



PRESS RELEASE

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FOR IMMEDIATE RELEASE

MathStar Announces Financial Results for Q4 and Fiscal Year 2007

Record Q4 and Fiscal Year Revenue

HILLSBORO, Ore., Feb. 19, 2008 -- MathStar, Inc. (NASDAQ: MATH), a fabless semiconductor company specializing in high-performance programmable logic, today announced results for its fourth quarter and fiscal 2007, ended Dec. 31, 2007. Revenue in the fourth quarter was \$313,000, compared with \$63,000 in the third quarter and \$7,000 in the same period last year. Total revenue for 2007 was \$588,000, compared with \$53,000 in 2006.

Net loss in the fourth quarter was \$5,970,000, or \$0.13 per share, compared with a net loss of \$5,699,000, or \$0.28 per share, in the same period last year. Net loss for 2007 was \$20,365,000, or \$0.59 per share, compared with \$22,643,000, or \$1.26 per share, for fiscal year 2006.

“We made significant progress during 2007, penetrating tier-one customers in the professional and broadcast video industry, such as LG and LodgeNet,” said Dan Sweeney, MathStar’s president and chief operating officer. “We believe that we are starting to see the revenue ramp for MathStar, as we demonstrate similar success with additional customers,” he added.

The company has scheduled its fourth quarter 2007 financial results conference call for Tuesday, Feb. 19, 2008 at 1:30 p.m. Pacific time. To listen to the call, please dial 303-205-0044 or 800-366-3964. A replay of the call will be made available on the company's website at <http://www.mathstar.com>.

About MathStar, Inc.

MathStar is a fabless semiconductor company offering best-in-class, high performance programmable logic solutions. MathStar's Field Programmable Object Array (FPOA) can process arithmetic and logic operations at clock rates at 1 gigahertz, which is up to four times faster than even the most advanced FPGA architectures in many

applications. MathStar's Arrix family of FPOAs are high-performance programmable solutions that enable customers in the machine vision, high-performance video, medical imaging, security and surveillance and military markets to rapidly and cost effectively innovate and differentiate their products. FPOAs are available now and are supported by development tools, IP libraries, application notes and technical documentation. For more information, please visit www.mathstar.com.

Statements in this press release, other than historical information, may be "forward-looking" in nature within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to various risks, uncertainties and assumptions. These statements are based on management's current expectations, estimates and projections about MathStar and its industry and include, but are not limited to, those set forth in the section of MathStar's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 14, 2007 under the heading "Risk Factors." MathStar undertakes no obligation to update any forward-looking statements in order to reflect events or circumstances that may arise after the date of this release.

MathStar, Inc.
Unaudited Balance Sheet
(in thousands)

	December 31,	December 31,
	2006	2007
Assets		
Current assets		
Cash and cash equivalents	\$ 12,891	\$ 4,339
Restricted cash	103	107
Investments – short term	-	22,200
Accounts receivable	14	271
Inventory	610	623
Prepaid expenses and other current assets	1,231	1,326
Total current assets	14,849	28,866
Property and equipment, net	487	557
Investments – long term	-	2,599
Other assets	278	435
Total assets	\$ 15,614	\$ 32,457
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 1,791	\$ 930
Deferred revenue	—	162
Accrued expenses	1,206	1,416
Total Current Liabilities	2,997	2,508

Long Term Liabilities	—	453
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Total liabilities	<u>2,997</u>	<u>2,961</u>
Stockholders' equity		
Common stock, \$0.01 par value; 90,000 shares authorized; 20,922 and 45,907 shares issued and outstanding at December 31, 2006 and December 31, 2007, respectively	209	459
Additional paid-in capital	118,545	155,539
Retained earnings	<u>(106,137)</u>	<u>(126,502)</u>
Total stockholders' equity	<u>12,617</u>	<u>29,496</u>
Total liabilities and stockholders' equity	<u>\$ 15,614</u>	<u>\$ 32,457</u>

MathStar, Inc
Unaudited Statement of Operations
(in thousands except for per share amounts)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2006	2007	2006	2007
Revenue	\$ 7	\$ 313	\$ 53	\$ 588
Cost of goods sold	98	474	126	655
Gross margin	(91)	(161)	(73)	(67)
Operating expenses:				
Research and development	3,797	4,060	14,090	12,447
Selling, general and administrative	2,002	2,132	9,133	8,865
Total Operating Expenses	5,799	6,192	23,223	21,312
Operating loss	(5,890)	(6,353)	(23,296)	(21,379)
Interest income	191	393	653	1,048
Other income /(loss), net	—	(10)	—	(34)
Net loss	\$ (5,699)	\$ (5,970)	\$ (22,643)	\$ (20,365)
Basic and diluted net loss per share	\$ (0.28)	\$ (0.13)	\$ (1.26)	\$ (0.59)
Weighted average basic and diluted shares outstanding	20,678	45,907	18,001	34,312