

(Translation)

Stock code: 7587

March 13, 2008

PALTEK CORPORATION

2-3-12 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa

Notice of the 26th Annual General Meeting of Shareholders

Dear Shareholders,

We cordially invite you to attend the 26th Annual General Meeting of Shareholders of PALTEK CORPORATION, to be held as per the schedule below.

If you are unable to attend the Meeting, you may exercise your voting rights in writing or by electronic method (via the Internet, etc.). Please access the Company's voting rights website (<http://www.evotep.jp/>) and exercise your voting rights no later than by 5:20 p.m. Friday, March 28, 2008 after reviewing the General Shareholders' Meeting Reference Materials which is posted on the website. To vote in writing, please complete the Form for Exercising Voting Rights enclosed herewith indicating your consent/dissent and return it to us to arrive by 5:20 p.m. Friday, March 28, 2008.

To vote via the Internet, please refer to the "Points to Note Regarding Online Voting by Shareholders" described hereinafter (page 12-13).

Sincerely,

Tadahito Takahashi
President

Meeting Details

- 1) **Date and Time:** 1:00 p.m. on Saturday, March 29, 2008
- 2) **Location:** PALTEK CORPORATION Head Office, Seminar Room,
2-3-19 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa

3) Meeting Agenda:

Items to be reported:

1. The Business Report and consolidated financial statements for the Company's 26th business term (from January 1 to December 31, 2007), in addition to audit reports on the consolidated financial statements by independent accountants and by the Board of Corporate Auditors of PALTEK CORPORATION.
2. The financial statements for the Company's 26th business term (from January 1 to December 31, 2007)

Items to be resolved:

- Item 1:** Appropriation of retained earnings
- Item 2:** Partial Amendment to the Article of Incorporation
- Item 3:** Election of six (6) directors
- Item 4:** Election of one (1) corporate auditor

4) Voting at the Meeting

Procedures for proxy voting

If you choose to exercise your voting rights through a proxy, one another shareholder who has voting rights may attend a general meeting of shareholders as your proxy. Please note, however, that a document proving power of attorney needs to be submitted.

Please submit your Form for Exercising Voting Rights at the reception on the day of the Annual General Meeting of Shareholders.

Also, any changes made to the General Shareholders' Meeting Reference Materials, Business Report, and consolidated and the Parent Company's financial statements, will be posted on the website of the Company (<http://www.paltek.co.jp/>).

(This English translation is an abridged version of the original invitation notice in Japanese. In event of any discrepancies, the Japanese version shall prevail.)

General Shareholders' Meeting Reference Materials

Item 1: Appropriation of retained earnings for the 26th business term

We propose to appropriate retained earnings as follows:

1. Items concerning year-end dividends

The PALTEK group recognizes that providing value to shareholders is one of management's primary concerns. Accordingly, its basic policy on dividends will be to continue to make payouts that are appropriate in light of its needs to build a strong operating foundation and to finance future business initiatives.

With respect to dividend payouts, the Company will maintain a dividend of ¥10 per share. The Company will use this as the baseline and will decide on any future changes by taking into consideration the appropriateness of its dividend payout ratio in relation to consolidated and parent company earnings.

The financial results for this fiscal year are as described in the Business Report, and we request that the year-end dividend for the 26th business term be as follows:

(1) Type of dividend assets

We will pay in cash.

(2) Item concerning allocation of dividend assets and the total amount

We propose the year-end dividend of ¥10 per common share of the Company.

The total amount of dividends will be ¥116,605,520.

(3) Effective date for commencement of dividend payment from retained earnings

We propose the effective date for commencement of dividend payment to be March 31, 2008.

Item 2: Partial Amendments to the Article of Incorporation

1. Reasons for the Amendment

An amendment is made to Article 4 of the current Articles of Incorporation (Method of Public Notices) so that the method by which the Company gives public notices shall be electronic public notices, to improve awareness of the Company’s public notices and to make the process more efficient. When an electronic public notice cannot be given because of an incident or other contingencies, the Company shall publish public notices in the Nihon Keizai Shimbun.

2. Content of the Amendment

The content of the amendment is as follows:

(Underlined portions indicate amendments)

Current Articles of Incorporation	Proposed Amendment
<p>Article 4. (Method of Public Notices) Public notices of the Company shall be <u>given by means of publication</u> in the Nihon Keizai Shimbun.</p>	<p>Article 4. (Method of Public Notices) <u>The method of</u> public notices of the Company shall be <u>electronic public notices</u>. When an <u>electronic public notice cannot be given due to unavoidable reason</u>, the Company shall <u>publish public notices</u> in the Nihon Keizai Shimbun.</p>

Item 3: Election of six (6) directors

As the term of office for all five (5) of the Company's directors will expire at the conclusion of this Annual General Meeting of Shareholders. We request approval for the election of six (6) directors, including one (1) additional number of director, to reinforce the management system.

Brief information on the candidates for directors is listed below:

Candidate No.	Name and date of birth	Brief background, and position and responsibility in the Company (representative status with other companies, etc.)	Number of shares owned in the Company
1	Tadahito Takahashi October 24, 1948	Oct. 1982 Established PALTEK CORPORATION and became President (incumbent) Oct. 1998 Chairman and Representative Director of Alpha Electronics, Inc. Dec. 1999 Chairman of Alpha Electronics, Inc. Aug. 2006 Director of Spinnaker Systems, Inc. (incumbent) Mar. 2007 Chairman and Representative Director of Alfa Electronics, Inc. (incumbent)	2,566,340
2	Hiroyuki Takasaki September 25, 1946	Sep. 1971 Joined Texas Instruments Japan Ltd. Apr. 1988 General Manager of Marketing Oct. 1993 Joined Applied Materials Japan, Inc. as Manager of Marketing and Service Aug. 1997 President of Xilinx Japan, Inc. Feb. 2000 Joined S.C.G. Japan, Inc. as Director Jun. 2000 Joined PALTEK CORPORATION Jan. 2001 General Manager of Sales Division Mar. 2001 Director Jan. 2003 Executive Vice President and Representative Director of PALTEK CORPORATION (incumbent) May 2006 Chairman and Representative Director of NS Microelectronics Co., Ltd. (incumbent) Aug. 2006 Director of Spinnaker Systems, Inc. (incumbent)	39,200
3	Tadashi Ito October 5, 1949	Apr. 1973 Joined Japan Automobile Research Institute Jul. 1982 Joined Texas Instruments Japan Ltd. Jul. 1990 Accounting Manager of ASP Business Dept. Mar. 1995 Controller of ASP Business Dept. Nov. 1998 Japan Office Manager of Vivid Semiconductor Co., Ltd. Apr. 2000 Administration Manager of Mattson Technology Center Inc. Jun. 2001 Joined PALTEK CORPORATION Jan. 2002 Manager of Finance & Legal Group, Operational Service Division Mar. 2003 Director and General Manager of Operational Service Division, and in charge of Environment (incumbent) Mar. 2005 Corporate Auditor of Spinnaker Systems, Inc. (incumbent) May 2006 Director of NS Microelectronics Co., Ltd. (incumbent)	25,300
4	Hajime Yamazaki July 15, 1941	Apr. 1964 Joined Takachiho Koheki Co., Ltd. Feb. 1975 Joined Tokyo Electron Ltd. Apr. 1984 General Manager of Semiconductor Sales Division Apr. 1986 Managing Director of newly established Dia Semiconductor Systems Co., Ltd. Feb. 1995 President Jan. 2002 Deputy President of Unidux Inc., which absorbed Dia Semiconductor Systems Co., Ltd. Nov. 2002 Joined Takebishi Electric Sales Corp. Jun. 2003 Managing Director Feb. 2004 Joined PALTEK CORPORATION Sep. 2004 General Manager of Digital Consumer Division Mar. 2005 Director of PALTEK CORPORATION Aug. 2007 Director and General Manager of Silicon Solution Business Division and Digital Consumer Division Jan. 2008 Director and General Manager of Silicon Solution Division and Memory Solution Division (incumbent)	10,900

Candidate No.	Name and date of birth	Brief background, and position and responsibility in the Company (representative status with other companies, etc.)	Number of shares owned in the Company
5	Masahiko Hirata February 1, 1931	Apr. 1954 Joined Matsushita Electric Industrial Co., Ltd. Nov. 1970 Director of Victor Company of Japan, Ltd. Jun. 1978 Managing Director Jun 1980 Senior Managing Director Feb. 1985 Director of Matsushita Electric Industrial Co., Ltd. Feb. 1986 Managing Director Jun. 1987 Senior Managing Director Jun. 1988 Executive Vice President Jun. 1993 Standing Corporate Auditor Mar. 2001 Director of PALTEK CORPORATION (incumbent)	20,340
6	Tsutomu Niimura June 14, 1947	Apr. 1970 Joined Sony Corporation Apr. 1998 President of Personal Video Company Jun. 1999 Corporate Executive Officer Jun. 2001 Corporate Executive Officer and Corporate Senior Vice President Apr. 2003 NC President of Home Network Company Jun. 2004 Corporate Executive Officer and Corporate Executive Vice President Jun. 2005 Advisor Apr. 2006 Executive Alumnus (incumbent) Jun. 2006 Director of Elpida Memory, Inc. (incumbent)	0

- (Notes)
1. None of the candidates above has any substantial business interest in the Company that may conflict with the performance of his duties.
 2. Messrs. Masahiko Hirata and Tsutomu Niimura are candidates for outside directors.
 3. Reason for outside director election
 - (1) We request that Mr. Masahiko Hirata be elected to serve as an outside director so that he may utilize his significant experience and wide knowledge in the fields of corporate finance, corporate ethics, and other areas, as a management expert in the management of the Group.
 - (2) We request that Mr. Tsutomu Niimura be elected to serve as an outside director so that he may utilize his significant experience and wide knowledge in the electronics industry in the management of the Group.
 4. Mr. Masahiko Hirata's term of office as an outside director will have been seven years at the conclusion of this Annual General Meeting of Shareholders.
 5. An outline of the agreement to limit the liability of outside directors is described in the business report.
 6. The Company plans to maintain the same agreement with Mr. Masahiko Hirata, a candidate for director, to limit his liability should he be elected to the position. An outline of the agreement is described in the business report.
 7. The Company plans to conclude an agreement with Mr. Tsutomu Niimura, a candidate for director, to limit his liability should he be elected to the position. An outline of the agreement is described in the business report.

Item 4: Election of one (1) corporate auditor

The term of office for Mr. Isao Tsubaki, the Company’s corporate auditor, will expire at the conclusion of this Annual General Meeting of Shareholders. We therefore request approval for the election of one (1) corporate auditor.

We have already obtained the consent of the Board of Corporate Auditors for this proposal. Brief information on the candidate for corporate auditor is listed below:

Candidate No.	Name and date of birth	Brief background, and position and responsibility in the Company (representative status with other companies, etc.)	Number of shares owned in the Company
1	Isao Tsubaki January 25, 1948	Mar. 1978 Registered as a Certified Public Accountant Sep. 1986 Joined Sanwa Auditors, Co. as Partner (currently Deloitte Touche Tohmatsu) May 1993 Representative Partner Jan. 1997 Principal of Isao Tsubaki CPA Office (incumbent) Jun. 1999 Representative Director of Tsubaki Management Consulting Co., Ltd. (incumbent) Mar. 2004 Corporate Auditor of PALTEK CORPORATION (incumbent)	7,700

- (Notes)
1. The candidate above has no substantial business interest in the Company that may conflict with the performance of his duties.
 2. Mr. Isao Tsubaki is a candidate for outside corporate auditor.
 3. We request that Mr. Isao Tsubaki be elected to serve as a corporate auditor because we have decided that he can appropriately execute his duties as he possesses professional knowledge and experience, among other qualities, as a Certified Public Accountant.
 4. Mr. Isao Tsubaki’s term of office as an outside corporate auditor will have been four years at the conclusion of this Annual General Meeting of Shareholders.
 5. An outline of the agreement to limit the liability of the outside corporate auditor is described in the business report.
 6. The Company plans to maintain the same agreement with Mr. Isao Tsubaki, a candidate for corporate auditor, to limit his liability should he be elected to the position. An outline of the agreement is described in the business report.

CONSOLIDATED BALANCE SHEET (Supplemental Information)

PALTEK CORPORATION

As of December 31, 2007

(Thousands of yen)

ASSETS

Current assets:	9,898,982
Cash and bank deposits	2,295,984
Notes and accounts receivable	5,070,103
Inventories	1,992,042
Consumption tax receivable	280,084
Deferred tax assets	41,385
Others	219,922
Allowance for doubtful accounts	(540)

Fixed assets:	1,114,087
Tangible fixed assets:	86,202
Buildings	39,319
Vehicle equipment	46
Furniture and fixtures	46,239
Land	598
Intangible fixed assets	109,737
Investments and other assets:	918,146
Investment securities	92,876
Deferred tax assets	380,222
Others	452,059
Allowance for doubtful accounts	(7,012)

Total assets	11,013,070
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Figures of less than one thousand yen have been omitted.

CONSOLIDATED BALANCE SHEET (Supplemental Information)

PALTEK CORPORATION

As of December 31, 2007

(Thousands of yen)

LIABILITIES

Current liabilities: **2,460,053**

Notes and accounts payable	1,280,221
Short-term bank loans	780,000
Income taxes payable	11,017
Accrued bonuses	55,047
Others	333,767

Long-term liabilities: **341,182**

Liability for employees' retirement benefits	54,700
Liability for directors' and corporate auditors' retirement benefits	247,453
Others	39,028

Total liabilities 2,801,235

Net assets:

Shareholders' equity:	8,205,203
Capital stock	1,339,634
Capital surplus	2,698,526
Retained earnings	4,297,642
Treasury stock	(130,599)
Valuation and translation gains and losses, etc.:	6,631
Unrealized gains on other marketable securities	6,471
Deferred hedging gains (losses)	159

Total net assets 8,211,834

Total liabilities and net assets 11,013,070

CONSOLIDATED STATEMENT OF INCOME (Supplemental Information)

PALTEK CORPORATION

Year ended December 31, 2007

(Thousands of yen)

Net sales	20,655,287
Cost of sales	17,938,774
Gross profit	2,716,513
Selling, general and administrative expenses	3,017,032
Operating losses	300,518
Non-operating income:	127,229
Interest income	9,040
Dividend income	185
Foreign exchange gain	85,541
Gain on sale of investment securities	1,335
Interest on refund of consumption tax, etc.	483
Amortization of negative goodwill	799
Others	29,844
Non-operating expenses:	48,945
Interest expenses	12,880
Commission paid	16,942
Loss on assignment of receivables	13,211
Others	5,911
Ordinary losses	222,235
Extraordinary income:	53,807
Gain on sale of fixed assets	50
Reversal of liability for directors' and corporate auditors' retirement benefit	75
Gain on sale of investment securities	48,932
Gain on cancellation of derivatives	4,741
Reversal of guarantee of obligation	7
Extraordinary losses:	30,746
Prior year adjustment loss	3,030
Loss on impairment of fixed assets	1,691
Loss on disposal of fixed assets	2,273
Loss on valuation of investment securities	21,015
Loss on sale of investment securities	2,734
Losses before income taxes and minority interests	199,173
Income taxes – current	41,852
Income taxes – deferred	16,947
Minority interests in net income of consolidated subsidiaries	33
Net loss	258,007

Figures of less than one thousand yen have been omitted.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Supplemental Information)

Year ended December 31, 2007

(Thousands of yen)

Thousands of yen; December 31, 2007	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of Dec 31, 2006	1,339,634	2,698,526	4,672,259	(130,421)	8,579,998
Changes during the term					
Dividends from retained earnings			(116,609)		(116,609)
Net income (loss)			(258,007)		(258,007)
Acquisition of own share				(177)	(177)
Other changes during the term (net)					
Total changes during the term	-	-	(374,617)	(177)	(374,794)
Balance as of Dec 31, 2007	1,339,634	2,698,526	4,297,642	(130,599)	8,205,203

Thousands of yen; December 31, 2007	Valuation and translation gains and losses, etc.				Total net assets
	Unrealized gains on other marketable securities	Deferred hedging gains (losses)	Total valuation and translation gains and losses, etc.	Minority interests	
Balance as of Dec 31, 2006	36,032	-	36,032	64,705	8,680,736
Changes during the term					
Dividends from retained earnings					(116,609)
Net income (loss)					(258,007)
Acquisition of own share					(177)
Other changes during the term (net)	(29,560)	159	(29,401)	(64,705)	(94,107)
Total changes during the term	(29,560)	159	(29,401)	(64,705)	(468,901)
Balance as of Dec 31, 2007	6,471	159	6,631	-	8,211,834

Points to Note Regarding Online Voting by Shareholders

1. Handling for the event of the duplicate voting by post and over the Internet:
If you exercise your voting rights in duplicate both by post and via the Internet and the contents of those are different, your voting over the Internet shall prevail.
2. Handling for the event of duplicate voting over the Internet:
If you exercise your voting rights in duplicate via the Internet and the contents of those are different, your last vote via Internet shall prevail.
3. Procedure for exercise of voting rights via the Internet:
If you exercise your voting rights via the Internet, please read and understand carefully the following matters, and exercise your voting rights.
If you will attend the General Meeting of Shareholders, you need not to send the Form for Exercising Voting Rights to us, nor to take procedure for exercise of voting rights via the Internet.

(1) Online voting site and exercising your voting rights

- 1) To exercise your voting rights online, please access the following dedicated website either via your PC or cell phone (i-mode, EZweb or Yahoo! mobile): <http://www.evotep.jp/>
This voting website may only be accessed via the Company's website (<http://www.paltek.co.jp>).
However, please be advised that the dedicated website is not operational from 2 a.m. till 5 a.m. every day.
(i-mode, EZweb and Yahoo! are registered trademarks of NTT DoCoMo Inc., KDDI Corporation and Yahoo, Inc. U.S., respectively.)
- 2) Please be aware that, depending on your internet connection and PC environment, you may not be able to use your PC to exercise your voting rights via the online voting site (e.g. if you connect to the internet via a firewall, have anti-virus software installed or use a proxy server).
- 3) To exercise your voting rights via your cell phone, please use one of the following services: i-mode, EZweb or Yahoo! For security reasons, voting is only possible using the internet-enabled cell phones capable of SSL (encrypted) communication.
- 4) Online votes may be cast up to 5:20 p.m. Friday, March 28, 2008. However, we respectfully request that shareholders exercise their voting rights at their earliest convenience.
If you have any questions, please contact the help desk described below.

(2) Exercising your voting rights online

- 1) On the aforementioned voting site, you will be required to input the "Code No. for Exercise of Voting Rights" and the temporary password assigned to you. These are shown on the enclosed voting form. Please follow the instructions on both sides when voting.
- 2) Please be aware that, in order to prevent illegal online access by non-shareholders (spoofing)

and vote tampering, you will be asked to change your temporary password or obtain dedicated electronic authentication (or send data from your cell phone) via the aforementioned voting site.

- 3) You will be notified of a new “Code No. for Exercise of Voting Rights” every time a General Meeting of Shareholders is convened. If you have agreed to receive notice of General Meeting of Shareholders via email, you will retain the same password unless you change it yourself. Please take sufficient care to ensure that your password is not disclosed to anyone.

(3) Fees incurred when accessing the online voting site

You shall be responsible for any fees incurred when accessing the online voting site (dialup connection charges, telephone charges, etc.). Similarly, if voting via cell phone, you will be responsible for any connection charges or other fees arising from the use of your cell phone.

(4) Receiving notice of General Meeting of Shareholders

If you wish to receive notice of General Meeting of Shareholders via email in the future, please use your PC to complete the procedure on the online voting site. (Please note that it is not possible to complete this procedure via your cell phone, nor is it possible to have notice emails sent to a cell phone email address.)

Online Voting Help Desk (telephone inquiries)

Corporate Agency Division

Mitsubishi UFJ Trust and Banking Corporation (transfer agent)

0120-173-027 (available 9:00 – 21:00)

*Please note that this is not the number to call for inquiries regarding shares.