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NEWS FOR IMMEDIATE RELEASE

Secure Memory to be Incorporated Into Rugged, Re-Programmable Keys



Burnsville MN, August 19, 2002 – Datakey Electronics, Inc. manufactures products for Original Equipment Manufacturers (OEMs), consisting of proprietary memory keys and other custom-shaped tokens containing non-volatile memory. Datakey Electronics products are a convenient, rugged way to carry electronic data and to control access. These products are used world-wide in hundreds of military and commercial applications, providing a cost-effective and reliable way of storing and transporting electronic information where conventional methods would not survive.

The new, privately held Datakey Electronics, Inc. has a legacy of more than 25 years of product development experience in robust non-volatile memory packaging. Datakey Electronics announces secure memory keys are now under development and will be introduced in the 4th Quarter of 2002. Their primary applications are access control, cashless vending, secure data transfer, gaming machines, ATM machines, metering, loyalty programs, and more.

Datakey Electronics, Inc.'s ICK Series of Keys provide a mid-level of security utilizing Atmel Inc's secure memory ICs, featuring both password and authentication protection. These devices offer the flexibility of allowing different zones of the user memory to be protected at different security levels for read and/or write operations. Secure Memory Keys utilize an I²C-like serial synchronous protocol and are available with up to 16 kilobits of EEPROM memory.

Also available soon are the IPK Series of Keys incorporating the highly secure dynamic symmetric mutual authentication protocol ICs provided by Atmel's CryptoMemory™ products. These low cost, high security memory devices operate in both synchronous and asynchronous protocols. While they use the same T = 0 protocol as microprocessors, they do not require an operating system, making them easier to program. Security is provided through the use of encrypted passwords, mutual authentication, data encryption, and encrypted checksums. Datakey Electronics' IPK Series of Keys will be available with user EEPROM memories up to 16 kilobits and are compliant with ISO 7816-3 standard, EMV and PCSC protocols.

The ICK and IPK Series of Keys feature Datakey Electronics, Inc.'s industry-leading solid molded construction, rugged wear-resistant exterior, and long-lasting contacts. Unlike cards that can be easily broken, the key's body protects the embedded memory chip from physical damage and harsh environmental influences—they can be sterilized, dropped in the mud, washed, exposed to electromagnetic fields or chemicals—and they'll still work.

These keys interface to Datakey Electronics, Inc's KC4210 panel-mount Keyceptacle® or KC4210PCB board-mount Keyceptacle, both featuring a 200,000-cycle rated lifetime.

Engineering quantities are available starting near the end of the third quarter of 2002. Due to the high-security nature of these products, they will only be sold under non-disclosure agreement with the OEM/Integrator, and shipping destinations will be strictly controlled.



About Datakey Electronics, Inc.

Datakey Electronics, Inc. has a world-wide base of customers including Microsoft, General Dynamics, Raytheon, Siemens, New York Health and Hospital Corporation, Tokheim and many other multi-national corporations.

Datakey Electronics, Inc. uses the latest electronic memory technology and manufacturing techniques to provide both off-the-shelf and custom products. Datakey Electronics products solve difficult data transportation problems, security problems, and access control problems. These products are packaged in convenient key and custom-shaped tokens and are supported by a full line of peripherals for programming and access. Design services are available for custom products and system applications.

Datakey Electronics, Inc., based in Burnsville, MN, is a minority woman-owned business and boasts a complete manufacturing facility with substantial capacity for production growth.

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*CryptoMemory is a registered trademark of Atmel, Inc. NASDAQ: ATML