

July 31, 2001

PALTEK CORPORATION
2-3-12 Shin-Yokohama, Kouhoku-ku
Yokohama 222-0033 Japan

**PALTEK Corporation Establishes Wholly Owned Subsidiary, "axelec Corporation"
Business Operations to Start August 1, 2001.**

Shin-Yokohama, Japan, July 31, 2001 - Paltek Corporation (JASDAQ:7587), a leading silicon and electronic components reseller in Asia, has established an 100% wholly owned subsidiary, axelec Corporation. axelec will provide semiconductor products, software, and integrated design services to enable advanced communications in the networking industry.

axelec Corporation will provide technological support to create communications networks of the future. As stated in the Japanese Government policy, "e-Japan Strategy", the future of networks will not only focus on the core networks, but will strengthen the outer areas such as the edge, access networks, and even home networks, enabling the broadband and wireless needs we are encountering today.

Paltek Corporation established axelec Corporation to accelerate the entering and penetration of new markets, areas of the network industry represented as home or enterprise networks, access networks, and edge networks. In efforts to providing the total solution to customers making applications, from hardware to software and middleware that integrates the two, Paltek has established this new entity and appointed Mr. Yoshio Sakurai, who is an expert and veteran in the designing and development of networking equipment.

The New Company

Name	axelec Corporation
Established	June 1, 2001
Capital	10 million yen
President	Yoshio Sakurai (Employment history attached)
Headquarters	2-3-12 Shin-Yokohama Kouhoku-ku Yokohama 222-0033 Japan
Business	<ul style="list-style-type: none">• Total solutions offerings including hardware, software, design support and consulting services that enable broadband networking.• Technologies that enable very high-speed, large capacity data networks: SAN (Storage Area Networks), access, storage router, residential gateway, and home networking technologies including semiconductors and software.
Main Products	<ul style="list-style-type: none">• Net Silicon, semiconductor and software products• PLX Technology, semiconductor and software products, real-time OS, developmental tools and boards

Business Outlook:

In five years, axelec Corporation is targeting revenues of ¥5 billion(Japanese Yen), derived from semiconductor and software sales as well as consulting services to networking areas of and related to FTTH (Fiber to the Home), optical networking and InfiniBand technologies. The company plans to sign on various distributor contracts with suppliers of FTTH, optical and InfiniBand technologies.

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1. Questions concerning the outline and services of the new company:

axelec Corporation	: Yasuhiro Ito
Phone (Direct)	: 045-477-4118
FAX	: 045-477-2138
e-mail address	: yasuhito_ito@axelec.net

2. Questions concerning this Press Release:

PALTEK Corporation	: Yoriko Sugimoto, Public Relations
	: Daniel Brandt, Investor Relations
Phone(Direct)	: 045-477-2016
FAX	: 045-477-2012
e-mail address	: yoriko_sugimoto@paltek.co.jp
	: daniel@paltek.co.jp
URL	: http://www.paltek.co.jp

< Attachments >

axelec Corporation, Executive Biography

President and CEO

Yoshio Sakurai

Yoshio Sakurai will serve as axelec Corporation's President and CEO. Prior to the establishment of axelec, he has served as General Manager of Strategic Marketing in PALTEK Corporation. He has also held various executive management posts during his 34 year career at NEC Corporation, most recently as Vice President of NEC Communication Systems Kyushu Co., Ltd. Employment history as follows:

- 1967 Joined NEC Corporation
- 1995 Assistant General Manager, Switching Division (NEC)
- 1995 General Manager, Access Systems Development Division (NEC)
- 1998 General Manager, Engineering Division,
NEC Communication Systems Co., Ltd.
- 1999 Vice President, NEC Communication Systems Kyushu Co., Ltd.
- 2001 Joined PALTEK Corporation
- 2001 Established axelec Corporation, President & CEO

Explanation of technical terms

Broadband Network:

A communications line which has more than 500kbps transfer speed is called Broadband. Broadband Network is the next generation computer network characterized as very high speed and large capacity Internet infrastructure. The technologies such as Optical fiber line, CATV, xDSL, and/or wireless technologies such as FWA, IMT-2000 are used in the Broadband Network.

Storage Area Network (SAN):

Storage Area Network (SAN) is a high-speed network that connects multiple storage devices so that they may be accessed on all servers in a Local Area Network (LAN) or Wide Area Network (WAN). SANs are acknowledged industry-wide as the preferred solution to meet the challenges of rapid data growth and the need for more efficient data storage and management, which are connected with multiple servers and storage systems.

The Storage market for data storage and data management has the potentials of replacing the current server market, and is closely watched by many with great interest.

Storage Router:

Storage Router is a router that has a data transfer interface for Fiber channels, storage area network and/or SCSI device, that is a special-purpose computer (or a software package) that handles the connection between two or more networks. These routers find the destination addresses of the packets passing through them and decide which route to send them on, are able to connect directly and extends up to 10km.

Residential Gateway :

A device that connects multiple computers in the home to a single Internet connection, also connects all internal home networks (telephone, LAN, cable TV, security, etc.) to their external counterparts.

Gateway is hardware or software set-up that translates between two dissimilar protocols, Residential Gateway have many different interface of LAN such as Ethernet, USB, IEEE1394, Buletooth, Power Line, etc, which are used in the Home and/or office network to connect with out side network like the Internet.

FTTH(Fiber-to-the-Home):

FTTH is the installation of optical fiber from the carrier directly into the home or office. FTTH is a new access technology utilizing an optical network architecture optimized for simple, economical delivery of telephony, packet data and video to the home via a single bi-directional fiber optic strand.

This will enable the connected area to facilitate the delivery of current and future video and high speed digital data operation more bigger than several million bit/sec, and is an all-optical alternative to the traditional copper-based feeder, distribution and drop portions of a residential access network, that was not available based on current metric telephone transportation technologies.

By using this FTTH, it will be able to deliver CATV programs and various information to transfer, and it is expected to accelerate home networking technologies.

InfiniBand:

An input/output architecture that is expected to replace the PCI-Bus in high-end servers. Supporting both copper wire and optical fibers and originally known as "System I/O." InfiniBand is a combination of Intel's NGIO (Next Generation I/O) and Future I/O from IBM, HP and Compaq. Unlike the PCI-Bus technology, InfiniBand is a point-to-point switching architecture, providing a data path of from 500 MBps to 6 GBps between each pair of nodes. For more information, visit the InfiniBand Trade Association at www.infinibandta.org.