



August 6, 2002

## **PCTEL Announces Results of Operations for the Second Quarter of 2002**

MILPITAS, Calif., Aug. 6 -- PCTEL, Inc. (Nasdaq: PCTI - News), a leading provider of Internet access products, today announced financial results for the second quarter of 2002. Total revenue was \$9.6 million for the second quarter of 2002 compared to \$12.3 million reported in the second quarter of 2001. Net loss for the second quarter of 2002 was \$(0.1) million, or \$(0.01) per diluted share, compared to a net loss of \$(7.8) million, or \$(0.41) per share reported in the second quarter of 2001.

We are pleased that core product and licensing revenue, which excludes favorable one-time items in the first quarter, grew 23% in sequential quarters. Customer inventories, which had reached excessive levels in 2001, returned to manageable levels for key customers during the quarter. This was one quarter earlier than anticipated for our largest customer of 2001.

The second quarter 2002 earnings results included three significant events impacting costs. The company was able to utilize \$1.5 million of inventory that was previously reserved as excess in the third quarter of 2001. This amount was brought back to income in the quarter. The second was a \$0.6 million restructuring charge related to the reduction in force of resources focused on modem products. The reductions were taken in June. The company acquired the assets and key employees of cyberPixie, a provider of wireless local area network software products. The transaction was concluded in early June and the second quarter's results include approximately one month of costs associated with the engineering resources acquired.

Cash and short-term investments ended the quarter at \$111.0 million. The company continues to have no debt.

"We had three goals for this quarter," said Marty Singer, PCTEL's chairman and CEO. "They were to grow core product and licensing revenue from the first quarter, acquire wireless software assets, and continue to address the cost structure focused on our modem products. We accomplished these goals. Our core product revenue is up, we successfully completed the acquisition of an innovative wireless software company, and the headcount focused on our modem products is 50% of what it was in October 2001," added Singer.

### **CONFERENCE CALL / WEBCAST**

The company will hold a conference call at 2:00 PM PDT (5:00 PM EDT) today with Marty Singer, chairman and chief executive officer, and John Schoen, chief operating officer and chief financial officer. The session will include brief remarks, and can be accessed by calling 800-374-0092 (domestic) or 706-679-0409 (international).

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

REPLAY: The replay will be available on PCTEL's web site at [www.pctel.com](http://www.pctel.com) or by calling 800-642-1687 (domestic) or 706-645-9291 (international); access code: 4856636.

### **ABOUT PCTEL**

PCTEL, founded in March 1994, is leading the evolution of innovative, cost-effective Internet access solutions, including analog soft modems, embedded DSP-based modems, and the latest high speed wireless technology. The company's market leadership is built upon a wide-ranging and comprehensive portfolio of more than 80 analog and broadband communications patents, issued or pending, including the key and essential patents for Host Signal Processing (HSP) modem technology. PCTEL products are available to PC and data communications equipment manufacturers. PCTEL is located at 1331 California Circle, Milpitas, CA., 95035. Telephone: 408-965-2100. Fax: 408-895-0178. For more information on PCTEL products, visit the PCTEL website at <http://www.pctel.com>.

### **Safe Harbor Statement**

This press release contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Specifically, statements regarding PCTEL's future business prospects are forward looking statements within the meaning of the safe harbor, including but not limited to statements, regarding the manageability of channel inventories. 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. These risks and uncertainties include, but are not limited to; the demand for personal computers and the markets addressed by the company's and its customers' products; the cyclical nature of the semiconductor and PC industries; demand for and market acceptance of new alternative Internet access devices; our ability to successfully address the cost structure of our modem products; our success at developing and sustaining our wireless business; and the ability to develop and implement new technologies and to obtain protection for the related intellectual property. The risks and uncertainties in the company's business, including but not limited to those detailed from time to time in the company's Securities and Exchange Commission filings, can affect results. These forward-looking statements are made only as of the date hereof, and the company disclaims any obligation to update or revise the information contained in any forward-looking statements, whether as a result of new information, future events or otherwise.

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PCTEL, Inc.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
REVENUES	\$9,557	\$12,255	\$19,899	\$28,706
COST OF REVENUES	5,568	8,899	10,794	20,232
INVENTORY RECOVERY	(1,553)	--	(1,553)	--
GROSS PROFIT	5,542	3,356	10,658	8,474
OPERATING EXPENSES:				
Research and development	2,761	2,810	5,157	6,278
Sales and marketing	1,853	3,213	3,491	6,689
General and administrative	1,142	2,914	2,608	5,081
Amortization of goodwill and other intangible assets	--	949	--	1,895
Restructuring charges	647	1,583	647	2,107
Amortization of deferred compensation	183	261	358	554
Total operating expenses	6,586	11,730	12,261	22,604
LOSS FROM OPERATIONS	(1,044)	(8,374)	(1,603)	(14,130)
OTHER INCOME, NET:				
Other income, net	937	1,704	1,990	3,466
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	(107)	(6,670)	387	(10,664)
PROVISION FOR INCOME TAXES	31	1,114	63	16
NET INCOME (LOSS)	\$(138)	\$(7,784)	\$324	\$(10,680)
Basic earnings (loss) per share	\$(0.01)	\$(0.41)	\$0.02	\$(0.56)

Shares used in computing basic earnings per share	19,933	19,206	19,827	19,090
Diluted earnings (loss) per share	\$(0.01)	\$(0.41)	\$0.02	\$(0.56)
Shares used in computing diluted earnings per share	19,933	19,206	20,042	19,090

PCTEL, Inc.

Condensed Consolidated Balance Sheets  
(in thousands, except share information)

	June 30, 2002 (unaudited)	December 31, 2001
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$40,529	\$38,393
Short-term investments	70,520	87,235
Accounts receivable, net	2,680	2,849
Inventories, net	1,586	2,870
Prepaid expenses and other assets	5,160	5,055
Deferred tax asset	400	400
Total current assets	120,875	136,802
PROPERTY AND EQUIPMENT, net	2,290	2,769
GOODWILL AND OTHER INTANGIBLE ASSETS, net	1,772	384
OTHER ASSETS	3,159	228
TOTAL ASSETS	\$128,096	\$140,183
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$1,216	\$4,944
Accrued royalties	3,299	12,343
Income taxes payable	5,559	5,573
Accrued liabilities	7,480	9,421
Current portion of long-term liabilities	16	--
Total current liabilities	17,570	32,281
LONG-TERM LIABILITIES	63	141
Total liabilities	17,633	32,422
STOCKHOLDERS' EQUITY:		
Common stock	20	20
Additional paid-in capital	152,936	150,319
Deferred compensation	(1,006)	(1,158)
Retained earnings (deficit)	(41,908)	(42,232)
Accumulated other comprehensive income	421	812
Total stockholders' equity	110,463	107,761
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$128,096	\$140,183