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PDSi and Startronics Announce Strategic Partnership

COLUMBUS, Ohio (June 27, 2007) Pinnacle Data Systems, Inc. (PDSi) (AMEX: PNS) today announced a partnership with Israeli-based Startronics, a wholly owned subsidiary of STG International, Ltd., to jointly market and support PDSi products and services in Israel. Under the terms of the agreement, Startronics will represent and resell PDSi products in the Israeli market, as well as provide the first level of support for existing and new customers.

“Startronics’ knowledge and expertise in the distribution and support of highly complex systems and components will be an asset in helping support existing and new customers locally in Israel,” stated Michael Sayre, president and CEO of PDSi. “By partnering with Startronics, PDSi is continuing to expand its capabilities to provide the highest quality support for our customers on a global scale.”

“Startronics is pleased to offer PDSi’s products and services to the Israeli market,” said Avner Arroyo, General Manager of Startronics. “PDSi provides a convenient outsource for programs that global OEMs would otherwise find difficult to support. We are looking forward to opening many doors in Israel for PDSi’s unique and flexible solutions. Being a long term company in this market is a vital element in supporting PDSi’s long life cycle solutions.”

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.

About Startronics

STARTRONICS was founded in 1982 as a wholly owned subsidiary of STG International Ltd., one of the most established leading engineering and sales organizations in Israel, that has been in business for the past 40 years. Startronics was founded with the aim of establishing a very technical engineering core to deal with sophisticated, engineering-intensive solutions. For more information, visit the Startronics website at <http://www.startronics.co.il> and STG's website at <http://www.stgroup.co.il>.

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