



NEWS RELEASE

Press Contacts:

Joe Gervais
Alacritech Inc.
(408) 487-5723
joeg@alacritech.com

Valdis Hellevik
Axis Public Relations
(650) 401-7700
valdis@axispr.com

Alacritech Granted Preliminary Injunction in Patent Infringement Lawsuit Against Microsoft *Innovator Protects Its 8-Year Investment in Patents and Technology*

San Jose, Calif. — April 13, 2005 — Alacritech® Inc., the innovator of Dynamic TCP Offload™ data acceleration solutions that enable the highest performance and efficiency in networked systems, today announced a U.S. District Court has granted Alacritech's motion for preliminary injunction to prevent Microsoft Corporation (Nasdaq: MSFT) from making, using, offering for sale, selling, importing or inducing others to use Microsoft's "Chimney" TCP offload architecture slated to be available in both the "Longhorn" version of the Windows® operating system and in the Scalable Networking Pack for Windows Server™ 2003.

Alacritech sued Microsoft in Federal District Court on August 11, 2004, alleging that Microsoft's existing and future operating systems containing the "Chimney" TCP offload architecture uses Alacritech's SLIC Technology® architecture. The suit is based on two of Alacritech's fundamental patents relating to scalable networking, U.S. Patent No. 6,427,171 and U.S. Patent No. 6,697,868, both entitled "*Protocol Processing Stack for use with Intelligent Network Interface Device.*"

"After Alacritech discovered that Microsoft Chimney is based on intellectual property that we developed, patented and own, we offered Microsoft a license," said Larry Boucher, president and CEO, Alacritech Inc. "Microsoft rejected licensing terms that would be acceptable to us. We were forced to sue Microsoft to stop them from continuing to infringe, and inducing others to infringe, on our intellectual property rights. We are very pleased with the Court's decision in this matter."

"The standard required to grant a preliminary injunction is actually much higher than the standard required to win at trial," said Mark Lauer, partner, Silicon Edge Law Group. "Moreover, only one of Alacritech's patent claims was before the Court on this motion, as opposed to the dozens of claims pending in this case. This also provides an indication of the strength of the other hundreds of patent claims owned by Alacritech in this area. I expect Microsoft to try to downplay the significance of this ruling. But last year, at a conference Microsoft called the most important conference for the PC hardware industry, Microsoft said this technology would allow them to rule the world for the next few years."

Alacritech's Patent Rights

As the innovator of Dynamic TCP Offload technology that enables scalable networked systems, Alacritech has been issued sixteen patents covering the fundamentals of network data placement, protocol offload, protocol acceleration and file cache offload. After eight years of investment, invention and development, Alacritech took action to protect its intellectual property and significant efforts in developing Dynamic TCP Offload architecture for scalable networking products.

Timeline of Events Leading to Legal Action:

- 10/97–Alacritech files first provisional U.S. Patent application 60/061,809 on SLIC Technology
- 09/98–Alacritech meets with Microsoft and describes patent-pending Dynamic TCP Offload architecture in detail under a non-disclosure agreement
- 04/99–At Microsoft’s request, Alacritech delivers detailed architecture document for integrating Alacritech SLIC Technology into Windows operating system
- 06/99–Microsoft ceases further communications with Alacritech and subsequently proceeds to use Alacritech SLIC Technology without a license
- 04/00–Alacritech ships first products based on SLIC Technology
- 05/01–First Alacritech patent on SLIC Technology, U.S. Patent No. 6,226,680, issued
- 07/02–Alacritech U.S. Patent No. 6,427,171 issued
- 05/03–Microsoft presents new technology called “Chimney” at Windows Hardware Engineering Conference (WinHEC) that appears to be close to Alacritech intellectual property
- 10/03–Alacritech offers Microsoft a license
- 02/04–Alacritech U.S. Patent No. 6,697,868 issued
- 04/04–Microsoft rejects licensing terms that would be acceptable to Alacritech
- 08/04–Alacritech files suit to stop Microsoft from infringing and inducing others to infringe Alacritech’s intellectual property rights
- 11/04–Alacritech files motion for preliminary injunction to stop Microsoft from continuing to infringe and inducing others to infringe Alacritech’s intellectual property rights
- 04/05–Alacritech granted motion for preliminary injunction enjoining Microsoft from continuing to infringe and inducing others to infringe Alacritech’s intellectual property rights

First Scalable Architecture for Networking and Storage

Alacritech was the first to envision a network protocol processing architecture that bypasses Moore’s Law and the limitations of processors to enable scalable, networked systems. Alacritech was founded in 1997 to develop SLIC Technology, a scalable Dynamic TCP Offload architecture that eliminates network processing bottlenecks, closes the I/O processing gap and enables the seamless convergence of networking and storage. Even as network speeds increase, SLIC Technology architecture scales to address the performance and interconnect requirements of future networking and I/O initiatives. First to market, and well ahead of any competition, Alacritech’s SLIC Technology architecture provides an efficient and proven foundation for scalable networking initiatives.

About Alacritech SLIC Technology®

Alacritech’s SLIC Technology is a Dynamic TCP Offload™ architecture that is the first fully compatible and scalable architecture to dynamically offload network protocol processing including TCP/IP, RDMA and iSCSI from host software to silicon. By efficiently eliminating system and network bottlenecks and maximizing data movement through Ethernet-based networks, SLIC Technology significantly increases system, application and network performance and enables scalable networking to 10 Gigabit and beyond. All Alacritech Accelerator products are based on the SLIC Technology architecture and include Gigabit Ethernet TOE NIC (TNIC) products, iSCSI controller products and Internet Protocol Processor (IPP) ASICs. All Alacritech products offer industry-standard failover and link aggregation.

About Alacritech® Inc.

Alacritech Inc. is the world's leading supplier of standards-based scalable networking solutions that enable the highest performance and efficiency in networked systems. As the first to envision a network protocol processing architecture that enables systems to scale to address ever increasing data and network speeds, Alacritech developed and patented the SLIC Technology® architecture. Alacritech's complete line of Accelerators, based on this architecture, optimize data delivery in servers, network-attached storage and iSCSI storage devices. SLIC Technology, the basis of industry-accepted TOE solutions, ships in storage and server products worldwide. Alacritech is a privately held company based in San Jose, California. For more information about Alacritech and its products, please visit the company's Web site at www.alacritech.com.

Alacritech, the Alacritech logo, SLIC Technology, SLIC Technology logo, Accelerating Data Delivery and Dynamic TCP Offload are trademarks and/or registered trademarks of Alacritech Inc. in the United States. Other marks belong to their respective owners.

###