

April 28, 2004

NVE lost the Giordano promoted Motorola litigation.

The J. Giordano Securities Group recently published an NVE Corporation (NASDAQ: NVEC, \$38.85) report titled “Buy on Weakness as CEO Dan Baker interviews on CNBC.” The report attempted to defend Baker’s past and NVE’s insider stock sales.

The Giordano report states that “NVEC was required to sue Motorola in 2000 over the 1996 contract commitments between the two companies.” The lawsuit was filed April 20, 1999 and makes no mention of any 1996 commitments. The dispute has nothing to do with MRAM. It pertains to a GMR patent filed by and registered to Motorola, Inc. (NYSE: MOT, \$20.32) which NVE sought and failed to take away from Motorola.

According to Motorola, NVE was hired by Motorola to develop data and file the patents for Motorola as a paid consultant on an hourly “work for hire” basis. NVE worked for Motorola but did not file the patent. Instead NVE made a failed ownership claim 3 years and 7 seven months after Motorola made its own filing.

We do not understand why Giordano would attempt to use this litigation to explain Motorola’s selling all its NVE stock on the eve of Motorola’s MRAM commercialization. NVE has been promoting its stock based on a wholly unsupported claim that Motorola will pay NVE large, material licensing fees. Giordano does not mention that most of NVE’s insiders (including Baker) sold virtually all of their stock while promoting the Motorola claim.

NVE’s failed attempt to gain credit for this wholly immaterial Motorola GMR patent raises new questions about NVE’s uncorroborated claims against Motorola. NVE alleged that it entered into various nondisclosure agreements with Motorola between 1993 and 1997. In its answer to NVE’s lawsuit Motorola refers to a March 10, 1995 “Consulting Agreement” and states that it has no knowledge of any of the various agreements NVE claims existed between 1993 and 1997.

The 1995 Consulting Agreement provided Motorola with 3000 hours of NVE consulting time. According to Motorola, the agreement gave it all rights to data and inventions created by NVE while it worked as its hourly “works made for hire” consultant. Motorola also claimed that the agreement required NVE to assist Motorola in obtaining patents, copyrights and other legal protections for the inventions created by NVE for Motorola. In the litigation Motorola charged that NVE failed to perform its obligation to assist Motorola in filing for the patent. Instead of assisting Motorola in obtaining a patent, it sued Motorola after the patent was issued.

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