



January 29, 2003

PCTEL Announces Strong Fourth Quarter Results; 2002 Revenues Up 19 Percent Over 2001

Company Increases Fourth Quarter Revenue by 117 Percent Compared to Same Quarter in 2001

CHICAGO, Jan 29, 2003 /PRNewswire-FirstCall via Comtex/ --

PCTEL, Inc. (Nasdaq: PCTI), a leading provider of Internet access products and 802.11 mobility software, today announced financial results for the fourth quarter of 2002. Total revenue was \$16.3 million for the fourth quarter of 2002 compared to \$7.5 million reported in the fourth quarter of 2001. Net income for the fourth quarter of 2002 was \$2.6 million, or \$0.13 per diluted share, compared to a net loss of \$(6.1) million, or \$(0.31) per share reported in the fourth quarter of 2001. The company has now delivered its fifth sequential improvement in quarterly product revenues.

Total fourth quarter revenue increased \$3.8 million, or 30 percent from \$12.5 million in the third quarter of 2002 due to stronger modem sales. The company's HSP product sales enabled the utilization of \$1.9 million of inventory that was previously reserved as excess in the third quarter of 2001. This utilization of reserved inventory favorably impacted product margins and net income for the quarter. In addition, product margins were favorably impacted by \$1.0 million in licensing revenue that was generated in the fourth quarter of 2002.

Cash and short-term investments ended the quarter at \$111.7 million compared to \$112.2 million at the end of the third quarter 2002. During the fourth quarter the company used \$4.5 million of cash to purchase 650,000 shares of the company's stock pursuant to a one million-share stock buyback program announced in August 2002. The company plans to continue its share buyback program.

For the year, the company's revenue was \$48.8 million, an increase of \$7.8 million or 19% over last year. Operating expenses declined from \$61.2 million to \$24.8 million from 2001 to 2002, and earnings grew to \$6.2 million compared to a loss of \$58.2 million in 2001. During 2002, the company shipped approximately 12 million HSP modems and initial shipments of its Segue (TM) Roaming Client and Segue(TM) Network Gateways, its Wi-Fi infrastructure product.

"The third quarter results suggested that our revenue and earnings were beginning to reflect the company's efforts over the past year," said Marty Singer, PCTEL's Chairman and CEO. "The fourth quarter results confirm that we are, indeed, making progress. We continue to manage our costs as we develop revenue momentum, and we appear to have secured a significant share of the notebook computer soft modem market. We now look forward to achieving traction with our new Wi-Fi products. We hope that 2003 will be a year of strategic as well as tactical progress."

CONFERENCE CALL / WEBCAST

The company will hold a conference call at 4:00 PM CST (5:00 PM EST) tomorrow 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) 915-4836 (U.S. / Canada) or (973) 317-5319 (international) Conference ID 5864704.

To listen via the Internet, please visit, 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 or by calling (800) 428-6051 (U.S. / Canada) or (973) 709-2089 (international); access code: 280838.

About PCTEL

PCTEL, founded in March 1994, is a leading provider of innovative and cost-effective Internet access solutions. PCTEL's products include analog soft modems, DSP-based modems and WLAN software products (Segue(TM) Product Line) that simplify installation, roaming, Internet access and billing. The company maintains a portfolio of more than 80 analog and broadband communications and wireless patents, issued or pending, including key and essential patents for modem technology. The company's products are sold to PC manufacturers, PC board and card manufacturers, wireless carriers, wireless ISPs, software distributors, and system integrators. PCTEL headquarters are located at 8725 West Higgins Road,

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 future business prospects, including its ability to achieve continued revenue growth; its ability to continue to reduce its operating expenses; its intention to repurchase additional shares of its common stock; its expectations regarding the future growth of its wireless business; its ability to improve its return on investment from its intellectual property assets; and its ability to complete strategic transactions, including any acquisition transaction whether accretive or not, 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. These risks and uncertainties include, but are not limited to: the demand for personal computers and the markets addressed by PCTEL'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; PCTEL's success at developing and growing its wireless business; PCTEL's ability to develop and implement new technologies and to obtain protection for the related intellectual property; risks associated with potential acquisitions, including integration risks and the diversion of management attention; competitive risks, including, but not limited to, competitive pricing pressures and PCTEL's ability to correctly forecast the requirements of customers and end users. Operating and financial results can also be affected by market conditions resulting in revenues deviating from projections, increased operating expenses, additions to reserve positions, lower gross margins and higher working capital ratios. These risks and uncertainties and others that relate to PCTEL's business, financial condition and future operating results, including, but not limited to, those detailed from time to time in PCTEL's Securities and Exchange Commission filings, can affect actual results. 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.

Consolidated Condensed Statements of Operations

(in thousands, except per share information)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2002	2001	2002	2001
(Unaudited)				
REVENUES	\$16,332	\$7,527	\$48,779	\$40,971
COST OF REVENUES	9,566	2,597	27,841	27,899
INVENTORY LOSSES (RECOVERY)	(1,873)	(368)	(7,221)	10,920
GROSS PROFIT	8,639	5,298	28,159	2,152
OPERATING EXPENSES:				
Research and development	2,343	2,452	9,977	11,554
Sales and marketing	2,273	1,915	7,668	10,926
General and administrative	1,699	5,277	5,555	14,023
Amortization of goodwill and other intangible assets	38	146	88	3,068
Goodwill impairment	-	1,225	-	16,775
Restructuring charges	115	1,406	850	3,787
Amortization of deferred compensation	159	238	687	1,081
Total operating expenses	6,627	12,659	24,825	61,214
INCOME (LOSS) FROM OPERATIONS	2,012	(7,361)	3,334	(59,062)
OTHER INCOME, NET:				
Other income, net	623	1,279	3,254	6,154
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	2,635	(6,082)	6,588	(52,908)
PROVISION FOR INCOME TAXES	20	21	435	5,311
NET INCOME (LOSS)	\$2,615	\$(6,103)	\$6,153	\$(58,219)

Basic earnings (loss)				
per share	\$0.13	\$(0.31)	\$0.31	\$(3.02)
Shares used in computing				
basic earnings (loss)				
per share	19,599	19,494	19,806	19,275
Diluted earnings (loss)				
per share	\$0.13	\$(0.31)	\$0.31	\$(3.02)
Shares used in computing				
diluted earnings (loss)				
per share	19,740	19,494	20,004	19,275

PCTEL, Inc.

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

	December 31, 2002	December 31, 2001
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$53,333	\$38,393
Short-term investments	58,405	87,235
Accounts receivable, net	5,379	2,849
Inventories, net	1,115	2,870
Prepaid expenses and other assets	5,144	5,055
Deferred tax asset	-	400
Total current assets	123,376	136,802
PROPERTY AND EQUIPMENT, net	1,532	2,769
GOODWILL AND OTHER INTANGIBLE ASSETS, net	1,620	384
OTHER ASSETS	2,898	228
TOTAL ASSETS	\$129,426	\$140,183
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$1,498	\$4,944
Accrued royalties	3,658	12,343
Income taxes payable	6,289	5,573
Accrued liabilities	5,313	9,421
Total current liabilities	16,758	32,281
LONG-TERM LIABILITIES	115	141
Total liabilities	16,873	32,422
STOCKHOLDERS' EQUITY:		
Common stock	20	20
Additional paid-in capital	152,272	150,319
Deferred compensation	(3,958)	(1,158)
Retained deficit	(36,079)	(42,232)
Accumulated other comprehensive income	298	812
Total stockholders' equity	112,553	107,761
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$129,426	\$140,183

SOURCE PCTEL, Inc.

John Schoen, COO-CFO, +1-773-243-3000, john_schoen@pctel.com ,
or Jack Seller, Director, Marketing & PR, +1-773-243-3016,
jack_seller@pctel.com , both of PCTEL, Inc.

<http://www.prnewswire.com>

Copyright (C) 2003 PR Newswire. All rights reserved.

News Provided by COMTEX