



August 3, 2004

## **PCTEL Posts \$11.5 Million In Second Quarter Revenue**

### **Wireless Revenue Up 349% Over Second Quarter Last Year**

CHICAGO, Aug 3, 2004 (BUSINESS WIRE) -- PCTEL, Inc. (NASDAQ:PCTI), a global leader in simplifying mobility, today announced financial results for the second quarter ended June 30, 2004. This was the fourth full quarter of operating results following the company's sale of its legacy HSP modem product line to Conexant (NASDAQ:CNXT) in May 2003 as part of PCTEL's well-established wireless transition plan.

Total revenue was \$11.5 million for the second quarter of 2004, including \$10.1 million of wireless product revenue and \$1.4 million of licensing revenue. This compares to \$10.2 million of revenue in the second quarter 2003, which included \$2.3 million of wireless revenue, \$0.9 million of licensing revenue, and \$7.0 million of HSP modem revenue. The increase in wireless revenue was primarily due to the acquisition of MAXRAD in the first quarter 2004, wireless carrier contract wins to date for the Company's Mobility Solutions software products, and increased demand for its wireless test products through the RF Solutions Group.

Net loss for the second quarter of 2004 was \$(0.7) million, or \$(0.03) per diluted share, compared to net income of \$1.1 million, or \$0.05 per diluted share reported in the second quarter of 2003. The second quarter last year included a net gain on the HSP modem sale of \$1.8 million, which was comprised of a \$4.3 million gain offset by \$2.5 million of related restructuring cost.

"We continue to deliver what we promised to the industry and our stockholders: products that simplify mobility and predictable financial performance," said Marty Singer, PCTEL's Chairman and CEO. "In the second quarter, we launched new connectivity tools with T-Mobile and GoRemote; penetrated new markets with our CLARIFY™ Interference Management System and our UMTS scanners; and expanded our portfolio of WiFi and broadband antennas. PCTEL continues to build upon the three new business platforms that we acquired over the past two years. Going forward, we expect to begin to realize the benefits from our efforts in integrating our sales and marketing across our three product groups," added Singer.

Cash and short-term investments on June 30, 2004 were \$103.6 million, a decrease of \$3.8 million from the first quarter of 2004. The decrease is primarily attributed to increases in working capital and the stock buyback program. As of June 30, 2004, the company has repurchased 1.71 million out of the 2.5 million shares authorized by the Board of Directors under its share buyback program. The company repurchased 170,300 of its shares during the quarter just ended.

#### **CONFERENCE CALL / WEBCAST**

The company will hold a conference call at 4:00 PM CDT (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) 545-9583 (U.S. / Canada) or (973) 317-5317 (international).

To listen via the Internet, please visit, [www.pctel.com](http://www.pctel.com), or <http://www.shareholder.com/pctel/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 (800) 428-6051 (U.S. / Canada) or (973) 709-2089 (international) access code: 361989.

#### **About PCTEL**

PCTEL (NASDAQ:PCTI), founded in March 1994, is a global leader in simplifying mobility. PCTEL's Mobility Solutions' software tools simplify installation, roaming, Internet access and billing. PCTEL's RF Solutions' portfolio of OEM receivers and receiver-based products, measure and monitor cellular networks. PCTEL's MAXRAD Product Group designs, distributes, and supports innovative antenna solutions that facilitate and simplify wireless communications. PCTEL protects its leadership position with a portfolio of more than 130 analog and broadband communications and wireless patents, issued or pending, including key and essential patents for modem technology. The company's products are sold or licensed to PC manufacturers, PC card and board manufacturers, wireless carriers, wireless ISPs, distributors, wireless test and measurement companies, and system integrators. 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 its future business prospects and 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 risks inherent in potential acquisitions. 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 June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
REVENUES	\$11,498	\$10,176	\$22,188	\$23,258
COST OF REVENUES	4,233	4,210	8,002	12,117
INVENTORY RECOVERY	-	(452)	-	(1,800)
GROSS PROFIT	7,265	6,418	14,186	12,941
OPERATING EXPENSES:				
Research and development	2,127	2,183	4,158	4,301
Sales and marketing	2,536	1,892	5,470	4,154
General and administrative	3,223	2,800	6,398	4,651
Amortization of other intangible assets	711	339	1,422	438
Acquired in-process research and development	-	-	-	1,100
Restructuring charges	(8)	2,496	(59)	2,651
Gain on sale of assets and related royalties	(500)	(4,332)	(1,000)	(4,332)
Amortization of deferred compensation	345	241	655	540
Total operating expenses	8,434	5,619	17,044	13,503
INCOME (LOSS) FROM OPERATIONS	(1,169)	799	(2,858)	(562)
OTHER INCOME, NET	271	334	510	829
INCOME (LOSS) BEFORE PROVISION (BENEFIT) FOR INCOME TAXES	(898)	1,133	(2,348)	267
PROVISION (BENEFIT) FOR INCOME TAXES	(190)	29	(1,172)	93
NET INCOME (LOSS)	\$ (708)	\$ 1,104	\$ (1,176)	\$ 174
Basic earnings (loss) per share	\$ (0.03)	\$ 0.06	\$ (0.06)	\$ 0.01

Shares used in computing basic earnings (loss) per share	20,259	19,469	20,074	19,733
Diluted earnings (loss) per share	\$ (0.03)	\$ 0.05	\$ (0.06)	\$ 0.01
Shares used in computing diluted earnings (loss) per share	20,259	20,807	20,074	20,635

PCTEL, Inc.

Consolidated Condensed Balance Sheets  
(unaudited, in thousands)

	June 30, 2004	December 31, 2003
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ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$101,451	\$106,007
Restricted cash	278	278
Short-term investments	1,861	19,177
Accounts receivable, net	7,403	3,630
Inventories, net	3,367	1,267
Prepaid expenses and other assets	3,491	1,929
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Total current assets	117,851	132,288
PROPERTY AND EQUIPMENT, net	4,528	1,197
GOODWILL	11,662	5,561
OTHER INTANGIBLE ASSETS, net	9,618	4,140
OTHER ASSETS	70	55
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TOTAL ASSETS	\$143,729	\$143,241
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LIABILITIES AND STOCKHOLDERS' EQUITY		
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CURRENT LIABILITIES:		
Accounts payable	\$ 1,613	\$ 333
Accrued royalties	3,213	3,208
Income taxes payable	5,456	7,359
Deferred revenue	1,832	2,960
Accrued liabilities	5,333	5,739
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Total current liabilities	17,447	19,599
LONG-TERM LIABILITIES	366	736
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Total liabilities	17,813	20,335
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STOCKHOLDERS' EQUITY:		
Common stock	21	20
Additional paid-in capital	161,842	155,548
Deferred compensation	(4,629)	(2,552)
Accumulated deficit	(31,377)	(30,201)
Accumulated other comprehensive income	59	91
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Total stockholders' equity	125,916	122,906
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$143,729	\$143,241
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SOURCE: PCTEL, Inc.

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