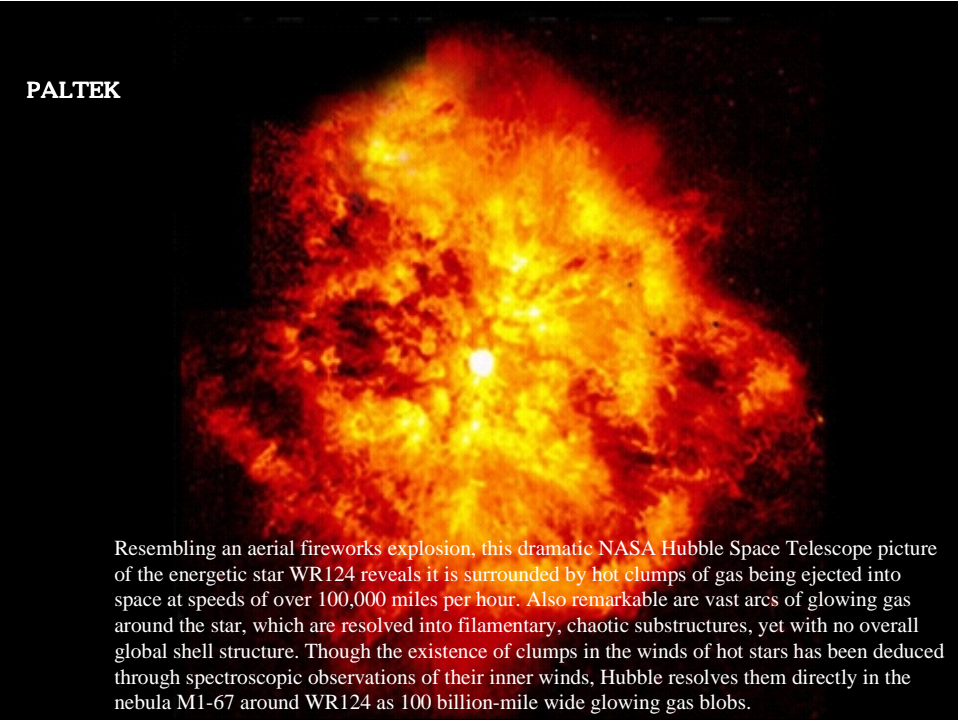


**PALTEK**



Resembling an aerial fireworks explosion, this dramatic NASA Hubble Space Telescope picture of the energetic star WR124 reveals it is surrounded by hot clumps of gas being ejected into space at speeds of over 100,000 miles per hour. Also remarkable are vast arcs of glowing gas around the star, which are resolved into filamentary, chaotic substructures, yet with no overall global shell structure. Though the existence of clumps in the winds of hot stars has been deduced through spectroscopic observations of their inner winds, Hubble resolves them directly in the nebula M1-67 around WR124 as 100 billion-mile wide glowing gas blobs.

## Agenda

 SOLUTION SUPPLIER  
**PALTEK CORP.**

- Overall Semiconductor Trends
- Fiscal Year 2000, Results
  - Consolidated
  - Non-Consolidated
- Fiscal Year 2001, Business Objectives
- Fiscal Year 2001, Projections
  - Consolidated
  - Non-Consolidated
- Consolidated Corporate Strategy

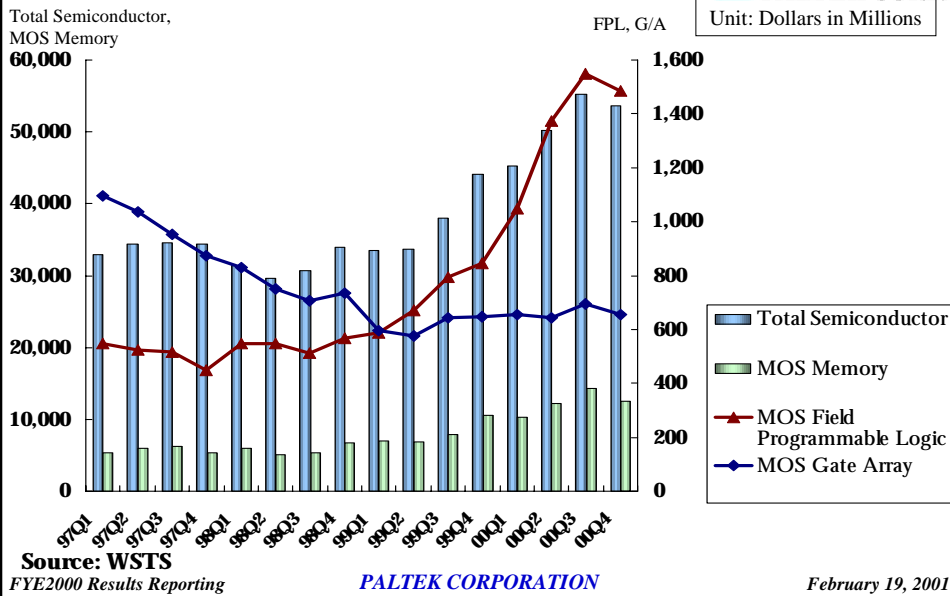
## Part I -- Semiconductor Trends

FYE2000 Results Reporting

**PALTEK CORPORATION**

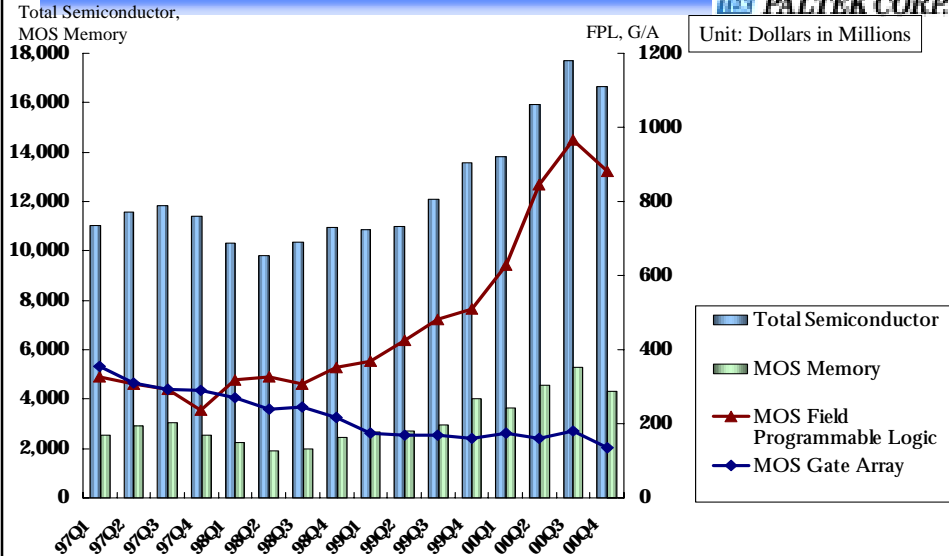
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## Worldwide Semiconductors



# Americas Semiconductors

SOLUTION SUPPLIER  
**PALTEK CORP.**



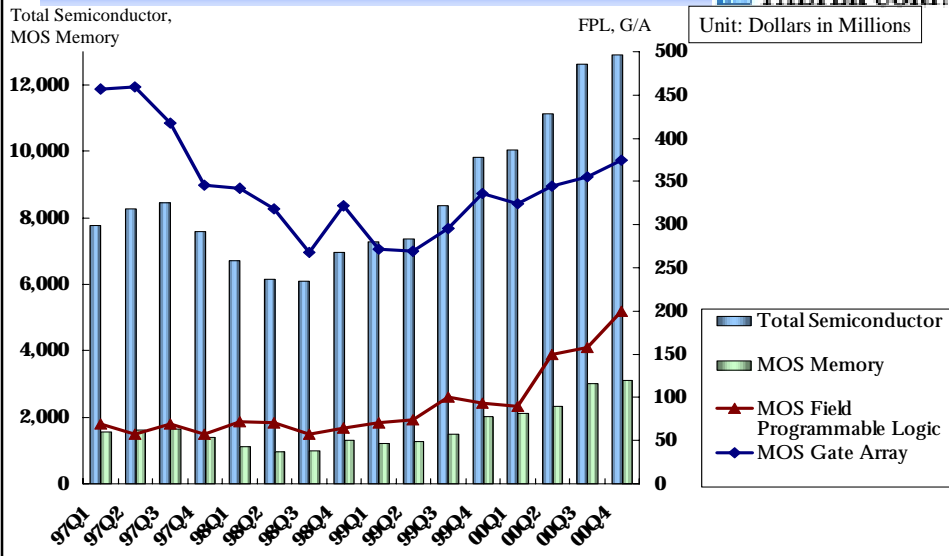
Source: WSTS  
FYE2000 Results Reporting

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# Japan Semiconductors

SOLUTION SUPPLIER  
**PALTEK CORP.**



Source: WSTS  
FYE2000 Results Reporting

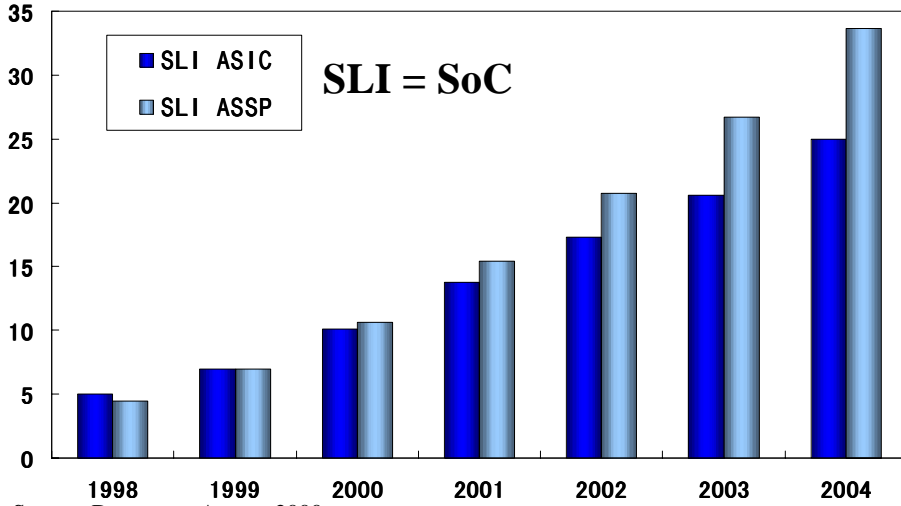
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# Estimated Worldwide SLI Consumption



Billions of U.S. Dollars



Source: Dataquest, August 2000

FYE2000 Results Reporting

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## Part II -- Year 2000 Results



FYE2000 Results Reporting

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# Year End Results (FYE2000)



## CONSOLIDATED

Y-on-Y Growth

Sales	¥18,672M	33%
Operating Profits	¥2,108M	28%
Recurring Profits	¥2,124M	18%
Net Profits	¥1,115M	55%
EPS	¥115.14	--
ROA	15.2%	--
ROE	17.1%	--

FYE2000 Results Reporting

PALTEK CORPORATION

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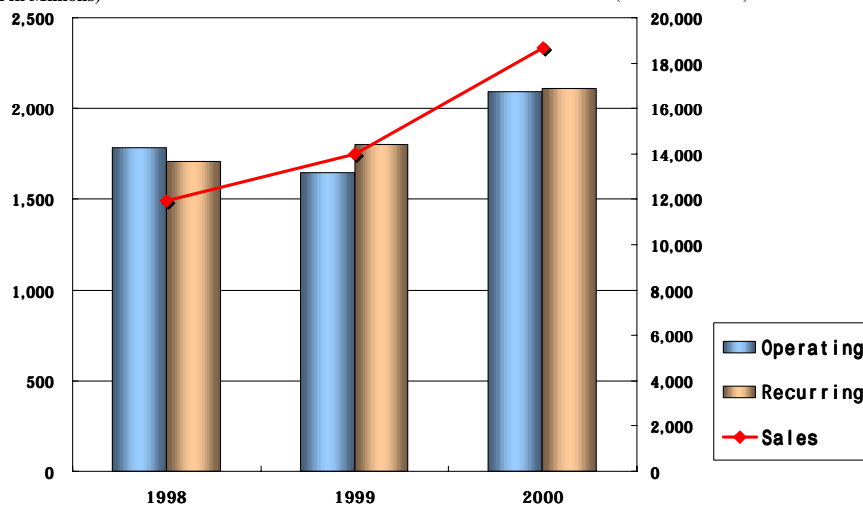
# Year-on-Year Growth



## CONSOLIDATED

Operating &  
Recurring Profits  
(Yen in Millions)

Sales  
(Yen in Millions)



FYE2000 Results Reporting

PALTEK CORPORATION

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# Year End Results (FYE2000)



## NON-CONSOLIDATED

Y-on-Y Growth

Sales	¥16,255M	30%
Operating Profits	¥2,251M	33%
Recurring Profits	¥2,318M	25%
Net Profits	¥1,343M	68%
EPS	¥138.35	--
ROA	20.5%	--
ROE	19.2%	--

FYE2000 Results Reporting

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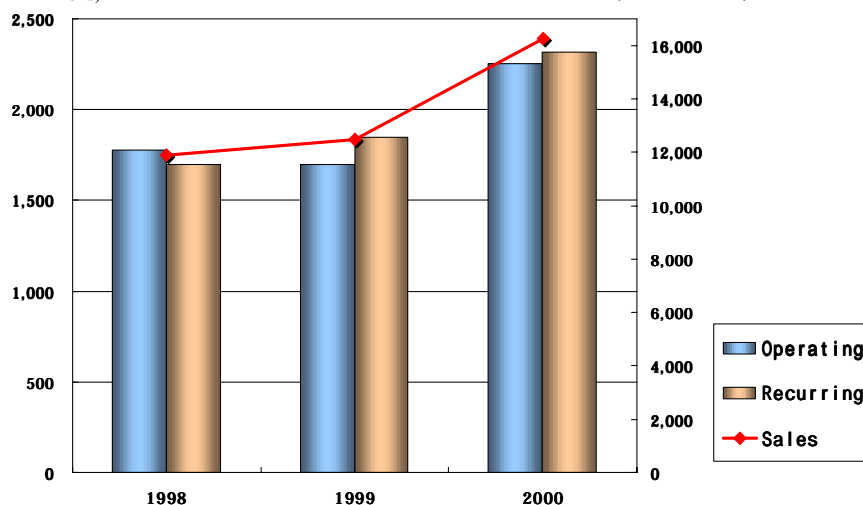
# Year-on-Year Growth



## NON-CONSOLIDATED

Operating & Recurring Profits (Yen in Millions)

Sales (Yen in Millions)



FYE2000 Results Reporting

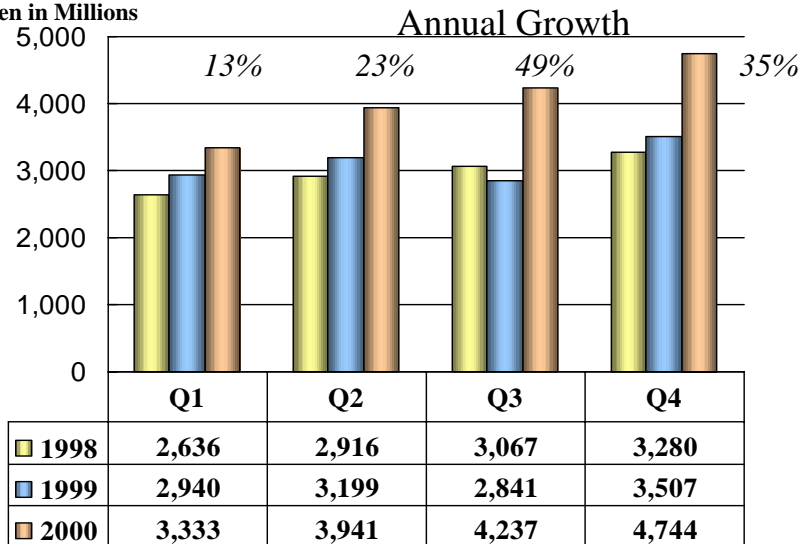
PALTEK CORPORATION

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## Sales by Quarter

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

Unit: Yen in Millions



FYE2000 Results Reporting

**PALTEK CORPORATION**

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## Sales Breakdown

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

NON-CONSOLIDATED

- **PLD Solutions**  
**82% (Annual Growth 23%)**
- **NETWORK Solutions**  
**18% (Annual Growth 94%)**

FYE2000 Results Reporting

**PALTEK CORPORATION**

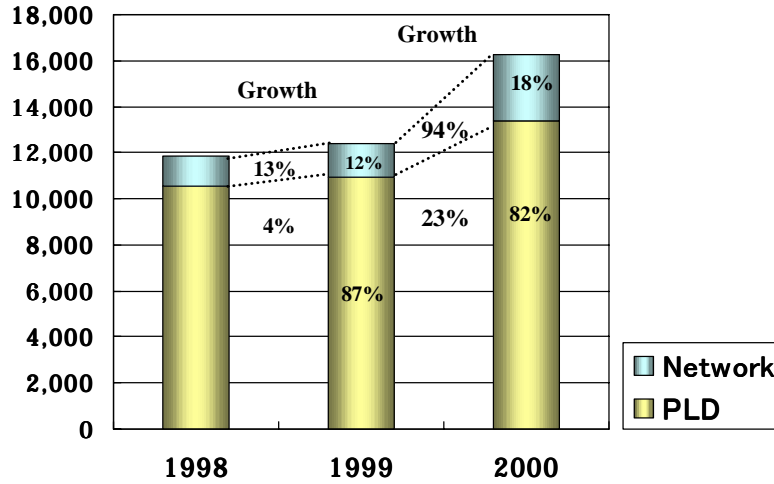
February 19, 2001

# Sales Breakdown

SOLUTION SUPPLIER  
**PALTEK CORP.**

## NON-CONSOLIDATED

Yen in Millions



FYE2000 Results Reporting

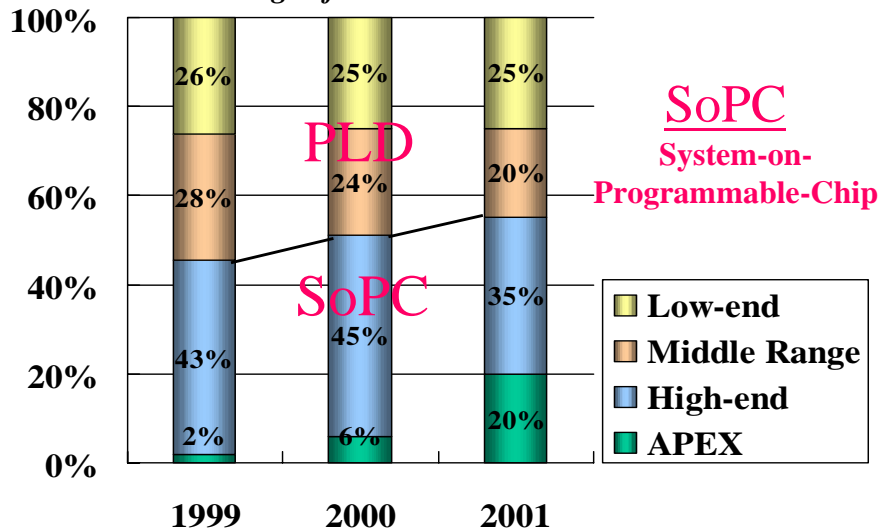
PALTEK CORPORATION

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# PLD Trends by Product Category

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**PALTEK CORP.**

## Percentage of Total PLD Sales



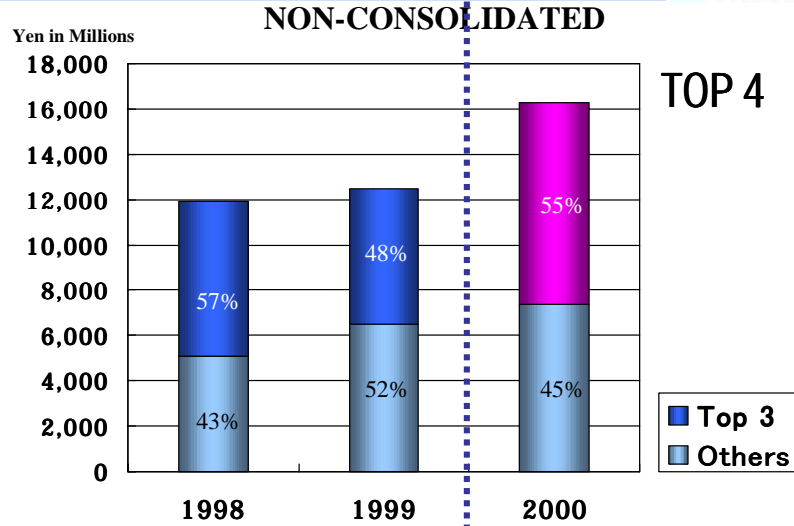
FYE2000 Results Reporting

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# Sales to Customers Breakdown

SOLUTION SUPPLIER  
**PALTEK CORP.**



FYE2000 Results Reporting

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SOLUTION SUPPLIER  
**PALTEK CORP.**

## *Part III -- Business Objectives for Year 2001*

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# Business Objectives



- Convergence & Integration of PLDs & ASSPs
  - Reorganization of Organization
- New Executives & Management Team
- New Business Development
  - Parent Level, Semiconductor Business
    - New Suppliers and Increased Value-added Support
  - Consolidated Level
    - System-on-Chip
    - Network Equipment
    - Bluetooth Qualification

FYE2000 Results Reporting

PALTEK CORPORATION

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# Vision & Strategy

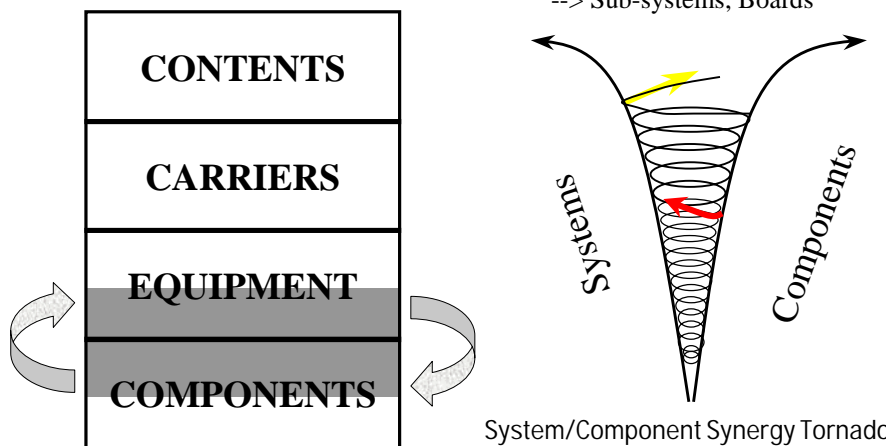


## ① Silicon Level Integration

- SoC/SLI

## ② System Level Integration

- Integration of PLDs, ASSPs, etc.  
--> Sub-systems, Boards



FYE2000 Results Reporting

PALTEK CORPORATION

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## Executives Biographies



- Chairman, President & CEO, Tadahito Takahashi
  - Founder
- Head of MKT & Engineering, Masanori Kanamori
  - Formerly, Texas Instruments, Head of Memory
- Head of Sales, Hiroyuki Takasaki
  - Formerly, Xilinx Japan, President
- Head of New Business, Tadashi Tachibana
  - Formerly, Texas Instruments, Fellow
- Head of Operations, Yukio Miura
  - Formerly, Texas Instruments, Head of Software & Systems
- Outside Director, Masahiko Hirata
  - Formerly, Matsushita Electric Industries, Director Vice President



## *Part IV -- Year 2001 Projections*

# Year End Projections (FYE2001)



## CONSOLIDATED

	FY2001 H1	Y-on-Y Growth	FYE2001	Y-on-Y Growth
Sales	¥11,041M	36%	¥24,420M	31%
Operating Profits	¥830M	-24%	¥2,237M	6%
Recurring Profits	¥796M	-29%	¥2,166M	2%
EPS	--	--	¥95.95	--

Based on existing business lines and current design wins

FYE2000 Results Reporting

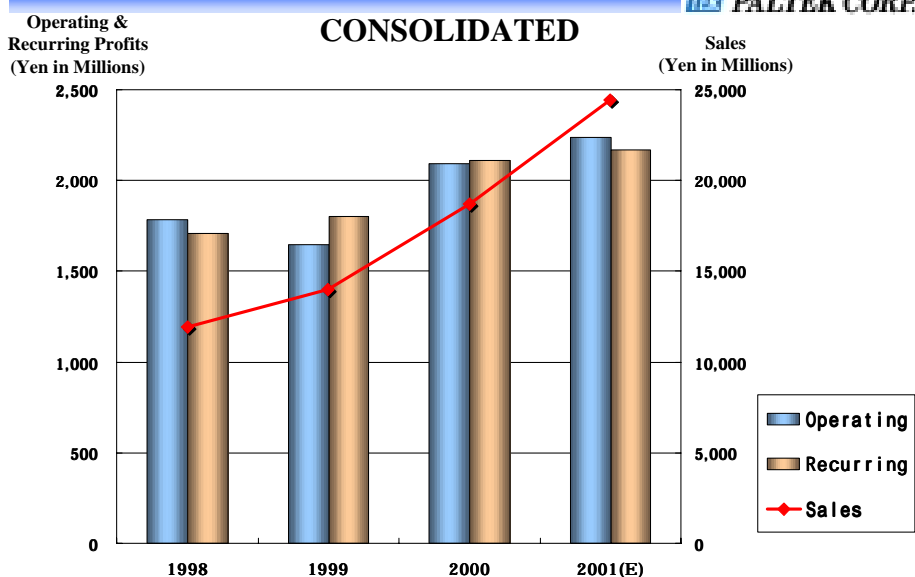
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# Year-on-Year Growth



## CONSOLIDATED



FYE2000 Results Reporting

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# Year End Projections (FYE2001)



## NON-CONSOLIDATED

	FY2001 H1	Y-on-Y Growth	FYE2001	Y-on-Y Growth
Sales	¥9,200	26%	¥20,000	23%
Operating Profits	¥1,186	10%	¥2,456	9%
Recurring Profits	¥1,161	2%	¥2,404	4%
EPS	--	--	¥117.66	--

Based on existing business lines and current design wins

FYE2000 Results Reporting

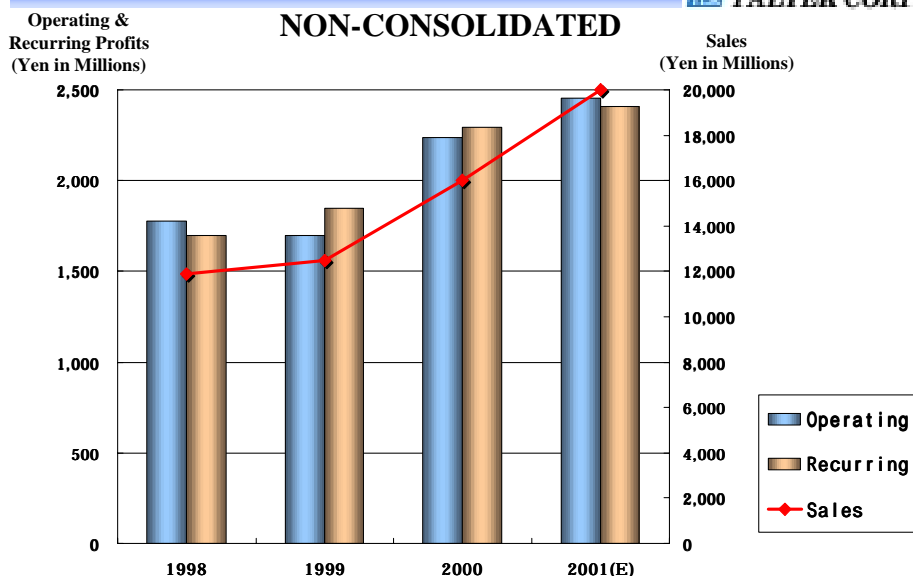
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# Year-on-Year Growth



## NON-CONSOLIDATED



FYE2000 Results Reporting

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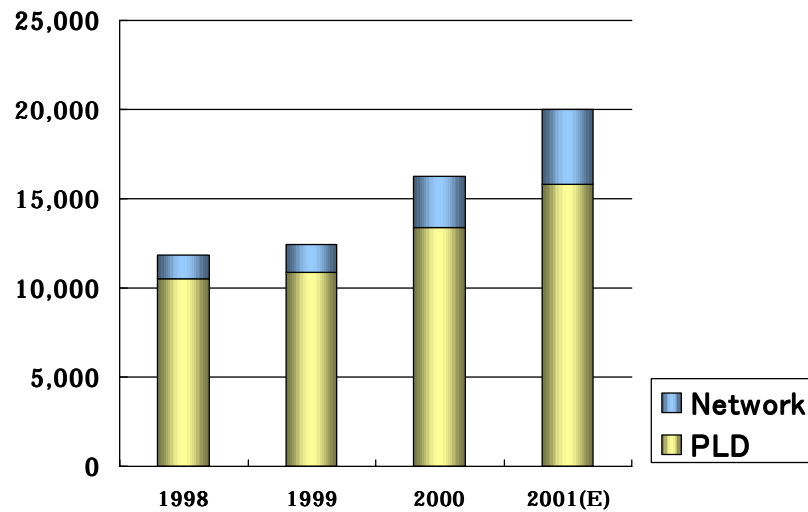
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# Sales Breakdown

 SOLUTION SUPPLIER  
**PALTEK CORP.**

## NON-CONSOLIDATED

Yen in Millions



FYE2000 Results Reporting

**PALTEK CORPORATION**

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 SOLUTION SUPPLIER  
**PALTEK CORP.**

## *Part V -- Consolidated Corporate Strategy*

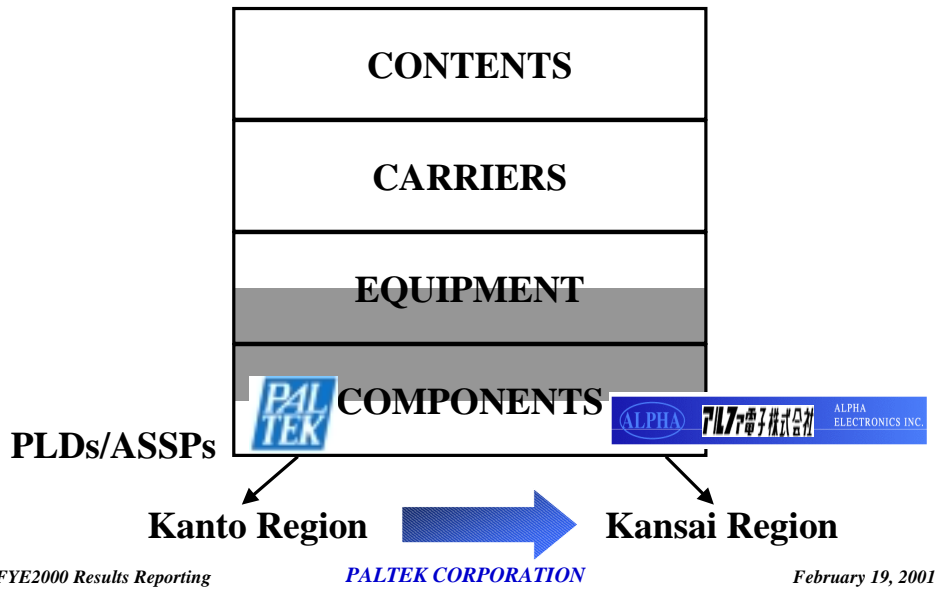
FYE2000 Results Reporting

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February 19, 2001

# Consolidated Corporate Strategy

 SOLUTION SUPPLIER  
**PALTEK CORP.**



# Alpha Electronics

 **ALPHA ELECTRONICS INC.**

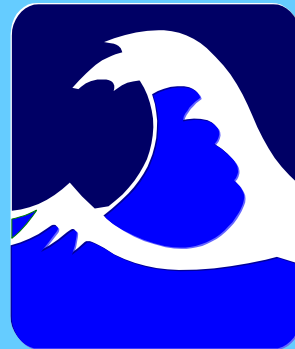
 SOLUTION SUPPLIER  
**PALTEK CORP.**

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

In place and ready for coming trend “wave” of digital consumer electronics

Broad customer base, long and established relationships, in the Kansai Region

Outperformed expectations, successfully contributing to Parent



*FYE2000 Results Reporting*

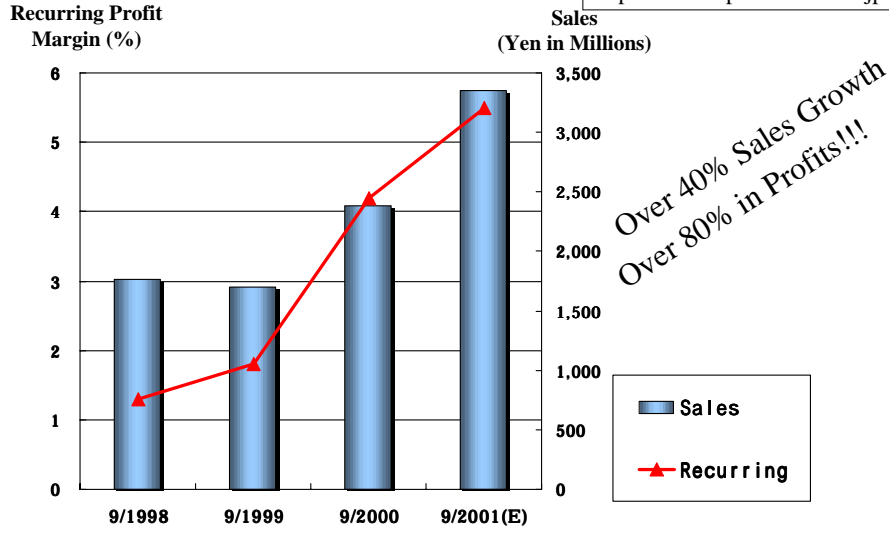
**PALTEK CORPORATION**

*February 19, 2001*

# Alpha Electronics



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

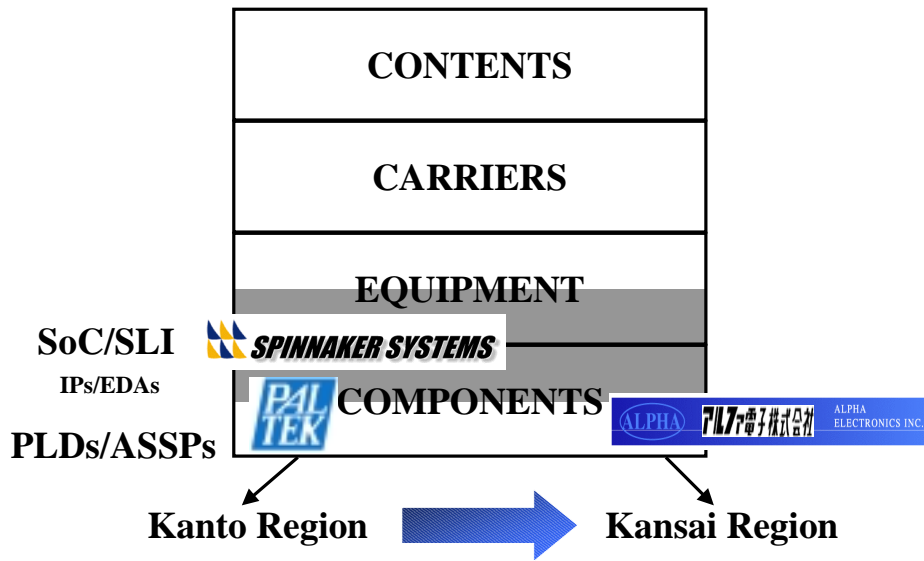


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# Consolidated Corporate Strategy



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February 19, 2001

# Spinnaker Systems



## EDA Tools 《Electronic Design Automation》

<http://www.spinnaker.co.jp>

- Distributor of EDA Tools and Software
- Synthesis tools for ASIC/PLD/FPGA, enabling IP integration

## IP 《Intellectual Property》

- Largest IP distributor in Japan, attains largest IP base and library
- Licensing of designs and Royalty fees

## SoC Design Center 《System on Chip》

- Fully equipped Design House with System-Level Expertise
- Track record designing ASIC/PLD/FPGA, and Next Generation ICs (SoC/SLI)

## Business Synergy

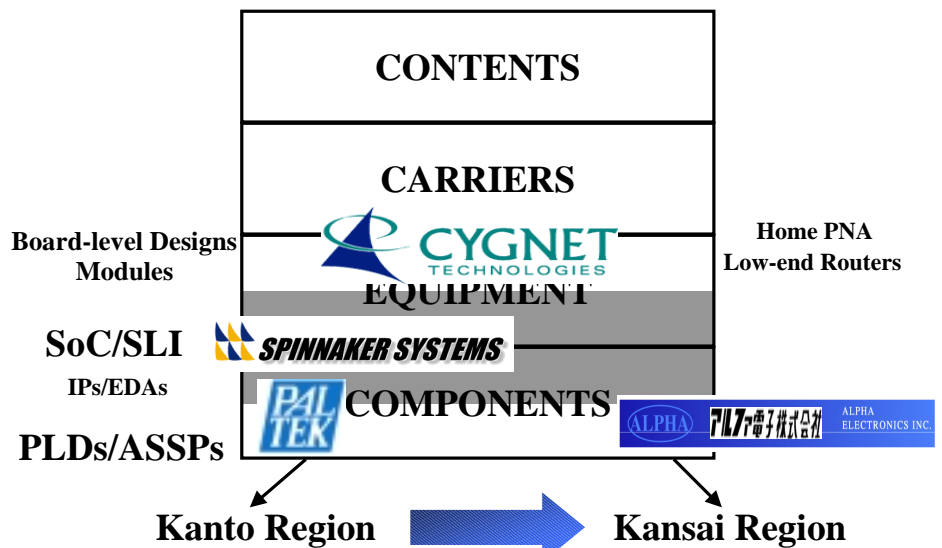
- Providing Third Party IPs and EDA tools to existing PLD users
- Making Next Generation ICs (SoC/SLI) using PLDs as the best platform
- Strong PLD engineering base + Integration of IPs + SoC Design Center

FYE2000 Results Reporting

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# Consolidated Corporate Strategy

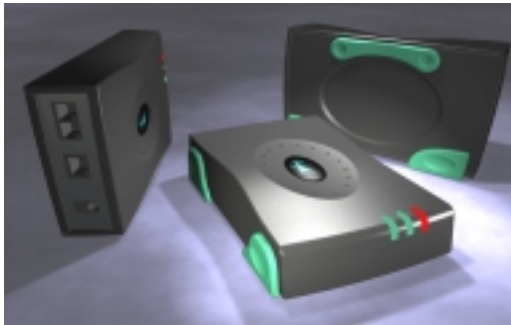


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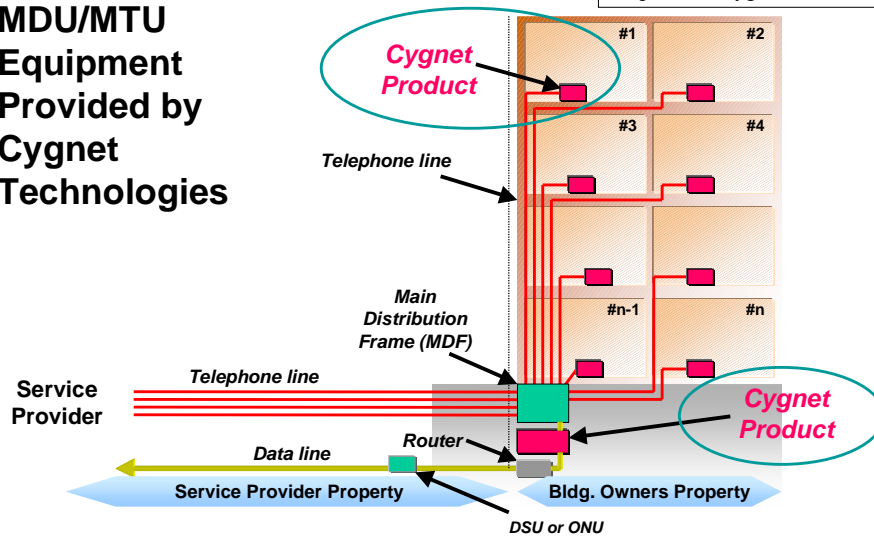
- Develops leading-edge products serving the Broadband needs of the MDU/MTU and the High Speed Office
- Creates products for the OEM and the Service Provider addressing the need to deliver Broadband services over existing infrastructure



Network Management Products

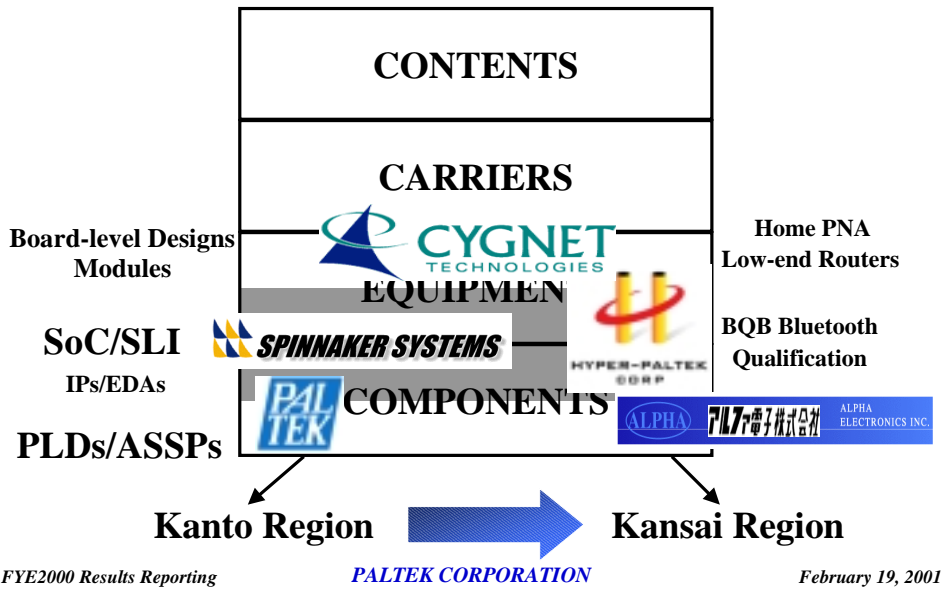
- Stand alone units
  - MDU/MTU (HPNA2.0, xDSL)
  - SOHO Routers
- High-Speed LANs
  - Gigabit Ethernet
  - Other Products

**MDU/MTU  
Equipment  
Provided by  
Cygnnet  
Technologies**



# Consolidated Corporate Strategy

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## HYPER-PALTEK

 SOLUTION SUPPLIER  
**PALTEK CORP.**

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

### Bluetooth Qualification Service Company

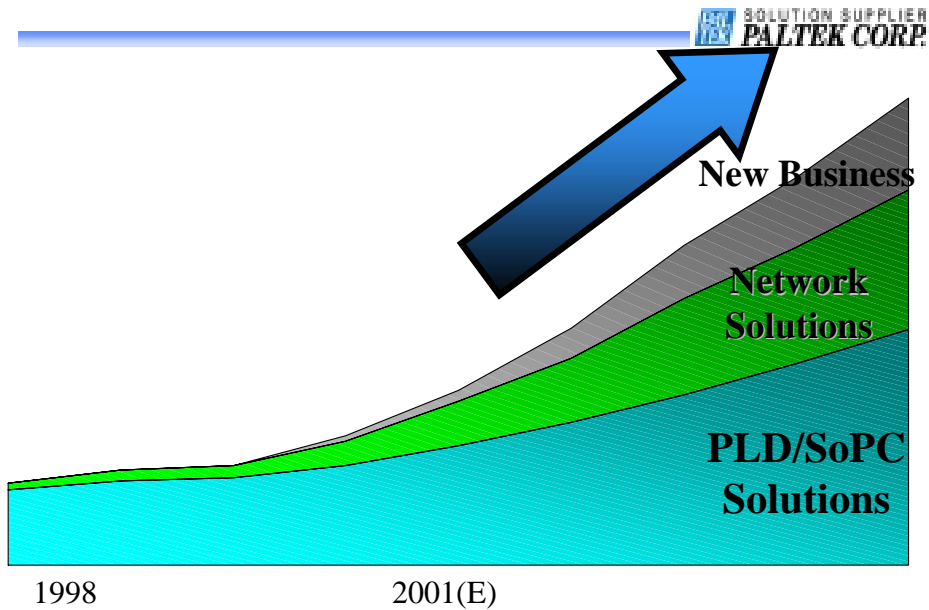
- Joint-Venture Established / 51% : 49%
- 26 BQBs Worldwide, ONLY 2 in Japan  
(Bluetooth Qualification Body)
- Kurt Fischer, President & BQB
- 20 qualifications for 2001
- Will become BQTF during 2001  
(Bluetooth Qualification Test Facility)
- 5 employees, 4 engineers

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## Future Growth



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## 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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## IR Contact



For Inquiries, please contact:

**Daniel Brandt**

Manager

Business Development & Investor Relations

**PALTEK Corporation**

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

TEL: +81-45-477-2016

FAX: +81-45-477-2012

E-mail: [daniel@paltek.co.jp](mailto:daniel@paltek.co.jp)



## ***Part VI -- Attachments***

# Employees



## NON-CONSOLIDATED

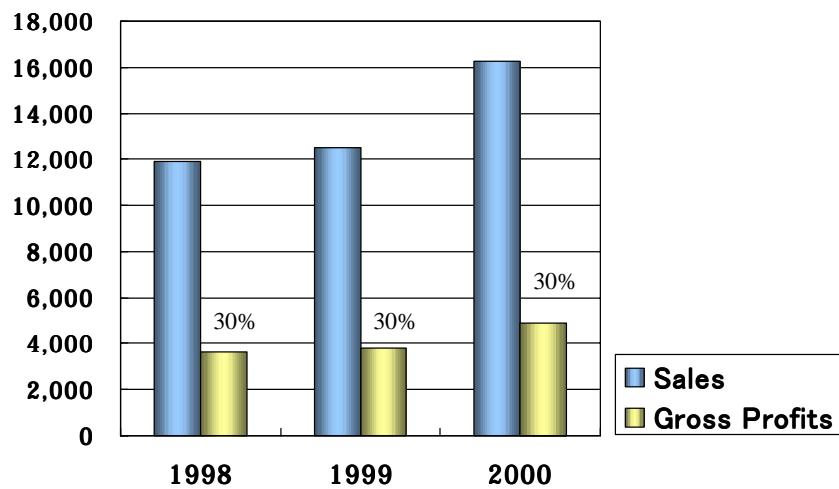
- Fiscal Year End December 31, 2000: 167
- Fiscal Year End 2001, Estimate: 191
  - New Recruits: 4
  - Mid-career: 20
  - Engineers: 60% - 70%

# Sales & Gross Profits



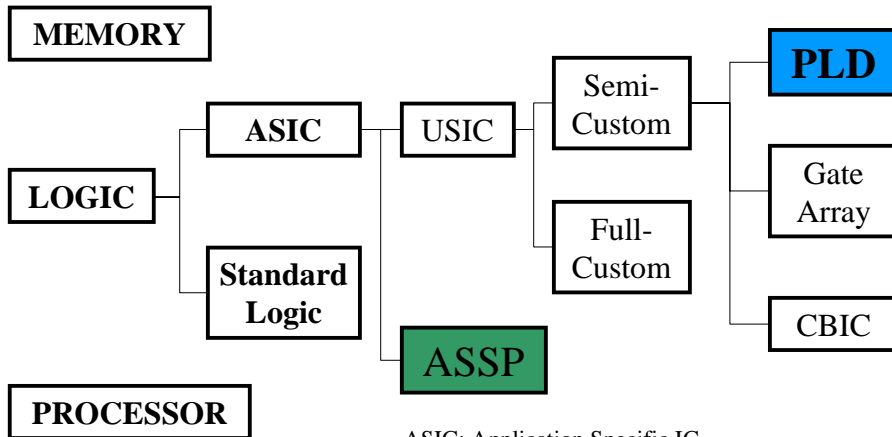
## NON-CONSOLIDATED

Yen in Millions



# Digital Integrated Circuits Breakdown

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ASIC: Application Specific IC  
 USIC: User Specific IC  
 ASSP: Application Specific Standard Product  
 CBIC: Cell Based IC

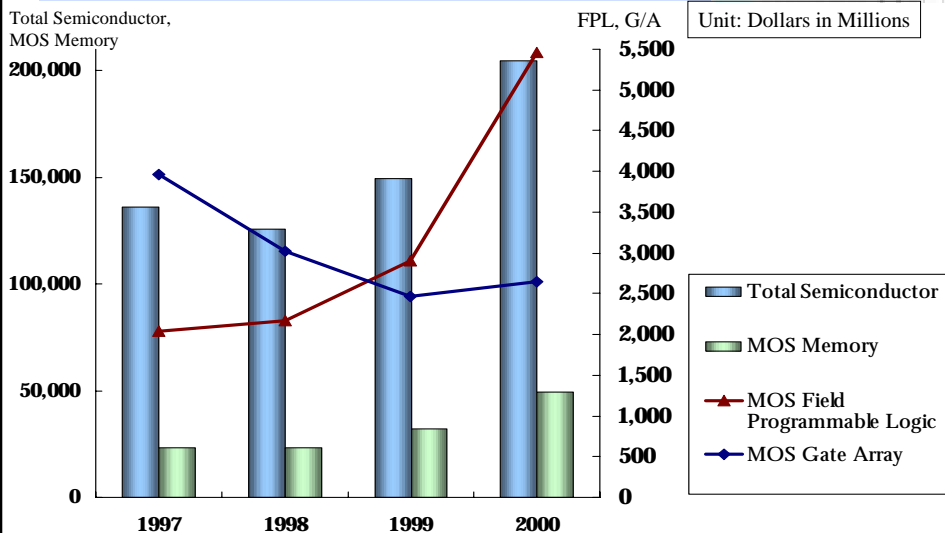
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# Worldwide Semiconductors

SOLUTION SUPPLIER  
**PALTEK CORP.**



Source: WSTS

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# Americas Semiconductors

SOLUTION SUPPLIER  
**PALTEK CORP.**

Total Semiconductor,  
MOS Memory

FPL, G/A

Unit: Dollars in Millions



Source: WSTS

FYE2000 Results Reporting

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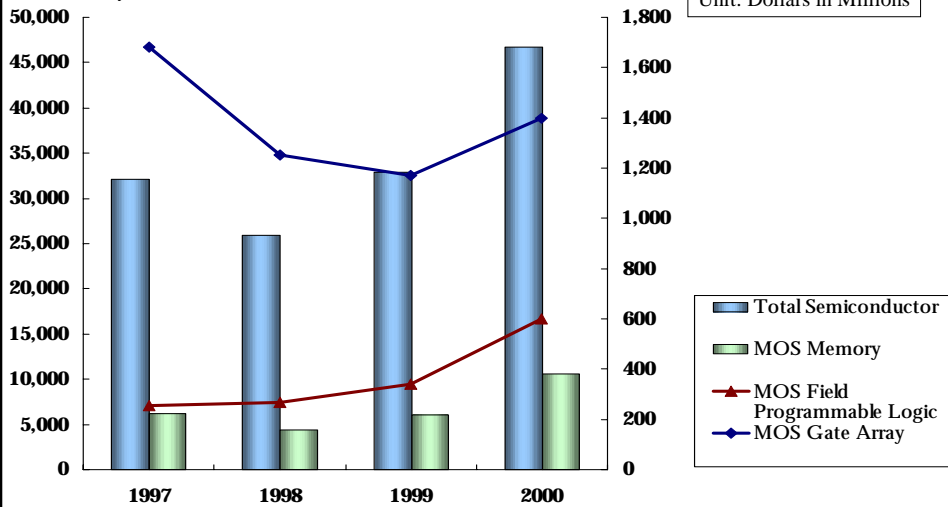
# Japan Semiconductors

SOLUTION SUPPLIER  
**PALTEK CORP.**

Total Semiconductor,  
MOS Memory

FPL, G/A

Unit: Dollars in Millions



Source: WSTS

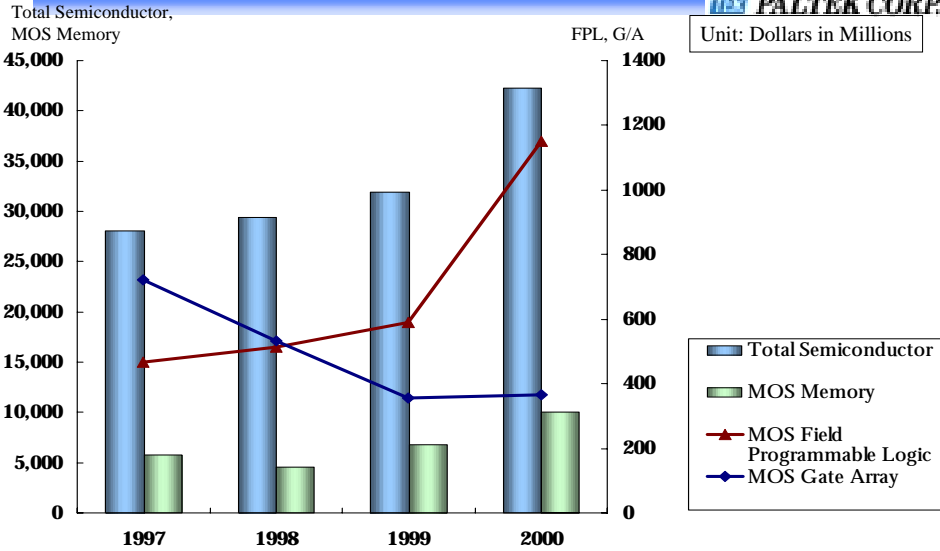
FYE2000 Results Reporting

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# Europe Semiconductors

SOLUTION SUPPLIER  
**PALTEK CORP.**



Source: WSTS

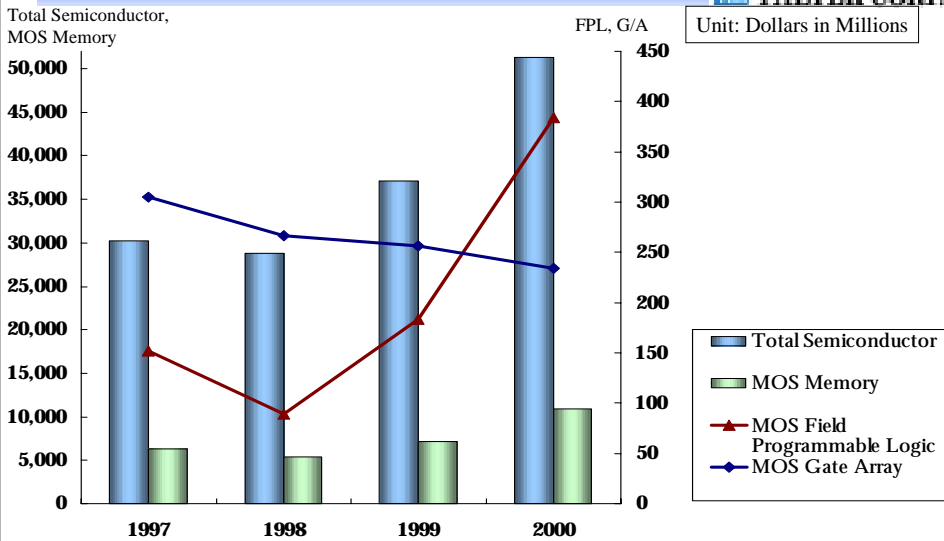
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# Asia Pacific Semiconductors

SOLUTION SUPPLIER  
**PALTEK CORP.**



Source: WSTS

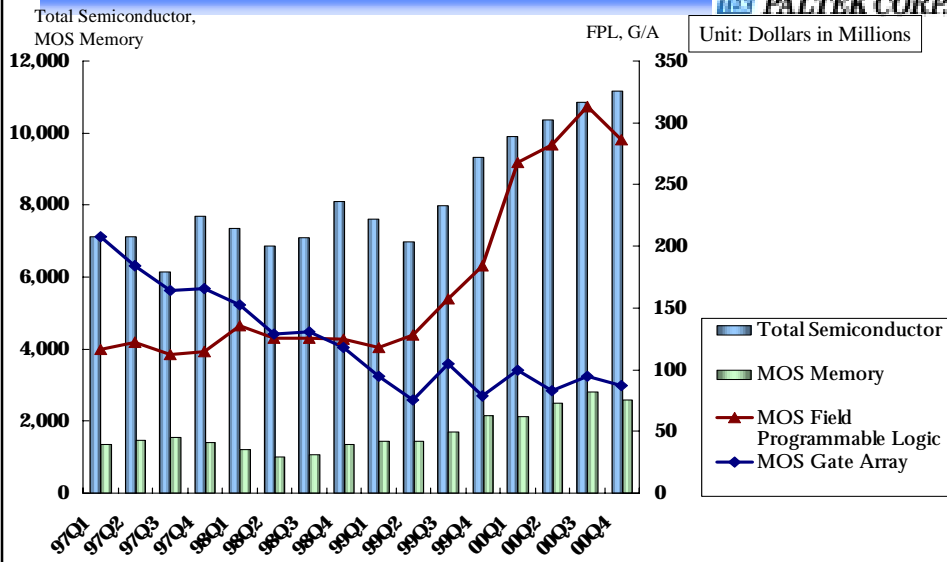
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# Europe Semiconductors

SOLUTION SUPPLIER  
**PALTEK CORP.**



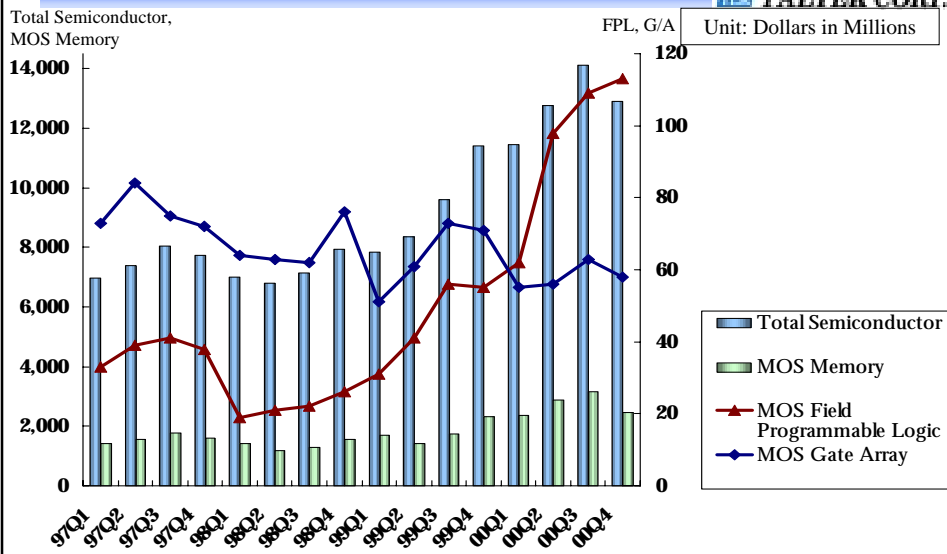
Source: WSTS  
FYE2000 Results Reporting

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# Asia Pacific Semiconductors

SOLUTION SUPPLIER  
**PALTEK CORP.**



Source: WSTS  
FYE2000 Results Reporting











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## Top 10 PLD Vendors-Worldwide Share

SOLUTION SUPPLIER  
PALTEK CORP.

--1999 Report--

1998 Ranking	1999 Ranking	PLD Vendor	1998 Revenue (US\$M)	1999 Revenue (US\$M)	Change (%)	1999 Market Share (%)
2	1	 Xilinx	629	899	+42.9	35.1
1	2	 Altera	654	837	+28.0	32.7
3	3	 Lattice	206	411	+99.5	16.1
5	4	 Actel	154	172	+11.7	6.7
6	5	 Lucent Technologies	100	111	+11.0	4.3
7	6	 Cypress Semiconductor	39	45	+14.9	1.8
9	7	 QuickLogic	30	40	+33.0	1.6
8	8	 Atmel	35	38	+8.6	1.5
11	9	 Int'l CMOS Technology	5	4	-20.0	0.2
-	10	 Toshiba	2	1	-56.0	0

Source: Dataquest, May 2000

FYE2000 Results Reporting










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## Top 9 PLD Vendors-Japan Share

SOLUTION SUPPLIER  
PALTEK CORP.

--1999 Report--

1998 Ranking	1999 Ranking	PLD Vendor	1998 Revenue (US\$M)	1999 Revenue (US\$M)	Change (%)	1999 Market Share (%)
1	1	 Altera	118	159	+34.7	51.0
3	2	 Lattice	25	72	+188.0	23.1
2	3	 Xilinx	49	54	+10.2	17.3
5	4	 Actel	11	12	+9.1	3.9
6	5	 QuickLogic	4	4	+10.0	1.4
6	6	 Lucent Technologies	4	4	0.0	1.3
8	6	 Atmel	2	4	+100.0	1.3
9	8	 Cypress Semiconductor	1	1	+40.6	0.5
9	9	 Toshiba	1	1	-12.1	0.3

Source: Dataquest, May 2000

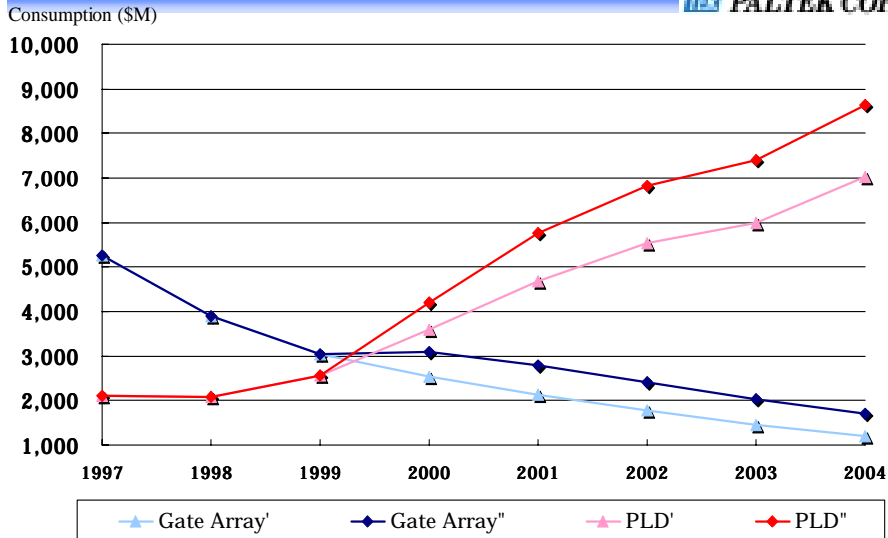
FYE2000 Results Reporting

PALTEK CORPORATION

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## PLD & G/A Market (Worldwide)

SOLUTION SUPPLIER  
**PALTEK CORP.**



Source: Dataquest, July 2000 for G/A ' and PLD ' ; October 2000 for G/A '' and PLD ''

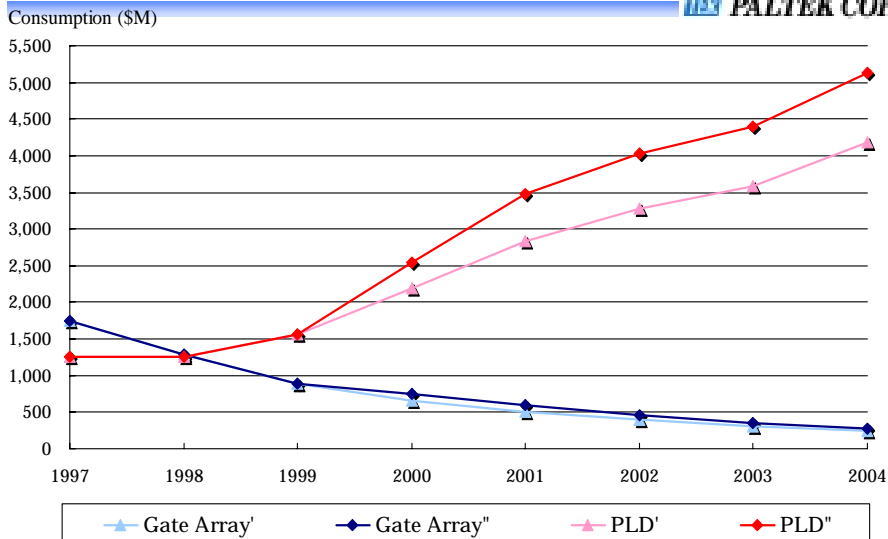
FYE2000 Results Reporting

**PALTEK CORPORATION**

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## PLD & G/A Market (Americas)

SOLUTION SUPPLIER  
**PALTEK CORP.**



Source: Dataquest, July 2000 for G/A ' and PLD ' ; October 2000 for G/A '' and PLD ''

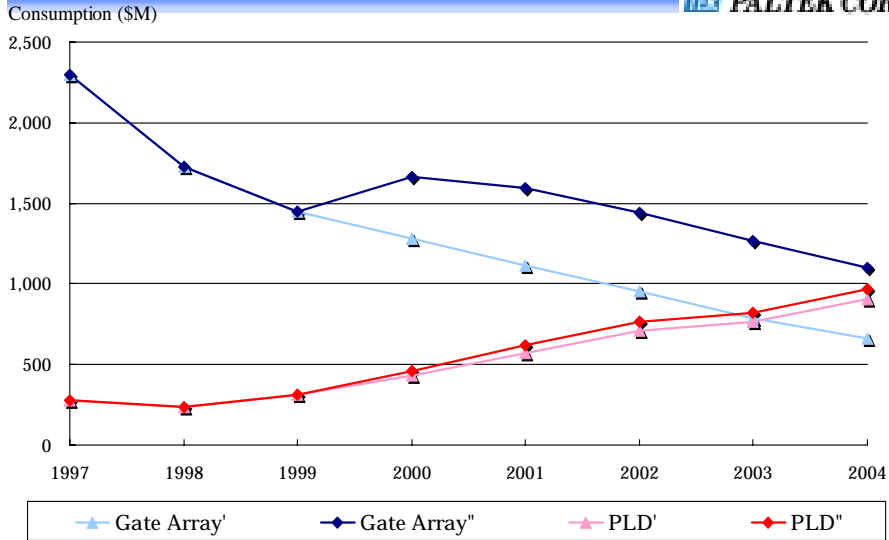
FYE2000 Results Reporting

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## PLD & G/A Market (Japan)

SOLUTION SUPPLIER  
**PALTEK CORP.**



Source: Dataquest, July 2000 for G/A ' and PLD ' ; October 2000 for G/A '' and PLD ''

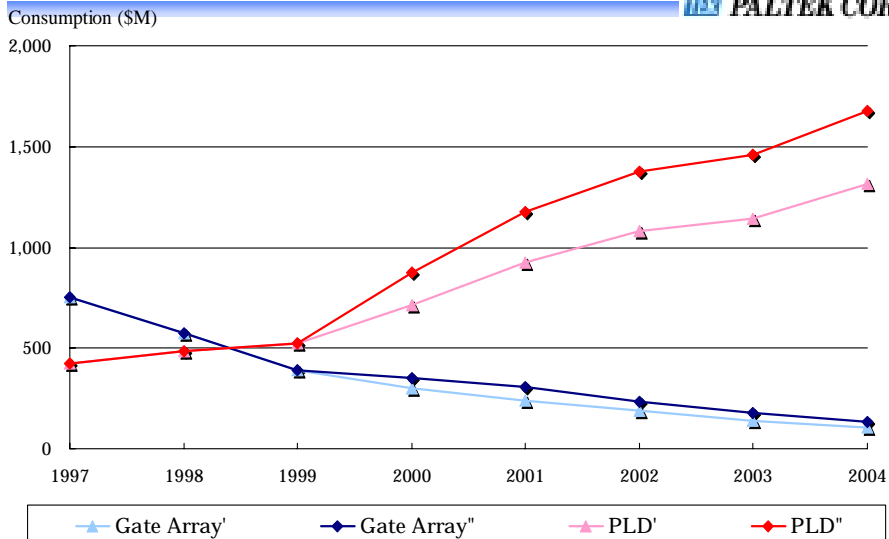
FYE2000 Results Reporting

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## PLD & G/A Market (Europe)

SOLUTION SUPPLIER  
**PALTEK CORP.**



Source: Dataquest, July 2000 for G/A ' and PLD ' ; October 2000 for G/A '' and PLD ''

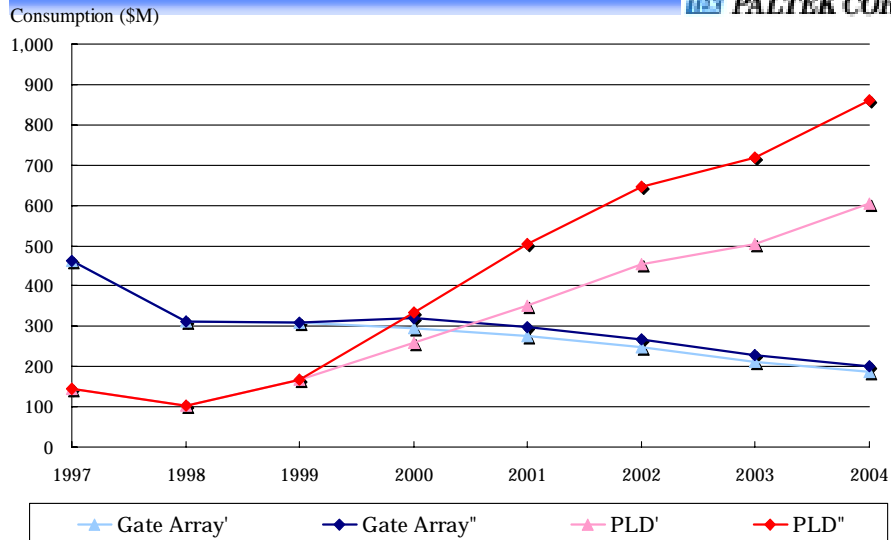
FYE2000 Results Reporting

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## PLD & G/A Market (Asia Pacific)

SOLUTION SUPPLIER  
PALTEK CORP.



Source: Dataquest, July 2000 for G/A ' and PLD ' ; October 2000 for G/A '' and PLD ''

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## Worldwide Opportunities

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According to Analysts...

<http://www.cygnetc.com>

- The MTU will be worth \$100B in Services and \$22B in Equipment in the next 2 years
  - Mark Rockwell, Tele.com, Sept 2000
- The BLEC Market will be worth \$36B in 2001
  - 'The BLEC Report' New Paradigm Research Group, Oct 2000
- The Gigabit Ethernet Market will grow to \$22B by 2004
  - Cahners In-Stat
- US demand for Multi-Tenant Broadband Equipment will rise from \$371M this year to \$2B by 2004
  - Cahners In-Stat

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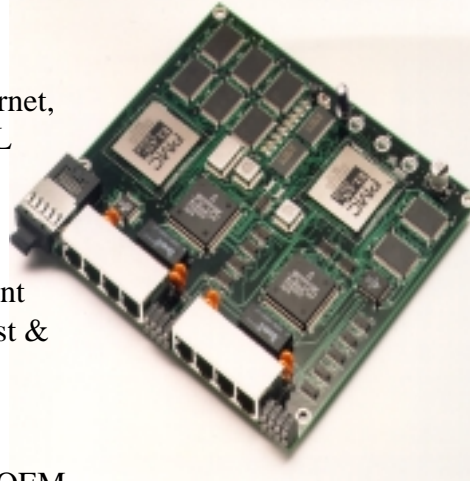
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**Company:** Cygnet Technologies, Inc.  
(Dallas, Texas USA)

<http://www.cygnetinc.com>

**Specialities:** Home PNA, Fast Ethernet,  
Gigabit Ethernet, IP, VoIP, xDSL

**Design Capabilities:** ASSP  
Implementation, PCB Design,  
ASIC/FPGA Design, Management  
Software Integration, System Test &  
Verification



**Customers:**  
Carriers, Service Providers, and OEM

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## HOME PNA

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### Home Phoneline Networking Alliance

- Formed to create a *de facto* standard and widely available in-home networking solution, leveraging the existing phonelines
- Founded June 1998, by 11 companies
- Currently over 100 cutting-edge companies
- From various fields of expertise
  - Networking, Telecommunications, Hardware, Software, Consumer Electronics



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## Bluetooth Worldwide Opportunities



### According to Analysts...

- Bluetooth Enabled Devices
  - 200M by 2002, 670M by 2005 (Cahners In-Stat)
  - 539M - 921M by 2005 (ARC Group)
  - 700M by 2005 (Allied Bus Intelligence)
  - 405M by 2004 (IDC)
- Market Size (US Dollars)
  - \$4.3B Market by 2005 (Merrill Lynch)
  - \$3.7B Market by 2005 (Allied Bus Intelligence)

## What is Bluetooth qualification ?



- A way to ensure Bluetooth products really do work together, and are **“Interoperable”** with each other
- The way to demonstrate your product complies with the specification (per the Adopters Agreement)

## Bluetooth Product Qualification

# Bluetooth SIG

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- Feb. 1998 **Ericsson, Nokia, IBM, Toshiba** and **Intel** founded the Bluetooth Special Interest Group (SIG)
- Jul. 1999 Announced Bluetooth Version 1.0
- Dec. 1999 **3Com, Lucent Technologies, Motorola** and **Microsoft** Corp. joint Promoters' Group
- May 2000 The number of SIG members increased up to 1883

intel.

TOSHIBA

IBM

ERICSSON

NOKIA

3Com

Lucent Technologies  
Bell Labs innovations



Microsoft

MOTOROLA

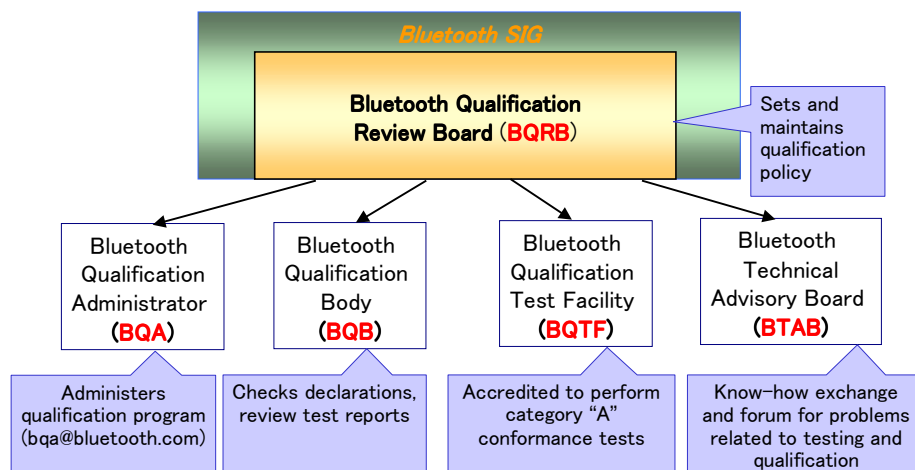
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# Bluetooth Qualification Organization

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# Organizations



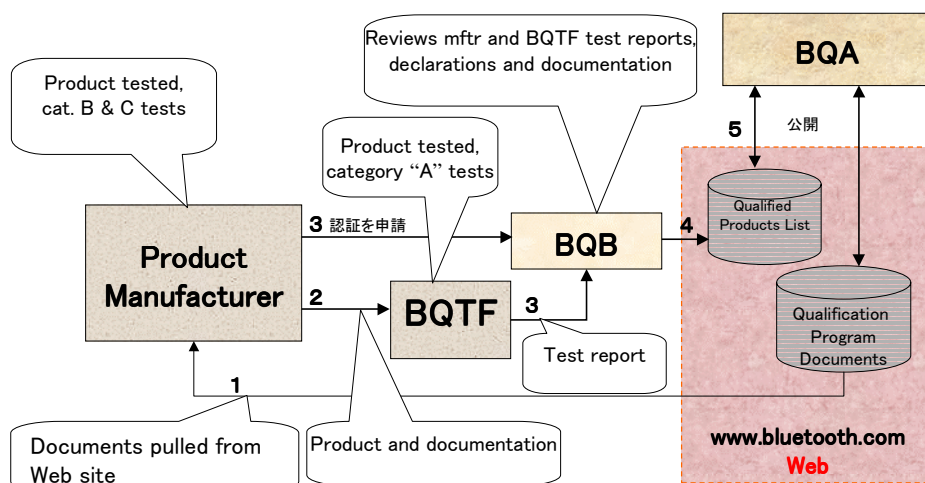
- BQRB - Bluetooth Qualification Review Board
  - Sets policies, published in the Program Reference Document (PRD)
  - One vote per promoter company (Ericsson, IBM, Intel, Nokia, Toshiba, 3Com, Lucent, Microsoft, Motorola)
- BQA - Bluetooth Qualification Administrator
  - Administers program for BQRB
- BQB - Bluetooth Qualification Body
  - Individuals recognized by BQRB, authorized to list qualified products
  - Meet special criteria described in PRD (experience, independence, knowledge)
- BQTF - Bluetooth Qualification Test Facility
  - Accredited by BQRB to perform category “A” test cases
  - Meets quality and technical requirements (see PRD)
- BTAB - Bluetooth Technical Advisory Board
  - Comprised of BQB and BQTF representatives
  - Resolves technical questions regarding testing
  - Advises BQRB on technical issues

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# Bluetooth Qualification Process



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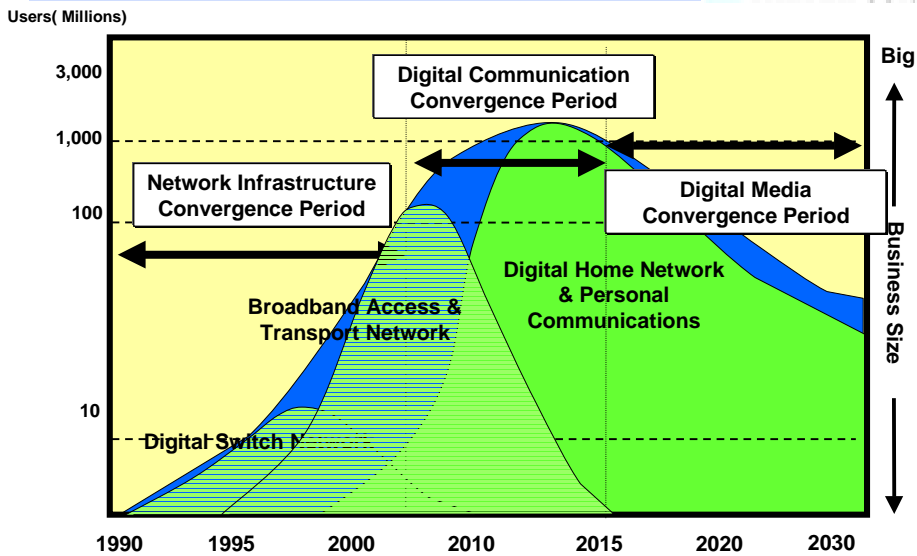
# Test Case Reference List



## Key to the Categories

- Category A
  - **Validated and commercially available.** The test case is mandatory and has to be performed at a recognized BQTF.
- Category B
  - **Declaration with evidence.** The test case has to be performed and a declaration with evidence is required. The instructions given in the test specification have to be followed.
- Category C
  - **Declaration without evidence.**
- Category D
  - **Informative.** A preliminary test case with no official qualification value. The purpose is to inform the manufacturer about an upcoming test case.

# Network Technology Wave



## 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.

## IR Contact



For Inquiries, please contact:

**Daniel Brandt**

Manager

Business Development & Investor Relations

**PALTEK Corporation**

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

TEL: +81-45-477-2016

FAX: +81-45-477-2012

E-mail: [daniel@paltek.co.jp](mailto:daniel@paltek.co.jp)