



AMEX: PNS
AeA Micro Cap Conference
May 2005

LIFECYCLE SOLUTIONS FOR OEMs



Safe Harbor Statement

This presentation 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,” “expect,” “anticipate,” “estimate,” “project,” “goals” 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 general economic conditions, changes in the specific markets for our products and services, adverse business conditions, changes in customer order patterns, increased competition, changes in our business or our relationship with major technology partners, pricing pressures, lack of adequate financing to take advantage of business opportunities that may arise, lack of success in technological advancements, and risks associated with our new business practices, processes and information systems. The Company undertakes no obligations to publicly update or revise such statements.





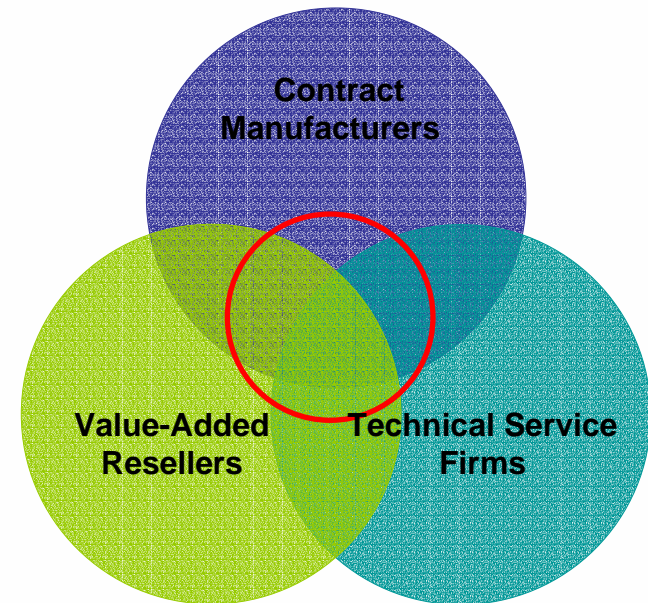
The Strategic Market Opportunity

Pinnacle Data Systems, Inc. (PDSi) provides critical **computer** services to original equipment manufacturers (OEMs) of capital equipment to lengthen product lifecycles and maximize ROI.



The Market Gaps

PDSi fills in the gaps for its Fortune Global 500 customers by providing specialized services in **overlapping and under-served areas of the multi-billion dollar markets** for Electronics Manufacturing Services, Value-Added Resellers and Technical Services.



The Product Lifecycle Gap

COMPUTER OEMS



High-End Workstation Server

Product Life – 18-36 months

CAPITAL EQUIPMENT OEMS



Blood Analyzer

Product Life – 5-10 years

The Functionality/Cost Gap

COMPUTER OEMS



High-End Workstation Server

**Off-the-shelf Functionality for
the Masses**

CAPITAL EQUIPMENT OEMS



High Production Publishing
Equipment

**Custom/Competitive
Functionality**

CAPITAL EQUIPMENT OEMS

Laid off critical, but non-core, resources to reduce costs



Telecom Rack for Wireless

PDSi Provides

- Engineering resources for embedded computer and systems design and development
- Procurement, manufacturing, integration and testing services
- Reverse logistics and repair services
- Product end-of-life management



Strong Partnerships





Design, Manufacturing and Deployment Solutions

MEDICAL

**Process
Controller**



Blood Analyzer

IMAGING

**Controller
Board**



Production Copier

TELECOM

**ATCA
Blades**



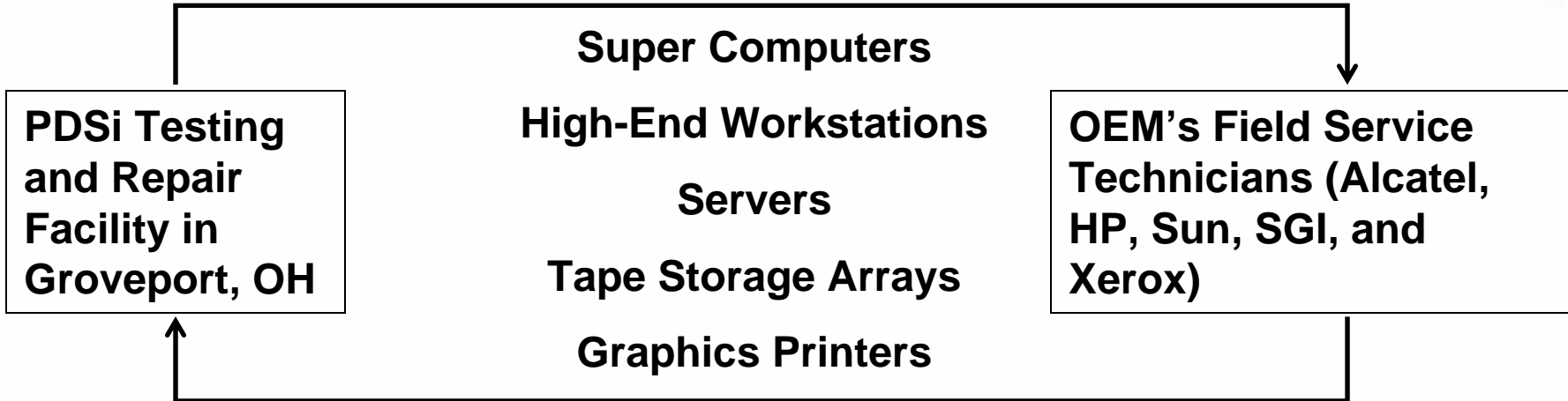
Wireless Call Processor

Registered ISO13485 (Medical) and TL9000 (Telecom)





Field Support Solutions



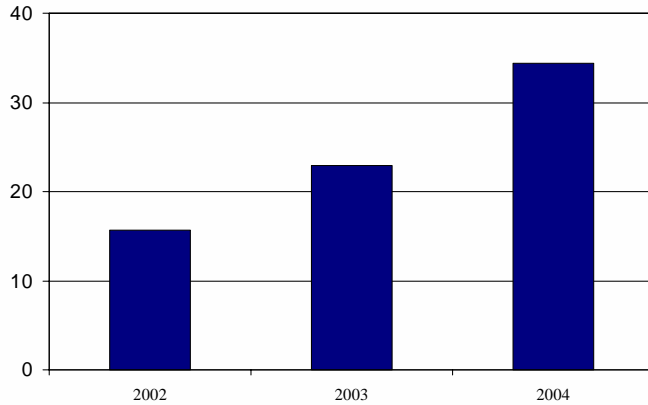
Registered ISO 9001 and ISO 14001 (Environmental)



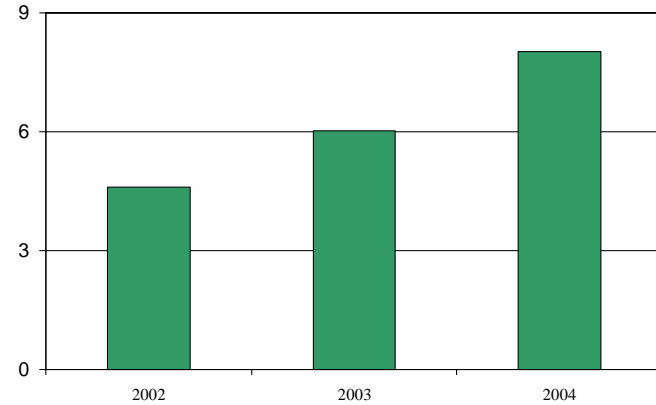


Recent Financial Trends

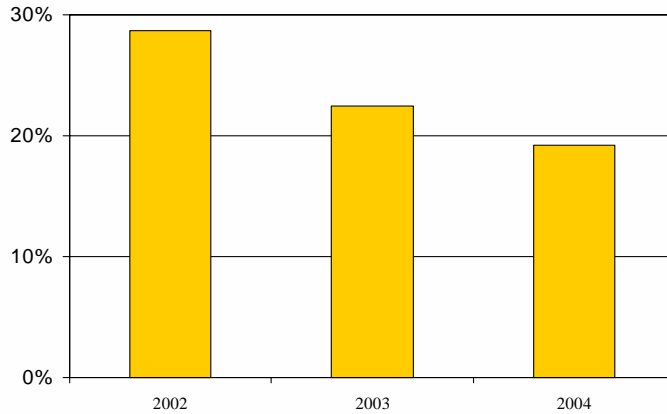
Sales (\$ millions)



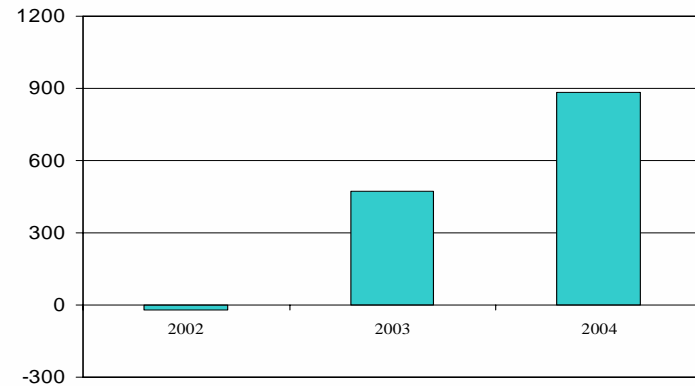
Gross Profit (\$ millions)



Operating Expenses (% of Sales)



Net Income (\$000s)





Financial Goals

(\$ millions)	<u>2004</u>	<u>2009</u>
Annual Sales	\$34.4	\$100.0
Gross Profit	\$ 8.0	\$ 24.0
Operating Expenses	19%	15%
Net Income	\$ 0.9	\$ 5.0

- Balance profitability and investment for future growth along the way
- Build a foundation to grow beyond \$100 million in annual sales





To hear more...

ROOM #

3328

