



October 27, 2005

## **PCTEL Posts \$21.6 Million In Revenue; All Groups Drive Record Revenue**

CHICAGO, Oct 27, 2005 (BUSINESS WIRE) -- PCTEL, Inc. (NASDAQ:PCTI), a leader in providing wireless broadband solutions, announced record revenue for the third quarter ended September 30, 2005. Financial highlights of the quarter were:

-- \$21.6 million in total revenue for the quarter, which is an increase of 102 percent over the third quarter last year. Revenue for the nine months ended September 30, 2005 is up 67 percent from the same period last year.

-- \$15.3 million in revenue for the quarter from the Antenna Products Group. This is an increase of 168 percent over the third quarter last year. Revenue for the nine months ended September 30, 2005 is up 134 percent from the same period last year. The comparisons are favorably impacted by the acquisition of product lines from Andrew Corporation last October and the acquisition of Sigma Wireless during the third quarter.

-- \$2.1 million in revenue for the quarter from the Mobility Solutions Group. This is an increase of 84 percent over the third quarter last year. Revenue for the nine months ended September 30, 2005 is up 12 percent from the same period last year.

-- \$3.7 million in revenue for the quarter from the RF Solutions Group. This is a 45 percent increase over the third quarter of last year. Revenue for the nine months ended September 30, 2005 is up 35 percent from the same period last year.

-- \$(0.9) million Net Loss for the quarter, or \$(0.05) per share. This compares to a net loss of \$(2.6) million, or \$(0.13) per share in the third quarter last year. Results include non-cash expenses related to amortization of intangible assets from acquisitions and non-cash compensation related to restricted stock. The sum of those expenses in the third quarter of 2005 and 2004 was \$2.5 million and \$1.1 million, respectively.

Net loss for the nine months ended September 30, 2005 was \$(3.6) million, or \$(0.18) a share compared to a net loss of \$(3.8) million, or \$(0.19) per share for the same period last year. Results include non-cash expenses related to amortization of intangible assets from acquisitions and non-cash compensation related to restricted stock. The sum of those expenses during the nine months ended September 30, 2005 and 2004 was \$5.8 million and \$3.2 million, respectively.

-- \$58.6 million of cash at September 30, 2005.

During the third quarter, the company acquired Sigma Wireless Technologies, a provider of Integrated Variable Electrical Tilt (iVET) antennas for the 3G cellular market. Other major events included: the delivery of its VoIP Roaming Client for deployment in Japan, significant growth in the company's UMTS scanner business, the first \$5 million shipping month out of the new facility in Bloomingdale, Illinois, and particularly strong shipments of GPS-based antennas, elevated feed antennas, and Wi-Fi antennas.

"The financial results suggest that we are continuing to make progress," said Marty Singer, PCTEL's Chairman and CEO. "Over the past four years, we've transformed the company through five acquisitions and one divestiture and we are positioned to benefit from the continued explosion in pervasive wireless broadband. We are now focused on execution, driving synergies, and delivering bottom line performance," added Singer.

The company will discuss these results and the market trends driving the increased revenue during its scheduled earnings teleconference today at 6:15 PM EDT.

### **CONFERENCE CALL / WEBCAST**

The company will hold a conference call at 5:15 PM CDT (6:15 PM EDT) today, Thursday, October 27, 2005 with Marty Singer, chairman and chief executive officer, and John Schoen, chief financial officer. PCTEL will not be responding to inquiries regarding its financial results until the conference call. The session can be accessed by calling (800) 289-0508 (U.S. / Canada) or (913) 981-5550 (international).

To listen via the Internet, please visit, [www.pctel.com](http://www.pctel.com), or <http://investor.pctel.com/MediaList.cfm>

REPLAY: A replay will be available for two weeks after the call on PCTEL's web site at [www.pctel.com](http://www.pctel.com) or by calling (888) 203-1112 (U.S. / Canada) or (719) 457-0820 (international) access code: 5818844.

## ABOUT PCTEL

PCTEL, Inc. (Nasdaq:PCTI), is a global leader in providing wireless broadband solutions. PCTEL's Antenna Products Group (<http://antenna.pctel.com>) designs, distributes, and supports innovative antenna solutions for public safety applications, unlicensed and licensed wireless broadband, fleet management, network timing, and other GPS applications. PCTEL's Mobility Solutions' (<http://mobilitysolutions.pctel.com>) software tools provide secure, access independent, remote connectivity to the Internet and VoIP capability for converged handsets. PCTEL's RF Solutions' (<http://rfsolutions.pctel.com>) portfolio of OEM receivers, receiver based products and interference management solutions are used to measure, monitor and optimize cellular networks.

PCTEL protects its leadership position with a portfolio of more than 130 analog and broadband communications, wireless and antenna patents, issued or pending. The company's products are sold or licensed to wireless carriers, wireless ISPs, distributors, system integrators, wireless test and measurement companies, wireless network equipment and handset manufacturers, PC card manufacturers and government agencies. PCTEL headquarters are located at 8725 West Higgins Road, Suite 400, Chicago, IL 60631. Telephone: 773-243-3000. For more information, please visit our web site at: <http://www.pctel.com>.

## PCTEL Safe Harbor Statement

This press release contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Specifically, the statements regarding PCTEL's expectations regarding the future growth of its wireless and licensing businesses are forward looking statements within the meaning of the safe harbor. These statements are based on management's current expectations and actual results may differ materially from those projected as a result of certain risks and uncertainties, including the ability to successfully grow the wireless products business, the ability to implement new technologies and obtain protection for the related intellectual property, and the ability to integrate acquired businesses and products. These and other risks and uncertainties are detailed in PCTEL's Securities and Exchange Commission filings. These forward-looking statements are made only as of the date hereof, and PCTEL disclaims any obligation to update or revise the information contained in any forward-looking statement, whether as a result of new information, future events or otherwise.

PCTEL, Inc.

### Condensed Consolidated Statements of Operations (unaudited, in thousands, except per share information)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
REVENUES	\$21,632	\$10,735	\$54,952	\$32,923
COST OF REVENUES	11,593	4,450	28,772	12,451
GROSS PROFIT	10,039	6,285	26,180	20,472
OPERATING EXPENSES:				
Research and development	2,562	1,999	7,467	6,208
Sales and marketing	3,637	2,687	9,686	8,299
General and administrative	4,105	4,043	12,136	10,903
Amortization of other intangible assets	1,231	709	2,967	2,132
Restructuring charges	--	(136)	(70)	(195)
Gain on sale of assets and related royalties	(600)	(500)	(1,600)	(1,500)
Total operating expenses	10,935	8,802	30,586	25,847

LOSS FROM OPERATIONS	(896)	(2,517)	(4,406)	(5,375)
OTHER INCOME, NET	74	349	1,045	859
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LOSS BEFORE INCOME TAXES	(822)	(2,168)	(3,361)	(4,516)
PROVISION (BENEFIT) FOR INCOME TAXES	95	458	196	(714)
	-----	-----	-----	-----
NET LOSS	\$ (917)	\$ (2,626)	\$ (3,557)	\$ (3,802)
	=====	=====	=====	=====
Basic loss per share	\$ (0.05)	\$ (0.13)	\$ (0.18)	\$ (0.19)
Shares used in computing basic loss per share	20,209	20,216	20,167	20,402
Diluted loss per share	\$ (0.05)	\$ (0.13)	\$ (0.18)	\$ (0.19)
Shares used in computing diluted loss per share	20,209	20,216	20,167	20,402

PCTEL, Inc.

Consolidated Condensed Balance Sheets  
(unaudited, in thousands)

	September 30, 2005	December 31, 2004
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 58,360	\$ 83,887
Restricted cash	208	208
Accounts receivable, net	13,096	10,819
Inventories, net	11,152	8,554
Prepaid expenses and other assets	2,947	2,969
	-----	-----
Total current assets	85,763	106,437
PROPERTY AND EQUIPMENT, net	11,244	9,746
GOODWILL	30,642	14,114
OTHER INTANGIBLE ASSETS, net	17,665	11,628
OTHER ASSETS	1,178	180
	-----	-----
TOTAL ASSETS	\$ 146,492	\$142,105
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,062	\$ 1,085
Income taxes payable	5,439	5,692
Deferred revenue	2,888	1,738
Accrued liabilities	6,578	9,301
	-----	-----
Total current liabilities	17,967	17,816
PENSION LIABILITY	3,026	--
OTHER LONG-TERM LIABILITIES	2,394	1,366
	-----	-----
Total liabilities	23,387	19,182
	-----	-----
STOCKHOLDERS' EQUITY:		
Common stock	22	21
Additional paid-in capital	167,053	160,180

Deferred compensation	(7,748)	(4,422)
Accumulated deficit	(36,496)	(32,939)
Accumulated other comprehensive income	274	83
	-----	-----
Total stockholders' equity	123,105	122,923
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$146,492	\$142,105
	=====	=====

PCTEL, Inc.

Revenue and Gross Profit by Segment  
(unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
	-----	-----	-----	-----
REVENUES:				
-----				
APG	\$15,261	\$ 5,684	\$38,967	\$16,625
RFS	3,729	2,578	10,111	7,485
MSG	2,057	1,118	4,490	4,020
LICENSING	598	1,377	1,421	4,836
Eliminations	(13)	(22)	(37)	(43)
	-----	-----	-----	-----
TOTAL REVENUES	\$21,632	\$10,735	\$54,952	\$32,923
GROSS PROFIT:				
-----				
APG	\$ 4,861	\$ 2,368	\$13,245	\$ 6,945
RFS	2,585	1,696	7,175	5,039
MSG	2,056	1,059	4,412	3,891
LICENSING	528	1,162	1,343	4,602
Eliminations	9	--	5	(5)
	-----	-----	-----	-----
TOTAL GROSS PROFIT	\$10,039	\$ 6,285	\$26,180	\$20,472

PCTEL, Inc.

Reconciliation Of Non GAAP To GAAP Results Of Operations (a)

(unaudited, in thousands)

	Three Months Ended September 30, 2005		
	As Reported	Non-GAAP Adjustments(a)	Non GAAP
	-----	-----	-----
REVENUES	\$21,632		\$21,632
COST OF REVENUES	11,593	(75)(b)	11,518
	-----	-----	-----
GROSS PROFIT	10,039	75	10,114
OPERATING EXPENSES:			
Research and development	2,562	(92)(b)	2,470
Sales and marketing	3,637	(256)(b)	3,381
General and administrative	4,105	(858)(b)	3,247
Amortization of other intangible			

assets	1,231	(1,231)	--
Restructuring charges	--		--
Gain on sale of assets and related royalties	(600)		(600)
Total operating expenses	10,935	(2,437)	8,498
INCOME (LOSS) FROM OPERATIONS	(896)	2,512	1,616
OTHER INCOME, NET	74		74
INCOME (LOSS) BEFORE INCOME TAXES	(822)	2,512	1,690
PROVISION FOR INCOME TAXES	95		95
NET INCOME (LOSS)	\$(917)	\$2,512	\$1,595
Earnings (loss) per share			
Basic	\$(0.05)		\$0.08
Diluted	\$(0.05)		\$0.08
Shares used in computing EPS (in thousands)			
Basic	20,209		20,209
Diluted	20,209		20,789

PCTEL, Inc.

Reconciliation Of Non GAAP To GAAP Results Of Operations (a)

(unaudited, in thousands)

Three Months Ended September 30,  
2004

	As Reported	Non-GAAP Adjustments(a)	Non GAAP
REVENUES	\$10,735		\$10,735
COST OF REVENUES	4,450		4,450
GROSS PROFIT	6,285		6,285
OPERATING EXPENSES:			
Research and development	1,999	(27)(b)	1,972
Sales and marketing	2,687	(75)(b)	2,612
General and administrative	4,043	(282)(b)	3,761
Amortization of other intangible assets	709	(709)	--
Restructuring charges	(136)		(136)
Gain on sale of assets and related royalties	(500)		(500)
Total operating expenses	8,802	(1,093)	7,709
INCOME (LOSS) FROM OPERATIONS	(2,517)	1,093	(1,424)
OTHER INCOME, NET	349		349
INCOME (LOSS) BEFORE INCOME TAXES	(2,168)	1,093	(1,075)
PROVISION FOR INCOME TAXES	458		458
NET INCOME (LOSS)	\$(2,626)	\$1,093	\$(1,533)

Earnings (loss) per share

Basic	\$(0.13)	\$(0.08)
Diluted	\$(0.13)	\$(0.08)

Shares used in computing EPS  
(in thousands)

Basic	20,216	20,216
Diluted	20,216	20,216

(a) These adjustments reconcile the Company's GAAP results of operations to its non-GAAP results of operations. The Company believes that presentation of results excluding items such as non-cash share-based compensation, restructuring costs, and investment gains provides meaningful supplemental information to both management and investors that is indicative of the Company's core operating results and facilitates comparison of operating results across reporting periods. The Company uses these non-GAAP measures when evaluating its financial results as well as for internal planning and forecasting purposes. These non-GAAP measures should not be viewed as a substitute for the Company's GAAP results. Neither the Company's GAAP nor non-GAAP results of operations include the accounting impact had the Company chosen to apply the fair-value recognition provisions of SFAS No. 123 or SFAS No. 123 revised (123R) to expense share-based compensation related to stock options, the impact of which is disclosed in the Company's Forms 10-Q and 10-K as filed with the SEC. The Company will adopt SFAS No. 123R in its first quarter ending March 31, 2006.

(b) This adjustment reflects the non cash stock based compensation expense for restricted stock grants and stock bonuses awarded to the Company's employees.

PCTEL, Inc.

Reconciliation Of Non GAAP To GAAP Results Of Operations (a)

(unaudited, in thousands)

	Nine Months Ended September 30, 2005		
	As Reported	Non-GAAP Adjustments(a)	Non GAAP
REVENUES	\$54,952		\$54,952
COST OF REVENUES	28,772	(83)(b)	28,689
GROSS PROFIT	26,180	83	26,263
OPERATING EXPENSES:			
Research and development	7,467	(213)(b)	7,254
Sales and marketing	9,686	(572)(b)	9,114
General and administrative	12,136	(1,998)(b)	10,138
Amortization of other intangible assets	2,967	(2,967)	--
Restructuring charges	(70)		(70)
Gain on sale of assets and related royalties	(1,600)		(1,600)
Total operating expenses	30,586	(5,750)	24,836
INCOME (LOSS) FROM OPERATIONS	(4,406)	5,833	1,427
OTHER INCOME, NET	1,045		1,045

INCOME (LOSS) BEFORE INCOME TAXES	(3,361)	5,833	2,472
PROVISION (BENEFIT) FOR INCOME TAXES	196		196
NET INCOME (LOSS)	\$(3,557)	\$5,833	\$2,276
Earnings (loss) per share			
Basic	\$(0.18)		\$0.11
Diluted	\$(0.18)		\$0.11
Shares used in computing EPS (in thousands)			
Basic	20,167		20,167
Diluted	20,167		20,709

PCTEL, Inc.

Reconciliation Of Non GAAP To GAAP Results Of Operations (a)

(unaudited, in thousands)

	Nine Months Ended September 30, 2004		
	As Reported	Non-GAAP Adjustments(a)	Non GAAP
REVENUES	\$32,923		\$32,923
COST OF REVENUES	12,451		12,451
GROSS PROFIT	20,472		20,472
OPERATING EXPENSES:			
Research and development	6,208	(79)(b)	6,129
Sales and marketing	8,299	(218)(b)	8,081
General and administrative	10,903	(743)(b)	10,160
Amortization of other intangible assets	2,132	(2,132)	--
Restructuring charges	(195)		(195)
Gain on sale of assets and related royalties	(1,500)		(1,500)
Total operating expenses	25,847	(3,172)	22,675
INCOME (LOSS) FROM OPERATIONS	(5,375)	3,172	(2,203)
OTHER INCOME, NET	859		859
INCOME (LOSS) BEFORE INCOME TAXES	(4,516)	3,172	(1,344)
PROVISION (BENEFIT) FOR INCOME TAXES	(714)		(714)
NET INCOME (LOSS)	\$(3,802)	\$3,172	\$(630)
Earnings (loss) per share			
Basic	\$(0.19)		\$(0.03)
Diluted	\$(0.19)		\$(0.03)
Shares used in computing EPS (in thousands)			
Basic	20,402		20,402
Diluted	20,402		20,402

(a) These adjustments reconcile the Company's GAAP results of

operations to its non-GAAP results of operations. The Company believes that presentation of results excluding items such as non-cash share-based compensation, restructuring costs, and investment gains provides meaningful supplemental information to both management and investors that is indicative of the Company's core operating results and facilitates comparison of operating results across reporting periods. The Company uses these non-GAAP measures when evaluating its financial results as well as for internal planning and forecasting purposes. These non-GAAP measures should not be viewed as a substitute for the Company's GAAP results. Neither the Company's GAAP nor non-GAAP results of operations include the accounting impact had the Company chosen to apply the fair-value recognition provisions of SFAS No. 123 or SFAS No. 123 revised (123R) to expense share-based compensation related to stock options, the impact of which is disclosed in the Company's Forms 10-Q and 10-K as filed with the SEC. The Company will adopt SFAS No. 123R in its first quarter ending March 31, 2006.

- (b) This adjustment reflects the non cash stock based compensation expense for restricted stock grants and stock bonuses awarded to the Company's employees.

**SOURCE: PCTEL, Inc.**

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