$(0.22)	\$0.05	N/A	\$(0.30)	\$0.09	N/A





THE POWER OF
PARTNERSHIP

