

PALTEK

(OTC:7587)

Results Explanatory Meeting

Fiscal Year 2001

Contents

- Semiconductor Market Overview
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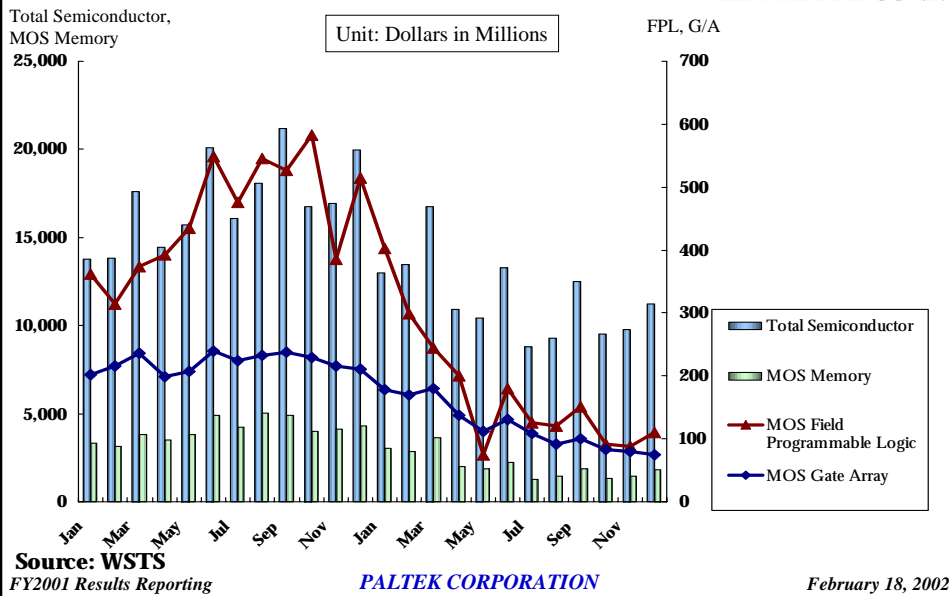
Part I -- Semiconductor Market Overview

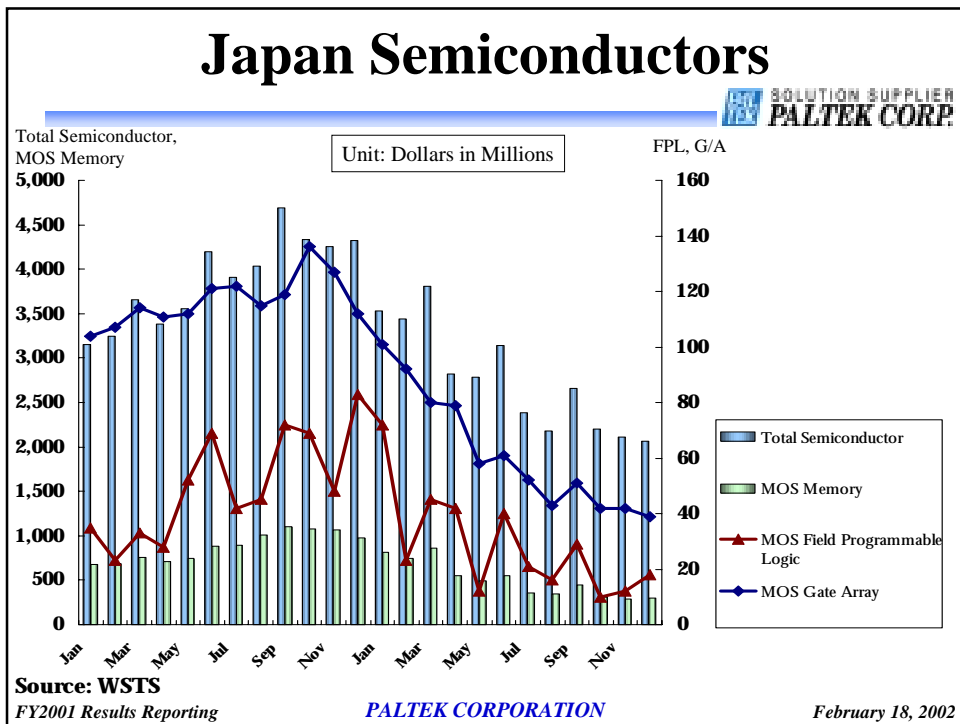
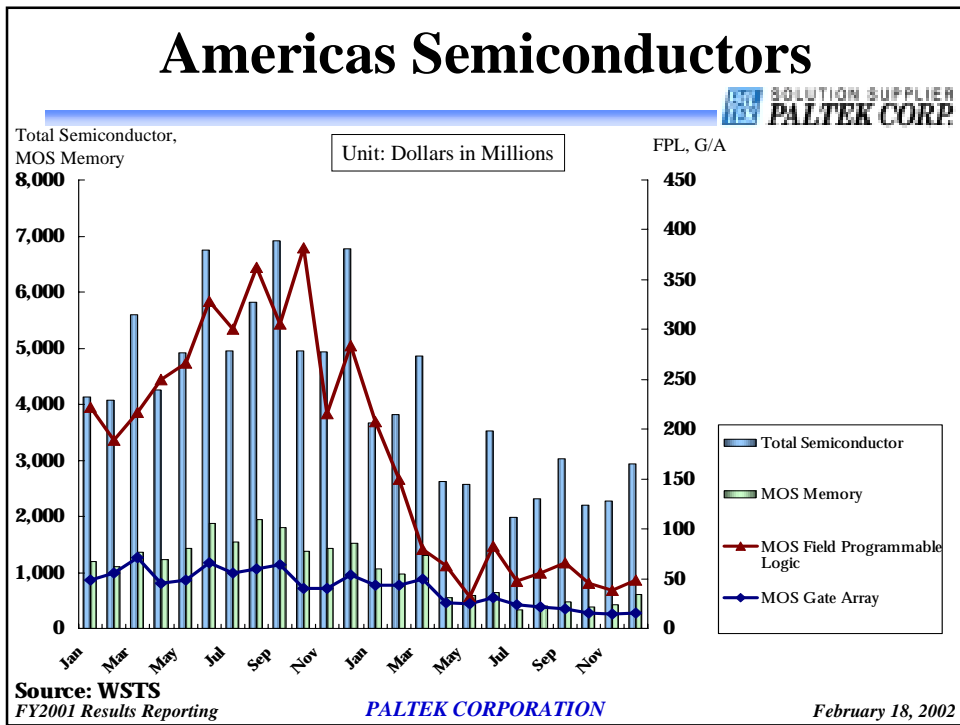
FY2001 Results Reporting

PALTEK CORPORATION

February 18, 2002

Worldwide Semiconductors





Part II -- Fiscal Year 2001 Results

FY2001 Results Reporting

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Year End Results (FYE2001)

CONSOLIDATED

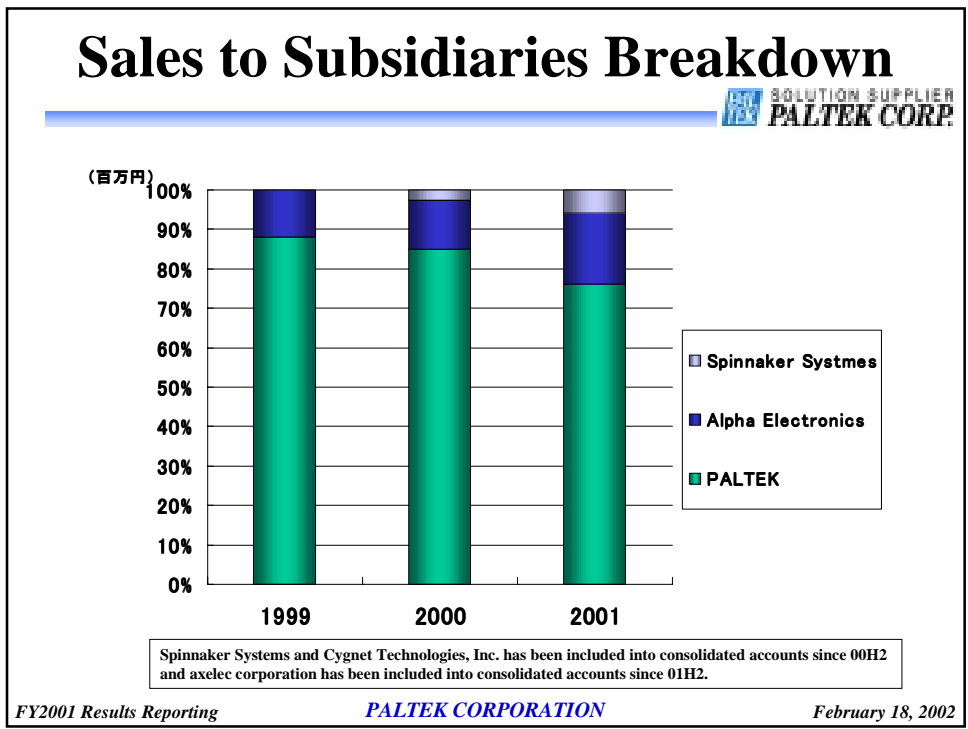
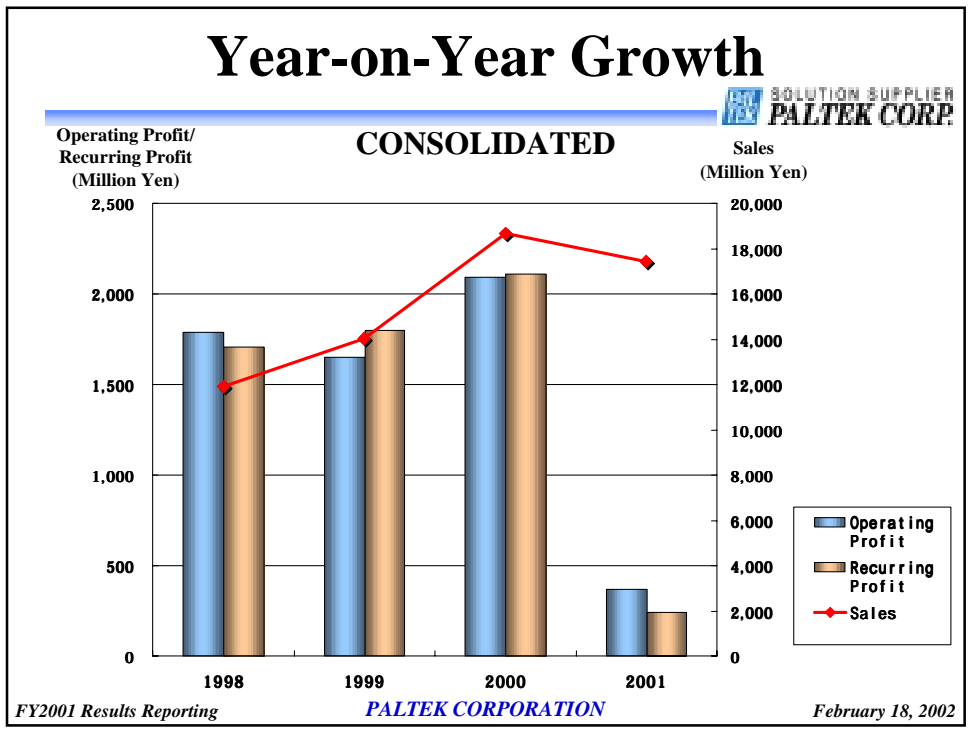
Y-on-Y Growth

Sales	¥17,443M	△ 6.6%
Operating Profits	¥ 370M	△82.4%
Recurring Profits	¥ 239M	△88.7%
Net Profits	△¥ 459M	—
EPS	△¥ 38.8	—
ROA	1.8 %	—
ROE	△5.5 %	—

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Year End Results (FYE2001)

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PALTEK CORP.

NON-CONSOLIDATED

Y-on-Y Growth

Sales	¥13,624M	△16.2%
Operating Profits	¥ 1,249M	△44.5%
Recurring Profits	¥ 1,151M	△50.3%
Net Profits	△¥ 163M	—
EPS	△¥ 13.8	—
ROA	9.9 %	—
ROE	△2.1 %	—

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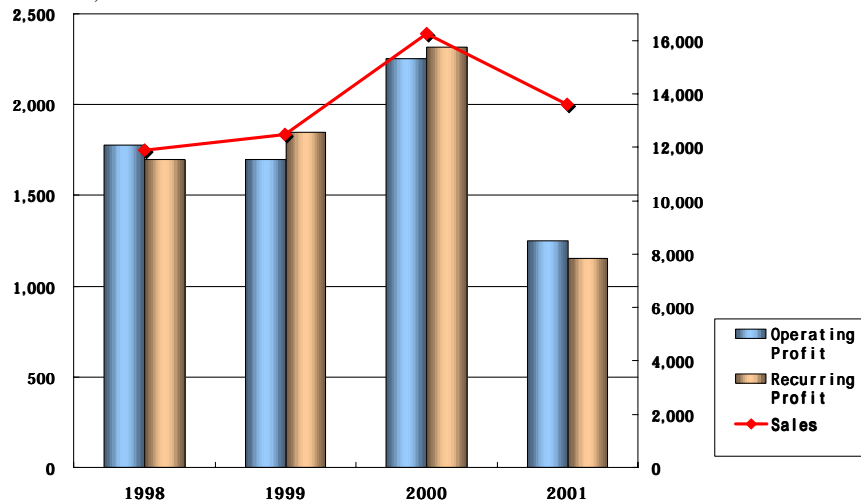
Year-on-Year Growth

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NON-CONSOLIDATED

Operating Profit/
Recurring Profit
(Million Yen)

Sales
(Million Yen)



FY2001 Results Reporting

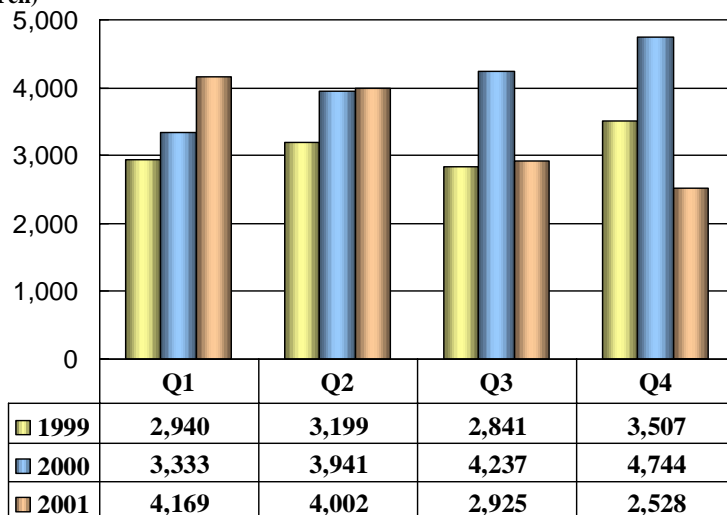
PALTEK CORPORATION

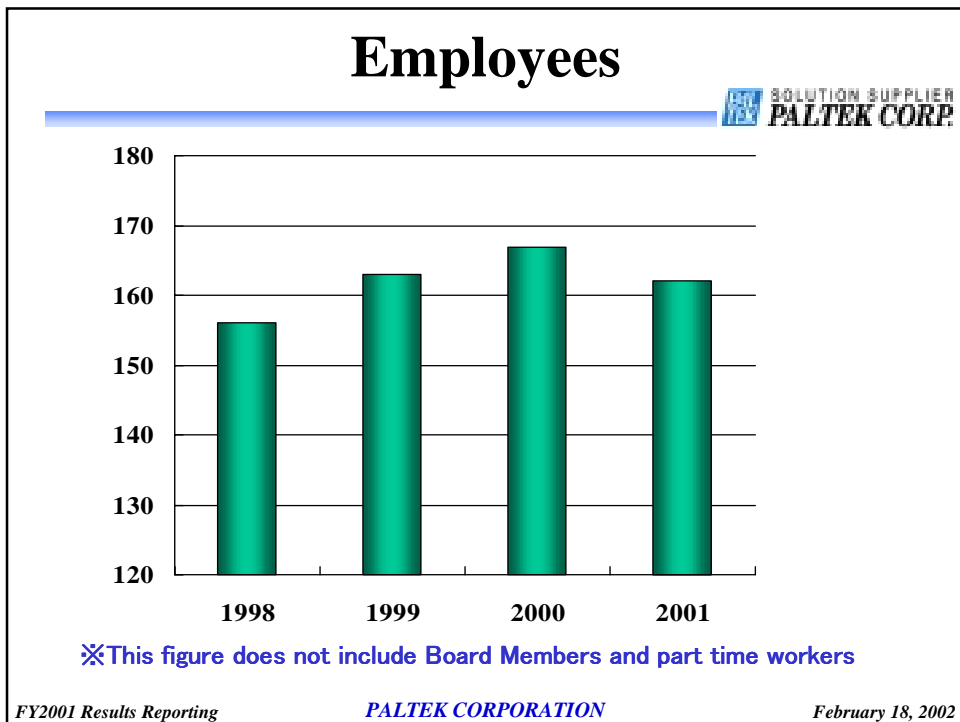
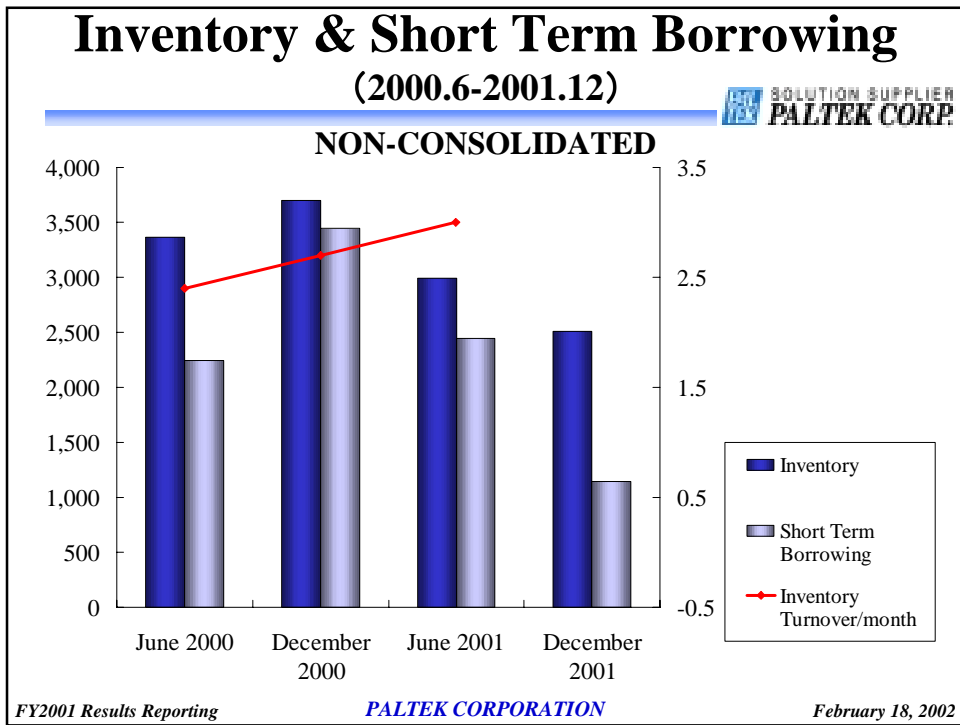
February 18, 2002

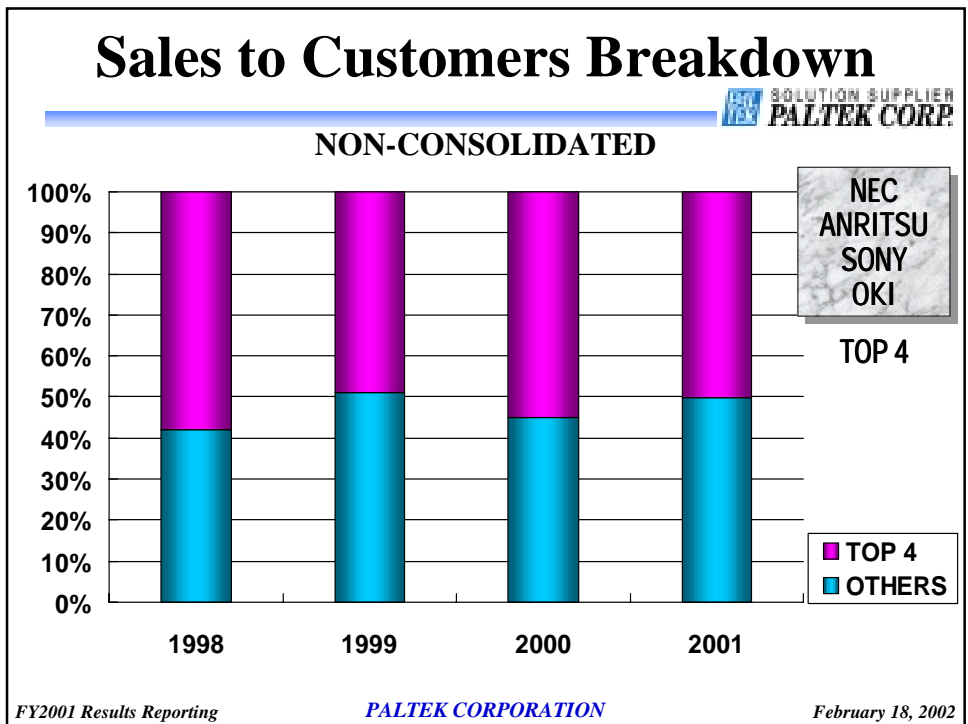
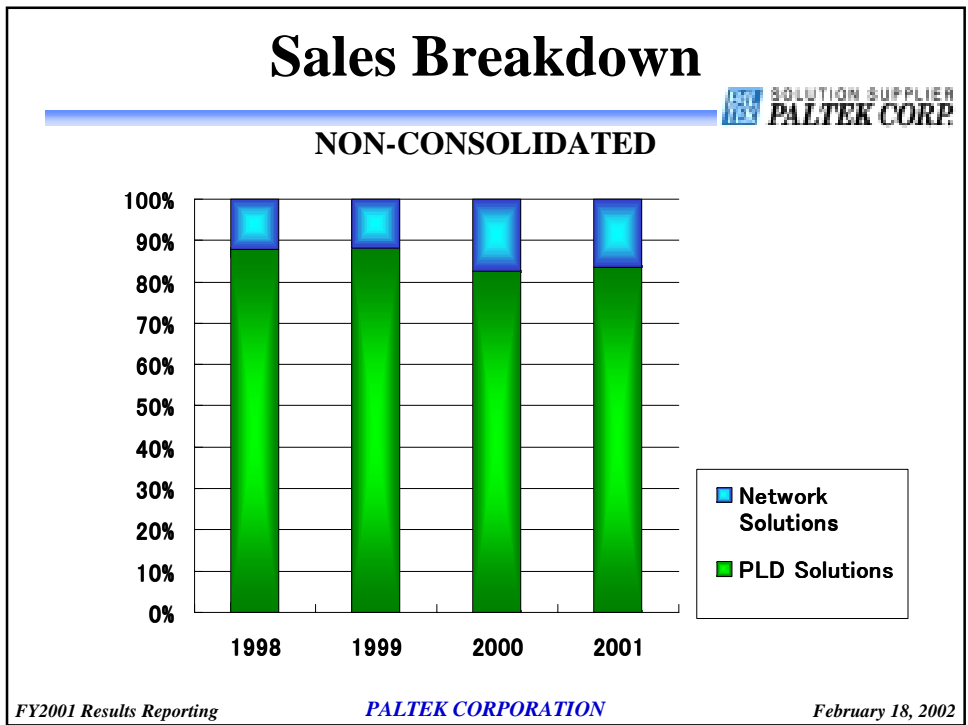
Part III -- PALTEK Conditions

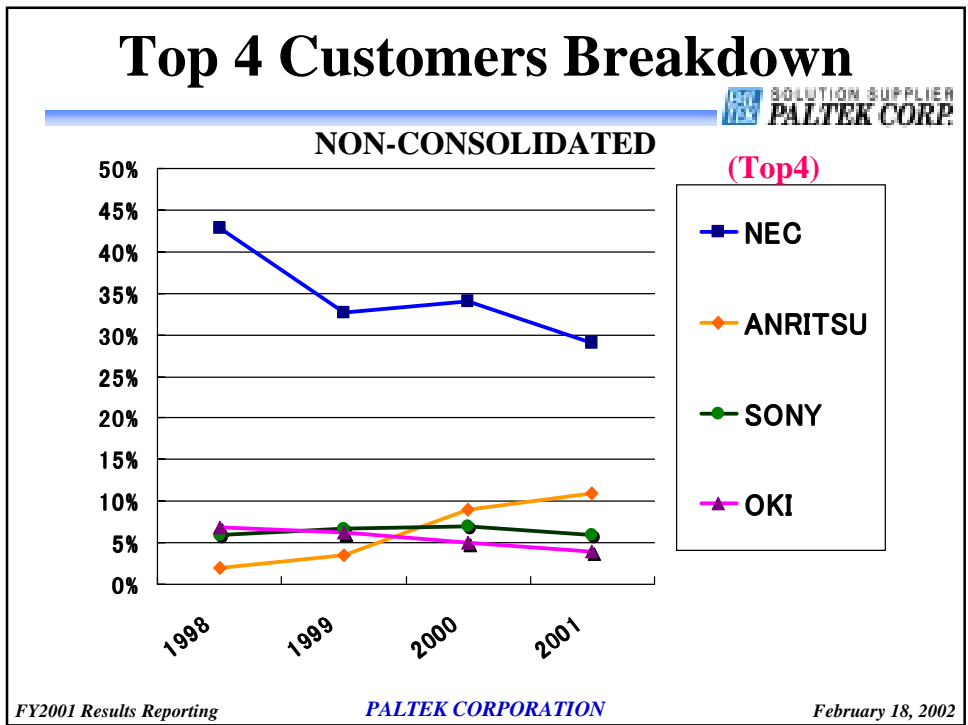
Sales by Quarter/ Non-Consolidated

(Million Yen)









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Part IV -- Subsidiaries Conditions

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Alpha Electronics, Inc.



- **Results of FY2001(Oct. 2000 ~ Sep. 2001)**
 - Record-high sales and profits
- **Continuous growth in network appliances market targeted SANYO. Other users are in severe condition.**
- **Expanding product line-ups for information appliances market.**

FY2001 Results Reporting

PALTEK CORPORATION

February 18, 2002

Spinnaker Systems




- **Results of FY2001 (Jan. 2001 ~ Dec. 2001)**
 - Declared net profits in FY2001
- **Board Member renewed**
 - President Isao Tanabe
(Former Executive Vice President & CTO in MICRO MASK, INC. in the U.S.)
- **Launch a new SoC Business**
 - Partnership with Mosys Corporation

FY2001 Results Reporting

PALTEK CORPORATION

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Cygnet Technologies, Inc.

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- **Results of FY 2001 (Jan. 2001 - Dec. 2001)**
 - Recorded losses bigger than expected
- **PALTEK Strategies modified**
 - Decision to withdraw from the management of Cygnet Technologies, Inc.
 - Related cost is included as write-offs for extraordinary charge in FY2001.
- **Cygnet Technologies will be no longer included in PALTEK consolidated statements in FY2002**

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HYPER-PALTEK Corporation

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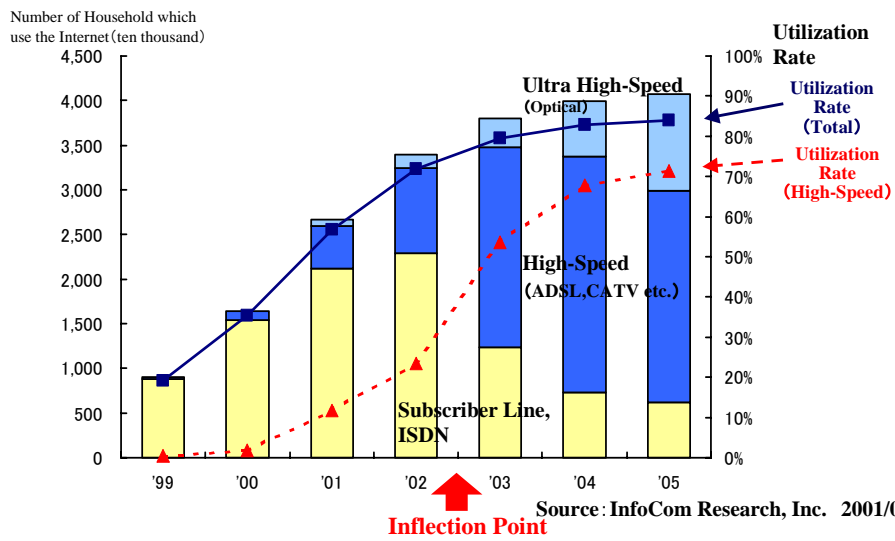
- **Results of FY2001 (Jan. 2001 - Dec. 2001)**
 - Established in January 2001
 - Record a net profits in the first year
- **Worldwide *Bluetooth* qualification Status (As of the end of December)**
 - 481 products are qualified all over the world
 - HYPER : 71 qualifications,
 - HEPER-PALTEK : 18 qualifications

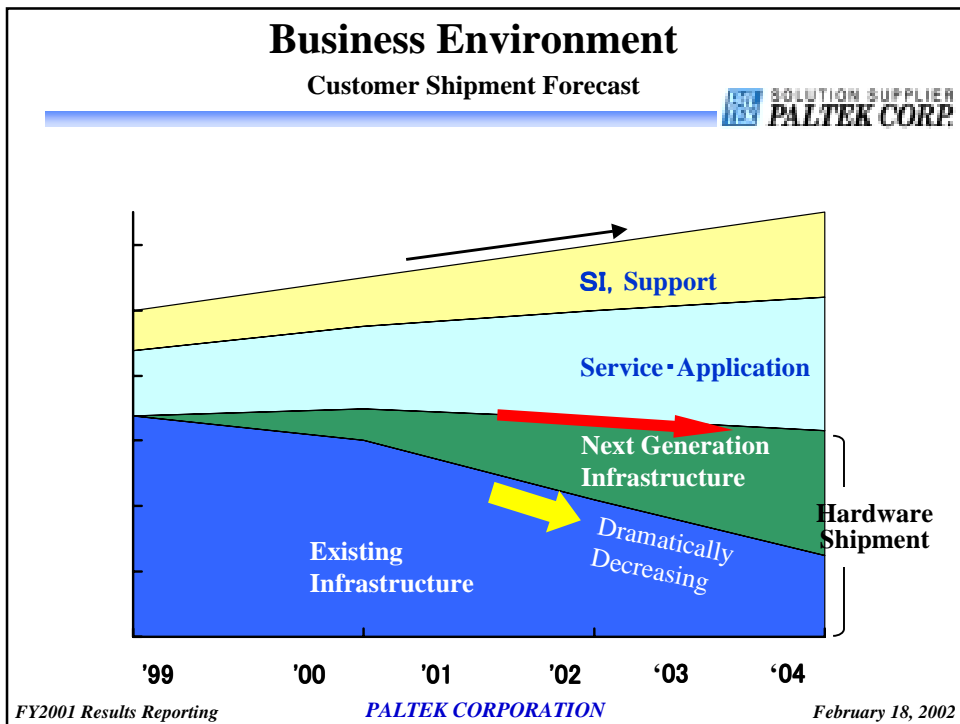
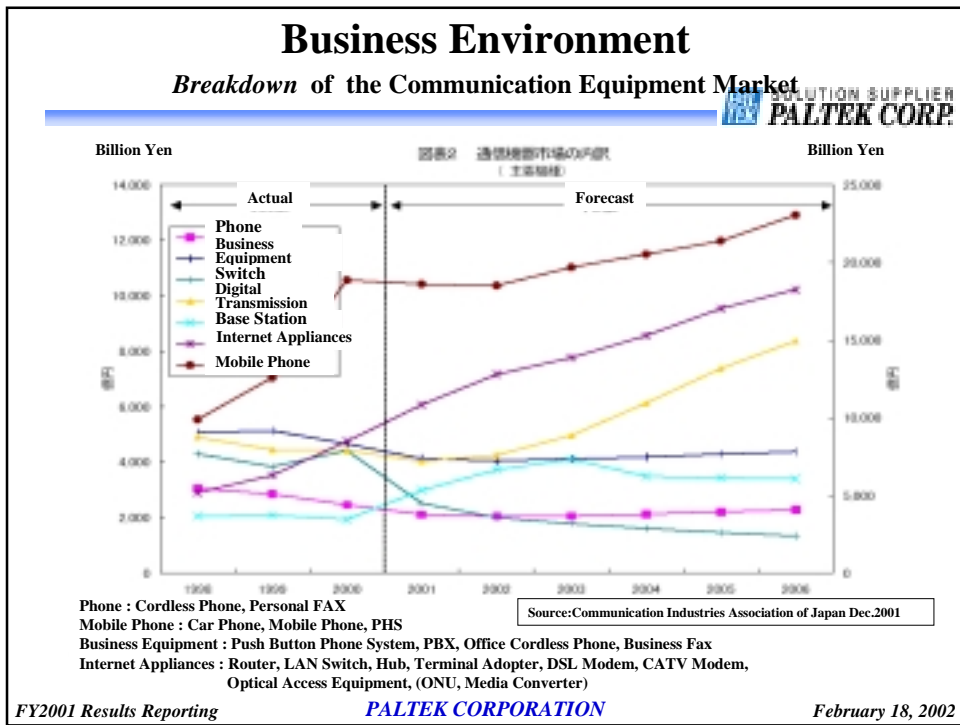
Together they have the highest qualifications numbers

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Part V -- Business Strategy

Business Environment
Forecast of the Internet Utilization Rate





Business Environment Summary



- **Broadband & Mobile will dominate the next-generation network applications**
 - Demand shift from subscriber line network to next-generation high-speed network
 - Beginning of the personal broadband era
- **Communication equipment vendors accelerate to upgrade business portfolio**
 - Resources shift to the growing business market (Hardware → System Engineering/System Integration)
 - Challenges to meet borderless market → Competition in development and falling prices

FY2001 Results Reporting

PALTEK CORPORATION

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Business Strategy of PALTEK Group

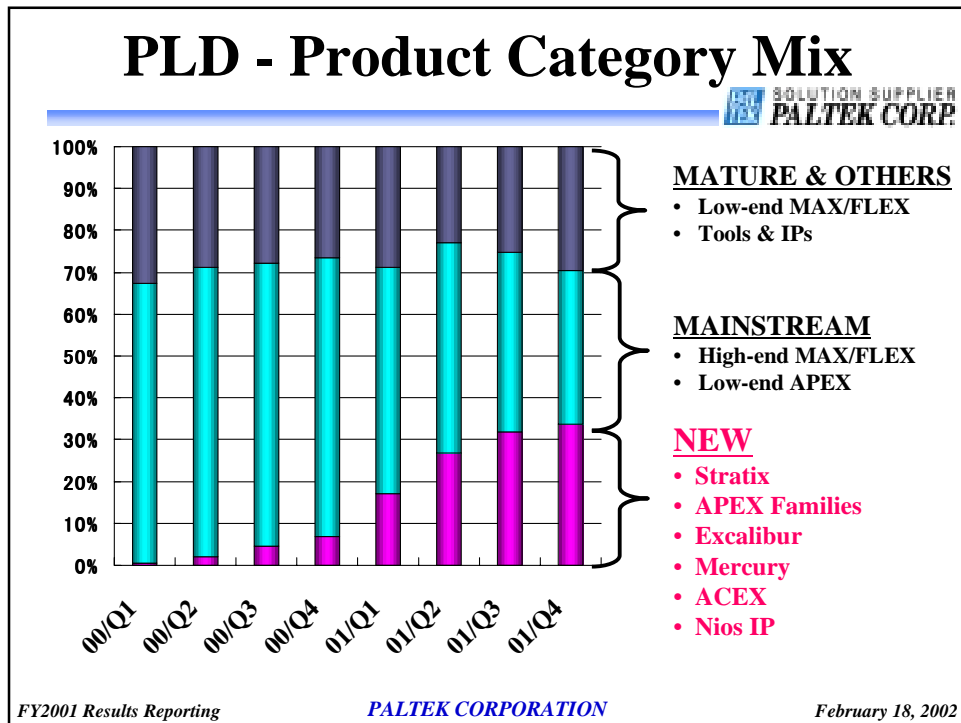


- ① **Revitalization & Reinforcement of PLD Business**
- ② **Revising Product Line-ups**
 - Termination of the Distribution Agreement with PMC-Sierra (at the end of November 2001)
 - New Distribution Agreement with Infineon Technologies Japan on December 18, 2001
- ③ **Establishment of the Customer-Oriented Business Model**
 - Provide a total solution from hardware to software

FY2001 Results Reporting

PALTEK CORPORATION

February 18, 2002




Business Strategy of PALTEK Group




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February 18, 2002




Infineon Products Line

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- **Communication & Peripherals**
 - Communication ICs, Computer Peripheral Components, Image and Video Devices, Fiber Optic Components and Infrared Components
- **Wireless Products**
 - Standardized Baseband ICs (logic and analog), Standardized and Customized Radio Frequency Ics
- **Security & Chip Card IC**
 - Security Controller, Security Memory and other semiconductors for use in applications requiring security s
- **Memory Products**
- **Automotive & Industrial**
 - Semiconductors and Microcontrollers for automotive applications

FY2001 Results Reporting **PALTEK CORPORATION** *February 18, 2002*

Business Strategy of PALTEK Group

 **SOLUTION SUPPLIER
PALTEK CORP.**

- ① Revitalization & Reinforcement of PLD Business
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FY2001 Results Reporting **PALTEK CORPORATION** *February 18, 2002*

axelec Corporation

SOLUTION SUPPLIER
axelec

SOLUTION SUPPLIER
PALTEK CORP.

- **Results of FY2001 (Jun. 2001 ~ Dec. 2001)**
 - Established in June 2001
 - Started sales activities for NetSilicon and PLX Technology products

- **MARUBUN Corporation and PALTEK have signed for JV agreement for axelec.**
 - axelec aims at pioneering a new business model for semiconductor business (press release on Feb. 15, 2002)

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The Purpose of J/V Project

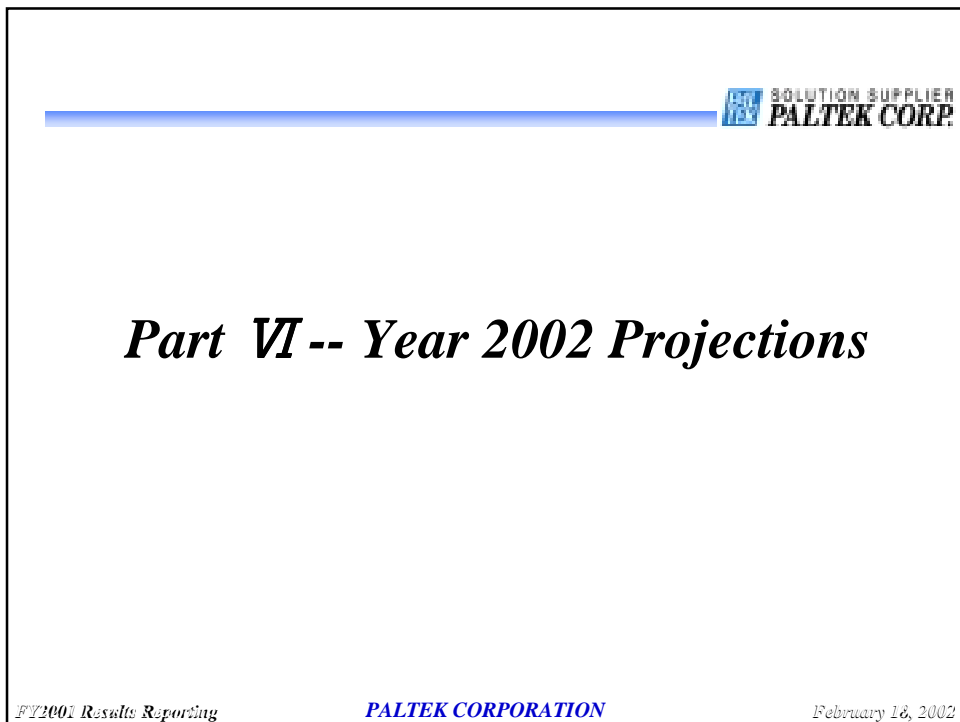
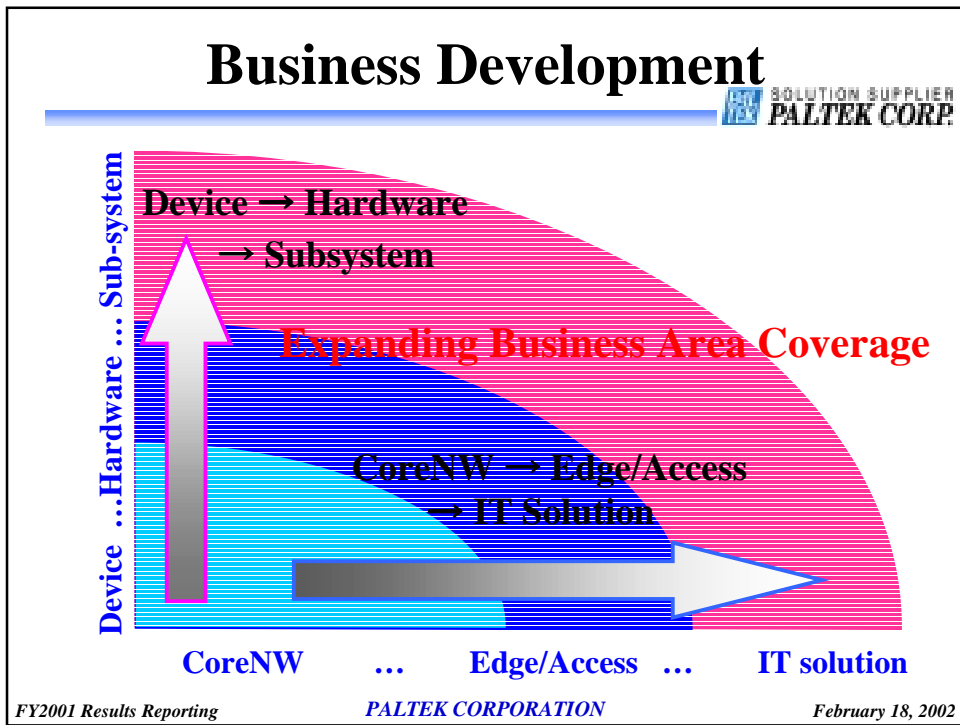
SOLUTION SUPPLIER
axelec

SOLUTION SUPPLIER
PALTEK CORP.

- **Convergence each business model**
 - ◇ Utilize knowledge in the network solution business
 - ◇ Utilize global business base
 - ◇ Utilize broad-ranging sales channels and customer relationship

- **Revolution on the Ordinary Semiconductor Distribution Business Model**
 - ◇ Provide the Customer Oriented Solution
 - ◇ Shift from Semiconductor Provider to Solution Provider

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Year End Projections (FYE2002)

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CONSOLIDATED

(unit : million yen)

	FY2002 H1	Y-on-Y Growth	FYE2002	Y-on-Y Growth
Sales	6,344	△37.1%	17,644	1.2%
Operating Profit	15	△97.1%	498	34.6%
Current Profit	10	△97.8%	433	81.2%
EPS	—	—	¥ 20.86	—

FY2001 Results Reporting

PALTEK CORPORATION

February 18, 2002

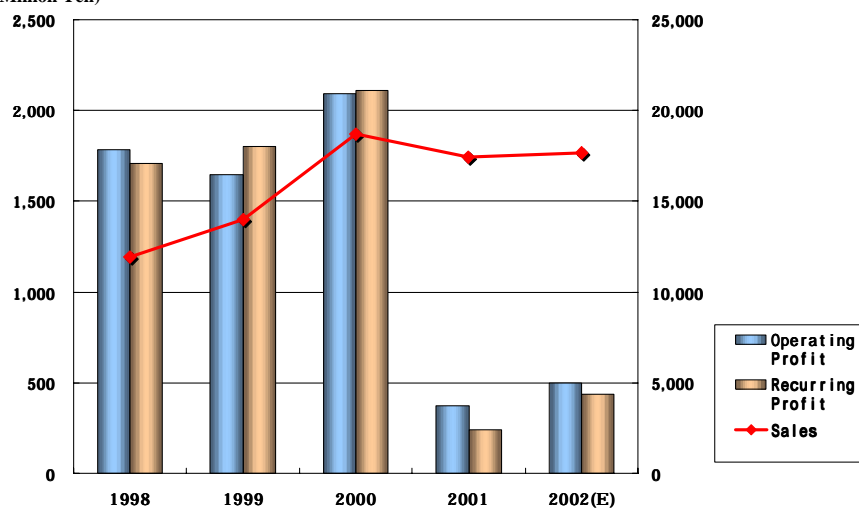
Year-on-Year Growth

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PALTEK CORP.

CONSOLIDATED

Operating Profit/
Recurring Profit
(Million Yen)

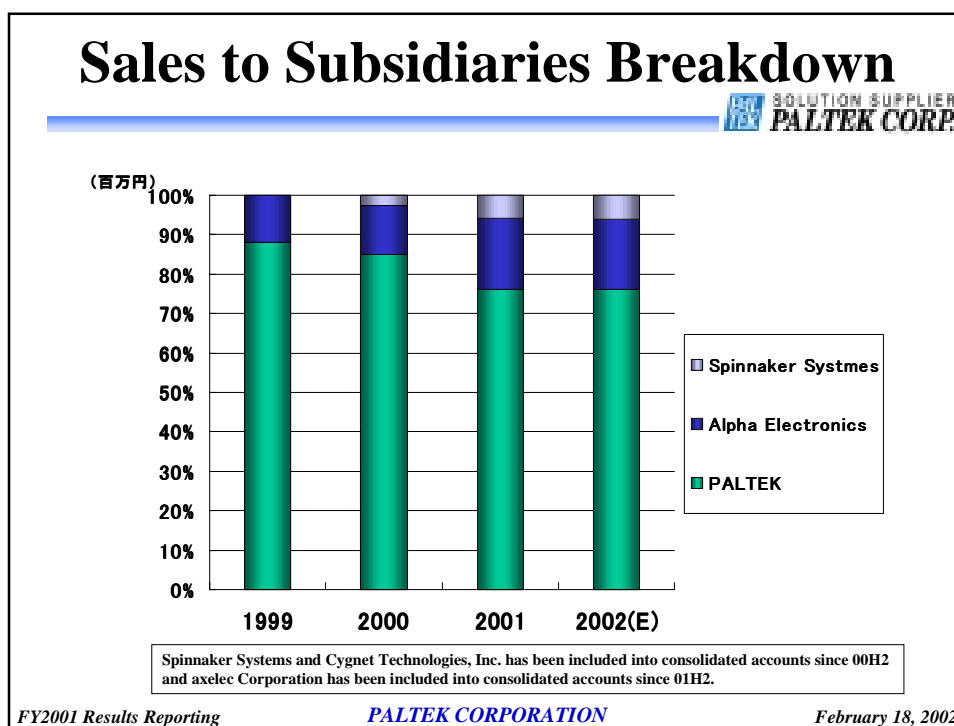
Sales
(Million Yen)



FY2001 Results Reporting

PALTEK CORPORATION

February 18, 2002



Year End Projections (FYE2002)

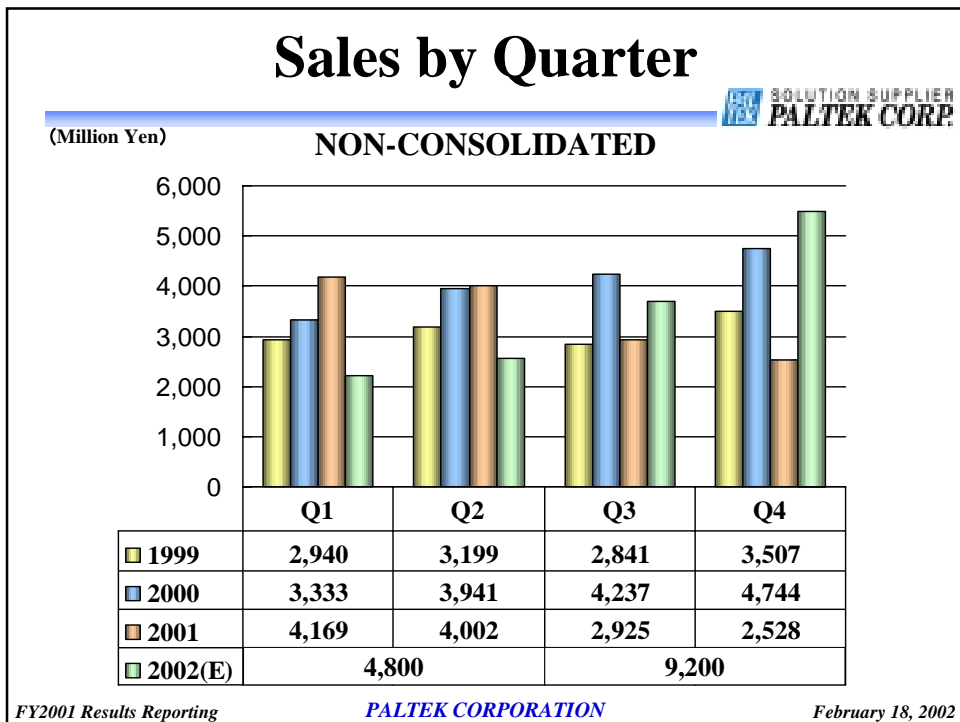
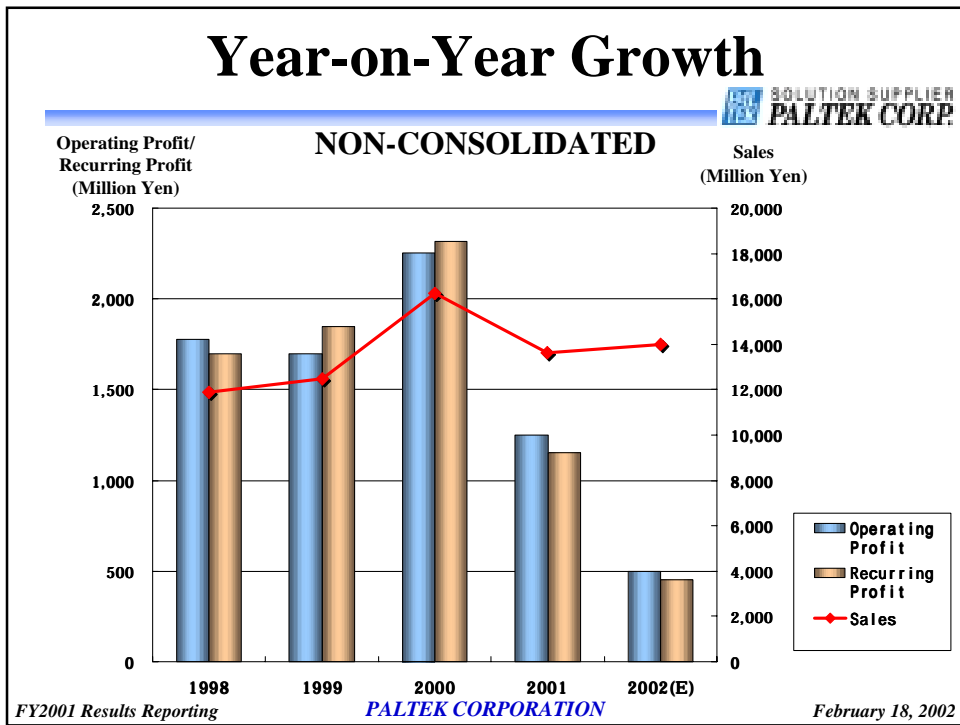
**SOLUTION SUPPLIER
PALTEK CORP.**

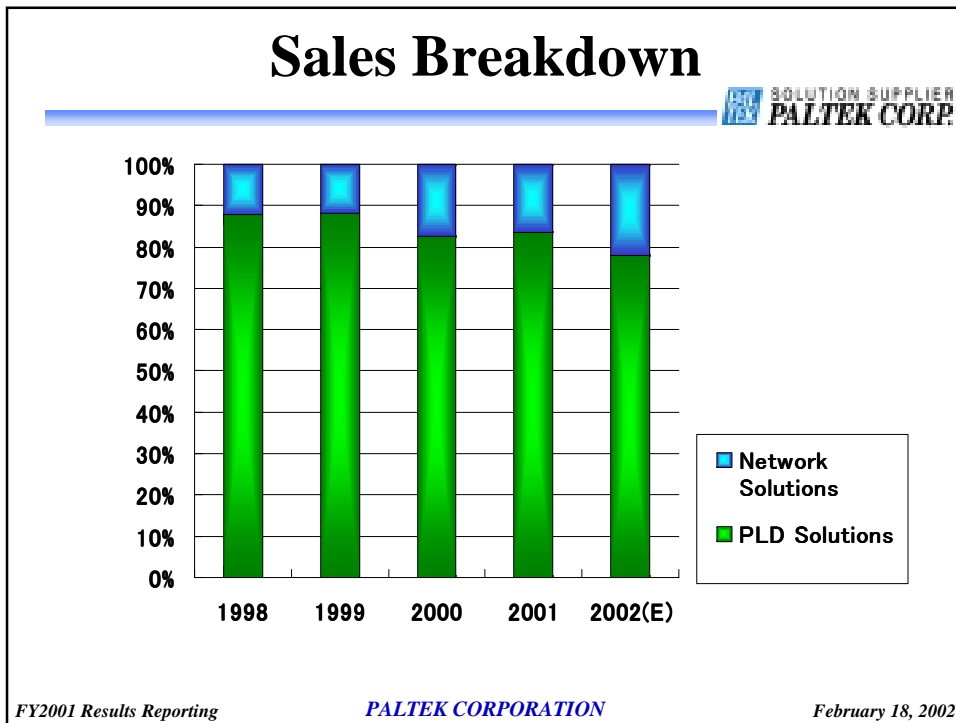
NON-CONSOLIDATED

(unit : million yen)

	FY2002 H1	Y-on-Y Growth	FYE2002	Y-on-Y Growth
Sales	4,800	△41.3%	14,000	2.8%
Operating Profits	20	△97.8%	501	△59.9%
Recurring Profits	10	△98.8%	451	△60.8%
EPS	—	—	¥ 22.13	—

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Future Target

 **PALTEK CORP.**

**“To become a
leading player in Networking,
by a positioning ourselves as a
visionary company
in an emerging market and
leveraging our cutting-edge solutions**”

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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.

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PALTEK CORPORATION

February 18, 2002

IR Contact



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E-mail: IR@paltek.co.jp

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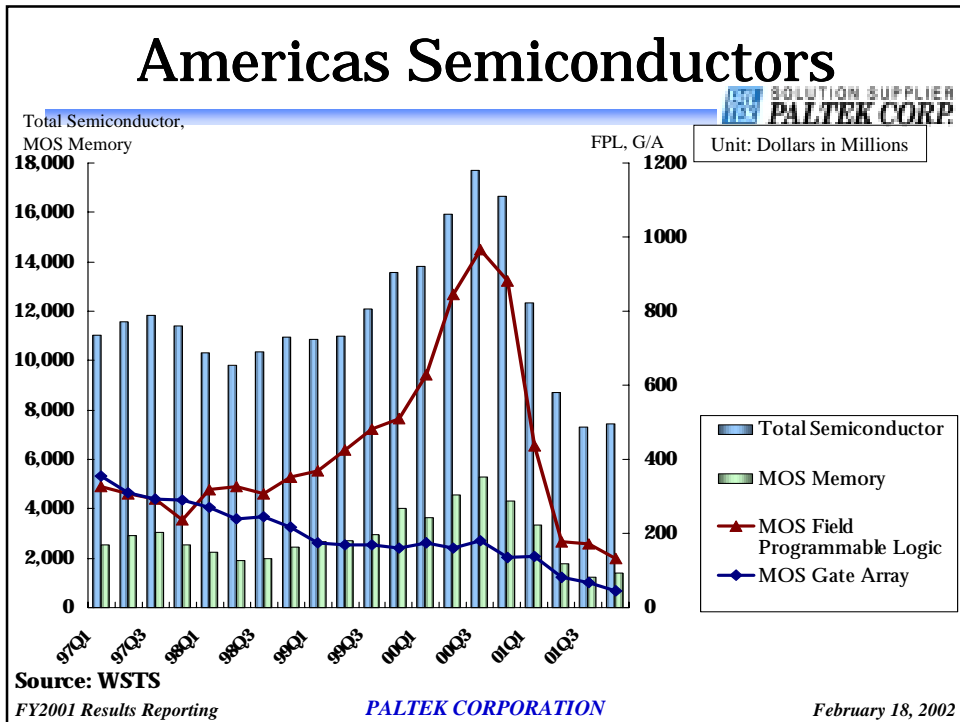
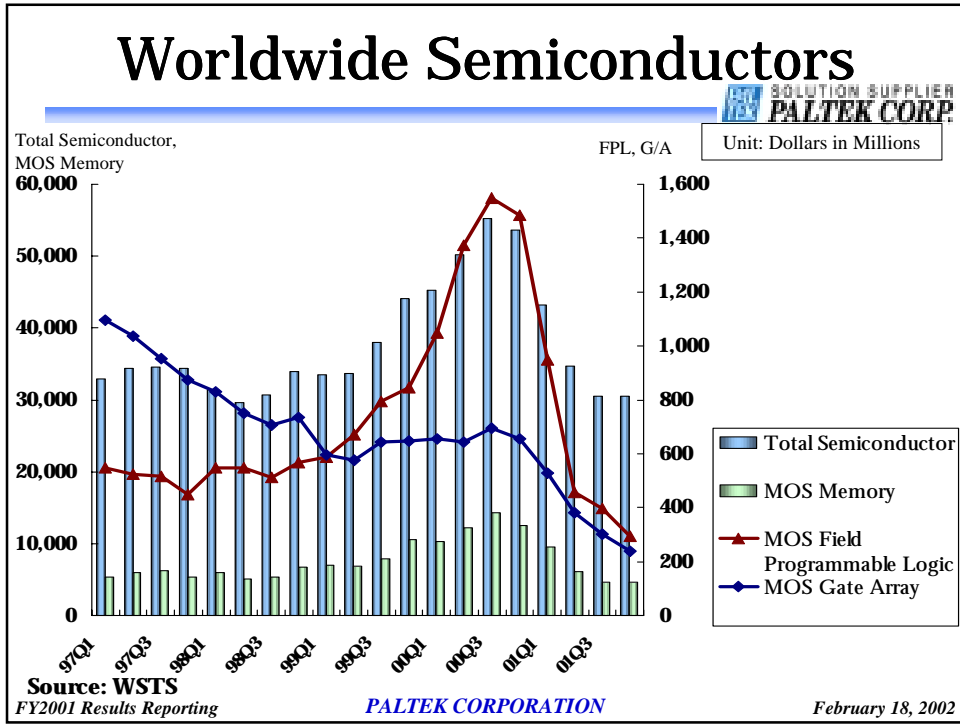
PALTEK CORPORATION

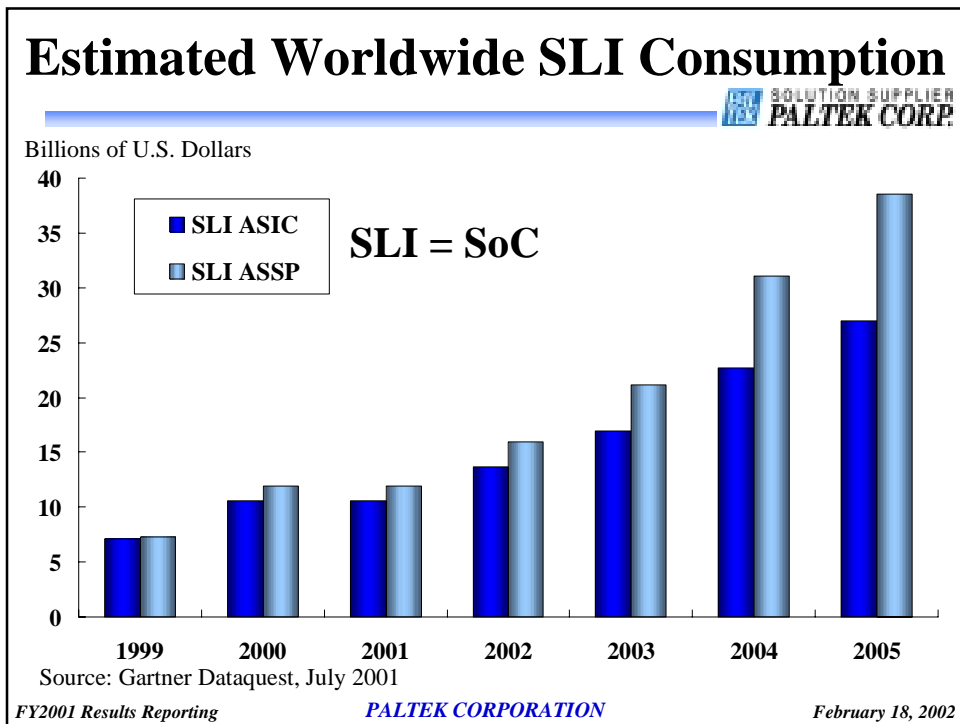
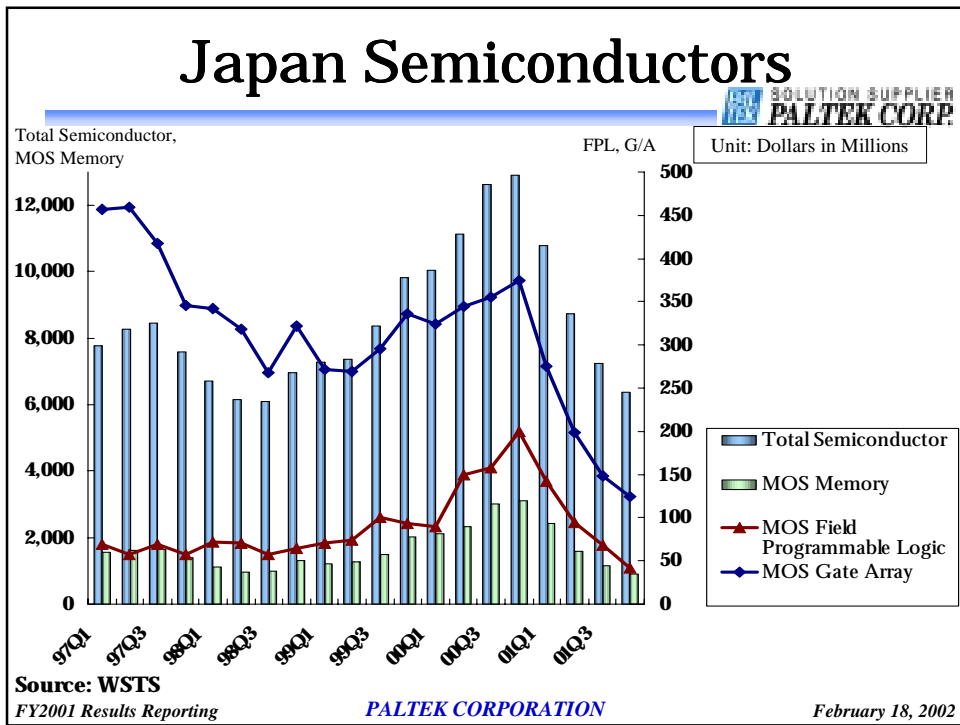
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Part VII -- Attachments

Attachments

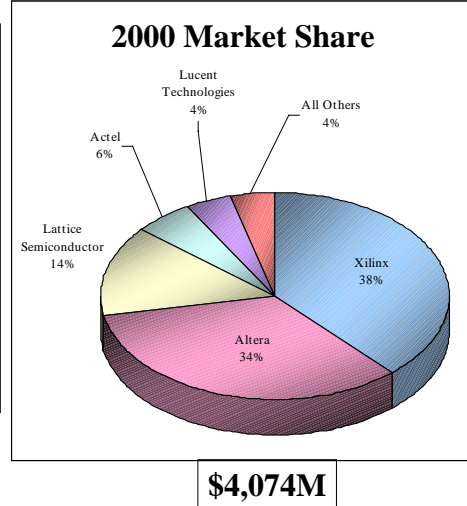
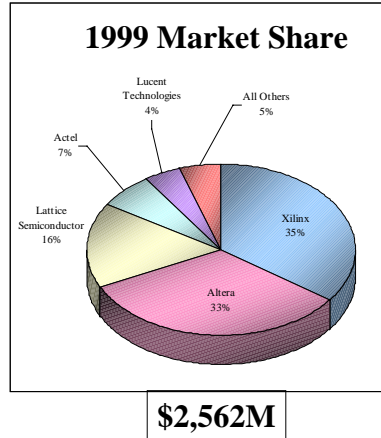
- **Semiconductor Market Overview**
(Quarterly version)
 - **Worldwide / Americas / Japan**
- **Estimated Worldwide SLI Consumption**
- **Top 5 PLD Companies**
 - **Worldwide / Japan**
- **Inventory & Inventory Turnover/month**
- **PALTEK Group Company Outlines**





Top 5 PLD Companies - Worldwide

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Source: Gartner (Dataquest), April 2001



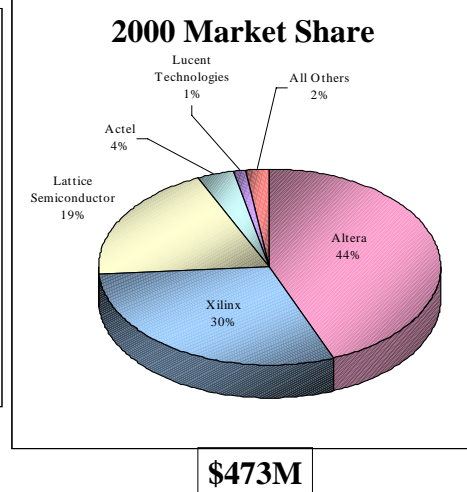
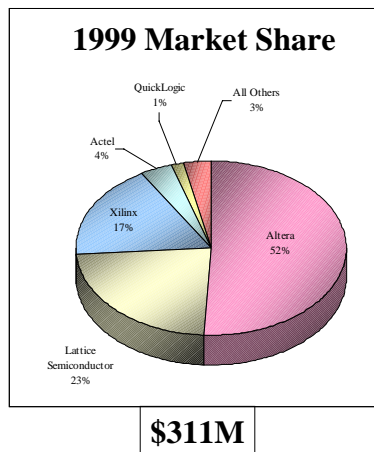
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Top 5 PLD Companies - Japan

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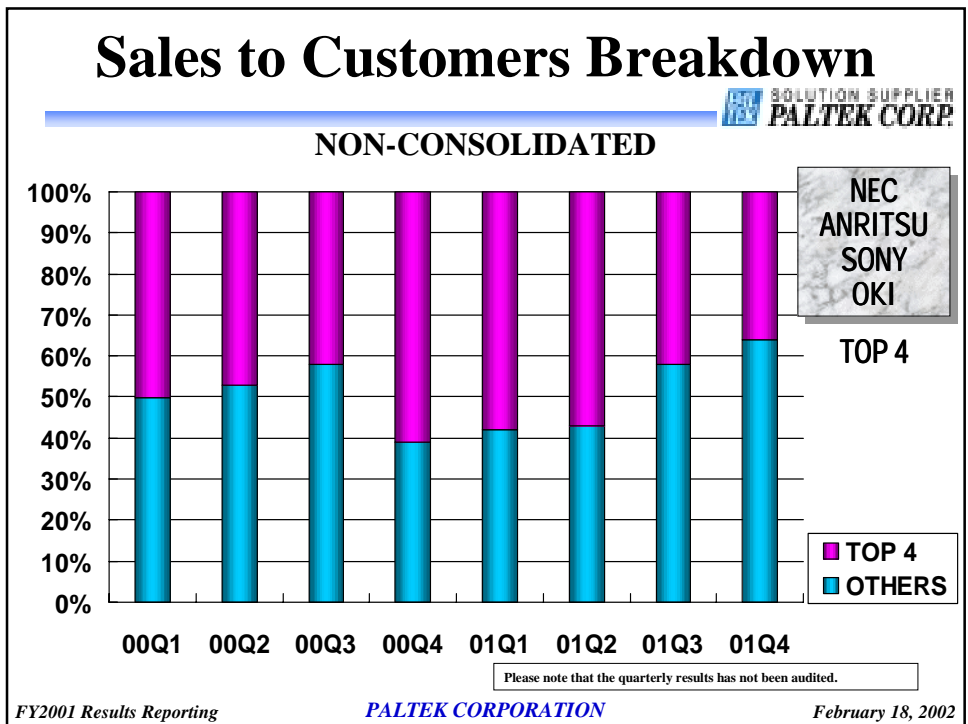
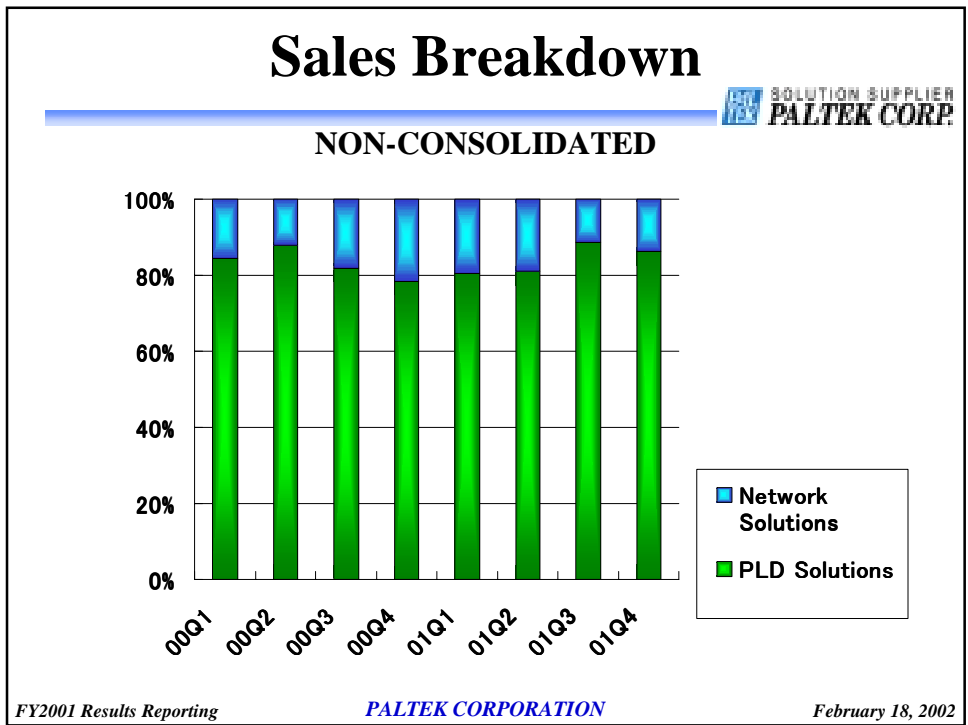
Source: Gartner (Dataquest), April 2001

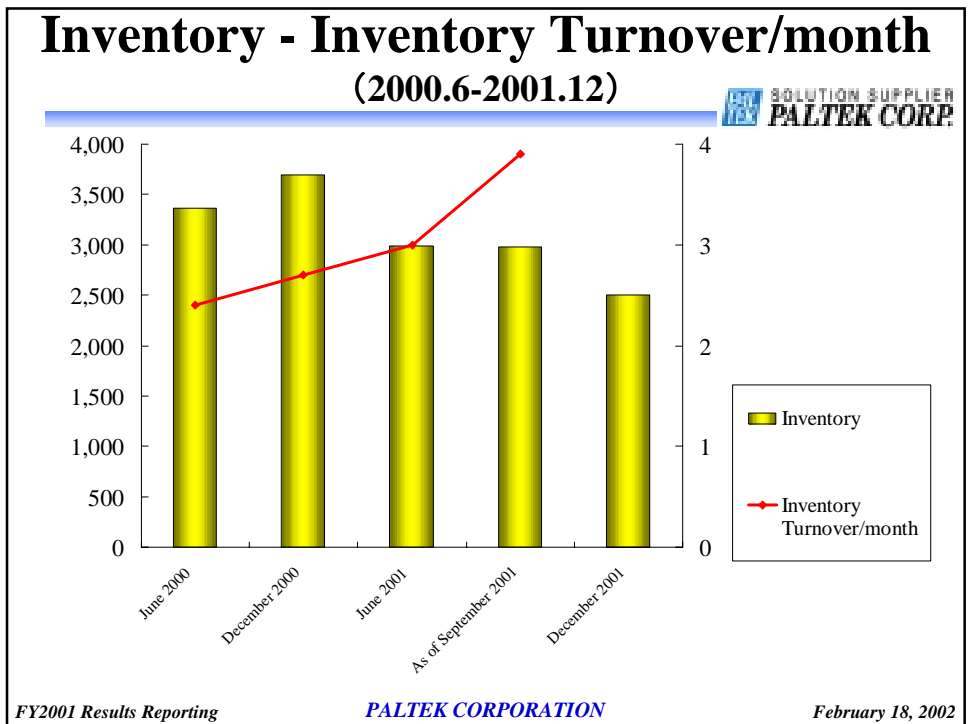
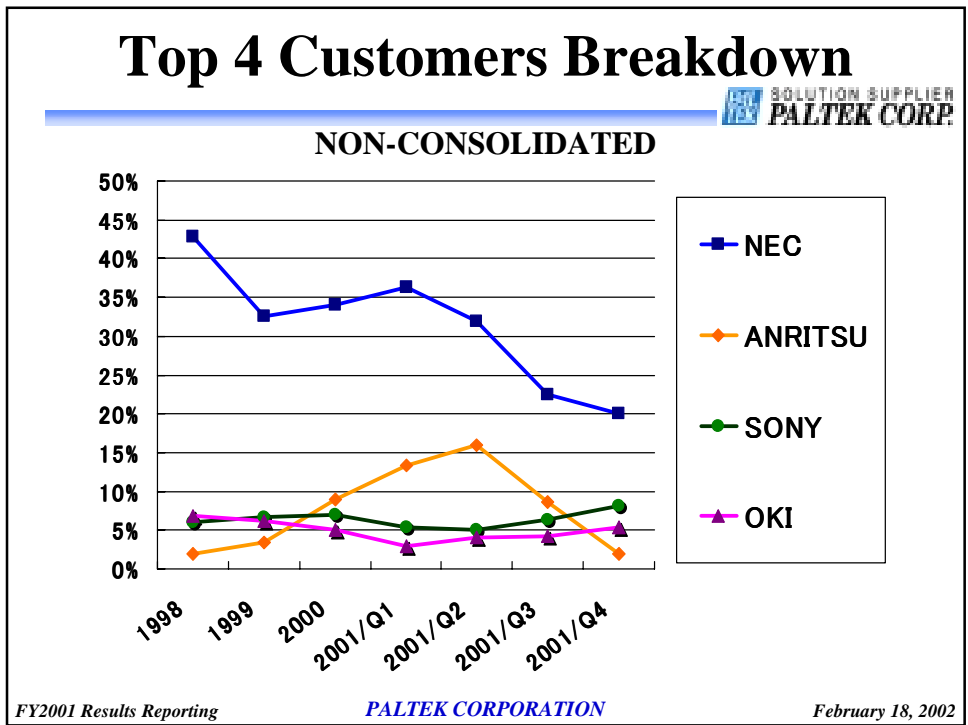


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Alpha Electronics, Inc.

SOLUTION SUPPLIER
PALTEK CORP.



Name: Alpha Electronics, Inc. <http://www.alpha-denshi.co.jp/>

Established: September 1974

Headquarters: 1-14-33 Esaka, Suita-shi, Osaka

Capital: 97.2 Million Yen (As of December 31)

Capital Ratio: 84.3%

Acquisition: October 1998

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 Results Reporting

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Spinnaker Systems, Inc.

SOLUTION SUPPLIER
PALTEK CORP.



Name: Spinnaker Systems, Inc. <http://www.spinnaker.co.jp/>

Established: October 1, 1995

Headquarters: Hatchobori SF bldg. 5F 3-12-8 Hachobori,
Chuo-ku Tokyo 104-0033 Japan

Capital: 245.5 Million Yen (As of December 31)

Capital Ratio: 100%

Acquisition: June 2000

President: Isao Tanabe

Business:

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

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

FY2001 Results Reporting

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axelec Corporation

 SOLUTION SUPPLIER
PALTEK CORP



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 December 31)

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

<http://www.axelec.net/>

FY2001 Results Reporting

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Cygnnet Technologies, Inc.

 SOLUTION SUPPLIER
PALTEK CORP



Name: Cygnnet Technologies, Inc.

Established: March 1997

Headquarters: 750 State Highway, 121 Bypass, Suite
150 Lewisville, Texas 75067 U.S.A.

Capital: \$ 7.75 Million (As of December 31)

Capital Ratio: 93.5%

Acquisition: May 2000

President: Chuck Shumidt

Business:

- Technologies offered by Cygnnet
- VDSL (Very High Bit-Rate Digital Subscriber Line)
 - Over 10Mbps
 - HPNA 2.0 (Home Phoneline Networking Alliance)
 - Less than 10Mbps
 - Gigabit Ethernet

<http://www.cygnnetinc.com>

FY2001 Results Reporting

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HYPER-PALTEK Corporation

 SOLUTION SUPPLIER
PALTEK CORP.



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 December 31)

Capital Ratio: 49% (PALTEK) : 51% (HYPER Corp.)

President: Kurt B. Fischer

Business:

Total Bluetooth Qualification Services

- Documentation Service (English, Japanese)
- Consulting Service (Development of Test Plan, Product Testing)
- Review the Test Result, Authorization, Registration to the Official Site

<http://www.hyper-paltek.com>