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**Nanochip Secures \$10 Million in Series C Funding Led by Intel Capital; Investment Round to Provide for Commercialization of Ultra-High-Capacity Removable Storage Chips**

<http://www.tmcnet.com/usubmit/2006/04/18/1580843.htm>

FREMONT, Calif. --(Business Wire)-- April 18, 2006 -- Nanochip, Inc., a developer of advanced micro-electro-mechanical systems (MEMS) silicon data storage chips for consumer electronics markets, today announced that it has secured \$10 million of a \$15 million Series C financing round. The funding was led by Intel Capital, a new Nanochip investor. Five million dollars of additional funding in this round is being left open for other interested investors.

Nanochip is developing a new class of ultra-high-capacity MEMS-based storage chips. These new chips -- with bit-densities enabling the storage of tens of gigabytes per chip or the equivalent of many high-definition feature-length videos -- use a nano-probe array technology that goes far beyond the expected limits of conventional lithography used in present semiconductor memory chips.

Nanochip is designing a family of removable, rewritable data storage products for use in a wide range of future consumer electronics products that will require data storage capacities that exceed the physical limitations of today's semiconductor memory technology.

"This investment led by Intel Capital will help Nanochip execute on its vision to bring the benefits of MEMS ultra-high-capacity memory to a variety of consumer applications," said Gordon Knight, Ph.D., president and chief executive officer of Nanochip. "We look forward to working closely with Intel on the development of these very high capacity storage chip products."

Nanochip will use the proceeds from this investment round to fund continued advances in technology and development of the company's first commercially available storage products. In the last two years, Nanochip engineering teams have overcome several significant media physics challenges. During that time, the company has applied for more than 20 patents.

"Consumer applications such as digital photography, music and video are opportunities where MEMS-based ultra-high-capacity memory can deliver unique advantages over traditional memory devices," said Keith Larson, director of manufacturing, memory and digital health sectors for Intel Capital. "Intel Capital, through its relationship with Intel, plans to work closely with Nanochip in developing these next generation devices."

Also participating in the Nanochip C Round is JK&B Capital, a venture capital firm that led the B funding round. "JK&B believes Nanochip's technology, expertise and product roadmap is extremely promising; not only for existing non-volatile, portable memory applications but for the new markets and applications it promises to make available. Nanochip is a very exciting company and a wonderful investment opportunity," said Al DaValle, JK&B Capital partner and member of the Nanochip board of directors.

Nanochip's technology falls into the category of compact data storage which is currently supported by NAND flash memories and micro-sized hard disk drives. NAND flash chips work like a hard disk rather than a computer's main memory. NAND flash, which has a fast write speed and dense capacity, is becoming the storage technology of choice for digital consumer devices, including MP3 music players, digital cameras and digital camcorders. According to market research company Semico Research Corp., the full market for NAND flash memories, including the high capacity range targeted by Nanochip's technology, is projected to reach \$36.1 billion in 2008.

About Nanochip

Nanochip, Inc. ([www.nanochip.com](http://www.nanochip.com)) was formed in 1996 to develop MEMS storage chips for consumer electronic applications. The company's products address the need for low-power, very high-capacity, high-performance, non-volatile memory at a price very competitive in consumer markets. Nanochip is a private company headquartered in Fremont, Calif.

#### About Intel Capital

Intel Capital, Intel's venture capital organization, makes equity investments in innovative technology start-ups worldwide. Intel Capital invests in a broad range of companies offering hardware, software and services targeting enterprise, home, mobility, health, consumer Internet, and semiconductor manufacturing. Since 1991, Intel Capital has invested more than US\$4 billion in more than 1,000 companies spanning more than 30 countries. During this time, about 160 portfolio companies have been acquired and another 150 have gone public on exchanges around the world. In 2005, Intel Capital invested about US\$265 million in about 140 deals with approximately 60 percent of funds invested outside the United States. For more information on Intel Capital and its differentiated advantages, visit [www.intelcapital.com](http://www.intelcapital.com).

#### About JK&B Capital

JK&B Capital ([www.jkbcapital.com](http://www.jkbcapital.com)) is a venture capital firm focused in the software, IT and communications markets with over \$900 million of capital under management. Founded in 1996, JK&B has built a track record of generating exceptional returns for investors by identifying and investing in companies with technologies which have been critical to the growth of the world's information economy.

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