

**INSTRUCTIONS AS TO USE OF TRANSWITCH CORPORATION
SUBSCRIPTION RIGHTS CERTIFICATE**

The following instructions relate to a rights offering by TranSwitch Corporation to the holders of its common stock, as described in our prospectus dated May 4, 2010. Holders of record of our common stock at 5:00 p.m., Eastern Time, on April 29, 2010 are receiving at no charge transferable subscription rights to purchase up to an aggregate of 4,153,883 shares of our common stock at a subscription price of \$2.40 per share, for up to an aggregate purchase price of \$10 million.

Each of our shareholders is receiving one subscription right for each share of our common stock owned on the record date and each subscription right will entitle its holder to a basic subscription right to purchase 0.20 shares of our common stock at the subscription price and an over-subscription privilege to purchase additional shares of our common stock that are not purchased by other rights holders pursuant to their basic subscription rights. You are entitled to exercise your over-subscription privilege only if you exercise your basic subscription rights in full. If you wish to exercise your over-subscription privilege, you should indicate the number of additional shares that you would like to purchase in the space provided on the back of your subscription rights certificate.

THE SUBSCRIPTION RIGHTS WILL EXPIRE IF NOT EXERCISED PRIOR TO 5:00 P.M., EASTERN TIME, ON MAY 24, 2010, SUBJECT TO EXTENSION OR EARLIER CANCELLATION.

To participate in the rights offering:

- Complete and execute the back of your subscription rights certificate and send it, together with payment in full of the subscription price, to the subscription agent prior to the expiration date; and
- Complete and execute a Substitute Form W-9, as provided herein, and send it to the subscription agent.

1. Method of Subscription—Exercise of Rights

Complete and execute the back of your subscription rights certificate and send it, together with payment in full of the subscription price for each share of common stock subscribed for pursuant to your basic subscription rights and the over-subscription privilege, to the subscription agent prior to the expiration date.

Delivery of the subscription rights certificate and payment must be made by one of the following methods:

By mail:

*Computershare Trust Company, N.A.
Attn: Corporate Actions Voluntary Offer
P.O. Box 43011
Providence, RI 02940-3011*

By overnight courier:

*Computershare Trust Company, N.A.
Attn: Corporate Actions Voluntary Offer
250 Royall Street, Suite V
Canton, MA 02021*

Delivery to an address other than those above does not constitute valid delivery. Do not send subscription rights certificates or payments to TranSwitch Corporation.

All payments must be made in U.S. currency by check or bank draft payable to “Computershare Trust Company, N.A. (acting as Subscription Agent for TranSwitch Corporation),” drawn upon a U.S. bank. Payments will be deemed to have been received by the subscription agent only upon: (a) final clearance of any uncertified check deposited by the subscription agent; or (b) receipt by the subscription agent of any certified check or bank draft, drawn upon a U.S. bank. If paying by uncertified check, please note that the funds paid thereby may take five or more business days to clear.

If you do not indicate the number of subscription rights being exercised, or do not forward full payment of the subscription price, then you will be deemed to have exercised your subscription rights with respect to the maximum number of subscription rights that may be exercised with the aggregate subscription price payment you delivered to the subscription agent. If the payment exceeds the amount necessary for the full exercise of your basic subscription rights, you will be deemed to have exercised your over-subscription privilege to purchase the maximum number of shares of common stock with your excess payment. If the company otherwise does not apply your full subscription price payment to your purchase of common stock, the company or the subscription agent will return the excess amount to you, without interest or deduction, as soon as practicable after the expiration date.

Brokers, dealers, custodian banks and other nominees who exercise subscription rights on behalf of beneficial owners are required to certify to us and the subscription agent, on a Nominee Holder Certification Form, as to the aggregate number of subscription rights that have been exercised pursuant to the basic subscription rights, whether the basic subscription rights of each beneficial owner on whose behalf the nominee holder is acting has been exercised in full, and the number of our shares of common stock being subscribed pursuant to the over-subscription privilege of each beneficial owner on whose behalf the nominee holder is acting.

2. Execution

(a) *Execution by Registered Holder.* The signature on the subscription rights certificate must correspond with the name of the registered holder exactly as it appears on the face of the subscription rights certificate without any alteration or change whatsoever. Persons who sign the subscription rights certificate in a representative or other fiduciary capacity must indicate their capacity when signing and, unless waived by the subscription agent in its sole and absolute discretion, must present to the subscription agent satisfactory evidence of their authority to so act.

(b) *Signature Guarantee.* Your signature must be guaranteed by an eligible institution if you specify special delivery instructions.

3. Substitute Form W-9

Each subscription rights holder who elects to exercise subscription rights should provide the subscription agent with a correct Taxpayer Identification Number (TIN) on Substitute Form W-9. See “Important Tax Information—Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.” Failure to provide the information on the form may subject such holder to a \$50.00 penalty for each such failure and to 28% federal income tax withholding with respect to dividends that may be paid on shares of common stock purchased upon the exercise of subscription rights. Foreign persons may be required to provide an appropriate Form W-8 rather than Form W-9 and may be subject to withholding at a rate of up to 30%.

4. Issuance of Common Stock; Return of Excess Payments

The following deliveries and payments will be made to the address shown on the face of your subscription rights certificate, unless you provide instructions to the contrary in your subscription rights certificate:

(a) *Share Certificates.* As soon as practicable after the expiration date and the valid exercise of the basic subscription rights and/or the over-subscription privilege, and after all prorations and adjustments with respect to the over-subscription privilege have been effected, the subscription agent will mail to each subscription rights holder a share certificate representing the number of shares of common stock purchased by such holder.

(b) *Excess Payments.* As soon as practicable after the expiration date and after all prorations and adjustments with respect to the over-subscription privilege have been effected, the subscription agent will mail to each subscription rights holder any excess amount, without interest or deduction, received in payment of the subscription price.

5. Sale or Transfer of Rights

The subscription rights may be sold, transferred or assigned in whole or in part. Subscription rights, however, will not be listed for trading on the NASDAQ Capital Market, any other stock exchange or market, or on the OTC Bulletin Board. Any transferee of any of your subscription rights must exercise those rights in the same way and subject to the same conditions as apply to when exercising the transferred rights.

Subscription rights, whether or not transferred, must be exercised prior to the expiration of the rights offering or they will terminate. It should be noted that the resale restrictions of Rule 144 will apply to the transfer of subscription rights by affiliates of the Company and to recipients of rights transferred from such affiliates. The resale restrictions of Rule 144 also will apply to shares of common stock purchased by affiliates as a result of the exercise of rights associated with restricted shares. Practically speaking, the subscription agent must receive a proper transfer of a rights certificate from a transferor by May 14, 2010 for the transferee to be able to properly exercise the transferee's own re-issued rights certificate by May 24, 2010.

6. Method of Delivery

The method of delivery of subscription rights certificates and payment of the subscription price to the subscription agent will be at the election and risk of the subscription rights holder. If sent by mail, the company recommends that you send all documents and payments by registered mail, properly insured, with return receipt requested, and that you allow a sufficient number of days to ensure delivery to the subscription agent and clearance of payment before the expiration date. If you send an uncertified check, payment will not be deemed to have been received by the subscription agent until the check has cleared. The clearinghouse may require five or more business days. Accordingly, holders who wish to pay the subscription price by means of an uncertified check should make payment sufficiently in advance of the expiration date to ensure that the payment is received and clears by that date. If you send a certified check or bank draft, drawn upon a U.S. bank, payment will be deemed to have been received by the subscription agent immediately upon receipt of such instrument.

7. Questions

If you have any questions regarding the rights offering, completing a subscription rights certificate or submitting payment in the rights offering, please contact the company's information agent, Georgeson, Inc., at (888) 867-6856 (toll free) or, for banks and brokers, at (212) 440-9800. Any questions regarding TranSwitch Corporation may be directed to Robert Bosi, Chief Financial Officer, at (203) 929-8810, Monday through Friday between 8:00 a.m. and 5:00 p.m., Eastern Time.