

(Translation)

To All Persons Concerned

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Distribution Agreement to be terminated between Altera and PALTEK

PALTEK Corporation (“PALTEK”) today announced that the distribution agreement between Altera International Limited (“Altera”) and PALTEK would be terminated as of March 31, 2006.

1. Notice

Since the foundation of the company in 1982, PALTEK has been offering semiconductors, design tools and design support services to Japanese electronics manufacturers. PALTEK has served as a distributor for Altera Corporation in Japanese market since 1986. Upon the recent decision to terminate the distribution agreement by Altera, terms and conditions have been discussed and confirmed today that the distribution agreement is to be terminated as of March 31, 2006.

2. Details

(1)	Supplier Name	Altera International Limited
(2)	Types of Agreement	Distribution of Altera products
(3)	Sales and its ratio to the total Sales	¥13,874 Million Yen (71.7% of Consolidated Sales) (Fiscal Year 2004)
(4)	Terms and Conditions of Termination	PALTEK is to cease the representation of Altera products and services as of March 31, 2006 in Japan. Detailed terms and conditions are being discussed.

3. Impacts to the current fiscal year

There is minimum impact expected on this current fiscal year by the upcoming termination of the agreement.

4. Future Prospects and Plans

PALTEK intends to strengthen the sales promotion of other existing products and bring in new product lines to compensate and make up the revenue.

(Reference) Current Guidance of Fiscal Year 2005 (announced on October 28, 2005) and FY2004

(Unit: Million yen)

	Sales	Operating Income	Ordinary Income	Net Income
Current FCST (FY2005)	17,500	510	320	204
FY2004	19,355	798	935	483

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Questions concerning this Press Release

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