

April 02, 2004

Cypress values NVEC at a maximum of \$4.85 per share.

On April 12, 2002, Cypress Semiconductor Corporation (NYSE: CY, \$20.71) paid \$9 per share for 686,849 NVE Corporation (NASDAQ: NVEC, \$50.83) shares. NVE's stock had closed at \$10.45 the day before Cypress bought the shares in a private transaction. NVE had 3.5 million shares outstanding before the sale. As a part of the agreement NVE granted Cypress, for no additional cost, a 10-year warrant to buy an additional 400,000 NVE shares at \$15.00 per share. NVE also granted Cypress a worldwide royalty-free license and joint ownership covering all of NVE's allegedly valuable Magnetoresistive Random Access Memory ("MRAM") technology. NVE did not receive any interest in Cypress' MRAM technology.

NVE's MRAM technology grant includes all of NVE's intellectual property related to products for storing data using magnetoresistive materials or properties. NVE's worldwide royalty-free technology grant to Cypress covers all of NVE's entire existing intellectual property pertaining to MRAM as of the date of Cypress' stock purchase and any additional MRAM technology NVE may develop in the future including, but not limited to, all of its issued and pending patents and any future patents or patent applications. Furthermore, NVE granted Cypress the right to keep free and clear all recoveries from whatever infringement enforcement action Cypress takes pertaining to NVE's own MRAM technology without any obligation to account to NVE for any such recoveries. NVE's license agreement with Cypress includes "Joint Ownership" terms that grant Cypress an undivided ownership interest in all of NVE's alleged MRAM technology and allows Cypress to grant royalty-bearing sublicenses and to sue for infringement on NVE's behalf, both without any compensation to NVE.

Effectively, NVE sold Cypress control of its technology, 16.7% of the company and a warrant to buy additional 9.5% of the company all for just \$6.2 million. Adjusted for the value of the warrant, Cypress paid \$4.85 per share, 54% below the market price of the stock. Again this excludes the cost to NVE's shareholders of its royalty-free technology grant and transfer of ownership. However, even without allocating any value to NVE's cost-free MRAM technology grant, Cypress purchased its shares at an implied pre-deal NVE value of just \$16.9 million.

Cypress sold all of its NVE common stock between September 3rd and 5th, 2003 at an average price of \$34 per share. Cypress still holds its stock purchase warrants. Cypress' warrants and its absolute zero-cost license gives Cypress a cost-free incentive to continue to promote NVE's stock despite its failure in Cypress' MRAM development.

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