

May 26, 2004

***Honeywell challenges NVEC's published "spin-off" claims.***

An April 30, 2004 letter from Honeywell International, Inc.'s (NYSE: HON \$33.60) Trademark Counsel clearly states "NVE Corporation is not a 'spin-off' of Honeywell Inc. NVE Corporation was never owned by Honeywell Inc. nor created as a result of a corporate divestiture by Honeywell Inc." This Honeywell statement refutes and contradicts representations contained in NVE Corporation's (NASDAQ: NVEC, \$31.50) filings with the Securities & Exchange Commission ("SEC") and in articles and investor newsletters used in NVE's promotion.

The earliest example of NVE's use of the "Honeywell spin-off" representation seems to be in August 1990 in a publication called Corporate Minnesota Report. The article reported that NVE is a "Honeywell spin-off." NVE's 2000 Proxy Statement filed with the Securities and Exchange Commission states that NVE was "formed in 1989 as a spin-off from Honeywell." The June 2003 the Forbes/Wolfe Nanotech Report called NVE "a spin-off from Honeywell." On September 12, 2003 Investors Business Daily wrote that NVE is a "Honeywell International Inc. spinoff."

Investors may have been led to believe that NVE uses the phrase "Honeywell spin-off" because NVE was created or at one time owned by Honeywell before it sold its shares to the public. Nothing could be farther from the truth. NVE was merged into the empty public shell of a defunct company. The transaction is commonly referred to by stock promoters as a "shell deal."

NVE's "shell deal" gave insiders the ability to sell their shares to the public. NVE insiders then issued a series of investor representations, including the phrase "MRAM technology leader," claims of involvement with nanotechnology and the "Honeywell spin-off" phrase. These statements and promotional activities created sufficient volume for insiders to dump virtually all of their holdings onto the public.

On May 21, 2004 Jim Daughton sold 10,000 shares of NVE stock. Daughton has sold a total of 344,300 shares of his 430,500 shares since the NVE promotion began in June 2003.

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