

PALTEK ***(OTC:7587)***

Results Explanatory Meeting

Fiscal Year 2001
Third Quarter

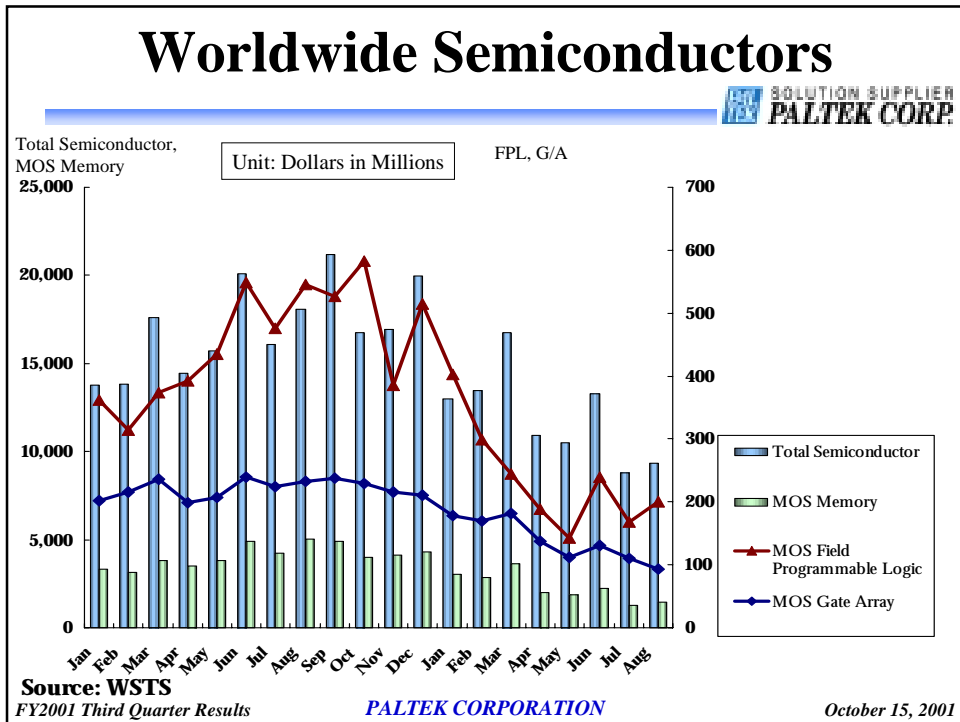
Agenda

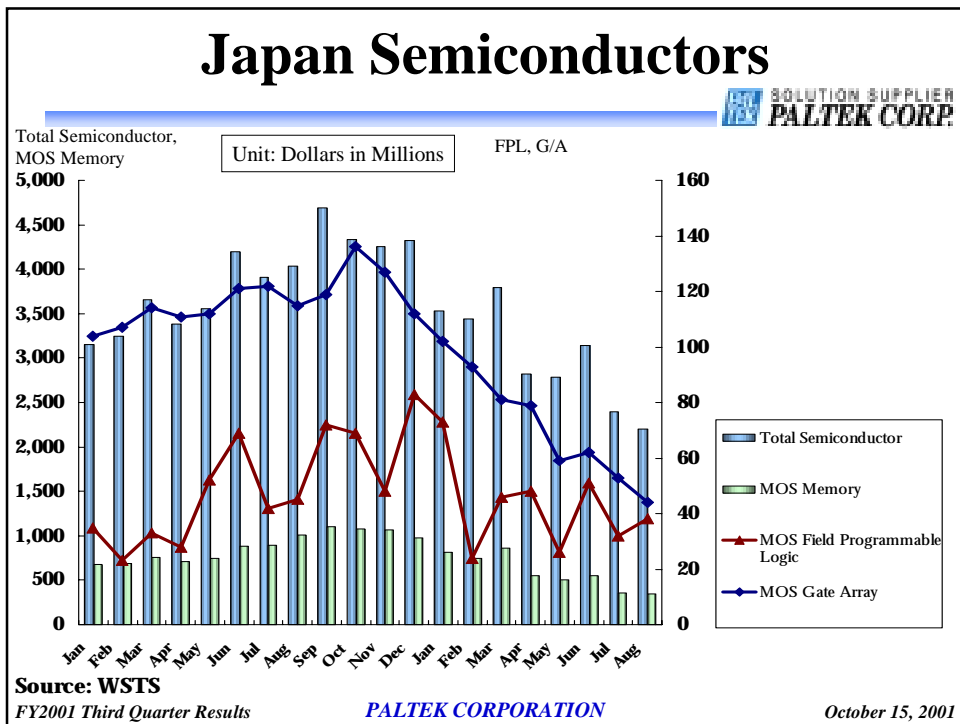
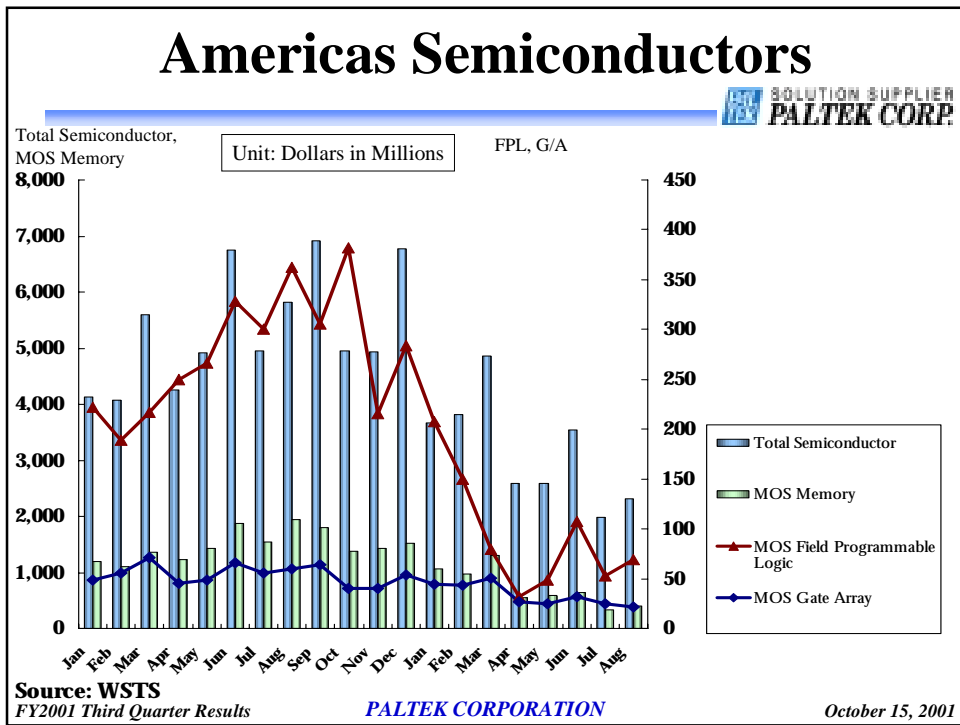
- Semiconductor Market Overview
- FY2001 Third Quarter Results
- PALTEK Conditions
- Subsidiaries Conditions
- Year End Projections



Part I -- Semiconductor Market Overview

FY2001 Third Quarter Results
PALTEK CORPORATION
October 15, 2001





Part II -- FY2001 Third Quarter Results

FY2001 Third Quarter Results

PALTEK CORPORATION

October 15, 2001

Third Quarter Results

- **Consolidated Sales : ¥ 3,830 Million**
- **Non-Consolidated Sales: ¥ 2,925 Million**

Please note that the FY2001Q3 Results are unaudited financial statements.

FY2001 Third Quarter Results

PALTEK CORPORATION

October 15, 2001

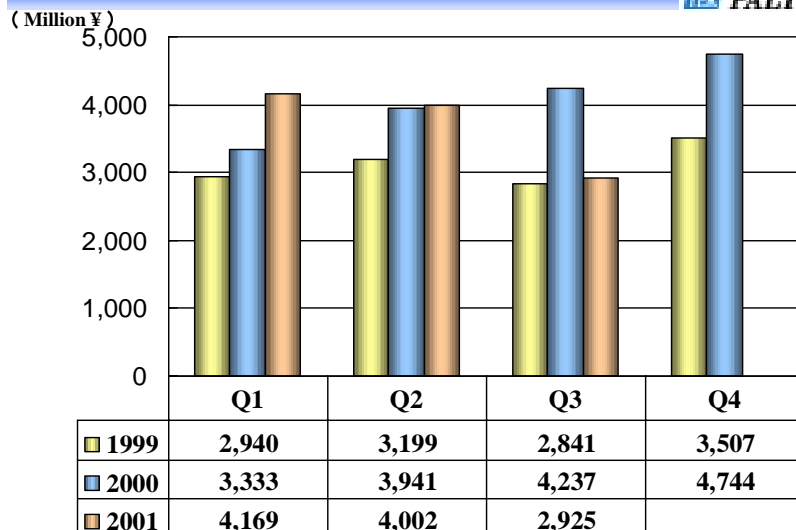
Part III -- PALTEK Conditions

FY2001 Third Quarter Results

PALTEK CORPORATION

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Sales by Quarter / Non-Consolidated

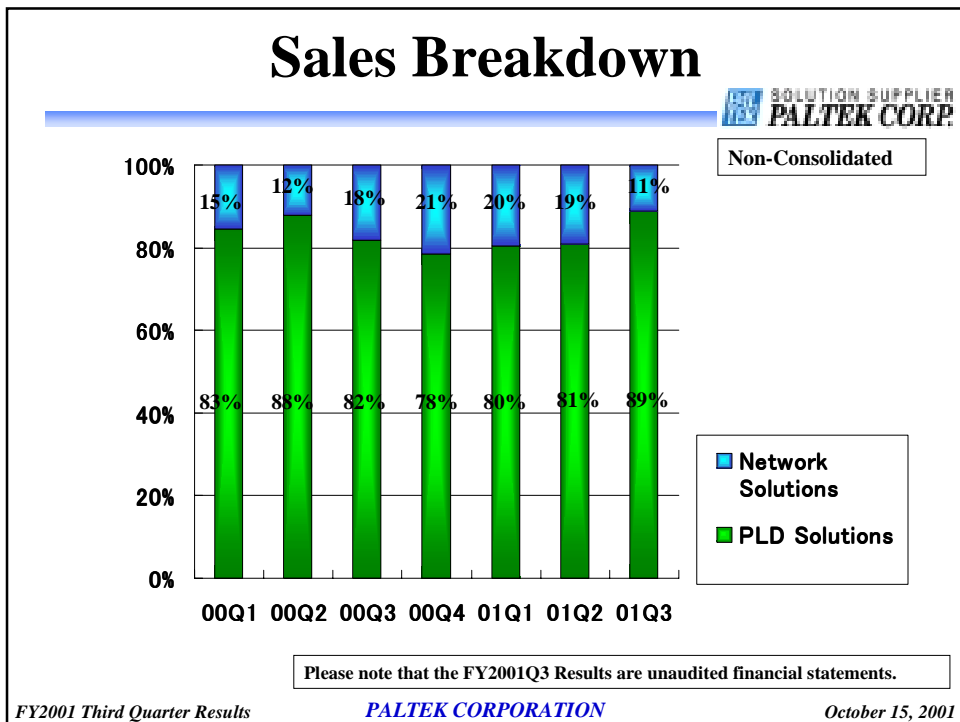
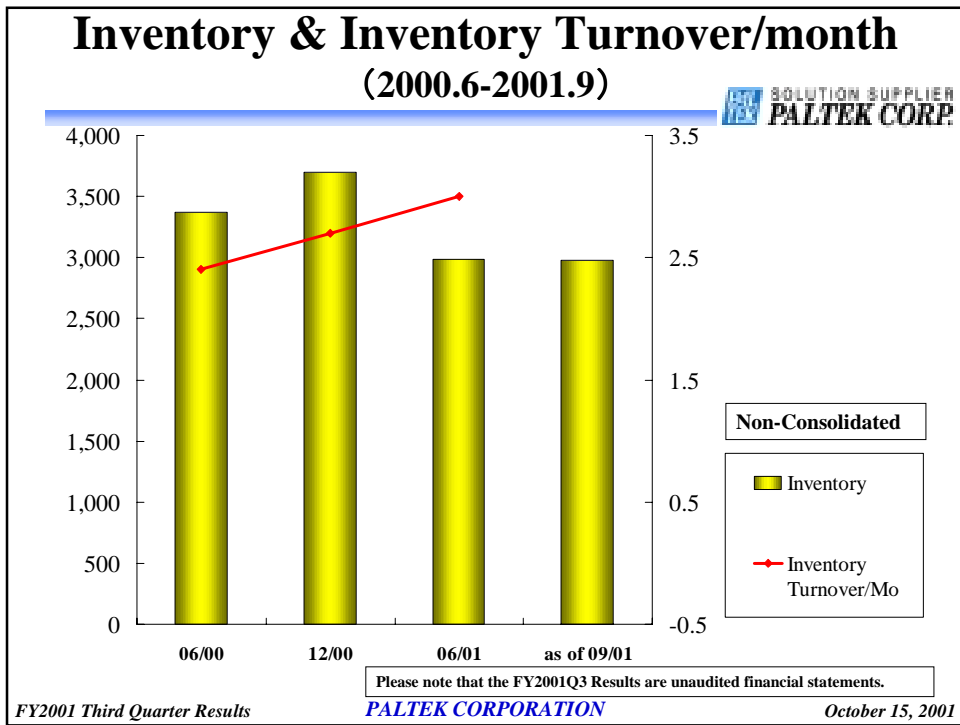


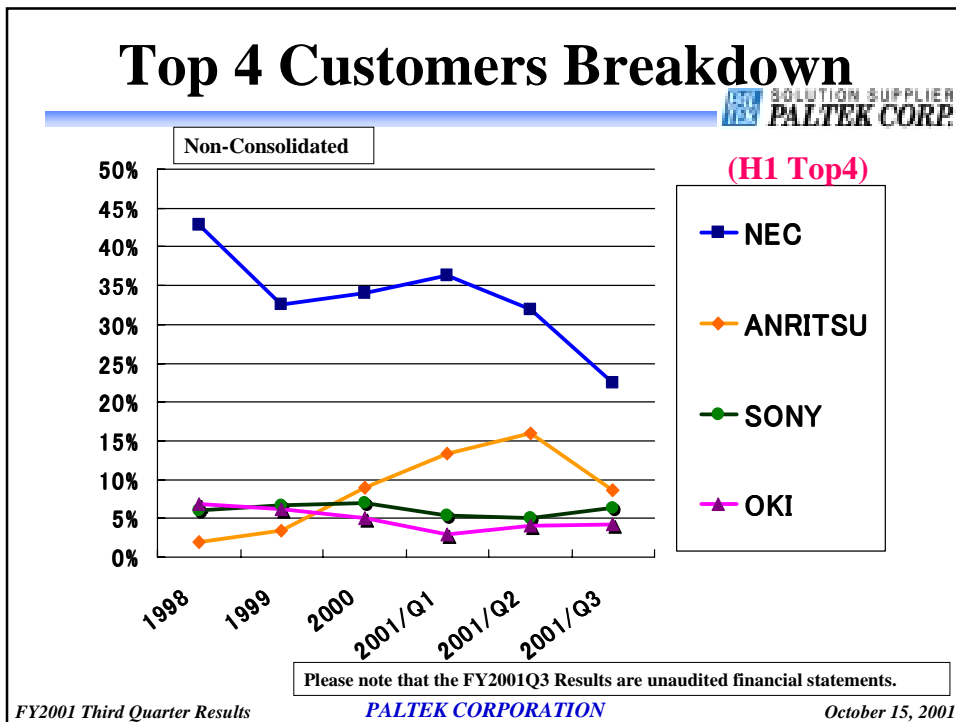
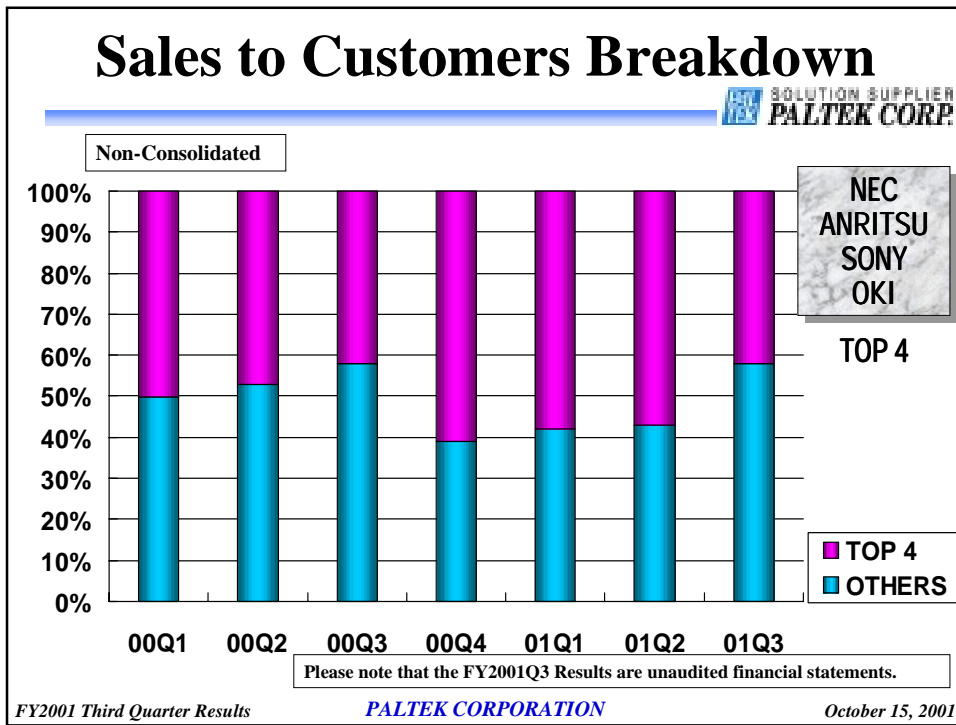
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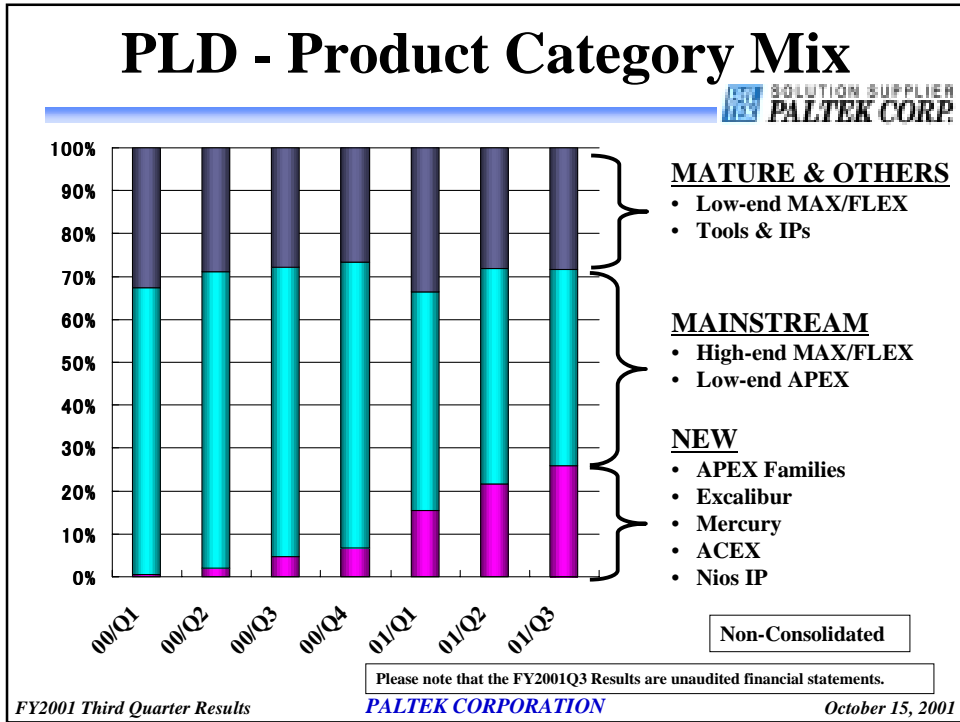
FY2001 Third Quarter Results


PALTEK CORPORATION

October 15, 2001









Part IV -- Subsidiary Conditions

FY2001 Third Quarter Results
PALTEK CORPORATION
October 15, 2001

Alpha Electronics, Inc.



- **FY2001(October 2000 ~ September 2001) ended.**
 - Met their own forecasts. Sales and Profits are record-high
 - Strong in analog semiconductors
 - NO.1 growth rate among distributors of National Semiconductor in Japan
- **Business Conditions**
 - Strong digital appliances demand among customers like SANYO
 - Bridgehead in Kansai region for PALTEK group
 - Other users are in down turn trend



FY2001 Third Quarter Results

PALTEK CORPORATION

October 15, 2001

Spinnaker Systems



- **Accelerating new business**
 - ① IP (MoSys's 1T-SRAM Memory etc.)

 - ② EDA TOOLS (Plato Design Systems, Inc.)

 - ③ Realization of high-performance SoC/SLI

FY2001 Third Quarter Results

PALTEK CORPORATION

October 15, 2001

Cygnnet Technologies, Inc.

SOLUTION SUPPLIER
PALTEK CORP

- **U.S. Conditions**
 - Final target market is Broadband Market
 - Start with Hospitality and Military facilities segments.
 - The terrorist attacks in NY on September 11 slowed down orders dramatically.
- **Japan Conditions**
 - OEM contract with the communication equipment manufacturer is being negotiated.
 - More Carriers are considering Cygnnet solutions.

FY2001 Third Quarter Results**PALTEK CORPORATION**October 15, 2001

axelec Corporation

SOLUTION SUPPLIER
PALTEK CORP

- **Goals**
 - Provide Total Solutions for broadband network development.
 - Assist SI Business by offering semiconductors and software to Home, Access, and Edge markets.
- **Current Status**
 - Launch the sales of NetSilicon and PLX Technology products
 - Searching new suppliers

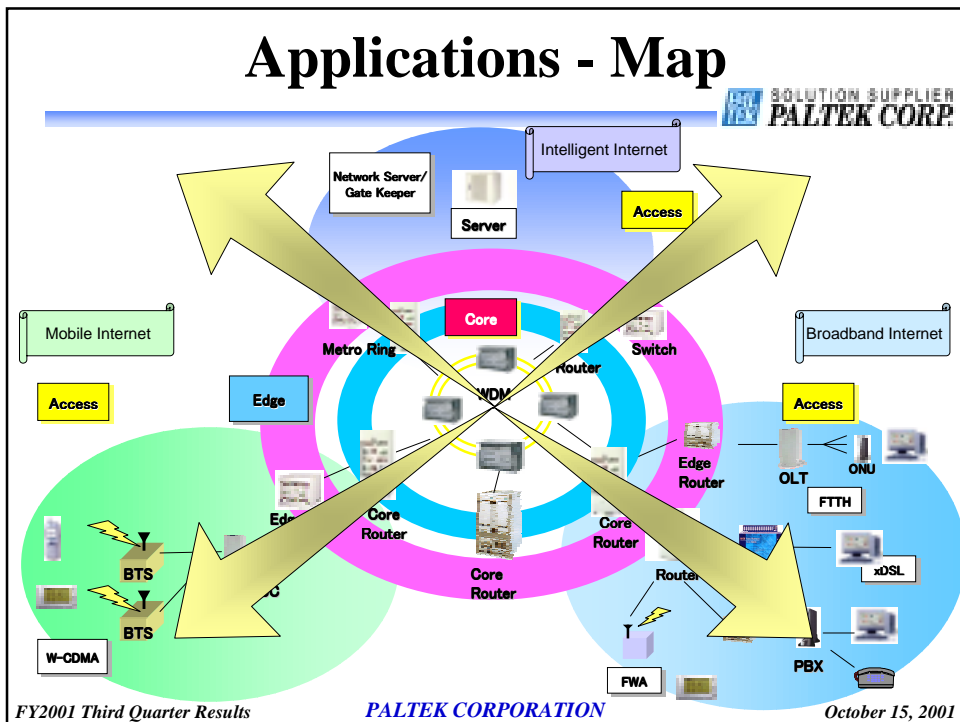
FY2001 Third Quarter Results**PALTEK CORPORATION**October 15, 2001

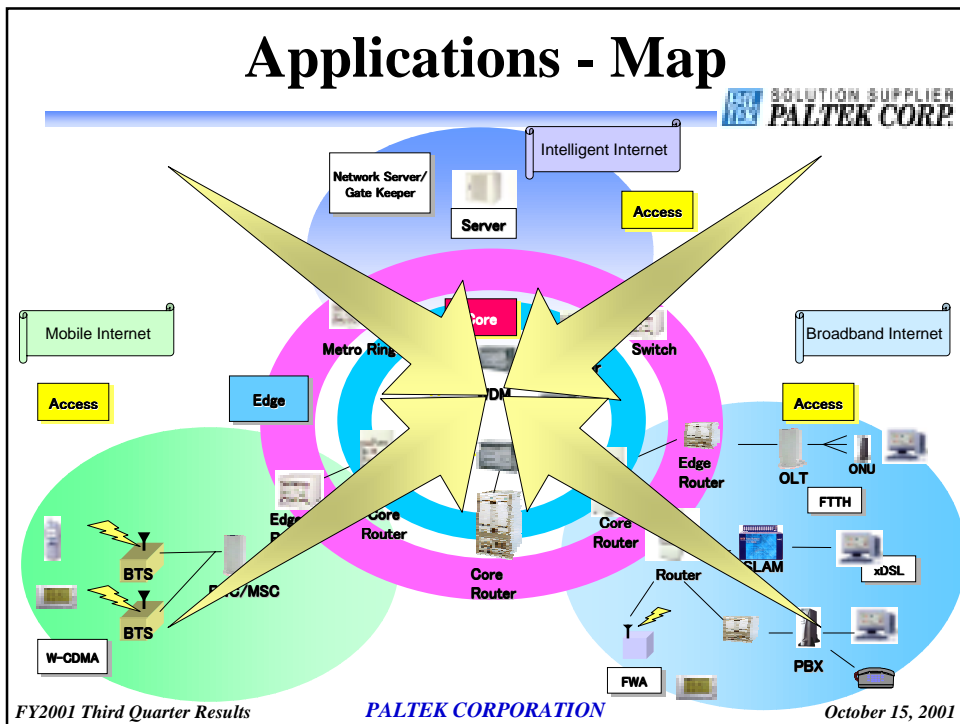
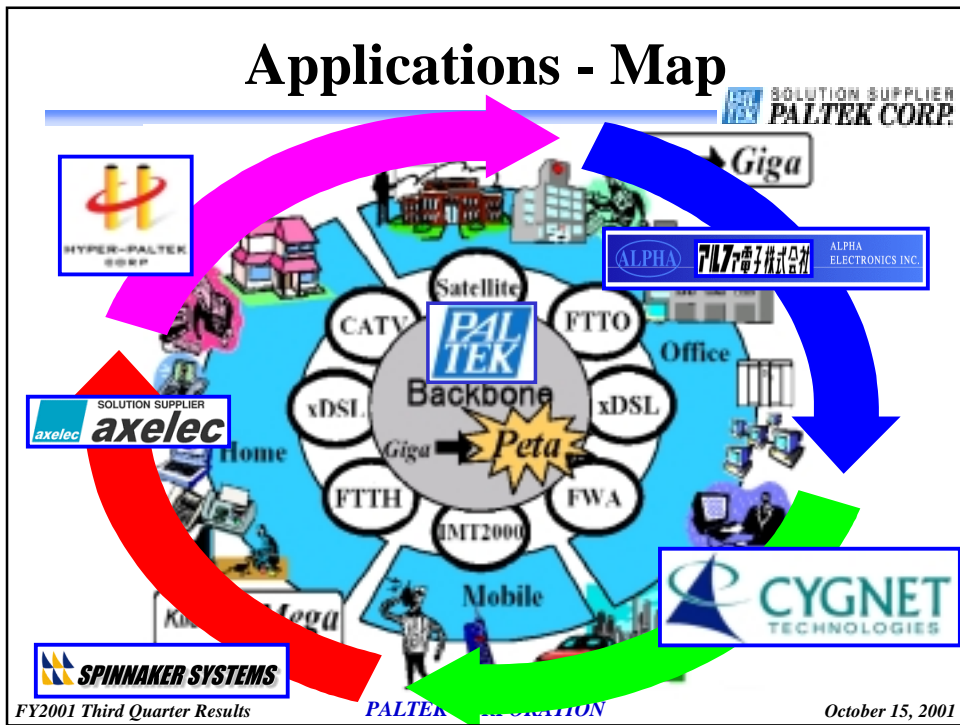
HYPER-PALTEK

SOLUTION SUPPLIER
PALTEK CORP.

- **Worldwide *Bluetooth* Qualification Status**
(As of the end of September)
 - 380 products are qualified all over the world
 - HYPER : 58 qualifications
 - HEPER-PALTEK : 10 qualifications
 - Together they have the highest qualifications status*
- **BQTF Service**
 - HYPER-PALTEK will start BQTF services by the end of December 2001

FY2001 Third Quarter Results
October 15, 2001
PALTEK CORPORATION





Year End Projections



- **Year End Projections**
 - **Business condition is overshadowed and unclear**
 - Impacts of IT business slowdown
 - Impacts of terrorist attacks in the U.S.
 - **Very short lead time requests by customers**
 - **Maintain reasonable inventory level**
- **Countermeasures**
 - **More value-added product offering**
 - Acceleration of new business
 - **More efficient management**
 - Quantitative control management system
 - Realization of effective operations

FY2001 Third Quarter Results

PALTEK CORPORATION

October 15, 2001

Safe Harbor Disclaimer



This presentation may provide projections or other forward-looking statements regarding future events and/or future financial performance. We wish to caution you that such statements are just predictions and that actual events or results may differ materially due to changes in the market and/or other business conditions.

FY2001 Third Quarter Results

PALTEK CORPORATION

October 15, 2001

IR Contact



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E-mail: IR@paltek.co.jp



Part V -- Attachments

Attachments



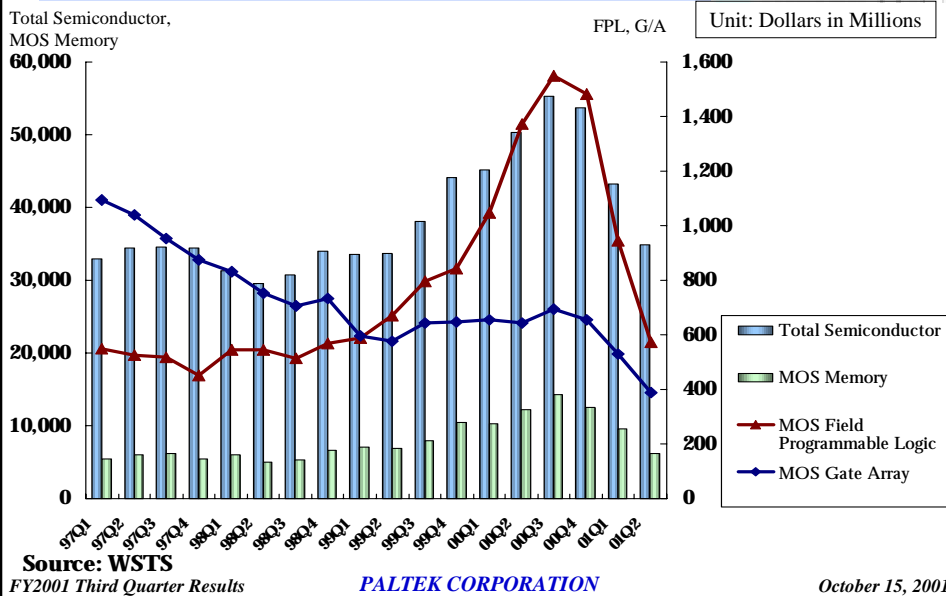
- **Semiconductor Market Overview (Quarter version)**
 - Worldwide / Americas / Japan
- **Estimated Worldwide SLI Consumption**
- **Top 5 PLD Companies**
 - Worldwide / Japan
- **Year End Projections**
- **PALTEK Group Company Outlines**

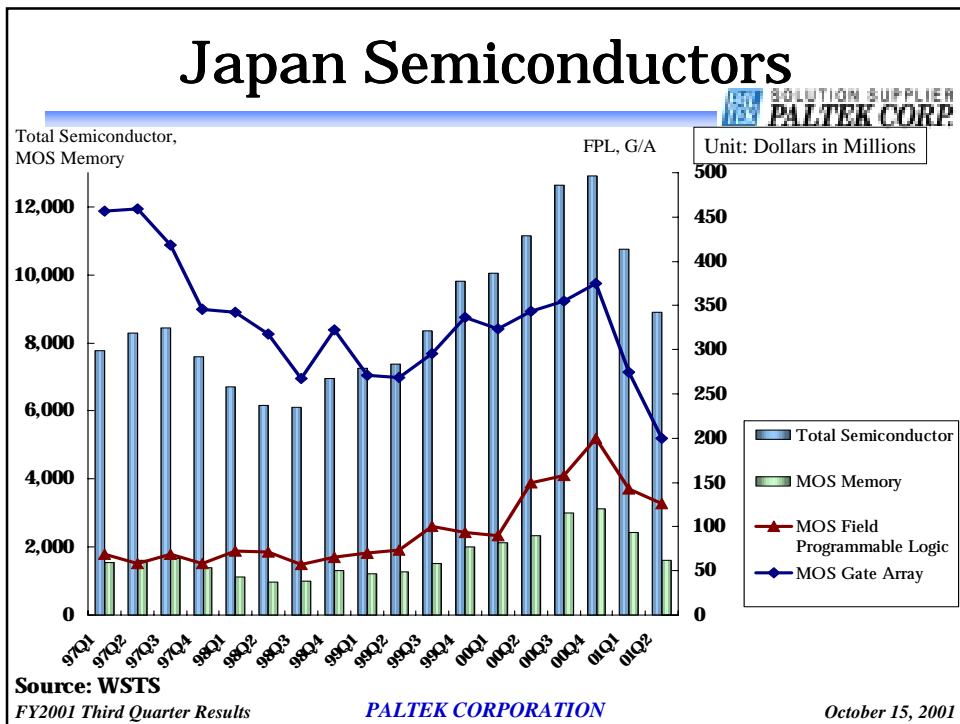
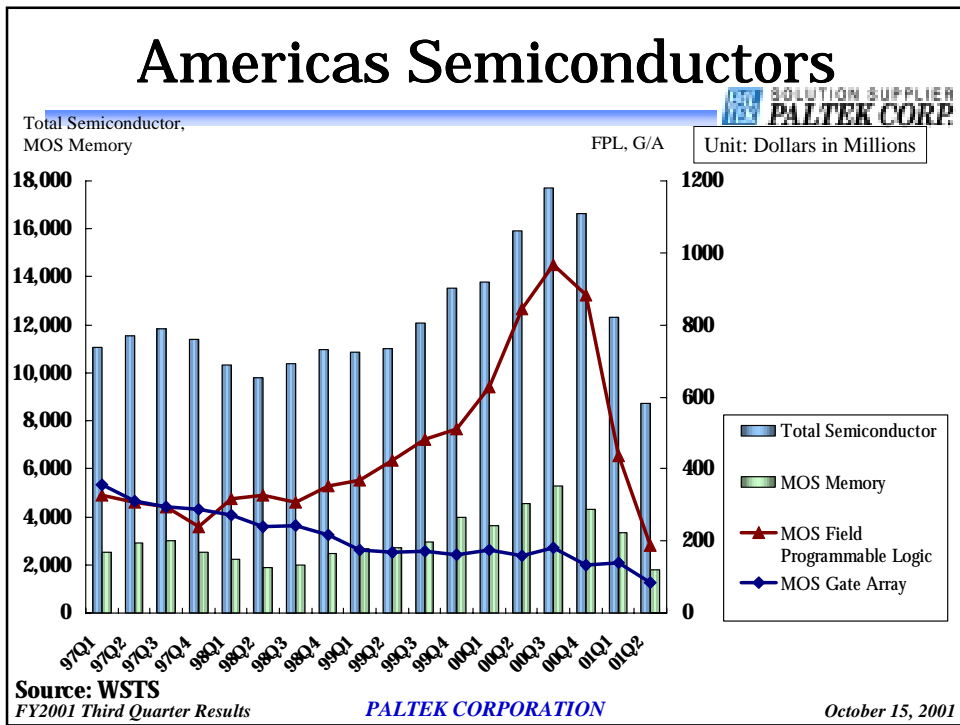
FY2001 Third Quarter Results

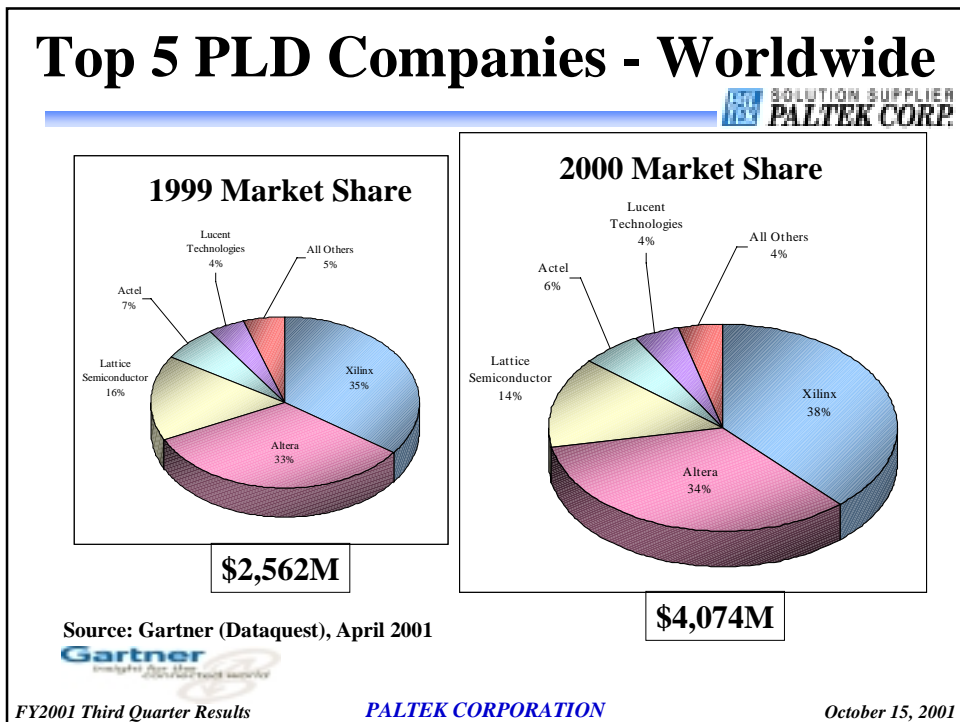
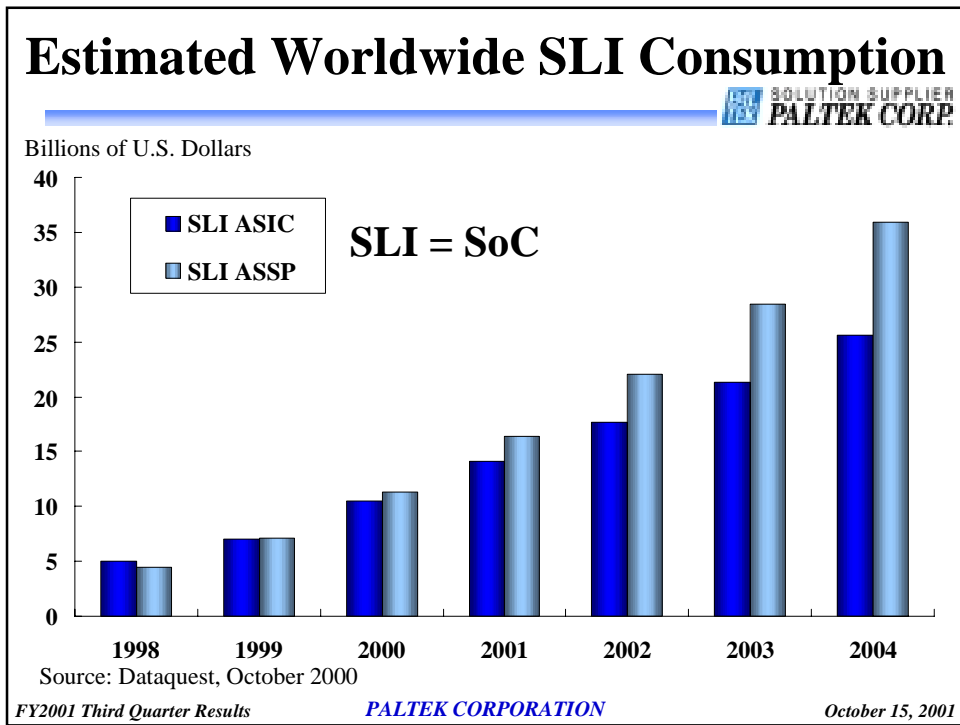
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October 15, 2001

Worldwide Semiconductors



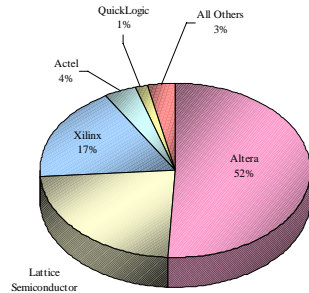




Top 5 PLD Companies - Japan

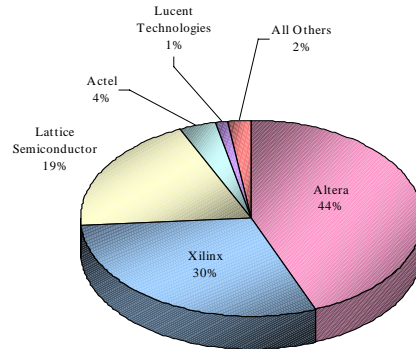
SOLUTION SUPPLIER
PALTEK CORP.

1999 Market Share



\$311M

2000 Market Share



\$473M

Source: Gartner (Dataquest), April 2001



FY2001 Third Quarter Results

PALTEK CORPORATION

October 15, 2001

Year End Projections (Consolidated)

SOLUTION SUPPLIER
PALTEK CORP.

Unit: Million Yen

Annual Growth

	Unit: Million Yen	Annual Growth
Sales	18,947	1%
Operating Profit	654	△69%
Recurring Profit	576	△73%
Net Profit	72	△94%

FY2001 Third Quarter Results

PALTEK CORPORATION

October 15, 2001

Year End Projections (Non-Consolidated)



	Unit: Million Yen	Annual Growth
Sales	15,148	△7%
Operating Profit	1,142	△49%
Recurring Profit	1,064	△54%
Net Profit	627	△53%

FY2001 Third Quarter Results

PALTEK CORPORATION

October 15, 2001

Alpha Electronics, Inc.



<http://www.alpha-denshi.co.jp/>



Name: Alpha Electronics, Inc.
Established: September 1974
Headquarters: 1-14-33 Esaka, Suita-shi, Osaka
Capital: 97.2 Million Yen (As of September 30)
Capital Ratio: 84.3%
President: Keizo Inoue
Business: Bridgehead in Kansai region for PALTEK group
 Product Offerings include semiconductors,
 electronic components, and system equipment
Products: National Semiconductor, Fairchild Semiconductor
 Altera, Sophia Systems, Alpha Electronics Corp.

FY2001 Third Quarter Results

PALTEK CORPORATION

October 15, 2001

Cygnnet Technologies, Inc.



 

<http://www.cygnnetinc.com>

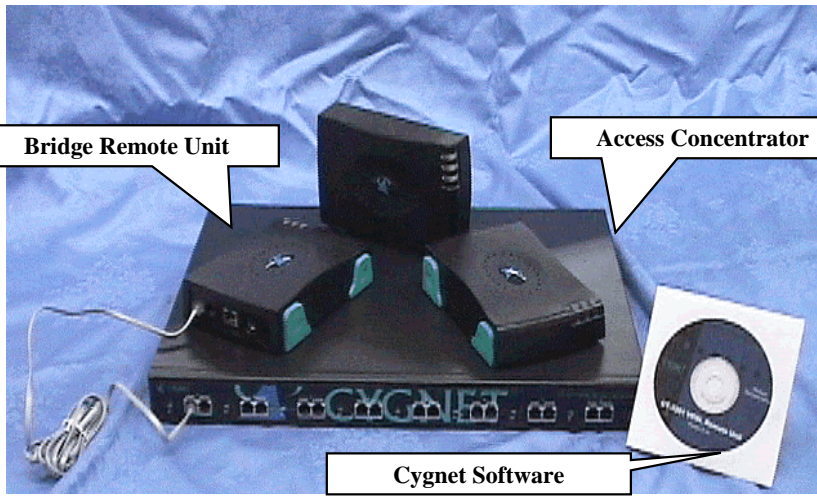
Name: Cygnnet Technologies, Inc.
Established: March 1997
Headquarters: 750 State Highway, 121 Bypass, Suite
150 Lewisville, Texas 75067 U.S.A.
Capital: \$ 6.25 Million (As of September 30)
Capital Ratio: 93%
President: Chuck Shumidt
Business: **Technologies offered by Cygnnet**

- VDSL (Very High Bit-Rate Digital Subscriber Line)
 - Over 10Mbps
- HPNA 2.0 (Home Phonenumber Networking Alliance)
 - Less than 10Mbps
- Gigabit Ethernet

FY2001 Third Quarter Results **PALTEK CORPORATION** *October 15, 2001*

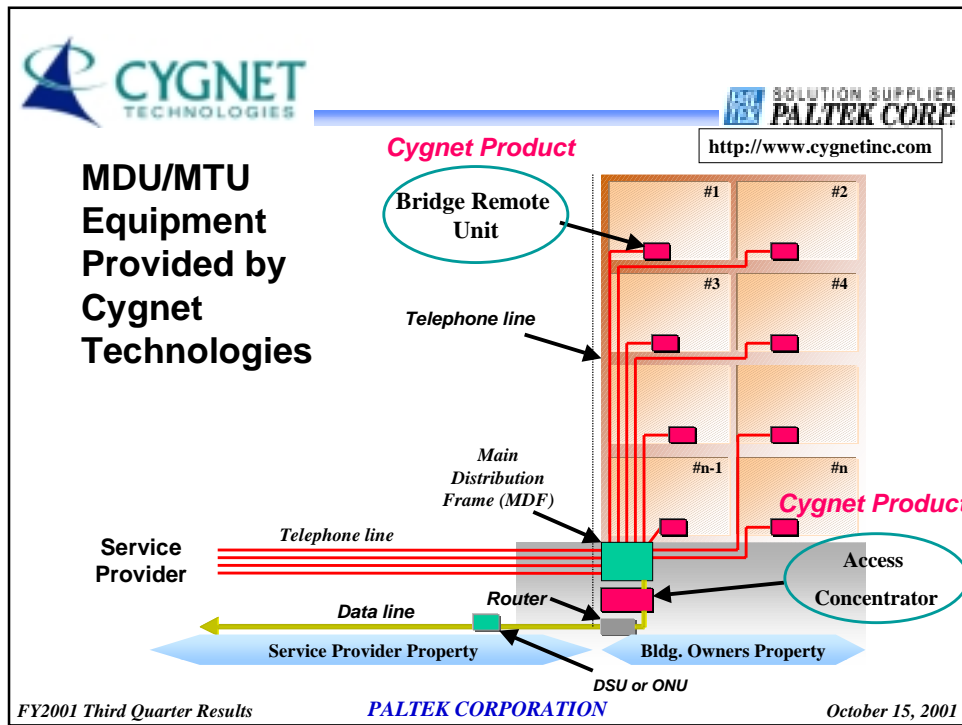
<http://www.cygnnetinc.com>



Bridge Remote Unit **Access Concentrator**

Cygnnet Software

FY2001 Third Quarter Results **PALTEK CORPORATION** *October 15, 2001*



Spinnaker Systems, Inc.


SPINNAKER SYSTEMS SOLUTION SUPPLIER **PALTEK CORP.**
<http://www.spinnaker.co.jp/>

Name: Spinnaker Systems, Inc.
Established: October 1, 1995
Headquarters: Hatchobori SF bldg. 5F 3-12-8 Hatchobori,
 Chuo-ku Tokyo 104-0033 Japan
Capital: 245.5 Million Yen (As of September 30)
Capital Ratio: 100%
President: Tsugumi Fujitani
Business:

- EDA Software
- IP (Intellectual Property) Design
- Technology Consultant
- SoC Design Support


Business Partners: Mentor Graphics, Plato Design Systems, Inc. etc

FY2001 Third Quarter Results **PALTEK CORPORATION** October 15, 2001



MoSys - The SoC Embedded Memory

SOLUTION SUPPLIER
PALTEK CORP.



<http://www.mosysinc.com>

Monolithic System Technology, Inc.
NASDAQ: (MOSY) IPO on June 28, 2001

1T-SRAM: Revolutionary Memory Technology
 Two to three times as dense as traditional SRAMs
 & consumes significantly less power

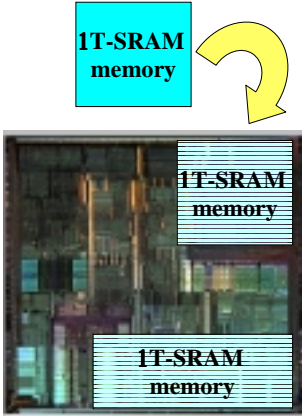
- 1) High Density
- 2) Low Power Consumption
- 3) High Speed
- 4) Low Cost

Product:

- 1) IP (License) -- Fit large memory into SoC design
- 2) Semiconductor (Memory) -- For Volume Shipments

Customers: Tier One Electronics, Semiconductor,
and Foundry Companies

Markets: Communications
Consumer Electronics




FY2001 Third Quarter Results
PALTEK CORPORATION
October 15, 2001





Announced Partners


SOLUTION SUPPLIER
PALTEK CORP.



<http://www.mosysinc.com>

**Through partnerships, MoSys is expanding the availability of the
 1T-SRAM technology throughout the semiconductor market**




Foundry Companies :
 Our foundry partners enable us to provide silicon proven 1T-SRAM technology in the most popular processes to fabless semiconductor companies.


Partners like Spinnaker :
 Other partnerships enable MoSys to provide the 1T-SRAM technology in the form of memory compilers.


Development of SoC/SystemLSI

FY2001 Third Quarter Results
PALTEK CORPORATION
October 15, 2001






Announced Licensees




SOLUTION SUPPLIER







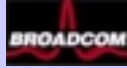


<http://www.mosysinc.com>

Next Generation SoCs for Communications/Electronics Market


MoSys licenses its 1T-SRAM memory technology intellectual property to semiconductor and systems companies including those on this page for the development of Systems On Chips (SOCs).

These SOC's cover a wide range of applications in the communications and consumer electronics markets.


FY2001 Third Quarter Results

PALTEK CORPORATION

October 15, 2001



axelec Corporation

SOLUTION SUPPLIER


Name: *axelec Corporation*

Established: **June 1, 2001**

Headquarters: **2-3-12 Shin-Yokohama Kouhoku-ku, Yokohama 222-0033 JAPAN**

Capital: **10 Million Yen (As of September 30)**

Capital Ratio: **100%**

President: **Yoshio Sakurai**

Business:

Provides Total Solutions for the Broadband Network

- **Offerings include Hardware, Software, Consulting Services**
 - SAN (Storage Area Network) Technologies
 - Storage Router Technologies
 - Residential Gateway Technologies
 - Home Networking Technologies

Product Lines: **Net Silicon, PLX Technology**

FY2001 Third Quarter Results

PALTEK CORPORATION

October 15, 2001

 HYPER-PALTEK CORP.	<h1>HYPER-PALTEK Corporation</h1> <p><small>SOLUTION SUPPLIER</small> PALTEK CORP.</p> <p>http://www.hyper-paltek.com</p>	
Name:	HYPER-PALTEK Corporation	
Established:	January 31, 2001	
Headquarters:	2-3-12 Shin-Yokohama Kouhoku-ku, Yokohama 222-0033 JAPAN	
Capital:	10 Million Yen (As of September 30)	
Capital Ratio:	49% (PALTEK) : 51% (HYPER Corp.)	
President:	Kurt B. Fischer	
Business:	Total Bluetooth Qualification Services <ul style="list-style-type: none">- Documentation Service (English, Japanese)- Consulting Service (Development of Test Plan, Product Testing)- Review the Test Result, Authorization, Registration to the Official Site	
<i>FY2001 Third Quarter Results</i>	<i>PALTEK CORPORATION</i>	<i>October 15, 2001</i>