

(Translation)

To All Persons Concerned

Tadahito Takahashi, President
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PALTEK SIGNS LETTER OF INTENT TO ACQUIRE NS MICROELECTRONICS' SHARES

PALTEK Corporation ("PALTEK") announced today that it has signed a letter of intent with Nippon Denso Industry Co., Ltd. ("NDI") that PALTEK will acquire 71% of shares of NS Microelectronics Co., Ltd. ("NSM") from NDI.

1. Purpose of acquisition of shares

NSM is a leading Japanese distributor of National Semiconductor Corporation, the industry's premier analog company and worldwide leader for high-value analog devices and subsystems. By obtaining NSM's shares and adding NSM into PALTEK Group, PALTEK intends to strengthen the group's analog solution capabilities as well as to further strengthen the group's system-based solution.

PALTEK group expects following effects from this acquisition.

Addition of NSM to PALTEK group will enable to have 2 core businesses, one being PLD solution and the other Analog solution, to balance out its business portfolio.

Addition of NSM's strong customer base, which primarily consists of major Japanese electronics manufacturers, will enable to expand customer coverage and application fields for PALTEK group.

PALTEK will be able to further strengthen its system-based solution strategies to provide more value-added solution to customers.

Addition of NSM's Singapore branch office to PALTEK's existing global distribution channel will enable PALTEK to better-serve global customers.

2. Information about NS Microelectronics Co., Ltd.

(1)	Company Name	NS Microelectronics Co., Ltd.	
(2)	President	Yukihiko Maruyama	
(3)	Address	3-16-1, Shibaura, Minato-Ku, Tokyo	
(4)	Established	February 24, 1997	
(5)	Business	Marketing and Sales of Semiconductor products	
(6)	Fiscal End	May	
(7)	No. of Employees	48 (As of February 2006)	
(8)	Locations	Tokyo, Singapore	
(9)	Capital	90,000,000 yen	
(10)	No. of Shares	1,800 Shares	
(11)	URL	http://www.nsm.co.jp/	
(12)	Major Stockholders and holdings	Nippon Denso Industry Co., Ltd. National Semiconductor Japan Ltd	1,278 Shares (71%) 342 Shares (19%)

(13) Recent Financial Data (Unit: thousand yen except dividend)

	May 2004	May 2005
Sales	8,530,465	7,595,039
Gross margin	832,322	714,279
Operation Profits	189,011	76,097
Ordinary Profits	89,286	9,635
Net Income	45,127	1,051
Total Asset	4,701,256	3,917,128
Shareholder's Equity	399,267	379,819
Dividend	7,500	-

3. Information about Nippon Denso Industry Co., Ltd.

- (1) Company Name Nippon Denso Industry Co., Ltd.
- (2) President Yukio Kawabata
- (3) Main Location 3-14-19, Shibaura, Minato-Ku, Tokyo
- (4) Business Marketing and sales of semiconductor product, electronics components and related systems
- (5) Relation to PALTEK None
- (6) No. of Shares to sell 1,278 shares

4. Information about acquisition

- (1) No. of Shares held before acquisition 0
- (2) No. of shares to be obtained 1,278 shares (Price of shares are still in discussion)
- (3) No. of Shares held after acquisition 1,278 shares (% of shares held after acquisition 71%)

5. Timetable

May 2006 Agreement on acquisition of shares is to be concluded and actual acquisition of shares is completed

6. Impact to PALTEK Group's Business

PALTEK plans to disclose the impact of acquisition to PALTEK's financial performance as soon as a formal agreement is signed and such impact becomes apparent and possible to estimate.

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Questions concerning this Press Release

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**PALTEK SIGNS LETTER OF INTENT TO ACQUIRE
NS MICROELECTRONICS TO STRENGTHEN ANALOG BUSINESS**

PALTEK CORPORATION (JASDAQ: 7587), a leading silicon and electronic solutions supplier in Japan, announced today that PALTEK and Nippon Denso Industry Co., Ltd. (“NDI”) signed a letter of intent, that PALTEK will acquire NS Microelectronics Co., Ltd.’s shares (“NSM”) from NDI.

Since the foundation in 1982, PALTEK has provided semiconductor and design tools to Japanese electronics manufacturers along with engineering support. In particular, PALTEK has expertise in providing PLD solutions. PALTEK added analog solution by acquiring Alpha Electronics, Inc., in 1998, which was a long-time distributor of National Semiconductor Corporation. National Semiconductor is the industry’s premier analog company. By addition of NSM into PALTEK group, PALTEK intends to strengthen its existing analog solution as well as its system-based solution.

As National Semiconductor Japan’s premier distributor, NSM offers high value analog solutions and subsystem to major Japanese electronics manufactures. National Semiconductor’s high value analog solution product portfolio includes power management IC, display driver, audio amplifier/operational amplifier, communication interface products and data conversion solutions among others.

“We are very pleased to welcome NSM to PALTEK group,” said Mr. Tadahito Takahashi, president of PALTEK. “NSM will bring rich experiences and expertise of providing analog solution to PALTEK group. By strengthening our analog solutions, PALTEK group is now well-positioned to have 2 main businesses, one is PALTEK’s own PLD solution with Xilinx, the global leader in PLD solutions, and the other is Analog solution with National’s high value analog products. The combination of these 2 main products will help accelerate our system-based solutions.

“We are very excited to join PALTEK group,” said Mr. Yukihiro Maruyama, president of NSM. “We can expect many positive synergy effects for both of our companies. Best of all, it is clear that the combination of PALTEK’s strong digital solution, headed by Xilinx’s PLD products, and our National’s analog solution offers unique and valuable solutions to our customers.”

The final agreement and the acquisition of shares are scheduled to be completed by the end of May, 2006.

About PALTEK CORPORATION:

PALTEK is strong in providing solutions with Programmable Logic Devices (PLDs), Application Specific Standard Products (ASSPs) and other Networking related silicon. Based on sound business performance, PALTEK made its Initial Public Offering on JASDAQ in 1998. Rooting from its corporate philosophy of “kyo-sei” (cooperative growth), the company is continuously making efforts to contribute to the development of the ubiquitous society by providing the best available hardware and software solutions.

For further information, see <http://www.paltek.co.jp>

About NS Microelectronics (NSM):

NSM was established as a joint company by National Semiconductor Japan Ltd. and Nippon Denso Industry Co., Ltd. in 1997. NSM has rich experiences and expertise in marketing National’s high value analog solutions.

For further information, see (<http://www.nsm.co.jp>)

Questions concerning this Press Release:

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