



---

## Third Quarter 2007 Conference Call November 8, 2007

[www.pinnacle.com](http://www.pinnacle.com)



# Conference Call Participants

**Mike Sayre**

President and Chief Executive Officer

**George Troutman**

Chief Financial Officer

**Michael Darnell**

Vice President of 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," "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, 2006.





# Third Quarter 2007 Highlights

- Record net income of \$631,000 compared to a net loss of \$(1.4) million last year.
- Gross profit margin increased to 26.3% from 15.6% a year ago.
- Solid organic growth, benefits from the Operational Improvement Plan, and continuing efforts to improve operating leverage and margins.





# Growth Strategy Activities

- Refining and executing sales and marketing strategy
  - Diversification
  - Challenging existing business
  - Seeking new opportunities
- Continuing to execute low-risk, international growth strategy
  - Ramping-up business in PDSi Asia
  - Hired regional general manager based in Hong Kong
  - Partnering arrangement with Aspan

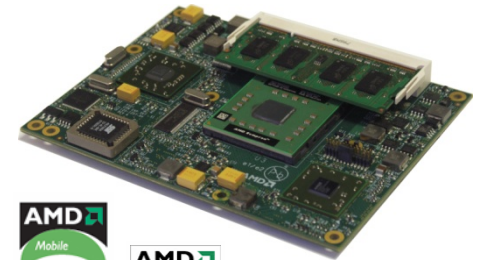




- Teamed with AMD to develop a Reference Design Kit (“RDKit”) for an AMD Sempron™ / AMD Turion™ COM Express™ platform.
- Also selected to develop an AMD Athlon™ based RDK for the AdvancedMC™ standard.

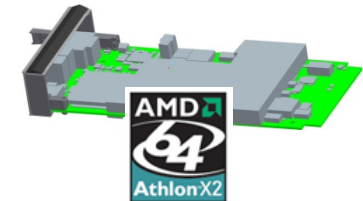
## COM Express

AMD Sempron™ / AMD Turion™  
COM Express™ Module



## AdvancedMC™

AMD Athlon™ Socket AM2  
AdvancedMC™ Processor Module





# Selected Financial Highlights

\$ in millions,  
except per share amount

Three Months Ended September 30,

Nine Months Ended September 30,

	<u>2007</u>	<u>2006</u>	<u>% Change</u> <u>As Reported</u>	<u>2007</u>	<u>2006</u>	<u>% Change</u> <u>As Reported</u>
Net sales	\$17.4	\$15.4	13.0%	\$ 55.1	\$ 49.6	11.1%
Gross profit	\$ 4.6	\$ 2.4	91.6%	\$ 11.7	\$ 9.7	21.1%
Operating expenses	\$ 3.3	\$ 4.8	(31.3)%	\$ 10.4	\$ 12.5	(17.1)%
Net income (loss)	\$ 0.6	\$ (1.4)		\$ 0.3	\$ (1.9)	
Earnings (loss) per common share	\$0.10	\$ (0.22)		\$ 0.05	\$(0.30)	





# Balance Sheet Improvements

- Outstanding debt was \$8.1 million at September 30, 2007
- Inventory declined \$3.2 million from year-end 2006.
- Cash from operations was \$4.5 million for the third quarter 2007.





# Sales & Marketing Focus

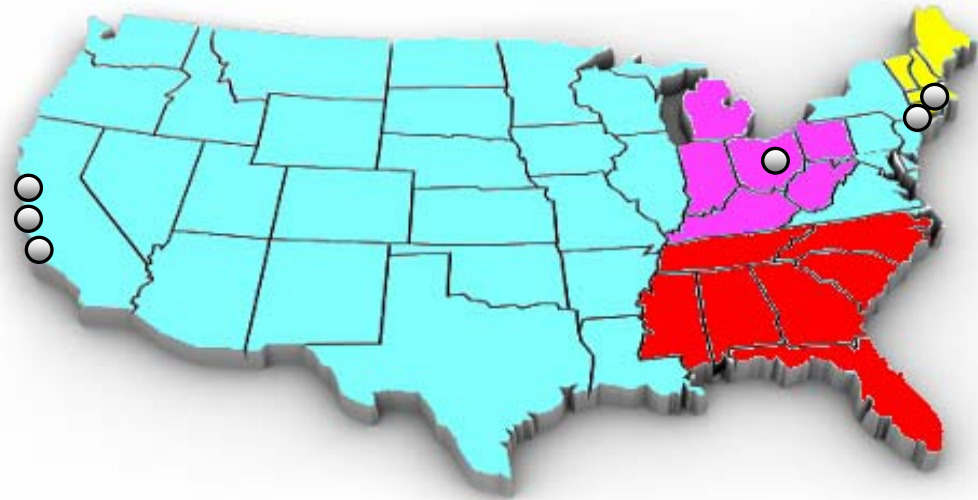
- Well-defined commercial strategy for all both product & service offerings
- Region-specific strategy for U.S., APAC, and EMEA
- Specific commercial criteria to better align and deploy sales/marketing resources
- Increased PDSi content in the solutions that we take to market
- Improved geographic coverage
- Refined front-end sales processes to better identify/qualify improved margin business
- Emphasis on strategic, bottom-line analysis for all opportunities





# Sales Channels

- Signed agreement for independent sales representation in the New England States.
- Pursuing contracts with sales representatives in the Southeast and Midwest regions
- Working toward full coverage in the areas highlighted by end of 2007.



- Direct Sales – PDSi Sales Team
- Southeast – AL, GA, MS, FL, NC, SC, TN
- New England – NH, CT, VT, RI, ME, MA
- Midwest – OH, IN, KY, MI, WV, Western PA





# 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.





THE POWER OF  
PARTNERSHIP

