

MATRIX SEMICONDUCTOR ANNOUNCES SECOND GENERATION 3-D INTEGRATED CIRCUIT MEMORY TECHNOLOGY

Focuses On Mobile Devices - Targets Portable Video and Audio, Portable Games, Advanced Toys, and the Growing Installed Base of Multimedia Mobile Phones and Handheld Computers

SANTA CLARA, Calif., November 8, 2004 — Matrix Semiconductor, Inc. today announced that it has advanced its unique technology for manufacturing three-dimensional integrated circuits, an innovation that produces low-cost, high-density, semiconductor memory products, by building multiple layers of memory inside each chip making the most efficient use of a silicon wafer. Matrix® 3-D Memory (3DM) is a programmable, non-volatile memory and the first product line based on Matrix Semiconductor's technology.

The second generation of Matrix 3DM skips a number of nodes on the semiconductor industry's process roadmap, moving from the original 0.25-micron design rules to 0.15-micron. Matrix achieves this by using trailing-edge lithography techniques while uniquely leveraging the third dimension. By using this finer process with the third dimension, Matrix is able to derive low cost and more components per wafer than any other comparable memory product on today's market.

By offering the ease of one-time programmability, Matrix 3DM is able to cut production lead times for its customers from months to weeks relative to Mask ROM. This allows consumer electronics manufacturers and mobile content publishers to manage their supply chains more efficiently and properly align their businesses with market demand. In October 2004, Mattel was the first to disclose that Matrix 3DM was the publishing technology chosen for the Juice Box™, a portable video player targeted at the "tween" demographic.

Matrix Semiconductor has observed that conventional technologies for publishing digital content for advanced toys and portable digital devices do not meet many industries' requirements of low cost, high density, and fast turn-around time. These conventional technologies include Mask ROM and Flash Memory. The former is inflexible, requiring long lead times for customers, while the latter can be programmed close to market demand but remains expensive. Matrix 3DM offers the right combination of low-cost storage and fast time-to-market.

"By targeting Matrix 3DM at content publishing for mobile devices, we aim to do for portable devices what the PC CD-ROM did for multimedia content distribution in the early 1990's — offering a convenient, cost-effective, standards-compatible, way to deliver and share content for portable audio-video players, portable games, advanced toys, mobile phones, and handheld computers," said Dennis Segers, president and chief executive officer of Matrix Semiconductor. "We have closely analyzed the cost and supply-chain considerations related to publishing content and we are confident that Matrix 3-D Memory is the only technology that properly addresses the publishing needs of our target customers."

In August 2004, Matrix Semiconductor became the first programmable read-only memory (ROM) technology deemed completely compliant with the MultiMediaCard (MMC) standard by the MultiMediaCard Association, demonstrating that Matrix 3DM is ready for use in the emerging portable computing infrastructure. According to industry estimates, shipments of mobile handsets and handheld computers that feature memory card slots will double to 200 million by 2006. Matrix 3DM can be incorporated into any memory card format.

ABOUT MATRIX SEMICONDUCTOR

Matrix Semiconductor, Inc. is the creator and developer of the world's first three-dimensional integrated circuits. Matrix's first product, Matrix® 3-D Memory (3DM), is a low cost, high density product line of permanent, programmable, non-volatile memory that is compatible with existing standards. Matrix 3-D Memory accelerates time-to-market for publishers of digital content and is targeted for use in portable consumer electronic devices.

Privately held, Matrix is headquartered in Santa Clara, California. Additional information may be found at: http://www.matrixsemi.com

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MATRIX SEMICONDUCTOR DEVELOPS WORLD'S SMALLEST ONE-GIGABIT SILICON MEMORY, DOUBLING DENSITY IN LESS THAN ONE YEAR

Matrix Unveils Two Breakthrough Technologies, Segmented Wordline And Hybrid Scaling

SANTA CLARA, Calif., May 10, 2005 — Matrix Semiconductor today announced the world's smallest one-gigabit silicon memory at 31 square millimeters, the development of which was based on two technology breakthroughs that extend Matrix's leadership role in three-dimensional semiconductor design: Hybrid Scaling and the Segmented Wordline architecture. Through the use of these two innovations, Matrix was able to double Matrix® 3-D Memory's (3DM) bit capacity, using the same area of silicon, in less than one year. Matrix will continue to double density with each new version of its 3-D memory for years to come, providing high capacities at the lowest absolute silicon cost. Unique to a 3-D integrated circuit, Hybrid Scaling is the combination of different process geometries within the layers of a 3-D circuit. This approach takes Matrix 3DM's leading memory densities even further than predicted by Moore's Law.

The first use of Hybrid Scaling by Matrix features base logic layers manufactured at 150-nanometer rules and subsequent memory layers at 130-nanometer rules. This allows Matrix to shorten its development time and achieve faster time-to-market by increasing the number of memory bits possible on top of a given logic array. Furthermore, Matrix is able to attain this using existing 180-nanometer toolsets, achieving state-of-the-art results with mature, lower-cost, fabrication processes. Future products from Matrix will continue to use this manufacturing approach, at progressively more advanced design rules, to achieve the most cost-effective memories possible.

The Segmented Wordline architecture — for which Matrix received its 100th patent — minimizes the effect of non-memory logic circuitry on silicon utilization. In traditional memory designs, the amount of silicon not used in the memory array lowers the overall manufacturing efficiency of the memory chip. Matrix's three-dimensional approach alleviates this problem by building the memory array on top of the logic circuitry. The Segmented Wordline architecture results in a far more efficient use of silicon, reducing the die's area by nearly 25%.

"Matrix is the industry's leading innovator in the creation of three-dimensional integrated circuits," said Dennis Segers, president and CEO of Matrix Semiconductor. "The development of Hybrid Scaling and the Segmented Wordline architecture form the foundation for this new family of products and enable Matrix's roadmap to scale 3-D technology for years to come."

The combination of Hybrid Scaling and the Segmented Wordline architecture presents an accelerated, economical, and sustainable scalability advantage, which Matrix will continue to apply to future versions of Matrix 3DM. In maintaining a strategy of using mature manufacturing processes, Matrix ensures it will continue to scale 3DM to progressively higher levels of integration which will exceed those of memory products made using state-of-the-art planar techniques.

By the end of 2005, Matrix will have applied these technologies across all of the memory capacities it currently offers (128-, 256-, and 512-megabit) as well as the new one-gigabit 3-D memory. Samples of these new products are available this quarter, and will be shipping in volume to customers in 03 of 2005.

Matrix is the only company that builds integrated circuits in three dimensions producing cost-effective IC memory products by combining the supporting logic layers with multiple layers of memory on a single piece of silicon, making the most efficient use of a silicon wafer. Matrix 3DM is a permanent, programmable, non-volatile memory and the first product line developed by Matrix to be based on this technology. By using proven manufacturing techniques with the third dimension, Matrix derives lower cost and more components per wafer than any other comparable memory product on today's market.

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Matrix Semiconductor, Inc. is the creator and developer of the world's first three-dimensional integrated circuits. Matrix's first product, Matrix® 3-D Memory (3DM), is a low cost, high density line of permanent, programmable, non-volatile memory that is compatible with existing standards. Matrix 3-D Memory accelerates time-to-market for publishers of digital content and is targeted for use in portable consumer electronic devices.

Privately held, Matrix is headquartered in Santa Clara, California. Additional information may be found at: http://www.matrixsemi.com

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MATRIX AGREES TO ACQUISITION BY SANDISK

SUNNYVALE, Calif.--(BUSINESS WIRE)--Oct. 20, 2005--SanDisk® Corporation (NASDAQ:SNDK) and Matrix Semiconductor, Inc. today announced that they signed a definitive agreement for SanDisk to acquire Matrix. Matrix is a privately held company based in Santa Clara, California that has been developing and supplying 3-D integrated circuit (three dimensional) one-time programmable (OTP) technology since its inception in 1998. Matrix® 3-D Memory (3DM) is used for storage applications that do not require multiple rewrites and where low cost is the paramount consideration, such as video games, music and other content, or for archiving.

The Matrix technology can achieve low cost by building multiple layers of memory arrays on a standard silicon substrate so that active circuitry is not confined to the silicon surface but extends vertically as well. Because OTP technology is not rewritable once programmed, it complements rather than directly competes with Flash memory, which is rewritable but more costly. Matrix has over 100 U.S. issued patents in 3-D integrated circuit technology. SanDisk intends to support and sell Matrix's 3D OTP products through its various sales channels and will work closely with Matrix's customers to assure continuity of supply during the transition.

"We have high regard for the Matrix team and welcome them to SanDisk. Use of Matrix 3-D Memory extends beyond video games and hopefully will play an important role in content distribution such as incorporation in our recently launched Gruvi cards for secure distribution of premium music titles and other preloaded content in handsets," said Eli Harari, Chief Executive Officer of SanDisk.

"The Matrix team is excited about joining SanDisk and fulfilling our vision of 3-D memory technology," said Dennis Segers, President of Matrix Semiconductor. "Joining SanDisk will provide us with financial, manufacturing, marketing and sales channel resources to help establish Matrix 3DM as a mainstream storage technology for a broad range of consumer applications."

The acquisition consideration will be approximately \$250 million, consisting of approximately \$238 million of newly issued SanDisk shares and equity incentives and approximately \$12 million of cash. The closing of the acquisition is subject to regulatory approval and the satisfaction of standard conditions. The parties expect to complete the acquisition by the end of 2005.

Forward-Looking Statements

This news release contains forward-looking statements about expectations of achieving commercialization of 3-D Memory, expectations of future revenues from and applications for 3-D Memory, expectations regarding the acquisition's dilutive effect on SanDisk's 2006 earnings per share and expectations concerning the successful integration and continuation of Matrix's business and operations. There are numerous risks and uncertainties that may cause the forward-looking statements in this news release to be inaccurate and that may significantly and adversely affect the combined company's business, financial condition and results of operations. Risks that may cause these forward-looking statements to be inaccurate include among others: the combined company's failure to successfully commercialize 3-D Memory or to achieve future revenue from 3-D Memory applications, loss of key customers, loss of key employees, loss in value or use of any material portion of Matrix's patent portfolio, higher than expected operating expenses, unanticipated costs of integration, the risk that the acquisition is not consummated due to the failure to obtain regulatory approval or the failure to satisfy one or more conditions precedent, diversion of management attention from its core business, and other risks detailed from time-to-time in SanDisk's Securities and Exchange Commission filings and reports, including, but not limited to, its Form 10-K for the year ended January 2, 2005 and its quarterly reports on Form 10-Q. Future results may differ materially from those previously reported. The companies do not intend to update the information contained in this release.

ABOUT SANDISK

SanDisk is the original inventor of flash storage cards and is the world's largest supplier of flash data storage card products using its patented, high-density flash memory and controller technology. SanDisk is headquartered in Sunnyvale, CA and has operations worldwide, with more than half its sales outside the U.S.

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No Public Offering

This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities, nor shall there by any sale of securities in any jurisdiction in which such solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

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DISNEY CHOOSES MATRIX MEMORY FOR 'ALBUM ON A CARD' MUSIC TITLES FOR DISNEY'S NEW "MIX STICK" MP3 PLAYER

Pre-recorded "MIX CLIPS" Using Matrix® 3-D Memory Provides Plug & Play Digital Music Without The Need For Downloads

SANTA CLARA, Calif., November 10, 2005 - Matrix Semiconductor today announced that Disney Consumer Products has chosen Matrix to provide the technology that enables Disney to offer pre-recorded "Mix Clip" digital music content on its hot new MP3/WMA player for kids 6-to-12 - without using a CD or requiring computer downloads.

Designed as an easy-to-use MP3/ WMA player for the "tween" age group, Disney's Mix Stick – like its grown-up cousin the iPod and other digital music players – can download music from the Internet or from CDs copied onto a computer. To attract young consumers (and their parents) who may not want to rip and burn digital music, Disney is concurrently releasing four new, CD-length "Mix Clip" albums pre-recorded on Matrix memory cards the size of a postage stamp. Mix Clips offer Mix Stick users convenient, plug and play capability: just load a Mix Clip and turn on the music.

"Kids covet the size and 'cool factor' of MP3 players that their older siblings and parents enjoy, but may not be ready for all the technical requirements that go along. Using Matrix's technology, we are finally able to offer the digital music kids want with the same convenience and at the same price they expect to pay for a CD," said Chris Heatherly, vice president of Global Disney Electronics. "The easy plug and play experience of Disney Mix Clips,- enabled by Matrix - means kids don't have to use a computer to access music, and can find digital music in the familiar surroundings of the retail aisle, where they purchase the vast majority of their tunes today."

The four initial Disney Mix Clips – available now in retail stores and priced the same as a CD – include "Radio Disney Ultimate Jams, Greatest Hits Volumes 1-6," featuring songs from Hillary Duff, James Brown, and Lou Bega, as well as songs from popular Disney Channel television shows, "That's So Raven: Songs Inspired By The Hit TV Series", "Disney Mania 3: Music Stars Sing Disney Their Way!" and "Disney Channel Hits, Take 1." All four releases are from Walt Disney Records.

"Among Disney's goals with the Mix Stick was to offer an option to downloading music with easy-to-use, plug-and-play memory cards full of pre-recorded music," said Dan Steere, VP sales and marketing for Matrix. "Matrix® 3-D Memory is tailored especially for pre-recorded publishing of this type, offering a lower cost than Flash memory and the quick time to market that publishers require in today's competitive retail world."

Matrix® 3-D Memory is the world's smallest one-gigabit silicon memory, at 31 square millimeters. Matrix is the only company that builds three-dimensional integrated circuits, producing cost-effective IC memory products by incorporating multiple layers of memory within a single piece of silicon. By using proven manufacturing techniques, Matrix derives lower cost and more components per wafer than any comparable memory product on the market. Matrix currently offers four memory capacities 16-, 32-, 64-, and 128-megabytes.

ABOUT MATRIX SEMICONDUCTOR

Matrix Semiconductor, Inc. is the creator and developer of the world's first three-dimensional integrated circuits. Matrix's first product, Matrix® 3-D Memory (3DM), is a low cost, high density product line of permanent, programmable, non-volatile memory that is compatible with existing standards. Matrix 3-D Memory accelerates time-to-market for publishers of digital content and is targeted for use in portable consumer electronic devices.

Privately held, Matrix is headquartered in Santa Clara, California. A definitive agreement for the acquisition of Matrix Semiconductor by SanDisk Corporation (SNDK) was signed on October 20, 2005. Additional information about Matrix may be found at: http://www.matrixsemi.com/.

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Photos Available: www.disnevconsumerproducts.com



MATRIX SEMICONDUCTOR ANNOUNCES SUPPORT FOR miniSD MEMORY CARD FORMAT

Matrix® 3-D Memory miniSD Cards Currently Sampling in 16 and 32 MB Capacities for Distribution of Pre-Recorded Content on Mobile Consumer Electronics Devices

SANTA CLARA, Calif., August 29, 2005 — Matrix Semiconductor today announced it is sampling its new Matrix miniSD memory cards at both 16 and 32 MB capacities, with 64 and 128 MB to be available in the third quarter of 2005. The introduction of the Matrix miniSD card brings to the increasingly popular memory card format Matrix® 3-D Memory (3DM), a cost-effective, programmable, permanent, non-volatile memory used in publishing content for mobile devices. Matrix 3DM offers a removable memory publishing platform for mobile network operators, application developers, and content providers. The Matrix miniSD card is fully compatible with all existing standards for plug and play applications for today's consumer market as identified by the SD Association of which Matrix is a licensed member. The Matrix miniSD's compact footprint combined with total compatibility at a lower price point will enable manufacturers to deliver expanded functionality for lower cost in compact mobile devices.

"We have established Matrix 3DM technology as the leading solution for delivering pre-recorded digital content to market faster at the retail price points publishers require," noted Dan Steere, vice president of sales and marketing for Matrix Semiconductor. "Primary applications for the miniSD cards include pre-recorded games, audio, and video for miniSD memory card-enabled handsets and mobile devices, offering multiple content opportunities for content publishers, wireless carriers, application developers, and consumers."

Matrix is addressing a growing market with its miniSD cards. The analyst organization, Strategy Analytics, recently predicted that sales of mobile phones with memory card slots would grow 110 percent from 2004 levels by the end of 2005. IDC reports that miniSD cards now hold more than a 30 percent share of the worldwide memory card market.

Paul Reinhardt, executive director of the SD Association, commented: "Mobile phone applications have become a key target for companies worldwide who are providing memory cards in today's market. The availability of miniSD cards from Matrix adds further support for the SD architecture as the standard in ultra-small memory cards which offer a host of advantages for both handset manufacturers and consumers."

Volume shipping of the complete family of miniSD products from Matrix is scheduled for the fourth quarter of 2005. Pricing for the Matrix miniSD card is based on volume. Manufacturing ramps will be designed to meet the ever increasing need for faster time to market of the CE marketplace. Matrix 3DM is also offered in standard IC package options, including TSOP and the MultiMediaCard (MMC) format, with additional memory card formats to follow.

ABOUT THE SDA

The SD Card Association (SDA) is an open industry standards organization established in January 2000 by Matsushita Electric (Panasonic), SanDisk and Toshiba, and is supported by a consortium of over 800 companies. The SDA's mission is to set industry standards and promote the SD Memory Card's wide acceptance in a variety of applications, SD Memory Card standards are currently being built into a wide range of new digital products such as cellular phones, audio players, automotive multimedia systems, handheld PCs and digital products such as cellular phones, audio players, automotive multimedia systems, handheld PCs and digital video and still cameras. By June 30, 2005, SD application products (miniSD host products included) that have been introduced into the global market have totaled 4,066 models from 288 brands. The Association's web site can be accessed at www.sdcard.org for more information about the SDA. Parties interested in joining the SDA are encouraged to visit the web site at www.sdcard.org. Another SDA Web site is www.sdcard.com, which showcases available SD product worldwide and SD interoperability between devices.

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MATTEL CHOOSES MATRIX SEMICONDUCTOR AS MEMORY SUPPLIER FOR JUICE BOX™ PERSONAL MEDIA PLAYER

Matrix® 3-D Memory Supports High-Volume Content Distribution Application In Juiceware™ Cartridges

SANTA CLARA, Calif., October 11, 2004 — Matrix Semiconductor, Inc. — a developer of high-density, low-cost, three-dimensional semiconductors — today announced that Mattel, Inc. (NYSE: MAT) has selected the company's Matrix® 3-D Memory (3DM) as the means to store and share entertainment content for the Juice Box™ personal media player. These Matrix 3DM-based cartridges, dubbed Juiceware™, can contain up to 64 megabytes of on-the-go music and video entertainment for "tweens," a key consumer market demographic describing children ages eight through twelve.

Juice Box™ is the first personal media player designed to meet the lifestyle and entertainment interests of today's tweens. One of the smallest and lightest personal media players on the market to date, the Juice Box™ enables tweens to play back pre-recorded videos in full-color and in stereo sound via headphones.

Mattel chose Matrix 3DM for the Juiceware™ cartridges because it allows the company to achieve a quick turnaround time and faster time-to-market for pre-recorded content at the lowest cost. The solid-state nature of Matrix 3DM also ensures that the Juiceware™ cartridge would complement the lightweight, rugged construction of the Juice Box™.

"A key part of ensuring that Mattel provides the best products at the most affordable price is by keeping a close watch on innovative technologies, like Matrix 3-D Memory," said Phil Jackson, vice president, marketing, Mattel Brands. "Mattel is a pioneer in innovation, as one of the first to put Matrix 3-D Memory technology in the hands of tweens."

"Matrix Semiconductor is supplying a medium for content publishing that provides the cost and time-to-market benefits that are essential for a truly effective publishing platform," said Dennis Segers, president and CEO of Matrix Semiconductor. "By virtue of having an industry leader like Mattel as one of our first customers, we are able to demonstrate that Matrix is ready to be a high-volume supplier to a broad variety of industries in need of low cost programmable memory formats."

Matrix 3DM is an inexpensive, high-capacity, permanent, non-volatile memory and the first product based on Matrix Semiconductor's technology innovations. By designing memory chips in three dimensions, Matrix Semiconductor is uniquely able to maximize the use of silicon and, therefore, achieve extremely low cost for memory products.

MATTEL, INC.

Mattel, Inc., (NYSE: MAT; http://www.mattel.com) is the worldwide leader in the design, manufacture and marketing of toys and family products, including Barbie®, the most popular fashion doll ever created. Leading the toy and game market, the Mattel family is comprised of such best-selling brands as Hot Wheels®, Matchbox®, American Girl®, and Tyco® R/C, as well as Fisher-Price® brands (http://www.fisher-price.com/), including Little People®, Rescue Heroes®, Power Wheels® and a wide array of entertainment-inspired toy lines. With worldwide headquarters in El Segundo, Calif., Mattel employs more than 25,000 people in 36 countries and sells products in more than 150 nations throughout the world. The Mattel vision is to be the world's premier toy brands -- today and tomorrow.

ABOUT MATRIX SEMICONDUCTOR

Founded in 1998, Matrix Semiconductor, Inc. (Santa Clara, Calif.) has developed the means to create three-dimensional semiconductors using standard manufacturing techniques and materials. By optimizing use of a semiconductor wafer's area — building "up" rather than "out" — Matrix's 3-D technology produces highly dense chips at much lower costs than existing technologies. Matrix's first product, Matrix® 3-D Memory (3DM), is a low cost, high density, non-volatile memory compatible with existing standards and targeted for use in millions of portable electronic devices. More information is available at http://www.matrixsemi.com

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MATRIX SEMICONDUCTOR FIRST TO RECEIVE ROM CARD CERTIFICATION FROM THE MULTIMEDIACARD ASSOCIATION

Certification Validates Matrix® 3-D Memory's Use For Digital Content Distribution In Portable Devices

SANTA CLARA, Calif., August 30, 2004 — Matrix Semiconductor, Inc. — a developer of high-density, low-cost, three-dimensional semiconductors — today announced that the Company's Matrix 3-D Memory technology (3DM) has received the MultiMediaCard Association's (MMCA) first ROM (Read Only Memory) card certification. This means that Matrix 3DM is the first programmable ROM technology that is certified as electrically compatible with the MultiMediaCard (MMC) standard and, therefore, ready-to-use for content distribution to MMC-enabled devices.

Matrix 3DM brings two key advantages for publishing on MultiMediaCards: Lower memory cost and faster time to market through quick-turn programming. Matrix 3DM is an inexpensive, high-capacity, permanent, non-volatile memory and the first product based on Matrix's core innovation — the design and manufacture of three-dimensional low-cost semiconductor products using standard materials and methods. MultiMediaCards offer a compelling means to bring applications and content to millions of portable devices including mobile phones, personal digital assistants (PDAs), MP3 music players, and portable video game consoles. These features, together with Matrix 3DM's one-time programmability, make 3DM-based MMCs an ideal platform for publishing and distributing digital content, in much the same way that the CD-ROM brought easy multimedia content distribution for the personal computer.

"Matrix Semiconductor considers the 3DM ROM certification by the MMCA as a key step in the adoption of our technology as a digital publishing medium for portable devices," said Dan Steere, vice president of marketing for Matrix Semiconductor. "With the estimated installed base of memory card slots in cell phones and PDAs expected to double to 200 million in two years, Matrix is confident that there is a strong infrastructure in place for publishers to target and distribute their content to a rich array of mobile platforms."

"As the first to pursue and receive MMCA-certified ROM compliance, Matrix Semiconductor has demonstrated a very strong commitment to helping make the MMC standard a platform for mobile content distribution," said Andy Prophet, Executive Director of the MMCA. "The MMC is increasingly becoming the memory card standard for portable devices, like cell phones and digital cameras, and the Association is excited to have Matrix Semiconductor and its unique technology as one of the many options for those seeking to sell content to the rapidly growing installed base of MMC devices."

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ABOUT THE MMCA (MultiMediaCard Association - www.mmca.org)

The MMCA is the open standard memory card organization, promoting worldwide adoption of a postage-stamp size, removable storage card designed especially for mobile phones and digital imaging. Founded in 1998 with 14 companies, the MMCA has grown rapidly and now has 170+ members worldwide, representing all branches of mobile electronic applications, including semiconductor suppliers, software vendors and manufacturers of low power devices for storing and retrieving digital information.

The MMCA develops and regulates open industry standards that define all types of MultiMediaCards, ensuring full interoperability. The organization charges no royalties for using the membership-driven standard, although a nominal license fee is included in the membership dues. Specifications are available to members from the organization's website, and can be purchased for \$1,000 by non-members. The MMCA mailing address is P.O. Box 303, Sunol, CA 94586; Ph: 925-417-0127; Fax: 925-417-0128. More information is at www.mmca.org.