

PacStar Secures \$12.3 Million in Series D Financing

*Chart Venture Partners and Steelpoint Capital Partners Lead Funding Round;
Representatives Join Board of Directors*

Portland, Ore. (July 17, 2007)—PacStar, a technology-based systems integrator that provides total communications solutions to the military, government and commercial customers, today announced that it closed \$12.3 million in Series D funding. The funding will accelerate penetration of PacStar technologies into key military and civilian markets. Additionally, the round adds new investors Chart Venture Partners and Steelpoint Capital Partners to PacStar's current list of investors. Past investors, including PacStar Board Chairman, George Stroemple, Fluke Ventures, Invest America, Frank Jungers and Benaroya Ventures also participated in the round.

"We are pleased at the capabilities our new investors and Board Members bring to the table," said Robert Frisbee, CEO of PacStar. "Their industry expertise and understanding of the market will help us further penetrate our target markets, expand strategic partnerships and offer the right products and services to customers around the world. It's an exciting time for us."

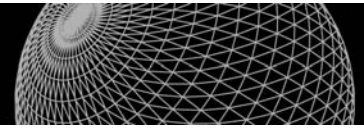
Proven Customer Success

The PacStar™ 5500 was chosen by United States Central Command (USCENTCOM) – the command overseeing operations in Afghanistan and Iraq – to provide a reliable and secure voice, data and video communications system that is easy to deploy, use and manage and could be used by the Afghanistan National Army (ANA). Additionally, PacStar provided on-site support to deploy the system and train the ANA personnel who had little to no IT experience, going so far as to translate thousands of pages of technical manuals into Dari - the language most commonly used in Afghanistan. Training on the system is made easy with PacStar's proprietary IQ-Core™ Software that automates all normal functions with user-friendly wizards and allows the unit to be fully operational in less than 10 minutes, eliminating the need for highly specialized IT technicians in the field.

Commenting on the success of the program, Lt. Gul Agha of the Afghan National Army stated, "I had never seen a computer before I started this training and was very unsure of the benefits, but with the training they explained everything to us and now I can understand the benefits. It saves so much time and manpower and makes our army as good as other armies. As an Afghan that makes me very proud."

Additionally, PacStar and LGS, a subsidiary of Alcatel-Lucent (NYSE: ALU), are working together to provide the U.S. Army Reserve Command (USARC) with a rapid response cellular solution. The U.S. Army Reserve Command has positioned the LGS Tactical Base Station Router (TacBSR) and the PacStar 5500 to support a number of its posts across the country for Disaster Relief (DR) and Continuity of Operations (COOP). The system can also be used as a portable mobile communications package to support both forward deployed operations and communications capability during man-made or natural disaster support efforts.

"We needed a reliable solution that allowed us to continue to use our mobile phones even if there was a total communications outage," said Lt. Col. Lenell White, signal operations chief, USARC. "LGS and PacStar were able to provide us with a 'deployable network system with full cell phone capabilities that gives us the vital back-up we need to accomplish our missions."



PacStar Strengthens Its Board

Matt McCooe, Managing Partner of Chart Venture Partners and Charlie Kemper, Principal at Steelpoint Capital Partners have joined PacStar's Board of Directors. Mr. McCooe and Mr. Kemper bring a solid track record managing and leading rapid growth technology companies.

"At Chart Venture Partners we work closely with the Defense and Homeland Security industry," said Matt McCooe, Managing Partner at Chart Venture Partners. "When we were evaluating PacStar, our contacts told us PacStar is dramatically changing the way communications are deployed in the field by simplifying the management process of communications networks. We are excited to be working with a company whose technology so clearly addresses a major customer need."

Charlie Kemper of Steelpoint Capital Partners said, "Through several major customer deployments, PacStar has proven that making it easy to deploy complex communications networks quickly and reliably has wide reaching benefits for the military and first responders. PacStar provides a key component missing today in any global IP-based communications and network management system. Not only does PacStar have the key ingredients for widespread government applications, the company's unique solutions have tremendous commercial application in the enterprise as well."

PacStar has expanded from a \$2 million to a \$47 million company since its founding in 2000 and reached profitability in its second year. PacStar estimates the market for its products and services will approach \$4 to \$5 billion dollars worldwide.

About PacStar

Pacific Star Communications (PacStar™) is a leading technology-based systems integrator providing total communications solutions that empower military, federal, state and local governments, and emergency responders with reliable, interoperable communications capabilities. Our patent-pending IQ-Core™ software and hardware technology and integration/installation services provide secure, command control and communications systems particularly in remote or infrastructure-starved areas. In addition, PacStar provides a full range of communications solutions to commercial businesses, as well as telecommunications service providers.

For more information, please visit www.pacstar.com or call 888-872-1512.

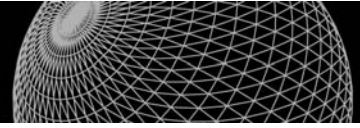
About Chart Ventures Partners

Chart Venture Partners is a technology venture fund focusing on the homeland defense and security sectors with dual use, commercial opportunities. For more information on Chart, visit <http://www.chartventure.com>.

About Steelpoint Capital Partners

Steelpoint Capital Partners is a growth oriented private equity firm. With offices on both coasts, the firm invests in expansion stage companies in technology & communications, media & marketing services, healthcare services, and consumer markets. For more information on Steelpoint, visit <http://www.steelpointcp.com/>.

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