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## **CRYSTAL IS, INC. RAISES \$10.6 MILLION IN SECOND ROUND FINANCING**

Lux Capital leads investment round for world leader in native aluminum nitride (AlN) substrates

Green Island, NY – August 31, 2006 – Crystal IS, Inc., the world leader in native aluminum nitride (AlN) substrates, today announced the successful completion of a \$10.6 million second round financing. The investment round was led by Lux Capital, with participation from 3i, ARCH Venture Partners, Harris & Harris Group, Credit Suisse (on behalf of the New York State Common Retirement Fund) and Taiwanese Linkmore Ltd.

“This round of funding will allow Crystal IS to ramp production of the 2-inch substrates and reduce prices, enabling cost-efficient high performance UV devices and opening new opportunities in current high volume consumer applications,” said Crystal IS CEO Ding Day.

“For us this wasn’t best-in-class; it was only-in-class,” said Lux Capital Co-Founder and Managing Partner Josh Wolfe. “Crystal IS has a winning combination of patented processes, proprietary materials, high-value end markets and the team to execute. We’re enthusiastic to support their growth as they meet the needs of global customers.”

Crystal IS was founded in the Rensselaer Polytechnic Institute (RPI) incubator program to develop growth technology for native AlN crystals and the manufacture of low defect AlN substrates from these crystals. The company previously had raised \$5.1 million in September 2004 to scale its technology. Earlier this year, Crystal IS released the world’s first low defect 2-inch native AlN substrates. Competing technologies can only offer small areas of less than 2/3-inch or have a high defect density.

Low defect AlN substrates will enable low cost, high efficiency, high reliability UV optoelectronic products and high power RF components. UV optoelectronic products are hot in the press currently, with applications in compact explosives detection devices, water purification and medical products. Crystal IS’ manufacturing technique of cutting wafers from the bulk crystal can be further scaled for the production of highly affordable substrates making the process suitable for low cost applications such as white lighting.

Crystal IS has also developed a GaN-Ready™ version of its AlN substrates, where an epitaxial layer of Gallium Nitride (GaN) is grown on top of the AlN substrate to address high volume GaN markets such as 405nm lasers for Blu Ray and HD DVD as well as high power LEDs. With its low defect AlN substrate, the GaN epitaxial layer edges the GaN-Ready™ substrates to be the lowest defect density GaN substrates on the market.

After expanding its management team earlier this year, Crystal IS is now expanding its manufacturing team to manage the demand of its 2-inch substrates for these high volume applications.

**About Lux Capital:**

Lux Capital is a research-driven investment firm focused on building businesses of lasting value. Lux uncovers and creates market-leading companies by leveraging its vast network, proprietary business intelligence and unique access. Lux’s investment strategy ensures its portfolio companies are better

connected, have deeper insight, and command industry leadership faster than their competitors. More information is available at [www.luxcapital.com](http://www.luxcapital.com)

**About Crystal IS:**

Crystal IS, Inc. is the market leader in the commercialization of single-crystal aluminum nitride (AlN) substrates for the cost-effective production of high power, high temperature, and optoelectronic devices such as blue and ultraviolet lasers. To learn more about Crystal IS, visit them on the web at [www.crystal-is.com](http://www.crystal-is.com) or contact Tim Bettles, vice president of business development, sales and marketing, on (518) 271-7375.