



## **2008 Q4 and Full-Year Results Conference Call**

---

*March 12, 2009*

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



**Mike Sayre**

President and Chief  
Executive Officer

**Nick Tomashot**

Chief Financial Officer

**Michael Darnell**

Vice President, Embedded  
Products Group

**T.J. Harper**

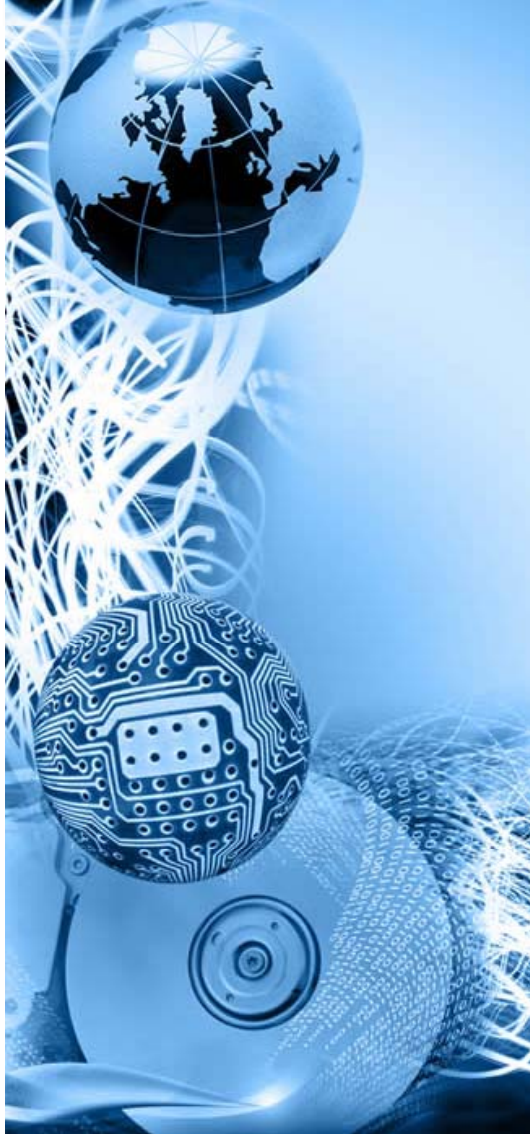
Vice President, Service Group,  
Operations and Logistics



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, including, but not limited to, statements regarding the Company achieving its financial growth and profitability goals, or its sales, earnings and profitability expectations for the fiscal year ending December 31, 2009. The words "believe," "expect," "anticipate," "estimate," "intend," "seek," "may" 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.

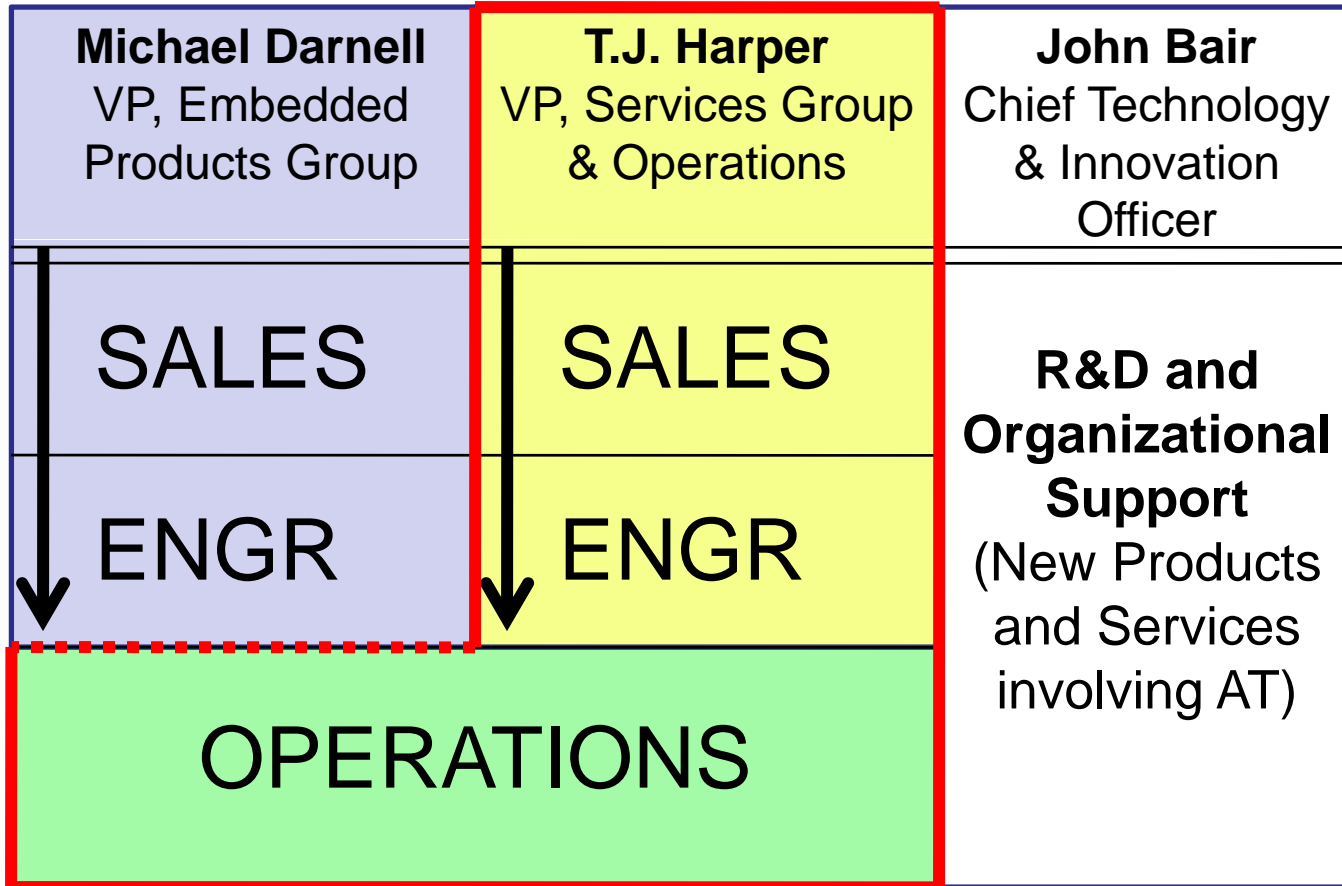
- 2008 Fourth Quarter Results
- PDSi's Transformation
- Reorganization
  - Embedded Products
  - Service
- Cost structure action
- Benefits to future performance





- Strategically shed high-volume, low-margin programs over last 2 years.
- Added higher value-add and higher margin programs.
- Controlling the controllable
- Implemented 20% staff reduction
  - \$2 million annual savings
- Other actions to result in approximately \$500,000-\$600,000 in additional annual savings
  - Renegotiated leases in Groveport
  - Eliminated open positions from recent attrition
  - Significantly reduced overtime
  - Reduced outsourced services costs
  - Suspended 2009 401(k) employer match

Effective February 2009



# 2008 Fourth Quarter and Fiscal Year Results

	Fourth Quarter			Fiscal Year	
	2008	2007		2008	2007
<b>Total Sales (\$ millions)</b>	\$16.1	\$18.3		\$63.6	\$73.4
<b>Gross Profit</b>	\$3.6	\$4.3		\$12.2	\$16.0
<b>Gross Profit Margin</b>	23%	24%		19%	22%
<b>Operating Expenses (\$ millions)</b>	\$3.0	\$3.6		\$12.5	\$14.0
<b>Interest Expense (\$000)</b>	\$54	\$162		\$309	\$881
<b>Net Income/(Loss) (\$000)</b>	\$336	\$208		(\$361)	\$543
<b>Earnings per diluted share</b>	\$0.04	\$0.03		(\$0.05)	\$0.08

## Michael Darnell

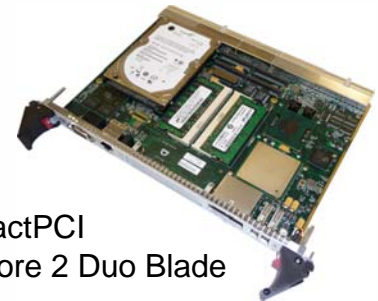
Vice President, Embedded Products Group

- Integrated sales, marketing, and engineering disciplines; increased agility and efficiency
- Product strategy targets defense/aerospace industry and high-end commercial applications (medical, telecom, and key industrial markets)
- Reduced time-to-market for both standard and customer-specific products initiatives. Fast-follower strategy for emerging technologies
- Improved, vertically-focused marketing driving increase in sales leads and new pipeline opportunities
- Key new product design wins creating market awareness for the PDSi brand and increasing interest in our ever-expanding embedded product line

## New PDSi Products



PMC/XMC Graphics, Storage  
and Networking modules



CompactPCI  
Intel Core 2 Duo Blade



Custom, portable  
secure SATCOM system

## T.J. Harper

Vice President, Service Group, Operations and Logistics

- Combining sales, marketing, engineering & operations to meet the customer expectations and growth opportunities
- Continue to lead PDSi's operations and logistics groups. Implementing additional Lean Initiatives & Technical Development
- Service Strategy & Vision
  - Preferred Vendor & Improved Customer Experience
  - Market to Mid & Large Companies
  - Provide Global Service Solutions
- New facilities in Europe and Asia for growth and global programs

## High End Repair

*Products we service include:*

### **Circuit boards**

Single-board computers  
Motherboards  
Blade servers  
Peripheral cards  
Backplanes  
Power supplies  
I/O products



### **Servers**

Carrier-grade servers  
Datacom servers  
IT servers  
Telco frames



### **Network products**

Fiber channel switches  
Routers  
Gateways  
Firewalls



### **Hard drives**

SAS, SATA, SCSI  
PATA, IDE



### **Storage products**

Tape drives  
Optical drives  
SAN, NAS

- Focused on long-term goals
- Monitor and proactively manage to changing conditions
- Prepare and position for growth as conditions improve
- Hope is not a strategy!

***Success is not a result of spontaneous combustion...you have to set yourself on fire!***

*Arnold H. Glasow*

- Faithful to the unchanging vision, mission, goals and objectives
- Thinks and plans strategically,
- Continually faces its challenges head-on,
- Aggressively attacks its markets for new business,
- Goes toe-to-toe with its global competitors and wins in both the embedded products and service industries,
- Takes thoughtful and decisive actions in the long-term best interests of its stakeholders, and
- Produces tangible and measurable results (like the profitable fourth quarter of 2008!)



- 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.

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





## **2008 Q4 and Full-Year Results Conference Call**

---

*March 12, 2009*

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