

NASDAQ Symbol:	MATH	Market Capitalization:	53.3 M
Fiscal Year Ends:	Dec. 31	Shares Outstanding:	45.9 M
52 Week High/Low:	\$5.36-\$1.04	Average Volume (3 M):	191,970



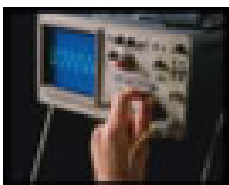
Professional Video



Machine Vision



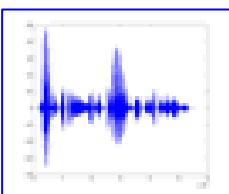
Military Aerospace



Test & Measurement



Medical Imaging



Digital Signal Processing

About MathStar

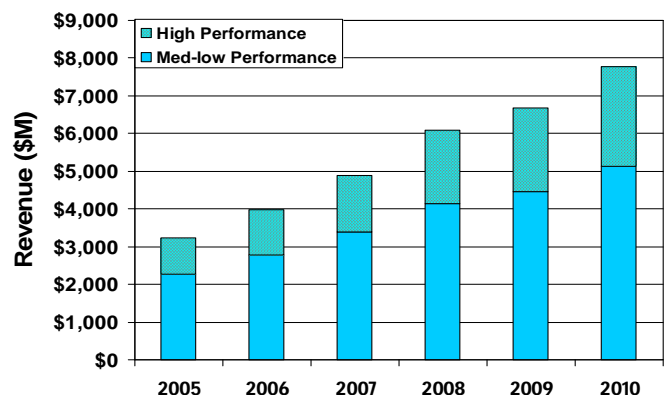
MathStar is a fabless semiconductor company that designs, manufactures and markets a new class of logic platform chips called "Field Programmable Object Arrays," or FPOAs. FPOAs are high-performance, reprogrammable integrated circuits that process logic functions at a clock rate up to 1 GHz. MathStar's FPOA offers up to four times the performance of commercially available FPGAs.

An FPOA consists of silicon objects arranged in an internal grid pattern, memory and input/outputs. The object grid is overlaid with a patented, high-speed interconnect system creating the silicon object array. This array of objects and interconnect matrix is programmed to execute unique customer applications. FPOAs provide a new way of implementing high-performance algorithmic functions in silicon integrated circuits. They are not programmed at the gate level but instead are programmed at the silicon object level, which reduces development time and cost as compared to other methods of chip design. We believe that FPOAs are ideally suited to implement high-performance algorithmic functions in professional video, machine vision, military/aerospace, test and measurement, medical imaging and digital signal processing.

We are developing a library of different silicon object types that can be mixed and matched in the array in any pattern. Presently, our object types include arithmetic logic unit, truth table, register file and a multiply/accumulate unit. Each of these objects can be programmed to perform a number of different functions, thus enabling this relatively small number of object types to satisfy a range of applications. Each of the object types shares a common interface to the interconnect system. This interface allows us to quickly and easily add object types into the array and rearrange the objects within the array, to create new chips optimized for particular applications and algorithms. We plan to enhance the existing set of objects and develop new object types to continuously expand served markets.

What is the Market Opportunity?

FPGA Market – High Performance Segment \$1.1B to \$3B from 2006-2010



Total market estimate Gartner Q3'06 update High performance estimate Xilinx, Altera and MathStar estimates

Management Team**Doug Pihl**

President, CEO &
Chairman of the Board

Dan Sweeney

Chief Operating Officer

Jim Cruckshank

VP of Administration & CFO

Ron Bell

Chief Technology Officer

Tim Teckman

VP Engineering

Sean Riley

VP Sales & Marketing

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Recent Design Wins**Customer One**

Customer one is developing a MPEG-4 to MPEG-2 transcoder solution using MathStar's FPOA as the platform. This solution will enable customers in the hospitality industry to utilize their existing video infrastructure to deliver HDTV at significant cost savings.

Customer Two

Customer two's MPEG-2 video decoders are used in virtually every major commercial television station in the US and over 40 countries. They are developing an agile decoder using MathStar's FPOA that will allow broadcasters to electronically mix high definition (MPEG-4) programming with older existing content (MPEG-2) on a single video server.

Customer Three

Customer three is developing an IPTV bridge, using MathStar's FPOA, that will allow its customer (a large telecom service provider) to provide IPTV to high density housing (i.e. apartments) at a higher performance level and lower cost than other solutions. They chose MathStar's FPOA because of its ability to decode six to eight standard definition channels simultaneously.

Certified Design Centers**WIND RIVER****NUVATION****Global Distribution Partners**