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# 2007 Fourth Quarter and Full-Year Conference Call

March 12, 2008

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



# Conference Call Participants

**Mike Sayre**

President and Chief Executive 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.





# Growth Strategy Milestones

- Completion of Operational Improvement Plan
- Successful \$2.5 million private equity financing
- Reduction of over 50% in liabilities
- Global expansion including establishment of PDSi(Asia) in Hong Kong and acquisition of Aspan in The Netherlands





# Aspan Computer Repair Laboratories

- Close to logistics hubs of multi-national OEM customers
- Serves growing Europe, the Middle East, and Africa (EMEA) region
- Offers customers increased turnaround time for repairs and lower freight costs





# Financial Highlights

	Fourth Quarter		Year	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Total sales (\$ millions)	\$18.3	\$26.3	\$73.4	\$75.9
Gross profit margin	23.7%	17.7%	21.8%	18.9%
Interest expense (\$000)	\$162	\$249	\$881	\$800
Net income (\$000)	\$91	\$3	\$426	\$(1,862)
Earnings per share	\$0.01	\$0.00	\$0.07	\$(0.30)





# Additional Results

(\$ millions)

	<u>2007</u>	<u>2006</u>
<b>At December 31</b>		
Total debt outstanding	\$5.6	\$13.1
includes Term Note	\$4.0	\$4.0

	<b>Fourth Quarter</b>		<b>Year</b>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Net cash provided by (used in) operating activities</b>	\$1.2	(\$2.2)	\$6.5	(\$4.3)

## **Commitment letter with KeyBank to modify credit facility back to previous structure**

- \$11 million revolving credit facility
- 2-year rolling commitment
- May 15, 2010 maturity date





# 2008 Outlook

- Goal of higher profitability for the year
- Modest sales growth
- Positive contributions from sales and marketing strategy, especially in the second half of 2008
- Anticipate higher margins and active cost monitoring
- More substantial annual sales growth expected to follow 2008





# Key Objectives and Achievements

- Building a stronger, more flexible sales organization
- Implementing a focused marketing strategy
- New hires:
  - New account manager dedicated to multi-national OEM customer
  - Regional sales manager with extensive embedded electronics industry background
  - Leader for program management team





# Design Wins

- Selected by AMD to develop a third Reference Design Kit
  - RDK is focused on the design and commercialization of a compact computing module conforming to the latest Advanced Mezzanine Card, referred to as the AdvancedMC™ standard
  - Establishes an ecosystem of embedded computing designs that reduce time-to-market for customers.
  - Product is used in high-end telecommunications systems and also appeals to a broad range of OEM industries.
- New customer in aerospace/defense industry





# 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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