



April 30, 2002

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

MILPITAS, Calif., April 30 /PRNewswire-FirstCall/ -- PCTEL, Inc. (Nasdaq: PCTI), a leading provider of personal connectivity and Internet access technology, today announced results for the first quarter of 2002. The company announced an increase in product and licensing revenue, significant reduction in operating expenses, and a continued strong balance sheet position.

### **Sequential Quarter Analysis**

First quarter total revenue was \$10.3 million, comprised of \$7.8 million of core product and licensing revenue, a one time royalty payment of \$2.0 million, pursuant to a licensing agreement entered into during the quarter, and recovery of \$0.5 million in previously reserved accounts receivable. This compares to fourth quarter total revenue of \$7.5 million, comprised of \$4.7 million of product and licensing revenue and collection of \$2.8 million of previously reserved accounts receivable. Net income for the quarter was \$462,000 or \$0.02 per diluted share. This compares to a net loss of \$(6.1) million, or \$(0.31) per diluted share, in the fourth quarter of last year. The improvement in net income reflects the sequential increase in core product and licensing revenue, the one-time royalty payment, and the further reduction of operating expenses. The cost reduction programs initiated in the fourth quarter were in place for the entire first quarter and the company's standard operating expenses declined from \$9.9 million to \$5.7 million.

During the first quarter, the company settled its two outstanding patent lawsuits. The first was with ESS Technologies. The settlement required ESS to make an initial license payment of \$2.0 million to PCTEL and future royalty payments based on the terms under the settlement agreement. The second was with Dr. Brent Townshend. Under the Settlement Agreement, PCTEL made a cash payment of \$14.3 million related to royalties on the company's shipments prior to 2002 and the prepayment of future royalties. The company is not in litigation with any parties at this time.

The company's balance sheet remains strong. Cash and short-term investments ended the quarter at \$111.8 million, with no debt.

"We had four goals for the second 90 days of the new management team," said Marty Singer, PCTEL's chairman and CEO. "They were to grow product revenues, eliminate areas of unnecessary cost, bring our patent litigation matters to a successful conclusion, and recruit leadership for our wireless efforts. Now that we have accomplished those immediate goals we are turning our attention to strategic investments and additional cost reductions in our legacy business. We have been very active in both of these areas," added Singer.

### **Year Over Year Quarter Analysis**

Quarterly revenue declined sequentially in each of the first three quarters of 2001 due to the slow down in the PC industry and related build up of inventory in the channel. The company saw product and licensing revenue decline from a high of \$16.5 million in the first quarter to a low of \$4.7 million in each of the third and fourth quarters last year. Channel inventories have returned to manageable levels for most of our customers, as reflected in the first quarter 2002 revenue. Net income increased to \$462,000, or \$0.02 per diluted share, from a net loss of \$(2.9) million, or \$(0.15) per diluted share, from a year ago. The increase in income is primarily attributed to the one time royalty payment in 2002 and reduction of operating expenses from \$10.9 million last year's first quarter to \$5.7 million this year's first quarter.

### **CONFERENCE CALL / WEBCAST**

The company will hold a conference call at 2:00 p.m. PDT (5:00 p.m. 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 800-633-8548 (domestic) or 212-346-6576 (international).

To listen via the Internet, please visit <http://www.pctel.com>, or <http://www.videonewswire.com/event.asp?id=4583>.

REPLAY: The replay will be available on PCTEL's web site at <http://www.pctel.com> or by calling (800) 633-8284 (domestic) or (858) 812-6440 (international); access code: 20542127.

## ABOUT PCTEL

PCTEL, founded in March 1994, is a leading provider of innovative, cost-effective Internet access solutions, including analog soft modems, and embedded DSP-based modems. The company 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, regarding the company's intent to enter future markets other than the analog modem business. 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; 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.

PCTEL, Inc.

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

|  | Three Months Ended |           |
|--|--------------------|-----------|
|  | March 31,          |           |
|  | 2002               | 2001      |
|  | (Unaudited)        |           |
| REVENUES   | \$10,342           | \$16,451  |
| COST OF REVENUES   | 5,226              | 11,333    |
| GROSS PROFIT   | 5,116              | 5,118     |
| OPERATING EXPENSES:  |                    |           |
| Research and development                                     | 2,396              | 3,468     |
| Sales and marketing  | 1,638              | 3,476     |
| General and administrative                                   | 1,466              | 2,167     |
| Amortization of goodwill and other<br>intangible assets      | --                 | 946       |
| Restructuring charges  | --                 | 524       |
| Amortization of deferred compensation                        | 175                | 293       |
| Total operating expenses                                     | 5,675              | 10,874    |
| LOSS FROM OPERATIONS   | (559)              | (5,756)   |
| OTHER INCOME, NET:   |                    |           |
| Other income, net  | 1,053              | 1,762     |
| INCOME (LOSS) BEFORE PROVISION<br>(BENEFIT) FOR INCOME TAXES | 494                | (3,994)   |
| PROVISION (BENEFIT) FOR INCOME TAXES                         | 32                 | (1,098)   |
| NET INCOME (LOSS)  | \$462              | \$(2,896) |
| Basic earnings (loss) per share                              | \$0.02             | \$(0.15)  |

|  |        |          |
|--|--------|----------|
| Shares used in computing basic earnings<br>per share   | 19,720 | 18,973   |
| Diluted earnings (loss) per share                      | \$0.02 | \$(0.15) |
| Shares used in computing diluted<br>earnings per share | 19,868 | 18,973   |

PCTEL, Inc.

Condensed Consolidated Balance Sheets  
(in thousands)

|  | March 31,<br>2002<br>(Unaudited) | December 31,<br>2001 |
|--|----------------------------------|----------------------|
| ASSETS                                     |                                  |                      |
| CURRENT ASSETS:                            |                                  |                      |
| Cash and cash equivalents                  | \$21,665                         | \$38,393             |
| Short-term investments                     | 90,166                           | 87,235               |
| Accounts receivable, net                   | 2,256                            | 2,849                |
| Inventories, net                           | 1,296                            | 2,870                |
| Prepaid expenses and other assets          | 5,435                            | 5,055                |
| Deferred tax asset                         | 400                              | 400                  |
| Total current assets                       | 121,218                          | 136,802              |
| PROPERTY AND EQUIPMENT, net                | 2,368                            | 2,769                |
| GOODWILL, net                              | 384                              | 384                  |
| OTHER ASSETS                               | 3,083                            | 228                  |
| TOTAL ASSETS                               | \$127,053                        | \$140,183            |
| LIABILITIES AND STOCKHOLDERS' EQUITY       |                                  |                      |
| CURRENT LIABILITIES:                       |                                  |                      |
| Accounts payable                           | \$1,582                          | \$4,944              |
| Accrued royalties                          | 3,202                            | 12,343               |
| Income taxes payable                       | 5,573                            | 5,573                |
| Accrued liabilities                        | 7,327                            | 9,421                |
| Total current liabilities                  | 17,684                           | 32,281               |
| LONG-TERM LIABILITIES                      | --                               | 141                  |
| Total liabilities                          | 17,684                           | 32,422               |
| STOCKHOLDERS' EQUITY:                      |                                  |                      |
| Common stock                               | 20                               | 20                   |
| Additional paid-in capital                 | 152,060                          | 150,319              |
| Deferred compensation                      | (1,293)                          | (1,158)              |
| Accumulated deficit                        | (41,770)                         | (42,232)             |
| Accumulated other comprehensive income     | 352                              | 812                  |
| Total stockholders' equity                 | 109,369                          | 107,761              |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$127,053                        | \$140,183            |