



2008 Q3 Results Conference Call

November 11, 2008

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 "achieve", "plan", "continue", "expect", "believe", "may", "anticipate," 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.

- Improved performance over 2008 second quarter due to strategy refinements and proactive tactical adjustments.
- Continuing to adapt to shedding \$20 million of low to no margin business in 2007.
- PDSi is a global provider of hard drive screening and repair which validates global capabilities.
- Developing a sales organization to sell embedded computing solutions.

- Growth strategy designed to expand PDSi's product and service offerings in the embedded computer product and outsourced reverse logistics markets.
- Lean manufacturing culture is improving margins and making PDSi more competitive in the marketplace.

2008 Third Quarter Results

\$ millions	<u>Third Quarter</u>	
	<u>2008</u>	<u>2007</u>
Total sales (\$ millions)	\$16.1	\$17.4
Gross profit	\$3.2	\$4.6
<i>Gross profit margin</i>	20.0%	26.3%
Operating expenses (\$ millions)	\$3.1	\$3.3
Interest expense (\$000)	\$64	\$208
Net income (\$000)	\$11	\$631
Earnings per share diluted	\$0.00	\$0.10

- Rapidly changing economic and market conditions.
- Timely decision making has been impacted and sales cycles extended.
- Close contact being maintained with customers.
- Seeking additional product design and service wins.

- XMC-E24D and PMC-42D
 - Based on ATI Radeon E2400 graphics processor.
 - Offer 2D and 3D graphics capabilities and other features.
 - Applications include virtual reality systems plus additional markets.
- Advanced ATCA-F1
 - Server blade includes two processors and companion Rear Transmission Module.
 - Ethernet interfaces provide enhanced operating system and visualization platform compatibility.
- ATCA-RT 01
 - Based on cutting-edge standards being developed by PCIMG.
 - Includes PDSi's specialized knowledge.

- Focused on long-term goals
- Opportunity to seize market share, bring innovative products to market, further focus our service offerings.
- Building a world-class global sales and service network.
- Continue to seek ways to increase PDSi content in products.
- PDSi has the products and services, people, and, most importantly, the passion to succeed.

- 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.



2008 Q3 Results Conference Call

November 11, 2008

www.pinnacle.com