

Netlist Defeats SanDisk IPR Petitions in the ULLtraDIMM Case

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IRVINE, CA -- (Marketwired) -- 12/29/14 -- Netlist, Inc. (NASDAQ: NLST) announced today that the United States Patent and Trademark Office (USPTO) denied petitions requesting Inter Partes Review (IPR) of Netlist patents asserted against the ULLtraDIMM. The petitions were filed by SanDisk who partnered with Diablo Technologies, Inc., to produce the ULLtraDIMM. Both are co-defendants in Netlist's patent infringement action pending in the United States District Court of the Northern District of California.

In denying its petitions, the Patent Trial and Appeal Board ("PTAB") found that SanDisk failed to establish a reasonable likelihood of showing the unpatentability of at least one claim from the challenged patents. SanDisk and Diablo are now barred from filing additional IPRs on the 4 Netlist patents with claims that the PTAB refused to review. Of the five petitions filed by SanDisk, three were denied in their entirety and a fourth was denied as to some of the challenged claims. The PTAB granted petitions to review three other Netlist patents that have also been asserted in the litigation.

Noel Whitley, Netlist's Vice President of IP and Licensing said, "In court papers filed in June 2014, SanDisk suggested that the PTAB had granted about 83% of petitions for IPR. According to statistics relied upon by SanDisk, Netlist had just over a 3% chance of achieving this result. By any measure, this was a highly successful outcome and speaks to the strength of our patents in this case. Claims from these four patents represent a substantial infringement position against the ULLtraDIMM. With the PTAB having reviewed and rejected the defendant's arguments on invalidity, the defendants face an uphill climb to convince a jury that the same patents are invalid, particularly where the threshold for invalidating claims is higher in District Court than before the PTAB."

The PTAB denied institution as to all claims of U.S. Pat. No. 8,516,185 which relates to the fundamental distributed buffer architecture created by Netlist and is integral to the architecture of the ULLtraDIMM. Among other functions, the distributed buffer architecture allows a proprietary DIMM containing various types of memory to appear to the system as standard DRAM memory. Netlist's architecture has been widely adopted by the industry on the DDR4 LRDIMM.

Two other Netlist patents for which SanDisk's IPR petitions were denied cover critical design features of hybrid memory modules, including ULLtraDIMM, that employ NAND flash in the DRAM channel. U.S. Pat. No's 8,301,833 and 8,516,187 relate to clocking and buffering techniques for moving data between the volatile and non-volatile subsystems on a hybrid memory module, developed as part of Netlist's pioneering work on its NVvault™. The PTAB also denied institution as to three claims from U.S. Pat. No. 8,001,434 which cover self-test features that are generally applicable to memory modules including the ULLtraDIMM.

C.K. Hong, Netlist's Chief Executive Officer said, "We are very pleased with this outcome and the overall progress in our multi-year legal proceedings against ULLtraDIMM and SanDisk. The technologies covered by our patents are critical for the enterprise computing and storage space. We believe this ruling by the PTAB is a clear validation of our IP in this area and a testament to the years of seminal development work and ongoing investment."

About Netlist:

Netlist, Inc. designs and manufactures high-performance, logic-based memory subsystems for server and storage applications for cloud computing. Netlist's flagship products include NVvault™ and EXPRESSvault™ family of products that significantly accelerate system performance and provide mission critical fault tolerance, HyperCloud®, a patented memory technology that breaks traditional performance barriers, and a broad portfolio of industrial Flash and specialty memory subsystems including VLP (very low profile) DIMMs and Planar-X RDIMMs. Netlist has steadily invested in and grown its worldwide IP portfolio, which now includes 51 issued and granted patents and more than 30 U.S. and foreign pending patent applications in the areas of high performance memory and hybrid memory technologies.

Netlist develops technology solutions for customer applications in which high-speed, high-capacity, small form factor and efficient heat dissipation are key requirements for system memory. These customers include OEMs that design and build tower, rack-mounted, and blade servers, high-performance computing clusters, engineering workstations and telecommunications equipment. Founded in 2000, Netlist is headquartered in Irvine, CA with manufacturing facilities in Suzhou, People's Republic of China. Learn more at www.netlist.com.

Safe Harbor Statement:

This news release contains forward-looking statements regarding future events and the future performance of Netlist. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expected or projected. These risks and uncertainties include, but are not limited to, risks associated with the launch and commercial success of our products, programs and technologies; the success of product partnerships; continuing development, qualification and volume production of EXPRESSvault™, NVvault™, HyperCloud® and VLP Planar-X RDIMM; the timing and magnitude of the anticipated decrease in sales to our key customer; our ability to leverage our NVvault™ technology in a more diverse customer base; the rapidly-changing nature of technology; risks associated with intellectual property, including patent infringement litigation against us as well as the costs and unpredictability of litigation over infringement of our intellectual property and the possibility of our patents being reexamined by the United States Patent and Trademark office; volatility in the pricing of DRAM ICs and NAND; changes in and uncertainty of customer acceptance of, and demand for, our existing products and products under development, including uncertainty of and/or delays in product orders and product qualifications; delays in the Company's and its customers' product releases and development; introductions of new products by competitors; changes in end-user demand for technology solutions; the Company's ability to attract and retain skilled personnel; the Company's reliance on suppliers of critical components and vendors in the supply chain; fluctuations in the market price of critical components; evolving industry standards; and the political and regulatory environment in the People's Republic of China. Other risks and uncertainties are described in the Company's annual report on Form 10-K filed on March 18, 2014, and subsequent filings with the U.S. Securities and Exchange Commission made by the Company from time to time. Except as required by law, Netlist undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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