

FOR IMMEDIATE RELEASE

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## **PURECHOICE PROPOSES MERGER WITH MATHSTAR, INC.**

**BURNSVILLE, MN, October 24, 2008** -- PureChoice, Inc., a leading international developer and supplier of Building Performance Software to the commercial building industry, today announced that it has made a proposal to merge with MathStar, Inc.

The proposed merger was outlined yesterday in a letter from Bryan Reichel, President and Chief Executive Officer of PureChoice, to Douglas Pihl, President and Chief Executive Officer of MathStar, and also to the MathStar Board of Directors. The letter proposes a merger that PureChoice believes would create a combined company that would offer substantial and compelling benefits to the shareholders, customers and employees of MathStar and PureChoice.

PureChoice believes that its offer of merger would create a strong combined company with significant recurring revenues in the rapidly growing "Green" marketplace.

PureChoice proposes the merger as follows:

1. PureChoice shareholders would receive one share of MathStar common stock for each issued and outstanding share of PureChoice common stock.
2. MathStar shareholders would receive an additional  $\frac{1}{4}$  share of MathStar common stock for each share of MathStar common stock currently held.
3. MathStar shareholders would also receive a 5-year warrant for  $\frac{1}{3}$  of a share of MathStar common stock for each share of MathStar common stock currently held, exercisable at a price of \$2.50/full share.
4. PureChoice believes that the combined company would have an enterprise value of approximately \$43,370,000.
5. Immediately following the merger, MathStar shareholders would own approximately 44 percent of the combined company, or \$18,943,415 in enterprise value (representing \$2.06 per currently outstanding share of MathStar common stock). Based on the \$.82 per share price of MathStar as reported by the NASDAQ Stock Market on October 22, 2008, such enterprise value would represent a 152 percent premium to the shareholders of MathStar – excluding the value of the warrants.
6. PureChoice shareholders would own approximately 56 percent of the combined company immediately following the merger.
7. PureChoice believes that it will be able to incorporate a significant amount of MathStar's FPOA technology, creating a unique value proposition for PureChoice's customers. In

addition, PureChoice believes that this merger would add significant value to the current MathStar intellectual property as the transaction would potentially open a substantial new market opportunity for MathStar's intellectual property.

This press release contains various forward-looking statements and information that are based on PureChoice's management's beliefs, as well as assumptions made by and information currently available to management. Such statements are subject to various risks, uncertainties and other factors which could cause actual results to differ from those expressed in the forward-looking statements.

The content of the letter sent by the PureChoice CEO to the MathStar Board of Directors is as below...

PureChoice, Inc. ("PCI") hereby offers to merge with and into MathStar, Inc. ("MathStar") in consideration for one share of MathStar common stock for each issued and outstanding share of PCI common stock (the "Merger"). The terms of the Merger will also provide for the issuance to existing MathStar shareholders, for each share of MathStar common stock currently held, a one-quarter share of MathStar common stock plus a warrant (collectively, the "Warrants") to acquire a one-third share of MathStar common stock. PCI has outstanding approximately 14,800,000 shares of its common stock and 16,816,000 shares issuable upon exercise/conversion of outstanding options, warrants and convertible debt. Upon issuance of the MathStar shares required to effect the Merger (including shares issuable to existing MathStar shareholders but without consideration of the Warrants or shares underlying PCI's convertible securities), the former shareholders of PCI will own 56 percent of the combined company. Based on preliminary valuation estimates, PCI believes the combined company will have an enterprise value of approximately \$43,370,000. Immediately following the Merger, the current shareholders of MathStar will own approximately 44 percent of the combined company, or \$18,943,415 in enterprise value (\$2.06 per currently outstanding share of MathStar common stock). 1 Based on the \$.82 per share closing price of MathStar as reported by The NASDAQ Stock Market on October 22, 2008, such enterprise value represents a 152 percent premium to the shareholders of MathStar, excluding the value of the Warrants.

Operating in the Green/Sustainability market space, PureChoice develops and markets its proprietary PureTrac™ Building Performance Software to the commercial building market. PureTrac™ empowers building stakeholders to identify energy conservation opportunities while ensuring comfortable, productive indoor environments. The PureTrac™ solution is in stark contrast to current energy conservation efforts that require significant capital improvement expenditures. The PureTrac® Software Application is comprised of two components; the NOSE® Monitor, a multi-sensing - computing platform running a customized operating system and a customized web-based software program.

PureChoice has a clearly defined market of 4.8 million buildings in the United States and 1.8 million buildings in the United Kingdom. This represents a potential market opportunity in excess of 55 million NOSE® Monitors or approximately \$15.8 billion in equipment revenue. In addition, this market represents an annual software license revenue opportunity in excess of \$5.9 billion.

Because of the proven size of the marketplace, it is expected that the combined company will benefit from the synergy of MathStar's existing FPOA chip technology working in conjunction with PureChoice's industry leading PureTrac™ Building Performance Software,. The combination of these two industry leading technologies could create an immediate significant competitive advantage in the "Green" marketplace by offering a proprietary high processing capability on the NOSE® which would enable many new benefits to the customer.

The combined company will immediately have significant sales reach. PureChoice currently has reseller relationships in the United States, United Kingdom, Ireland, Spain and Israel. PureChoice's building performance software has been adopted by customers such as Colgate Palmolive, Target Stores, 3M, CB Richard Ellis, Trinity Mirror and Caterpillar - among others.

We believe the shareholders of MathStar will clearly benefit from this relationship as it provides a significant market upside opportunity and return in addition to any benefit received from the NOLs of the combined company.

We expect the parties to negotiate a definitive merger agreement containing customary representations, warranties, covenants and indemnification provisions. Pursuant to the merger agreement, MathStar will file a combined proxy and registration statement on Form S-4 covering the shares of MathStar common stock issuable to holders of PCI common stock, shares issuable in the Merger to existing MathStar shareholders and shares issuable upon exercise/conversion of the Warrants and PCI's options, warrants and convertible debt.

PCI believes the foregoing proposal offers considerable benefits to the shareholders of both companies. For that reason, we urge you to consider our proposal and recommend it for ratification by the shareholders of MathStar. We would appreciate a response by 5:00pm on Wednesday – October 29th, 2008.

This letter is not intended to form a legally binding agreement. The terms of the parties' agreement, if any, shall be set forth in the definitive merger agreement to be negotiated.

We invite you to contact Bryan Reichel – PCI President and/or Kevin Kuhne, PCI COO - with any questions or concerns you may have regarding our proposal.

Bryan S. Reichel, President/CEO

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## About PureChoice

PureChoice of Burnsville, Minnesota, is a leader in Building Performance Software designed to help business and property owners/managers maximize energy conservation and create a superior indoor environments. PureChoice offers value-added solutions that enhance building performance and occupant productivity. Visit [www.purechoice.com](http://www.purechoice.com) for more information or call toll-free 800-845-5544