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Phononic Devices Closes \$10M Series B Financing to Commercialize High Efficiency Thermoelectric Modules for Cooling, Refrigeration & Power Generation

ARPA-E Award Recipient Transitions from R&D to Module Fabrication & Production

RALEIGH, N.C., February 23, 2011 -- Phononic Devices, Inc. announced today it has closed on a \$10 million Series B financing led by existing investors Venrock and Oak Investment Partners. Having achieved technology proof-of-concept milestones on a \$2 million Series A financing, Phononic Devices will utilize Series B funds to: commercialize high efficiency thermoelectric modules, expand its team of world-class materials science and compound semiconductor device engineers, and add rapid prototype capacity to leverage the Company's proprietary materials and manufacturing-friendly semiconductor processes. Phononic Devices' approach is designed to significantly increase the efficiency of Thermoelectric Coolers (TECs) that use electricity to remove heat for cooling and refrigeration, and conversely, Thermoelectric Generators (TEGs) that harvest low grade waste heat for power generation.

"This latest financing enables Phononic Devices to assemble a world-class team and bring our high efficiency thermoelectric modules to the multi-billion dollar electronics cooling, refrigeration, and power generation markets," said Dr. Anthony Atti, President and CEO of Phononic Devices. "With the help of ARPA-E we've proven that our advanced semiconductor materials and engineering approach are ideal for high efficiency cooling and refrigeration and low grade waste heat recovery for power generation. Our goal now is to accelerate the go-to-market roll out for our manufacturing-friendly modules."

"ARPA-E is delighted at the announcement of Phononic Devices' \$10M private-sector financing," said Dr. Arun Majumdar, Director of ARPA-E. "When ARPA-E first funded Phononic Devices their thermoelectric technology was still in the idea stage, risky and unproven, but worthwhile given the potential breakthrough in energy efficiency. Why? In the U.S., more than 50% of our primary energy is lost as waste heat. ARPA-E funding targeted the research needed to translate science into an innovative thermoelectric technology with real market potential now realized through private sector investment."

Phononic Devices will be an exhibitor at the ARPA-E Energy Innovation Summit (<http://www.ct-si.org/events/EnergyInnovation/program/>) from February 28 to March 1, 2011 in Washington, DC at booth #201. In November of 2009 Phononic Devices was selected for a \$3 million grant from the Department of Energy's ARPA-E (Advanced Research Projects Agency-Energy). The grant enabled Phononic Devices to introduce its new class of highly efficient thermoelectric materials. Phononic Devices was one of only 37 companies selected by ARPA-E in their inaugural solicitation for funding to pursue "transformational" energy breakthroughs.

About Phononic Devices

Phononic Devices, headquartered on Centennial Campus in Raleigh, North Carolina, is commercializing advanced thermoelectric materials and device concepts exclusively licensed from the University of Oklahoma designed to dramatically improve the efficiency of heat-to-electric energy conversion, and conversely, efficient use of electricity for cooling and refrigeration. Phononic Devices is funded by Venrock and Oak Investment Partners and was awarded a \$3 million grant from ARPA-E in the inaugural funding solicitation. For more information visit: www.phononicdevices.com.

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