

Netlist Provides Update on Lawsuit Against Diablo Technologies, Smart Modular Technologies, Smart Storage Systems and Smart Worldwide Holdings

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IRVINE, CA -- (Marketwired) -- 12/16/13 -- Netlist, Inc. (NASDAQ: NLST), a leading provider of high performance and hybrid memory solutions for the cloud computing and storage markets, provided an update on its lawsuit against Diablo Technologies, Inc., Smart Modular Technologies, Inc., Smart Storage Systems, Inc. and Smart Worldwide Holdings, Inc.

As noted in its 8-K filed with the Securities and Exchange Commission on December 12, 2013, on November 13, 2013, Netlist's CEO, C.K. Hong, received a whistleblower letter postmarked from Canada (where Diablo is based), and apparently written by a current or former Diablo employee. The letter begins by stating that Diablo stole Netlist's architecture and design. The letter goes on to explain that, in creating its new ULLtraDIMM product, Diablo took Netlist's flagship product, HyperCloud™, "as-is." Diablo then passed off the resulting product as its own to potential customers, including in demonstrations to IBM, Hewlett-Packard and others. The letter further states that Diablo's management conspired to hide this theft by instructing its employees not to speak to customers about the fact that Netlist's product was incorporated into ULLtraDIMM. The letter includes diagrams showing precisely how Diablo implemented the theft of Netlist's trade secrets, as well as the names of former Diablo employees, customers and suppliers who can verify the theft. Netlist is aggressively pursuing an investigation into Diablo's theft of Netlist's trade secrets.

"HyperCloud® technology addresses a multi-billion dollar market and was developed by Netlist over six years at a cost of \$65 million. We have been issued new patents, the USPTO continues to validate claims under reexamination and there have been an increasing number of citations of Netlist patents by industry leaders," said C.K. Hong, CEO of Netlist. "We are proud to have compiled significant and seminal intellectual property assets and we are committed to vigorously defending these assets against those that infringe on our IP, particularly those dishonest parties that seek to intentionally steal our most valuable intellectual assets."

Netlist has steadily invested in and grown its intellectual property, which now includes 41 issued U.S. patents and more than 40 U.S. and foreign pending patent applications in the areas of high performance memory subsystems and hybrid memory technologies. Netlist's patents have increasingly been cited by others such as Google and Micron as they seek to patent their work in the high-performance memory arena. Analysts anticipate the market for HyperCloud®-like products to grow exponentially over the next decade through DDR4.

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®, NVvault™ and EXPRESSvault™ family of products that significantly accelerate system performance and provide 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 develops technology solutions for customer applications in which high-speed, high-capacity, small form factor and 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 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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