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ZF MICRO SETTLES WITH NSC and BEGINS ACCEPTING ORDERS

Return of Intellectual Property brings FailSafe® System-on-a-Chip Back to Market

Palo Alto, California, March 8, 2005 – After an almost three year legal battle, ZF Micro Solutions (www.zfmicro.com) has entered into a settlement with National Semiconductor Corporation. ZF now has all of its intellectual property and has received a confidential amount of cash with which ZF can now rebuild and bring the ZFx86 FailSafe® PC-on-a-Chip back into production as quickly as possible. The ZFx86 will once again be produced exclusively by ZF Micro Solutions.

“When we heard the news that that the dispute had been settled, we immediately placed an order with ZF and notified our customer base that we will be able to continue building our ZFx86-based products” said Doug Stead, President of Tri-M Systems, Inc. (www.Tri-M.com)

“Even though three years have passed, no one in the industry has been able to come close to offering what the ZF chip can do and we’re elated that we can now expand into new markets” added Mr. Stead.

The ZFx86 had garnered more than 400 design wins worldwide because of its unique feature set tailored specifically to the requirements of the embedded control market. No other device includes ZF’s patented FailSafe® crash recovery mechanism, low power consumption and a complete BIOS – reducing BIOS investment to zero while offering full compatibility with Linux, Windows and most of the Real Time Operating Systems on the market today.

“We believe that the market for the ZFx86 may actually be stronger today than when it was initially introduced because so many other processor companies have abandoned the x86 embedded market over the last three years,” stated Feldman when asked about the future of the product that was focus of the clash between ZF and National Semiconductor.

ZF has taken delivery of its intellectual property and immediately began discussions with potential new foundry partners to commence production as soon as the data can be converted to the appropriate process technology. ZF hopes to have chips available in less than six months.

“This settlement will allow us to begin the process of rebuilding the company and restart the other projects that had been put on hold during the past three years,” said Feldman. “We will carefully select a highly reliable and well thought of foundry partner and put in place protections that will guarantee a source of supply to our customers,” he added.

About ZF Micro Solutions

ZF Micro Solutions is a privately held company founded in 2002 by David L. Feldman, the creator of the PC/104 IEEE standard and the 5-1/4-inch form factor embedded Single Board Computer. Feldman pioneered FailSafe systems in 1995 when he founded a predecessor company called ZF Micro Devices, and began manufacturing and marketing a family of products based on an award-winning computer module called the OEMmodule Single Component Computer. These devices included full x86 PC motherboard hardware and software functionally in a single, highly reliable component smaller than a credit card. Feldman then took this small form factor to the next level and combined full x86 PC functionality together with patented fail-safe technology, into a single chip, the ZFx86 FailSafe® PC-on-a-Chip. The ZFx86 is the only chip with a built-in FailSafe mechanism for restoring operation after a system failure. The ZFx86 chip runs most PC software without modification and is bundled with a full PC BIOS and Linux O/S - and it boots by simply applying power. The company is headquartered in Palo Alto, CA.