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ZF MICRO'S SECOND TRIAL DATE SET AGAINST NATIONAL SEMICONDUCTOR

ZF Adds Law Firm and Will Amend its Complaint Seeking Punitive Damages

PALO ALTO, California, October 20, 2004 — The new trial will again be in the courtroom of Judge Jamie Jacobs-May and is scheduled to begin on February 22, 2005. The second trial was ordered due to a claimed inconsistency in the verdict forms used by the jury to document its findings regarding intentional and negligent misrepresentations made to ZF by National Semiconductor Corporation (NYSE: NSM).

National Semiconductor requested that a new trial be granted solely on the two causes of action on which ZF prevailed. The judge ruled, however, that all of the causes of action were intertwined and therefore should all be retried.

The well-known law firm of Liner Yankelevitz Sunshine & Regenstreif LLP (Los Angeles and San Francisco) has now been engaged by ZF as co-counsel to work with the Trepel Law firm of San Jose. They have built a highly successful practice representing plaintiffs and defendants in areas such as antitrust, fraud, and racketeering.

“I believe that with the additional legal resources we are bringing to bear and the planned amendment to our complaint, the financial consequences for National Semiconductor may exceed the award in the last trial by an order of magnitude. It isn't often in life that you get a second chance to obtain justice, but that is exactly what the order for a new trial has given ZF,” said Feldman.

“I think this is a classic case of being careful about what you ask for,” said David Feldman, ZF's Chairman and CEO when questioned about the granting of a new trial. “The reopening of all issues for re-trial allows ZF to significantly expand the scope of its claims. We believe we will be able to expose in even greater detail the extent of the despicable behavior that National Semiconductor and its co-conspirators engaged in,” added Feldman.

ZF intends to vigorously pursue all of its claims in the new trial and believes that the additional facts that came to light during the first trial will strengthen its case significantly. ZF expects the new trial to reaffirm the first jury's finding that National made false representations to ZF.

ZF Micro began its battle in March 2002, when National Semiconductor advised the company that it would no longer honor its commitments to manufacture the ZFx86 chip yet within days began offering the ZF product directly to ZF customers.

The ZFx86 is still being shipped to some ZF customers through National's distributor Arrow Electronics under the National Semiconductor part number NSC2010UCB. ZF Micro's ZFx86 combines full x86 PC functionality together with ZF Micro's patented fail-safe technology into a single chip. The device, which measures just 1.4 inches square, remains the only chip that offers a built-in mechanism for restoring operation after a system failure. The ZFx86 chip runs all PC software without modification and is bundled with a full PC BIOS and Linux O/S.

About Liner Yankelevitz Sunshine & Regenstreif LLP

Liner Yankelevitz Sunshine & Regenstreif LLP is a full-service law firm with seventy-five attorneys based in its Los Angeles and San Francisco offices. The firm's exponential growth in the eight years since its founding is testimony to its ability to attract and retain clients, and attract talented lawyers from leading law firms and prestigious law schools. The firm makes a practice of dedicating a significant percentage of its practice working for plaintiffs in complex litigation. Jonathan S. Kitchen and Steven A. Velkei are partners of the firm. Mr. Kitchen has built a highly successful practice representing plaintiffs and defendants in areas such as antitrust, fraud, and racketeering. Mr. Velkei has developed a successful track record litigating class actions and complex business, entertainment, and securities disputes. Mr. Kitchen and Mr. Velkei have substantial experience in state and federal courts and have conducted numerous jury and bench trials on behalf of both plaintiffs and defendants. For more information about the firm, its practice, and its attorneys, see the firm's Web site: www.linerlaw.com.

About ZF Micro Devices

ZF Micro Solutions is a privately held company founded in 1995 by David L. Feldman, the creator of the PC/104 IEEE standard and the 5-1/4-inch form factor embedded Single Board Computer. The company pioneered FailSafe systems in 1995 and enabled its customers to bring innovative, crash-immune systems to market faster than their competitors. The company is headquartered in Palo Alto, CA.