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FOR IMMEDIATE RELEASE

**AMCC, ION Computer Systems Enable High Performance
SATA RAID in New terastatION2 Storage Servers**

ION selects AMCC's 3ware 9000 Series Serial ATA RAID controllers for performance, storage capacity and highly integrated Multi-lane cabling scheme

SUNNYVALE, CALIF., Jan. 5, 2005 -- Applied Micro Circuits Corporation (AMCC) [NASDAQ: AMCC], today announced that ION Computer Systems® has integrated AMCC's 3ware SATA RAID controllers into its new line of rack mount terastatION2 network storage servers. ION Computer Systems, www.ioncomputer.com, selected the 3ware 9500S-12MI Multi-lane series because of its industry-leading performance, capacity and scalability.

3ware controllers enable enterprise-class SATA RAID storage solutions for mid and high-end computing applications. AMCC also offers SATA controllers that feature Multi-lane Internal (MI) connectors for high capacity industrial environments. As used in the terastatION2, this groundbreaking design increases reliability and simplifies installation and routing via an innovative cabling solution for large-scale configurations.

"After evaluating almost every SATA controller on the market, AMCC's 3ware SATA RAID controllers consistently outperformed the competition," said Keith Josephson at ION Computer. "AMCC is the only company that can combine high performance, high capacity, and a unique cabling solution for increasing airflow and reliability."

"ION's integration of 3ware controllers demonstrates the scalability of SATA storage for a variety of demanding environments," said Scott Cleland, director of marketing at AMCC Storage Business Unit. "The terastatION2 provides terabytes of reliable and high performance storage enabling ION Computer Systems' customers to increase capacity with the cost efficiencies offered by SATA technology."

The ION terastatION2 is available in 3U, and 5U rack chassis both supporting the newly introduced Intel® Xeon™ processors and motherboards with 800MHz front-side bus at speeds as high as 3.6GHz with 1 Megabyte of cache and up to 16GB of ECC DDR2-400 SDRAM memory.

The 3ware-enabled terastatION2 is already in use in a variety of enterprise-class network storage applications.

The new family of AMCC SATA controllers, based on the company's innovative StorSwitch™ switched RAID architecture, provides scalable capacity up to 4.8 TB per controller, using 400 GB drives, and total system capacity limited only to available PCI slots. AMCC's advanced hardware RAID architecture features an on-board processor and an integrated RAID ASIC that offloads RAID controller functions from the host CPU, dedicating the server processing to its core applications and enhancing overall system performance. The 3ware Multi-lane controllers include a highly reliable, locking cable/connector system that combines 4 SATA ports into one on the controller side. 12-port configurations feature 3 integrated connectors and an 8-port configuration offers 2 integrated connectors.

AMCC Product Support

The 3ware 9000 Series SATA RAID controllers are available worldwide in 12, 8, and 4-port configurations for VARs, OEMs and system builders. The controllers ship with a 3-year warranty and are compatible with Microsoft® Windows® 2003/XP/2000, Red Hat® Linux, SuSE® Linux, and FreeBSD operating systems. For additional information, please visit www.3ware.com.

About ION Computer Systems®

ION Computer Systems www.ioncomputer.com is a builder of custom servers, storage solutions and workstations for embedded applications and high performance compute applications. For over 12 years, ION has developed solutions designed to help customers take advantage of the latest technologies and highest levels of performance.

AMCC Overview

AMCC provides the essential building blocks for the processing, moving and storing of information worldwide. The company blends systems and software expertise with high-performance, high-bandwidth silicon integration to deliver silicon, hardware and software solutions for global wide area networks (WAN), embedded applications such as PowerPC and programmable SOC architectures, storage area networks (SAN), and high-growth storage markets such as Serial ATA (SATA) RAID. AMCC's corporate headquarters are located in San Diego, California. Sales and engineering offices are located throughout the world. For further information regarding AMCC, please visit our web site at <http://www.amcc.com>.

Forward Looking Statements

The statements contained in this press release that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements, including statements relating to the products discussed in this press release are subject to a number of risks and uncertainties, including the risk that the products would not be successfully or timely developed, completed or manufactured or achieve market acceptance, risks relating to general economic conditions, as well as the risks and uncertainties set forth in the Company's Annual Report on Form 10-K for the year ended March 31, 2004, and in other filings of the Company with the Securities and Exchange Commission. As a result of these risks and uncertainties, actual results may differ materially from these forward-looking statements. The forward-looking statements contained in this news release are made as of the date hereof and AMCC does not assume any obligation to update any forward-looking statement.

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