

Netlist's Amended Complaint Provides Details in ULLtraDIMM Litigation -- Sixty Trade Secrets Believed Stolen by Diablo

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IRVINE, CA -- (Marketwired) -- 03/25/14 -- Netlist, Inc. (NASDAQ: NLST), a leading provider of high performance memory solutions for the cloud computing and storage markets, announced today that it has filed a Second Amended Complaint in the lawsuit against Diablo Technologies, Inc., related to the recently released ULLtraDIMM memory module. The complaint details Diablo's theft of Netlist's breakthrough HyperCloud® technology and its incorporation of the stolen trade secrets in the ULLtraDIMM product Diablo produced in partnership with Smart Storage Systems, Inc. This trade secret lawsuit and the related suit asserting infringement of seven Netlist patents against the ULLtraDIMM are pending before Judge Yvonne Gonzalez Rogers in the United States District Court for the Northern District of California in Oakland, California. In the complaint, Netlist seeks, among other things, an injunction against the ULLtraDIMM product, as well as damages, royalties and restitution for Diablo's misappropriation of Netlist's trade secrets.

As described in the complaint, Diablo exploited its position as a trusted vendor to steal Netlist's most valuable intellectual property and incorporate the stolen technology in the ULLtraDIMM. Netlist disclosed to Diablo in confidence, for the sole purpose of building products for Netlist, the core specifications for HyperCloud®, and spent significant engineering resources over several years teaching Diablo how to implement these technologies. The complaint details how Diablo stole these proprietary specifications and designs and used them to create its own products including the ULLtraDIMM. In the process, Diablo transformed itself from a contract design house to a "products company", leveraging this theft to build a reputation for new technology development that it does not deserve.

"Diablo's theft of Netlist's most valuable IP violates all norms of fair dealing between companies in our industry that play by the rules," said Netlist President and CEO, C.K. Hong. "We intend to bring Diablo's long course of unlawful conduct to light and to vigorously pursue every available remedy for its theft, including an injunction."

Netlist has also served an Amended Trade Secret Disclosure describing in detail approximately 60 technical trade secrets taught and disclosed by Netlist to Diablo, and, as described in the complaint, believed to reside in the ULLtraDIMM. Among these trade secrets are: (a) Netlist's LRD/DxD chipset architecture, including communication control architecture, control information extraction, write-leveling operations, and chipset pin definitions and operation modes; (b) Netlist's ASIC controller architecture, including multiplexing proprietary and standard operations, rank register controller, and access control architecture; (c) Netlist's isolation switch device architecture; and (d) novel features in Netlist's architecture for memory module self-test.

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 HyperCloud®, a patented memory technology that breaks traditional performance barriers, NVvault™ and EXPRESSvault™, the pioneering family of hybrid memory products utilizing both DRAM and NAND Flash that significantly accelerates system performance and provides mission

critical fault tolerance, 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 IP portfolio, which now includes 43 issued patents and more than 30 US 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, storage hardware, 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 29, 2013, 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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