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***Pinnacle Data Systems Inc. Awarded SGI OEM Returns Management
Contract***

PDSi to Manage RMA Returns for SGI

COLUMBUS, Ohio (May 14th, 2010) Pinnacle Data Systems, Inc. (PDSi) (NYSE AMEX: PNS) announced today that SGI (Silicon Graphics International Corp.) has awarded its legacy Rackable products' return management program to the Columbus based services company. The contractual agreement covers the receipt and management of all components and systems from SGI's Rackable products. Under this agreement, PDSi will transact receipts, process warranties, test and repair all systems, motherboards, hard drives, power supplies, memory and peripherals.

"This award demonstrates PDSi's continued value in the repair and reverse logistics industry," stated Timothy J. Harper, PDSi's Chief Operating Officer. "Prior to Rackable Systems' acquisition of Silicon Graphics, Inc., PDSi was awarded vendor of the year (2007) in support of legacy SGI's material returns. The new program is significantly different than the legacy SGI program and it showcases PDSi's scope, industry expertise and ability to adapt to the changing market place."

About PDSi

PDSi provides computer design, production, and repair services to original equipment manufacturers who build computers into their products in industries

including medical equipment, telecommunications, defense and imaging. PDSi also helps major computer platform manufacturers respond to customer requirements for customized solutions and extended service life. PDSi specializes in areas where these OEMs often get little help from larger outsource firms, solving the challenges associated with complex technologies, low to medium volume production, and long-term service of third party products.

Not simply a repair depot or a contract manufacturer, PDSi represents a more collaborative and flexible outsourcing partner who helps its clients manage costs, meet unplanned demand changes, improve customer satisfaction, and respond aggressively to new trends in the technology market place. With its innovative and proactive staff of engineering, manufacturing, program management and supply chain specialists, PDSi tailors solutions that meet the particular business and operational needs of each OEM. For more information, visit the PDSi website at www.pinnacle.com.