



SIMTEK REPORTS FOURTH QUARTER 2005 FINANCIAL RESULTS

COLORADO SPRINGS, Colorado – March 10, 2006, – Simtek Corporation (OTC Bulletin Board: [SRAM](#)), the inventor, pioneer, and world’s leading supplier of advanced nonvolatile static random access memory (nvSRAM) products, today announced its financial results for the fourth quarter and year ended December 31, 2005.

Company highlights in the fourth quarter

- Revenue of \$2.8 million, representing 16% growth over Q305
- Bookings of \$3.6 million, resulting in a book to bill ratio of 1.29
- Raised \$11.0 million in private placement for working capital and strategic acquisition
- Acquisition of nvSRAM product line from ZMD
- 0.25 micron product volume increased 27% over Q305
 - Manufacturing cost reduced by 20% during the quarter
- 0.8 micron (legacy) product volume increased 12% over Q305

Revenue for the fourth quarter of 2005 is \$2.8 million, which compares to third quarter 2005 revenue of \$2.4 million. Loss from continuing operations for the fourth quarter 2005 was \$1.8 million or \$.03 per share. In the fourth quarter of 2005, the Company incurred nearly \$300 thousand of final development costs related to 0.25 micron products, in particular, the 256K “cut down” and 256K with real time clock. The company chose to complete revisions to the smaller 256K products once the qualification of the parent device, the 1 Megabit nvSRAM, was complete and design changes were validated.

Revenue for the twelve months ended December 31, 2005 is \$10.4 million versus revenue of \$13.1 million for the twelve months ended December 31, 2004. Loss from continuing operations for the twelve months is \$7.5 million or \$.11 per share, compared to \$3.7 million or \$.06 per share in 2004.

Net loss for the twelve months of 2005 is \$5.8 million and includes the gain from the sale of Q-Dot compared to \$3.7 million in 2004. Net loss per share for the twelve months is \$.08 compared to net loss per common share of \$.06 for the 12 months of 2004.

The book to bill ratio at 1.29, represents significant growth in demand for legacy and 1 Megabit products. The company is experiencing rapid growth in the RAID controller market. “Based on increasing demand from significant customers in the fourth quarter and continuing into the first quarter of 2006, the company is positioned well to sustain the growth rate that has been achieved

over the last two quarters,” stated Harold A. Blomquist, president, chairman, and chief executive officer of Simtek

Conference Call

Simtek management's teleconference will be webcast live at www.companyboardroom.com and at www.simtek.com and will be available thereafter on both websites for replay for 90 days, several hours after the completion of the call.

How to participate on the teleconference portion

Simtek Fourth-Quarter 2005 Results Teleconference

March 10, 10:00 a.m. Eastern time, call 1-800-319-9003 (U.S. toll-free number) or 719-457-2719 (local) and mention ID code: SRAM. The conference call will also be webcast live.

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SIMTEK CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS
(Unaudited)

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,765,774	\$ 2,146,790
Restricted investments	2,281,400	-
Accounts receivable - trade, net	1,456,139	2,439,135
Inventory, net	2,287,226	1,869,842
Prepaid expenses and other current assets	98,779	85,221
Deposits	600,000	-
Assets from discontinued operations	-	554,996
Total current assets	<u>8,489,318</u>	<u>7,095,984</u>
EQUIPMENT AND FURNITURE, net	570,522	771,901
DEFERRED FINANCING COSTS	58,087	74,684
INTANGIBLE ASSETS	9,685,416	-
OTHER ASSETS	<u>20,000</u>	<u>33,250</u>
TOTAL ASSETS	<u><u>\$18,823,343</u></u>	<u><u>\$ 7,975,819</u></u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	\$ 2,821,849	\$ 2,054,337
Accrued expenses	1,419,703	357,033
Accrued vacation payable	145,020	159,690
Accrued wages	39,789	29,975
Obligation under capital leases	13,024	47,310
Liabilities of discontinued operations	-	325,523
Debentures, current	<u>239,940</u>	<u>-</u>
Total current liabilities	4,679,325	2,973,868
DEBENTURES, NET OF CURRENT	2,760,060	3,000,000
OBLIGATIONS UNDER CAPITAL LEASES, NET OF CURRENT PORTION	<u>-</u>	<u>13,024</u>
Total liabilities	7,439,385	5,986,892
TEMPORARY EQUITY	9,100,000	-
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred stock, \$1.00 par value; 2,000,000 shares authorized, none issued	-	-
Common stock, \$.01 par value; 300,000,000 shares authorized, 146,920,823 and 146,910,823 shares issued and outstanding at December 31, 2005 and 62,881,679 and 62,871,679 shares issued and outstanding at December 31, 2004	781,708	628,817
Additional paid-in capital	47,705,575	41,778,120
Treasury stock, at cost; 10,000 shares	(12,504)	(12,504)
Accumulated deficit	<u>(46,190,821)</u>	<u>(40,405,506)</u>
Total shareholders' equity	<u>2,283,958</u>	<u>1,988,927</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>\$18,823,343</u></u>	<u><u>\$ 7,975,819</u></u>

SIMTEK CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	<u>Three Months Ended</u>		<u>Year Ended</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
NET SALES	\$ 2,793,652	\$ 4,025,244	\$ 10,385,131	\$ 13,092,441
Cost of sales	2,101,228	2,698,589	7,590,866	9,139,617
GROSS MARGIN	692,424	1,326,655	2,794,265	3,952,824
OPERATING EXPENSES :				
Research and development costs	1,671,666	943,634	6,369,109	4,942,391
Sales and marketing	328,309	447,061	1,492,838	1,608,441
General and administrative	516,015	187,449	2,274,525	916,660
Total operating expenses	2,515,990	1,578,144	10,136,472	7,467,492
LOSS FROM CONTINUING OPERATIONS	(1,823,566)	(251,489)	(7,342,207)	(3,514,668)
OTHER INCOME (EXPENSE):				
Interest income	35,342	7,258	91,659	26,436
Interest expense	(61,089)	(61,897)	(238,208)	(241,254)
Other expense	-	-	(810)	(1,124)
Total other income (expense)	(25,747)	(54,639)	(147,359)	(215,942)
LOSS FROM CONTINUING OPERATIONS BEFORE PROVISION FOR INCOME TAXES	(1,849,313)	(306,128)	(7,489,566)	(3,730,610)
Provision for income taxes	-	-	-	-
LOSS FROM CONTINUING OPERATIONS	(1,849,313)	(306,128)	(7,489,566)	(3,730,610)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS (including gain on disposal of \$1,689,208)	(1,804)	14,671	1,704,251	60,256
NET LOSS	\$ (1,851,117)	\$ (291,457)	\$ (5,785,315)	\$ (3,670,354)
NET LOSS PER COMMON SHARE:				
Basic and diluted				
Loss from continuing operations	\$ (.03)	\$ (.01)	\$ (.11)	\$ (.06)
Income from discontinued operations	.00	.00	.03	(.00)
Total	\$ (.03)	\$ (.01)	\$ (.08)	\$ (.06)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic and diluted	73,010,654	54,666,967	68,613,090	58,586,411

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements predicting Simtek's future growth. These forward-looking statements are inherently difficult to predict and involve risks and uncertainties that could cause actual results to differ materially, including, but not limited to, projections of future performance including predictions of future profitability and expectations of the business environment in which Simtek operates. For a detailed discussion of these and other risk factors, please refer to Simtek's filings with the Securities and Exchange Commission (SEC), including its Annual Report on Form 10-KSB and subsequent Form 10-Q and Form 8-K filings.

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