



July 26, 2010

PCTEL Posts \$17.8 Million in Second Quarter Revenue

33 Percent Increase from Same Period Last Year

BLOOMINGDALE, Ill., Jul 26, 2010 (BUSINESS WIRE) -- PCTEL, Inc. (NASDAQ: **PCTI**), a leader in propagation and wireless network optimization solutions, announced results for the second quarter ended June 30, 2010.

Second Quarter Highlights

- **\$17.8 million in revenue for the quarter**, an increase of 33 percent over the same period in 2009. This is the fourth consecutive increase in quarterly revenues.
- **GAAP and Non-GAAP Gross Profit Margin of 46 percent**, as compared to 46 percent for the same period last year.
- **GAAP Operating Margin of a negative (9) percent** as compared to a negative (16) percent in the same period in 2009.
- **Non-GAAP Operating Margin of 6 percent** versus 2 percent in the same period in 2009. The Company's reporting of non-GAAP operating margin excludes expenses for restructuring, gain or loss on sale of assets, stock based compensation, amortization and impairment of intangible assets and goodwill related to the Company's acquisitions.
- **GAAP net loss of \$(1.0) million for the quarter, or \$(0.06) per share**, compared to a net loss of \$(1.3) million, or \$(0.07) per diluted share for the same period in 2009.
- **Non-GAAP net income of \$1.0 million for the quarter, or \$0.06 per diluted share** compared to \$414,000 of net income, or \$0.02 per diluted share, for the same period in 2009. The Company's reporting of non-GAAP net income excludes expenses for restructuring, gain or loss on sale of assets, stock based compensation, amortization and impairment of intangible assets and goodwill related to the Company's acquisitions, and non-cash related income tax expense.
- **\$72.8 million of cash, short-term investments, and long-term investments at June 30, 2010**, an increase of \$300,000 from the preceding quarter. During the quarter the company repurchased approximately 215,000 shares of its common stock for \$1.3 million, and generated approximately \$1.6 million of cash and investments from all other sources. The company has approximately \$1.2 million remaining on its current share repurchase program authorization.

"We were pleased with the strong growth in some of our key vertical markets, including Smart Grid, Defense, and Wireless Test and Measurement," said Marty Singer, PCTEL's Chairman and CEO. "We will continue to leverage our engineering capabilities and customer relationships to deliver high-value and highest quality products into these exciting and high potential markets," added Singer.

CONFERENCE CALL / WEBCAST

PCTEL's management team will discuss the Company's results today at 8:30 AM ET. The call can be accessed by dialing (877) 693-6682 (U.S. / Canada) or (706) 679-6397 (International), conference ID: 84880346. The call will also be webcast at <http://investor.pctel.com/events.cfm>.

REPLAY: A replay will be available for two weeks after the call on either the website listed above or by calling (800) 642-1687 (U.S./Canada), or International (706) 645-9291, conference ID: 84880346.

About PCTEL

PCTEL, Inc. (NASDAQ: [PCTI](#)), is a global leader in propagation and wireless network optimization solutions. The company designs and develops software-based radios for wireless network optimization and develops and distributes innovative antenna solutions. The company's SeeGull^(R) scanning receivers, receiver-based products and CLARIFY^(R) interference management solutions are used to measure, monitor and optimize cellular networks. PCTEL's SeeGull scanning receivers are deployed in industry leading wireless test and measurement equipment and viewed as an essential wireless data collection tool for cellular

network optimization, drive tests, and spectrum clearing. PCTEL develops and supports scanning receivers for LTE, EVDO, CDMA, WCDMA, UMTS, TDS-CDMA and WiMAX networks.

PCTEL's MAXRAD^(R), Bluewave(TM) and Wi-Sys(TM) antenna solutions address public safety, military, aviation, defense and government applications; SCADA, Health Care, Energy, Smart Grid and Agricultural applications; Indoor Wireless, Wireless Backhaul, and Cellular applications. Its portfolio includes a broad range of WiMAX antennas, WiFi antennas, Land Mobile Radio antennas, and precision GPS antennas that serve innovative applications in telemetry, RFID, in-building, fleet management, and mesh networks. PCTEL provides parabolic antennas, ruggedized antennas, yagi antennas, military antennas, precision aviation antennas and other high performance antennas for many applications. PCTEL's products are sold worldwide through direct and indirect channels. For more information, please visit the company's web site www.pctel.com, www.antenna.com, www.antenna.pctel.com, or www.rfsolutions.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 continuing to leverage its engineering capabilities and customer relationships to expand its product line and deliver high value and highest quality products into high potential markets 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 and the ability to implement new technologies and obtain protection for the related intellectual property. 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 BALANCE SHEETS (in thousands, except share data)

	(unaudited)	
	June 30, 2010	December 31, 2009
ASSETS		
Cash and cash equivalents	\$32,698	\$35,543
Short-term investment securities	36,483	27,896
Accounts receivable, net of allowance for doubtful accounts of \$109 and \$89 at June 30, 2010 and December 31, 2009, respectively	12,620	9,756
Inventories, net	9,090	8,107
Deferred tax assets, net	1,024	1,024
Prepaid expenses and other assets	3,451	2,541
Total current assets	95,366	84,867
Property and equipment, net	11,345	12,093
Long-term investment securities	3,611	12,135
Other intangible assets, net	11,345	9,241
Deferred tax assets, net	8,761	9,947
Other noncurrent assets	955	935
TOTAL ASSETS	\$131,383	\$129,218
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$3,290	\$2,192
Accrued liabilities	6,012	3,786
Total current liabilities	9,302	5,978
Long-term liabilities	2,214	2,172
Total liabilities	11,516	8,150
Stockholders' equity:		
Common stock, \$0.001 par value, 100,000,000 shares authorized, 18,917,259 and 18,494,499 shares issued and outstanding at June 30, 2010 and December 31, 2009, respectively	19	18
Additional paid-in capital	138,768	138,141

Accumulated deficit	(18,946)	(17,122)
Accumulated other comprehensive income	26	31
Total stockholders' equity	119,867	121,068
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$131,383	\$129,218

PCTEL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)
(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
REVENUES	\$17,807	\$13,368	\$33,380	\$27,507
COST OF REVENUES	9,693	7,310	18,047	14,778
GROSS PROFIT	8,114	6,058	15,333	12,729
OPERATING EXPENSES:				
Research and development	3,088	2,649	6,173	5,337
Sales and marketing	2,526	1,914	4,785	3,996
General and administrative	2,925	2,543	5,477	5,076
Amortization of other intangible assets	776	553	1,539	1,106
Restructuring charges	490	340	490	493
Impairment of goodwill	-	-	-	1,485
Loss on sale of product lines and related note receivable	-	454	-	454
Royalties	-	(200)	-	(400)
Total operating expenses	9,805	8,253	18,464	17,547
OPERATING LOSS	(1,691)	(2,195)	(3,131)	(4,818)
Other income, net	87	201	246	366
LOSS BEFORE INCOME TAXES	(1,604)	(1,994)	(2,885)	(4,452)
Benefit for income taxes	(575)	(700)	(1,061)	(1,296)
NET LOSS	(\$1,029)	(\$1,294)	(\$1,824)	(\$3,156)
Basic Earnings per Share:				
Net Loss	(\$0.06)	(\$0.07)	(\$0.10)	(\$0.18)
Diluted Earnings per Share:				
Net Loss	(\$0.06)	(\$0.07)	(\$0.10)	(\$0.18)
Weighted average shares - Basic	17,540	17,616	17,454	17,583
Weighted average shares - Diluted	17,540	17,616	17,454	17,583

Reconciliation GAAP To non-GAAP Results Of Operations (unaudited)
(in thousands except per share information)

Reconciliation of GAAP operating income to non-GAAP operating income (a)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Operating Loss	(\$1,691)	(\$2,195)	(\$3,131)	(\$4,818)
(a) Add:				
Amortization of intangible assets	776	553	1,539	1,106
Restructuring charges	490	340	490	493
Impairment of goodwill	-	-	-	1,485
Loss on sale of product lines and related note receivable	-	454	-	454
-Cost of Goods Sold	165	75	256	187
-Engineering	205	205	354	344
-Sales & Marketing	273	149	481	287
-General & Administrative	912	719	1,416	1,149
	2,821	2,495	4,536	5,505
Non-GAAP Operating Income	\$1,130	\$300	\$1,405	\$687

% of revenue	6.3%	2.2%	4.2%	2.5%
Reconciliation of GAAP net income to non-GAAP net income (b)				
	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net Loss	(\$1,029)	(\$1,294)	(\$1,824)	(\$3,156)
Add:				
(a) Non-GAAP adjustment to operating loss	2,821	2,495	4,536	5,505
(b) Income Taxes	(794)	(787)	(1,358)	(1,482)
	2,027	1,708	3,178	4,023
Non-GAAP Net Income	\$998	\$414	\$1,354	\$867
Basic Earnings per Share:				
Non-GAAP Net Income	\$0.06	\$0.02	\$0.08	\$0.05
Diluted Earnings per Share:				
Non-GAAP Net Income	\$0.06	\$0.02	\$0.08	\$0.05
Weighted average shares - Basic	17,540	17,616	17,454	17,583
Weighted average shares - Diluted	17,823	17,616	18,015	17,764

This schedule reconciles the company's GAAP operating income and GAAP net income to its non-GAAP operating income and non-GAAP net income. The company believes that presentation of this schedule 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.

(a) These adjustments reflect stock based compensation expense, amortization of intangible assets, restructuring charges and impairment charges

(b) These adjustments include the items described in footnote (a) as well as the non-cash income tax expense

SOURCE: PCTEL, Inc.

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