

June 24, 2004

NVEC's shtick on display in its hometown paper.

Below is a link to an article published today in Minnesota's Star Tribune titled "New patent enlivens NVE stock." The story is composed of quotes from Ed Cabrera of J. Giordano Securities Group and excerpts from NVE Corporation's (NASDAQ: NVEC, \$39.35) own press release.

The Star Tribune is a local paper and NVE is a local company. The story is short and excludes all facts and opinions that are counter to its thesis. This makes the story useful to investors when viewed as an unadulterated company-sponsored promotional statement.

In summary the story tells readers that Cypress Semiconductor Corporation (NYSE: CY, \$14.14) and Motorola, Inc. (NYSE: MOT, \$18.52) are using NVE's Magnetoresistive Random Access Memory ("MRAM") chip design under licensing agreements with NVE. The story then closes with this statement: "NVE was trading above \$60 in January. Cabrera blames short sellers for dragging down the stock price but maintains that the decline has only created a buying opportunity." Sounds good. Unfortunately it contains completely false statements of fact and omits other material and relevant facts that make the story entirely misleading in a matter helpful to NVE's insiders.

Missing is any statement from Motorola or any independent analyst or expert. In fact, not even Cypress who has a vested interest in promoting NVE's stock and patents provided a statement. Included is a critical statement about the NVE short selling thesis. But missing is even a minor glimpse of the short selling thesis. Most importantly, the story refers to the stock's highest historical price as if it had been correct and legitimate, and not a product of misleading hype. Also missing from the story is the possibility that insiders may well be concerned with liability for having orchestrated the hype that led to those prices and then selling virtually all their stock.

The NVE section at [asensio.com](http://www.asensio.com) contains information that investors can use to make their own determinations about the completeness and accuracy of NVE's shtick. It is much easier for investors to read meaning into what is shamefully missing and shamelessly included in today's article.

The short selling thesis is simple. NVE has played no role whatsoever in MRAM's development and its patents are immaterial and inconsequential. NVE was a defunct work-for-hire research shop before it was merged with the shell of a defunct public company. NVE's leader has a history of making statements that were later shown to be misleading. NVE's insiders latched on to nanotech as a way to hype NVE's stock. The stock rose. NVE's insiders used its back-door public status to dump shares.

Whether you are long or short NVE's shares, this story is full of unintentional meaning. One interpretation could be: any company smart enough to have invented MRAM would not need to use a single unknown analyst with no industry experience to promote itself in a misleading story in a local paper.

<http://www.asensio.com/Report-images/NVEC/ST06242004.pdf>>New patent enlivens NVE stock

by Patrick Kennedy

Star Tribune

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