

# **PALTEK**

*(OTC:7587)*

*Results Explanatory Meeting*

*Fiscal Year 2002 Quarter 1*

## **Contents**

- Semiconductor Market Overview
  
- Fiscal Year 2002 First Quarter Results
  
- Business Strategy

## Part I Semiconductor Market Overview

FY2002 First Quarter Results

PALTEK CORPORATION

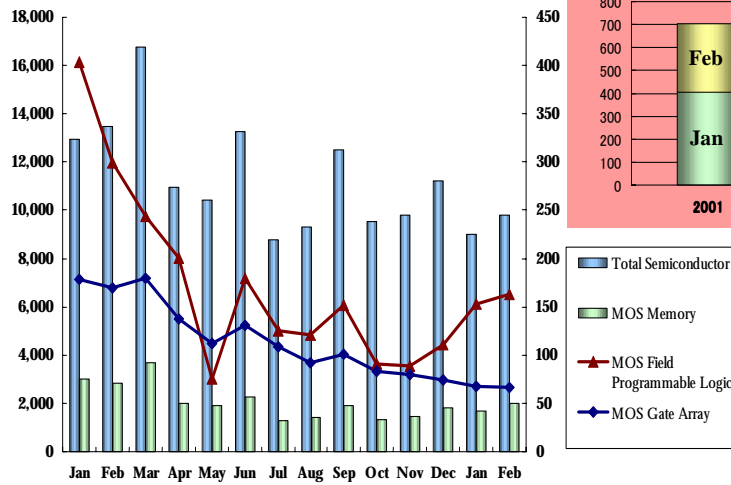
April 15, 2002

## Worldwide Semiconductors

Total Semiconductor,  
MOS Memory

Unit: Dollars in Millions

FPL, G/A

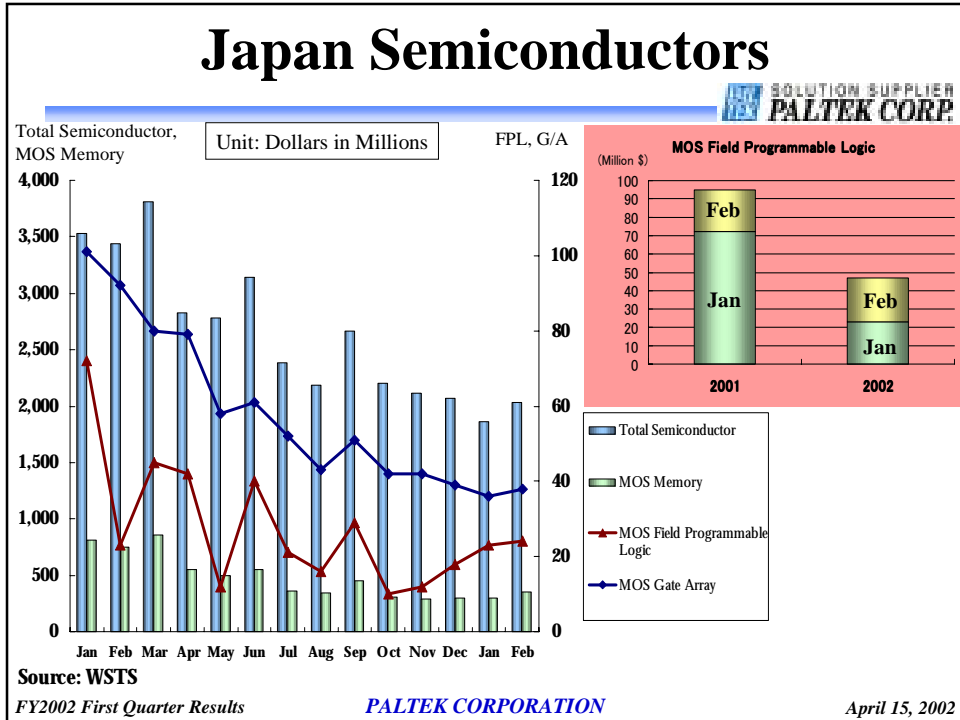
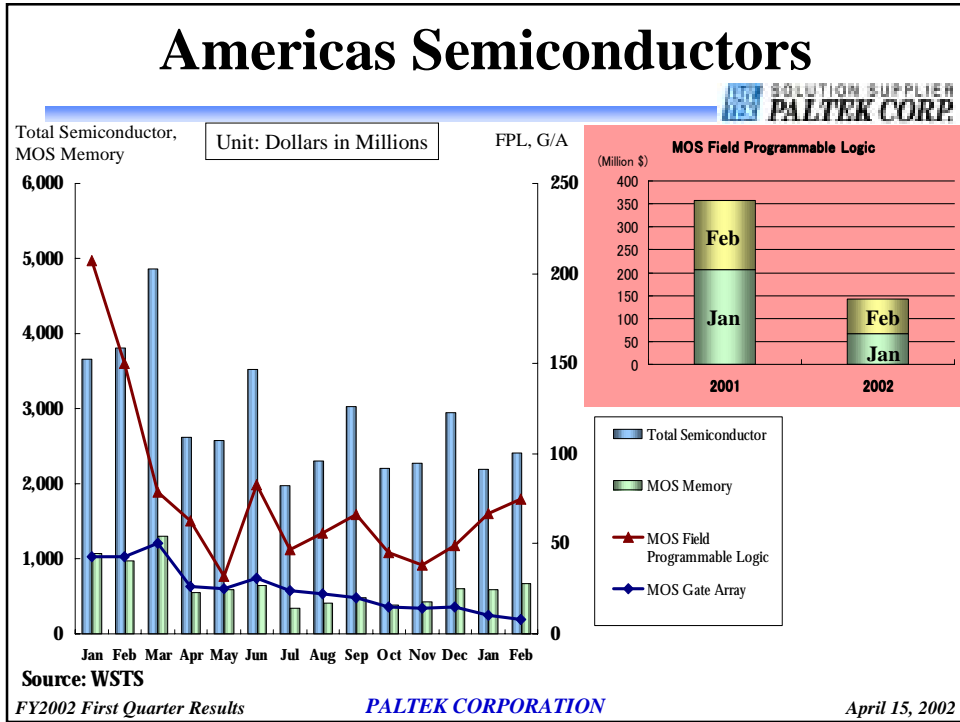


Source: WSTS

FY2002 First Quarter Results

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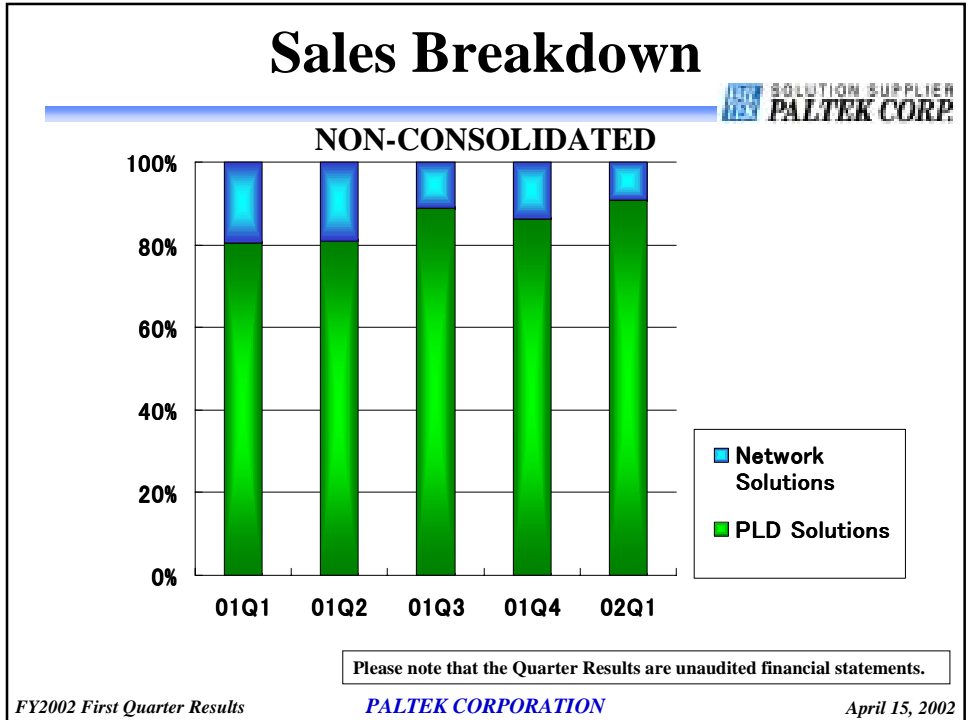
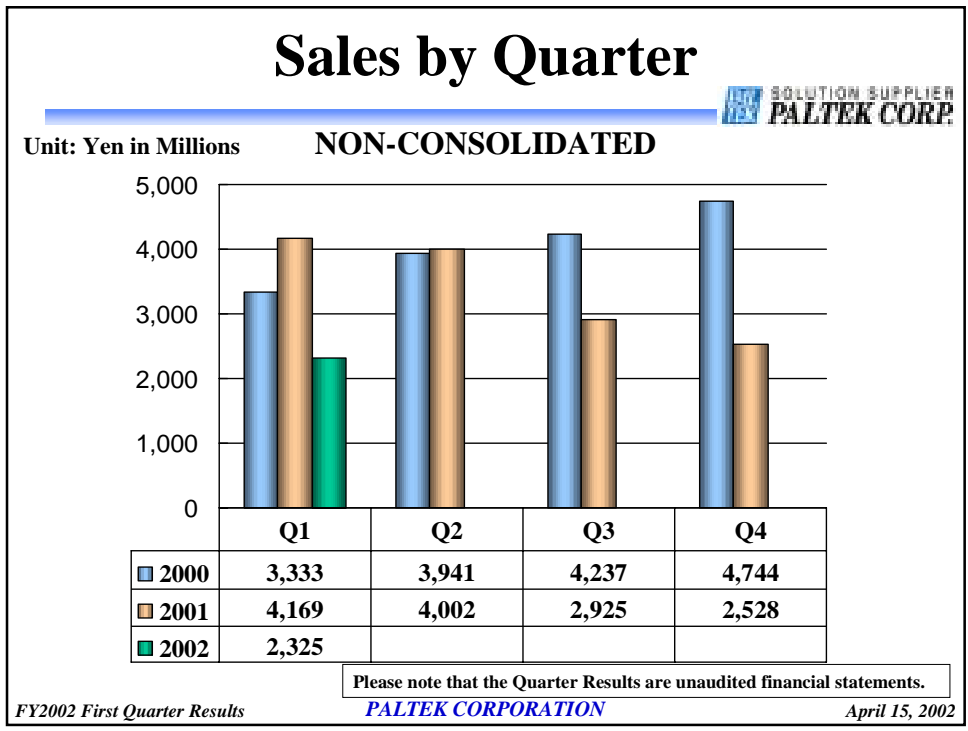


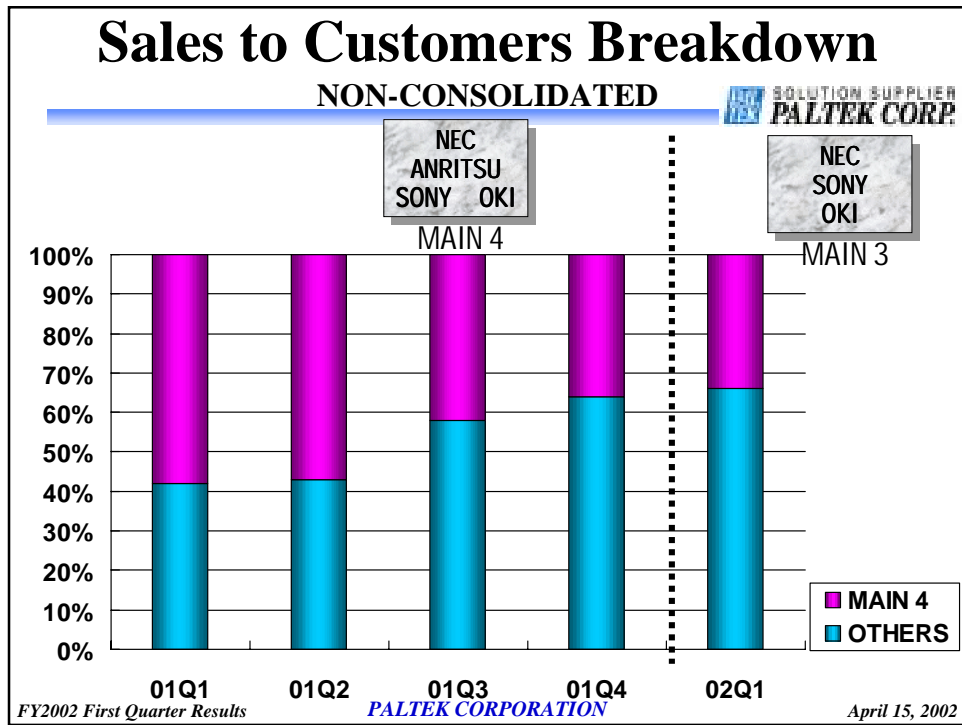
*Part II*  
*Fiscal Year 2002 First Quarter Results*


**First Quarter Results**

- **Consolidated Sales:            ¥3,149 Million**
  
- **Non-Consolidated Sales:   ¥2,325 Million**

Please note that the Quarter Results are unaudited financial statements.







## *Part III*

### *Business Strategy*

*FY2002 First Quarter Results      PALTEK CORPORATION      April 15, 2002*

## Business Strategy of PALTEK Group

 SOLUTION SUPPLIER  
PALTEK CORP.

- Revitalization & Reinforcement of PLD Business
- Establishment of the Customer-Oriented Business Model
- Deployment of solutions corresponding to Broadband & Mobile markets

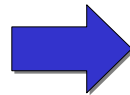
## ALTERA New Products ~ Stratix Family ~

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PALTEK CORP.

### New Levels of System Integration

#### □ Stratix Family Solution

- 1) Large-scale Memory
- 2) High-Density Logic
- 3) High-speed DSP function



**40% Faster**  
Core Performance



## A Family for All Purposes

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PALTEK CORP.

End Market Segment	Application Space	Specific Applications	Primary Product Requirements
Wireless	<ul style="list-style-type: none"> <li>■ Satellite</li> <li>■ Local Loop</li> <li>■ GSM/3G</li> </ul>	<ul style="list-style-type: none"> <li>■ LMDS</li> <li>■ MMDS</li> <li>■ BTS</li> </ul>	<ul style="list-style-type: none"> <li>■ Arithmetic Functions</li> <li>■ Memory</li> <li>■ High-Density Logic</li> </ul>
Broadband	<ul style="list-style-type: none"> <li>■ Satellite</li> <li>■ Cable</li> <li>■ DSL</li> </ul>	<ul style="list-style-type: none"> <li>■ Set-Top Box</li> <li>■ DSLAM</li> <li>■ Wireless Modem</li> </ul>	<ul style="list-style-type: none"> <li>■ Arithmetic Functions</li> <li>■ Memory</li> <li>■ I/O Capability</li> </ul>
Networking	<ul style="list-style-type: none"> <li>■ LAN/WAN</li> <li>■ Testers</li> <li>■ Metro/Long Haul</li> </ul>	<ul style="list-style-type: none"> <li>■ Switches</li> <li>■ Core/Edge Routers</li> <li>■ Packet Processing</li> </ul>	<ul style="list-style-type: none"> <li>■ High-Density Logic</li> <li>■ I/O Capability</li> <li>■ Memory</li> </ul>
Automotive & Industrial	<ul style="list-style-type: none"> <li>■ Factory Automation</li> <li>■ Medical</li> <li>■ Instrumentation</li> </ul>	<ul style="list-style-type: none"> <li>■ Control Systems</li> <li>■ Medical Imaging</li> <li>■ Testers</li> </ul>	<ul style="list-style-type: none"> <li>■ High-Density Logic</li> <li>■ Arithmetic Functions</li> <li>■ Low Cost</li> </ul>
Consumer	<ul style="list-style-type: none"> <li>■ Digital Entertainment</li> <li>■ Broadcast</li> <li>■ PC Peripheral</li> </ul>	<ul style="list-style-type: none"> <li>■ Plasma Displays</li> <li>■ Video Editing</li> <li>■ Digital Audio</li> </ul>	<ul style="list-style-type: none"> <li>■ Low Cost</li> <li>■ Low Power</li> <li>■ Arithmetic Functions</li> </ul>

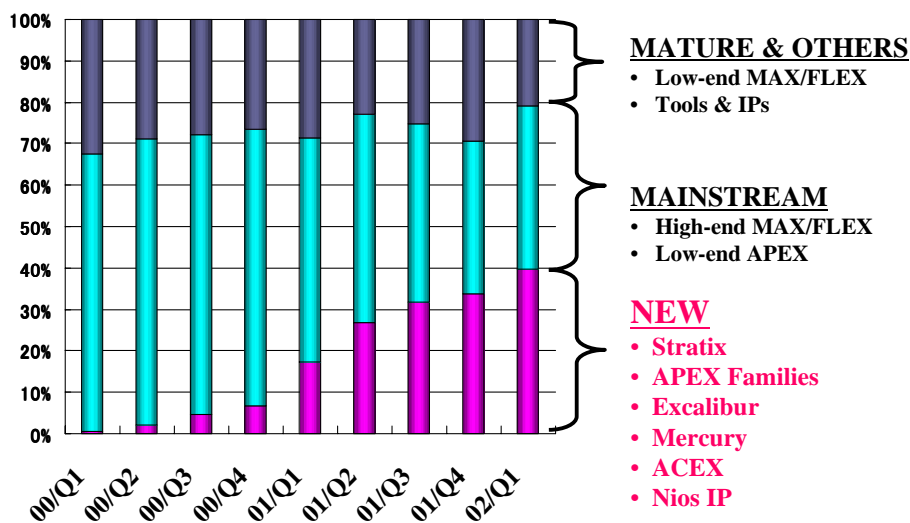
FY2002 First Quarter Results

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## PLD - Product Category Mix

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## Business Strategy of PALTEK Group



- Revitalization & Reinforcement of PLD Business
- Establishment of the Customer-Oriented Business Model
- Deployment of solutions corresponding to Broadband & Mobile markets

## axelec Corporation



~ Business Model of Joint Venture



- Started full-fledged service as a T-shape joint venture with MARUBUN Corporation from April 1, 2002.

**MARUBUN CORPORATION**

- Global business deployment
- Broad sales channel
- Broad Customer coverage



Specialized in the field  
of the network solutions

**axelec Corporation**  
~ Business Model of Joint Venture

SOLUTION SUPPLIER **axelec** SOLUTION SUPPLIER **PALTEK CORP.**

**axelec** SOLUTION SUPPLIER **axelec**

**Provide Customer-Oriented Solutions**

Specialized in the field of the network solutions

*FY2002 First Quarter Results* **PALTEK CORPORATION** *April 15, 2002*

**axelec Corporation**  
~ The Purposes of Joint Venture

SOLUTION SUPPLIER **axelec** SOLUTION SUPPLIER **PALTEK CORP.**

- **Establish the new business model beyond the historical distribution model.**
  - Provide the best solutions from a customer-oriented standpoint, independent from any single supplier.
  - Change business model from a chip provider to a solution provider.
- **Collaborate and create synergy effects.**
  - Overcome the entry barrier created by rival companies.

*FY2002 First Quarter Results* **PALTEK CORPORATION** *April 15, 2002*

## Solution of Broadband & Mobile



~ axelec Corporation ~



- Entered into the new distribution agreement with Alcatel in Japanese market, which is known as a large supplier of communication system and equipment provider.

(News Release on March 12, 2000)

### Alcatel's microelectronic components

Sales of FY2001 : 347 million Euro (Approximately ¥ 40 billion)

Employees : 1,400

Share of market : No.1 supplier of ADSL chipsets worldwide  
No.3 supplier of Narrowband & Broadband ICs worldwide

Target market : No.3 supplier of Mixed signal ASIC worldwide

: ASSPs for Network

- ADSL
- Bluetooth

: Automotive and peripheral equipment ASIC

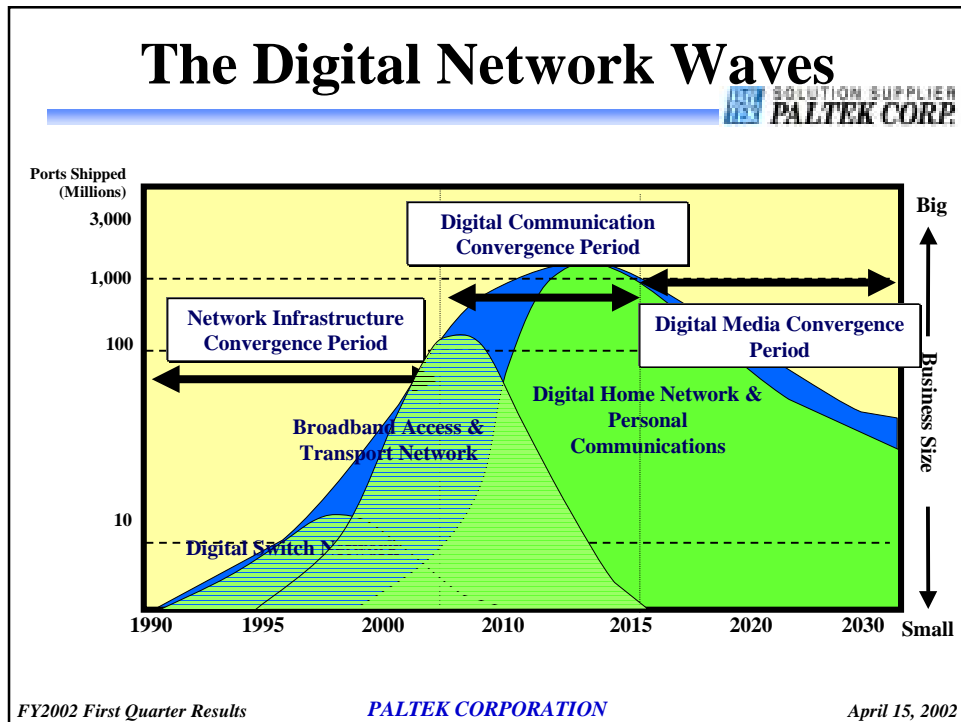
## Business Strategy of PALTEK Group



- Revitalization & Reinforcement of PLD Business

- Establishment of the Customer-Oriented Business Model

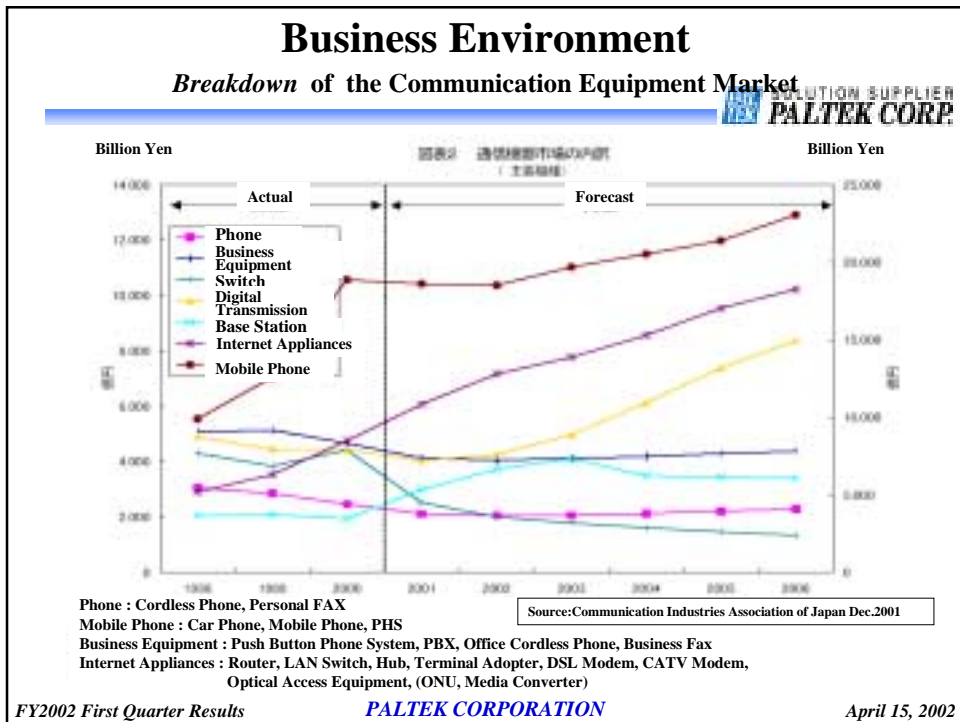
- Deployment of solutions corresponding to Broadband & Mobile markets




## Business Environment

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**PALTEK CORP.**


- According to IDC, the worldwide Internet traffic is expected to increase 93 folds between 2000 and 2005.  
The reasons are;
  - Popularization of Broadband Network
  - Shift to IP Telephony
  
- NTT group is planning to deploy telephone network based on the IP network, free from large switching equipments.





### Business Strategy



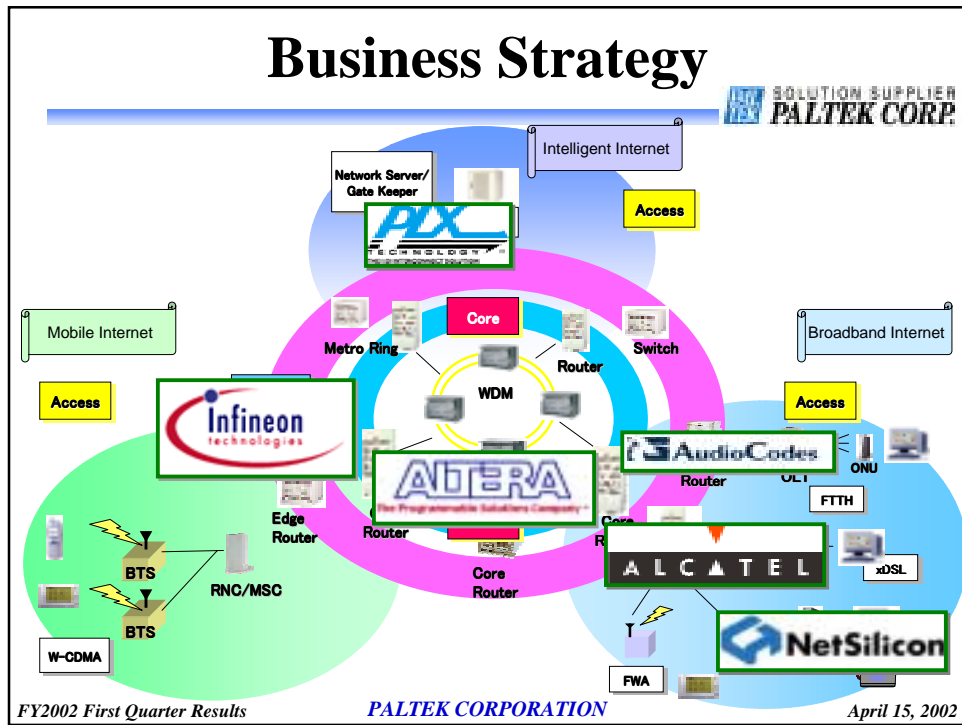
- Solutions related to Broadband and Mobile
  - Solution related to xDSL
    - Infineon products
    - Alcatel products


  - Solution related to mobile network such as W-CDMA terminal
    - Infineon products


  - Solution related to VoIP
    - Infineon products
    - AudioCodes products



FY2002 First Quarter Results      **PALTEK CORPORATION**      April 15, 2002



## Safe Harbor Disclaimer

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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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E-mail: IR@paltek.co.jp



## *Part IV -- Attachments*

# Attachments

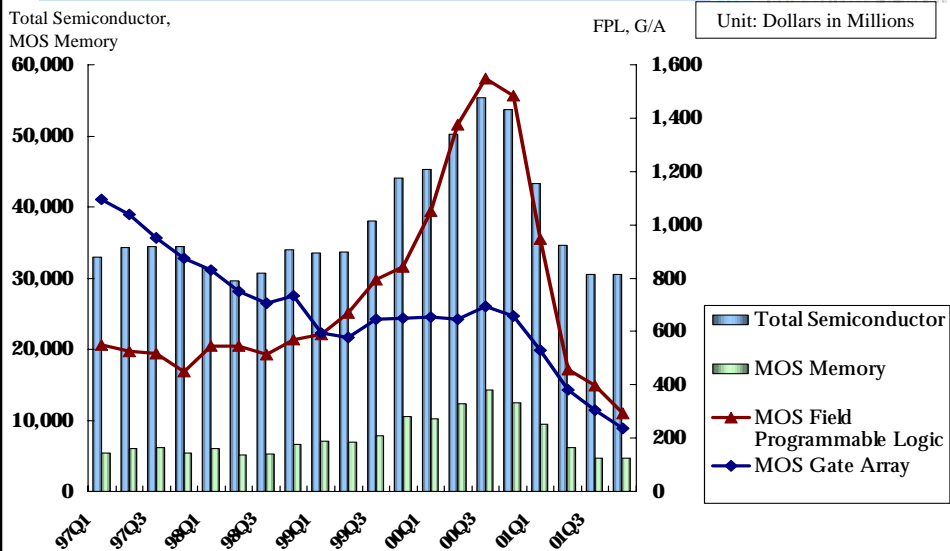


## ■ Semiconductor Market Overview (Quarter version)

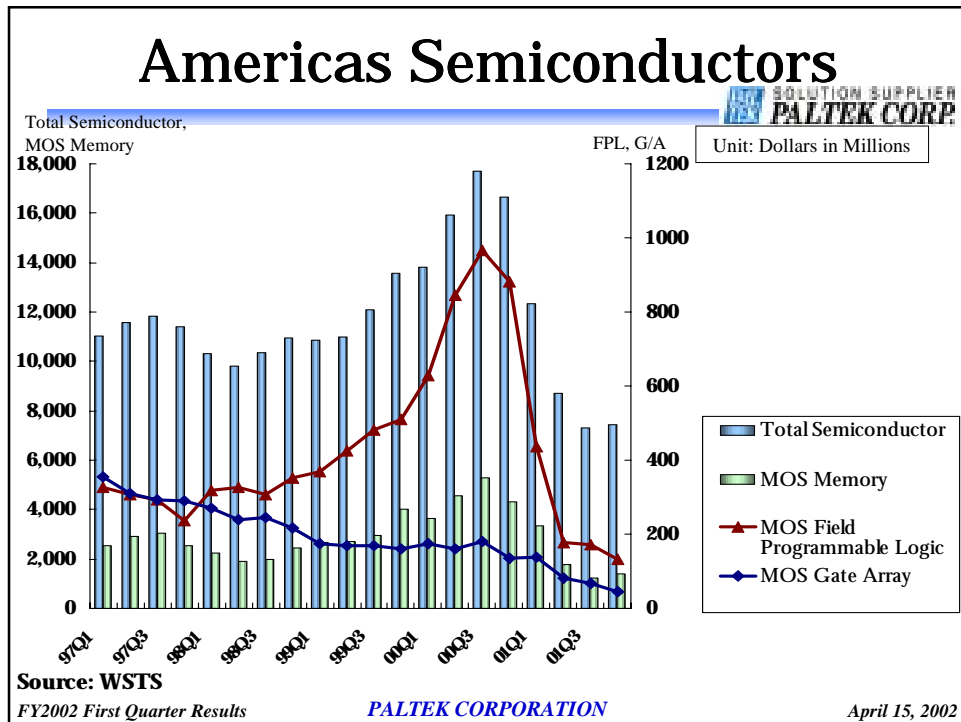
□ Worldwide / Americas / Japan

## ■ PALTEK Group Company Outlines

# Worldwide Semiconductors



Source: WSTS



## Alpha Electronics, Inc.

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**PALTEK CORP.**

**ALPHA** **アールエー電子株式会社** S INC.

**Name:** Alpha Electronics, Inc.

**Established:** September 1974

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

**Capital:** 97.2 Million Yen (As of December 31, 2001)

**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.

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

FY2002 First Quarter Results

**PALTEK CORPORATION**

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## Spinnaker Systems, Inc.

SOLUTION SUPPLIER  
PALTEK CORP.



**Name:** Spinnaker Systems, Inc.  
**Established:** October 1, 1995 <http://www.spinnaker.co.jp/>  
**Headquarters:** Hatchobori SF bldg. 5F 3-12-8 Hatchobori,  
Chuo-ku Tokyo 104-0033 Japan  
**Capital:** 245.5 Million Yen (As of December 31, 2001)  
**Capital Ratio:** 100%  
**Acquisition:** June 2000  
**President:** Isao Tanabe  
**Business:**

- EDA Software
- IP (Intellectual Property) Design
- Technology Consultant
- SoC Design Support based on PLD platform

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

FY2002 First Quarter Results

PALTEK CORPORATION

April 15, 2002

## axelec Corporation

SOLUTION SUPPLIER  
PALTEK CORP.



**Name:** *axelec* Corporation  
**Established:** June 1, 2001 <http://www.axelec.net/>  
**Headquarters:** 2-3-19 Shin-Yokohama Kouhoku-ku, Yokohama  
222-0033 JAPAN  
**Capital:** 40 Million Yen (As of March 1th, 2002)  
**Capital Ratio:** 50% (PALTEK) : 50% (Marubun Corporation)  
**President:** Yoshio Sakurai  
**Business:** Provide 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, Alcatel

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# HYPER-PALTEK Corporation

 SOLUTION SUPPLIER  
PALTEK CORP.



**Name:** HYPER-PALTEK Corporation

**Established:** January 31, 2001

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

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

**Capital:** 10 Million Yen (As of December 31, 2001)

**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