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NVEC fails to solve Cypress' MRAM problems.

On October 15, 2001 Cypress Semiconductor Corporation (NYSE: CY, \$20.71) created a new subsidiary called Silicon Magnetic Systems, Inc. ("SMS") to develop Magnetoresistive Random Access Memory ("MRAM") chips. Cypress "slated" up to \$60 million to fund SMS' MRAM research programs. On April 12, 2002 Cypress paid \$6.2 million for a royalty-free license and ownership interest of NVE Corporation's (NASDAQ: NVEC, \$50.83) entire allegedly valuable MRAM technology and 26.2% of the company.

On May 2, 2002 Cypress' President T.J. Rodgers spoke about Cypress' MRAM development program at the company's annual shareholders meeting and stated that there were 550 designers working with SMS on the project. On May 6, 2002 the Electronic Buyers News wrote that Rodgers' goal was to have samples by August 2002 and quoted Rodgers stating "I hope to have 256,000 bits by the end of the year." Neither goal was met. On a January 23, 2003 conference call Rodgers stated that magnetic memory "is the single most difficult technical problem I've ever been associated with." Obviously, NVE's allegedly valuable MRAM technology was not the solution. On September 5, 2003 Cypress simultaneously announced that it had sold all its NVE stock and that its "MRAM development is taking slightly longer than expected."

NVE will not receive any direct or indirect payments of any kind whether or not Cypress ever samples an MRAM chip, and whether or not Cypress' sample can be manufactured with competitive line width and yields. NVE has no interest or right to Cypress' MRAM technology. Cypress is the sole owner of its MRAM technology. Furthermore, Cypress has *de facto* proven that NVE's MRAM technology can not be readily translated into even a sample of a possible commercial product. Cypress has a great economic incentive to hide this plain fact from NVE's shareholders. It cost Cypress nothing to hype NVE. On the contrary Cypress has been well paid to promote NVE.

On July 18, 2002 Rodgers kicked-off Cypress' NVE stock promotion by telling his listeners that NVE is a public company. Rodgers did not disclose that NVE was a 13 year-old defunct private company that had been merged into an empty public shell or that NVE was trading on the over-the-counter bulletin board when NVE basically paid Cypress to take its MRAM technology.

SMS is a 20% employee-owned subsidiary. Cypress has been criticized by corporate governance expert Greg Taxin, the CEO of Glass, Lewis & Co., for granting its employees options in its subsidiaries. Jeffrey K. Kaszubinski is Officer of Cypress and SMS' President and Chief Executive Officer. He is also an NVE Director and has held a personal interest in NVE shares.

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