



SMSC Launches its First TrueAuto™ Ethernet Controller

New Chip Enables Reliable High-speed Car Interface for Shorter Repair Times

Hauppauge, NY, June 8, 2009 – SMSC (NASDAQ: SMSC), a leading semiconductor company that provides Smart Mixed-Signal Connectivity™ solutions, today launched the LAN89218, its first TrueAuto™ high-performance single-chip 10/100 Ethernet controller. This device is designed specifically to meet the high reliability standards required by automotive applications such as on-board diagnostics or fast software download interfaces for central gateway and telematics modules, navigation systems, radio head units and connectivity devices. The LAN89218 offers increased access speed for diagnostics and software downloads over traditionally slower speed interfaces typically used to interface to the vehicle today. Using the LAN89218 high-performance Ethernet interface within today's complex vehicle electrical systems packed full with user functional content can help diagnose issues faster, lower software maintenance time and ultimately bring greater satisfaction to the consumer through shorter repair times and lower cost.

The size of embedded program and data memories used in modern cars is growing rapidly. For example, the newly released BMW 7 Series has more than one GByte of memory while the previous model had just short of 100 Mbytes of memory. While repair shops usually diagnose and fix problems, they also update the software and data embedded in the various control devices inside the car. The official access into the car for this is the On Board Diagnostics (OBD) connector. Today this standardized connector only provides a slow communication interface. Updating the software of a modern car via this interface takes hours, which significantly increases both repair times and costs. As a result, many car companies are working on an upgrade of the OBD connector to provide the car with a high-performance data interface for diagnostics and software downloads. The candidate of choice is Ethernet. This initiative is expected to lead to a new ISO/SAE standard that mandates Ethernet as part of the OBD interface for all cars.

Ethernet is the most widely used networking technology in the corporate and repair shop IT infrastructure. Ethernet's wide proliferation, high-bandwidth and optimized communication for bursts or packets of information make it an excellent connectivity solution for the automobile. It can connect the external Ethernet-based infrastructure of the repair shop to a vehicle in a repair bay and move large amounts of diagnostic information and software data seamlessly between the two.

As a leading provider of embedded Ethernet products for a wide variety of consumer and industrial applications, SMSC now provides, with the LAN89218, its first TrueAuto Ethernet controller that has specifically been designed, validated, qualified, characterized and manufactured for the high reliability requirements of the car. SMSC has been a trusted supplier for the automotive market for more than a decade. Its expertise in the design of CarNet®, Media Oriented Systems Transport (MOST®), Ethernet and USB connectivity allows SMSC to deliver efficient solutions for connections inside and outside of the car.

"The LAN89218 is best suited for making the car accessible to diagnostic systems because it offers a fast mechanism to transfer software into the vehicle," said Dr. Christian Thiel, Vice President and General Manager of SMSC's Automotive Information Systems group. "Enabling an Ethernet-based diagnostic and software maintenance entry to the vehicle can significantly reduce the time required to diagnose and fix problems while a car is being serviced."

The LAN89218 provides a simple, parallel host bus interface to the typical automotive embedded microcontrollers used inside a car. Built into a device embedded in the car, the chip can function as a network branch to the outside world connecting the car to a personal computer, diagnostic tool or a complex Ethernet network in the repair shop.

Key Features of the LAN89218:

- Power Management
- Wake-on-LAN support allows network to wake-up electronics devices from sleep state
- Multiple low-power modes
- Built-in flow control support
- Prevents receive memory from overflowing
- Uses either 802.3 “PAUSE” packets or “back-pressure” (half-duplex links)
- HP Auto-MDIX support
- Automatically ensures viable connections between LAN devices
- Simple 16/32 bit SRAM-like interface
- Minimizes CPU overhead
- Driver support for multiple processors & operating systems

Availability:

Samples of the LAN89218 are available today.

About TrueAuto:

TrueAuto is SMSC’s automotive quality process. It has proven its capability to deliver leading edge quality and services to fulfill the needs of even the most demanding automotive customers. If integrated circuits (“ICs”) that have been designed for consumer applications are intended for use in automotive applications, they are usually qualified according to the Automotive Electronics Council’s (AEC-Q100) qualification requirements. AEC-Q100 however, just covers minimum common requirements for the qualification of an automotive IC. Many car companies and tier one automotive suppliers require extensive additional qualification tests, as AEC-Q100 alone does not lead to the ultra low defect rates that they require. In addition, AEC-Q100 primarily focuses on the qualification phase of the product cycle of an IC. Other phases such as the design and production of the IC, customer support and the handling and investigation of returns are not covered in detail. In order to reach the automotive goal of near zero defect rates, all phases of the IC product cycle need to be addressed thoroughly.

TrueAuto is SMSC’s proven total approach to true automotive-grade quality. TrueAuto robustness begins with SMSC’s design for reliability techniques within the silicon IC itself. Automotive-grade excellence and testability are designed into the IC. The IC is fully characterized over many operating parameters to prove the quality of the design under various conditions. Also, product qualification is focused on the most demanding customer expectations. It meets or exceeds automotive reliability standards and customer specific requirements. SMSC’s TrueAuto approach goes far beyond the stress tests prescribed by the AEC-Q100 specifications. In addition, extensive technologies and processes, such as enhanced monitors are used in fabrication of TrueAuto products in order to continuously drive improvements in accordance with SMSC’s zero Defects per Million (DPM) goals.

About SMSC:

Many of the world’s most successful global technology companies rely upon SMSC as a go-to resource for semiconductor system solutions that span analog, digital and mixed-signal technologies. Leveraging substantial intellectual property, integration expertise and a comprehensive global infrastructure, SMSC solves design challenges and delivers performance, space, cost and time-to-market advantages to its customers. SMSC’s application focus targets key vertical markets including consumer electronics, automotive, PC and industrial applications. The Company has developed leadership positions in its select markets by providing application specific solutions such as mixed-signal embedded controllers, non-PCI Ethernet, ARCNET, MOST[®] and Hi-Speed USB.

SMSC is headquartered in Hauppauge, New York with operations in North America, Asia and Europe. Engineering design centers are located in Arizona, New York, Texas and Karlsruhe, Germany. Additional information is available at www.smSC.com.

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Forward Looking Statements:

Except for historical information contained herein, the matters discussed in this announcement are forward-looking statements about expected future events and financial and operating results that involve risks and uncertainties. These uncertainties may cause our actual future results to be materially different from those discussed in forward-looking statements. Our risks and uncertainties include the timely development and market acceptance of new products; the impact of competitive products and pricing; our ability to procure capacity from our suppliers and the timely performance of their obligations, commodity prices, interest rates and foreign exchange, potential investment losses as a result of liquidity conditions, the effects of changing economic and political conditions in the market domestically and internationally and on our customers; our relationships with and dependence on customers and growth rates in the personal computer, consumer electronics and embedded and automotive markets and within our sales channel; changes in customer order patterns, including order cancellations or reduced bookings; the effects of tariff, import and currency regulation; potential or actual litigation; and excess or obsolete inventory and variations in inventory valuation, among others. In addition, SMSC competes in the semiconductor industry, which has historically been characterized by intense competition, rapid technological change, cyclical market patterns, price erosion and periods of mismatched supply and demand.

Our forward looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations and may not reflect the potential impact of any future acquisitions, mergers or divestitures. All forward-looking statements speak only as of the date hereof and are based upon the information available to SMSC at this time. Such statements are subject to change, and the Company does not undertake to update such statements, except to the extent required under applicable law and regulation. These and other risks and uncertainties, including potential liability resulting from pending or future litigation, are detailed from time to time in the Company's reports filed with the SEC. Investors are advised to read the Company's Annual Report on Form 10-K and quarterly reports on Form 10-Q filed with the Securities and Exchange Commission, particularly those sections entitled "Other Factors That May Affect Future Operating Results" or "Risk Factors" for a more complete discussion of these and other risks and uncertainties.

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