



For Immediate Release

**ALIEN ANNOUNCES MAJOR ORDER FOR LOW-COST RFID TAGS
Enters Supply Agreement to Provide 500 Million Units to The Gillette Company**

MORGAN HILL, CA - - January 6, 2003. Alien Technology Corporation announced today that it has won an order from The Gillette Company (NYSE:G) for 500 million low-cost radio-frequency identification (RFID) tags. This is the first major commercial order for products incorporating the revolutionary electronic product code (EPC) developed by researchers and member companies at the Auto-ID Center at the Massachusetts Institute of Technology. The multi-million dollar order will support large-scale testing of EPC tag technology through Gillette's supply chain and in retail stores over the next several years.

Chief Executive of Alien Technology, Stav Prodromou, said: "This is a landmark agreement. Alien's partnership with The Gillette Company not only signals that EPC tags will be in commercial production at an affordable price but also heralds the widespread adoption of next-generation Auto-ID technology across the consumer packaged goods industry."

Alien Technology's patented manufacturing approach, Fluidic Self-Assembly, allows tiny integrated circuits to be cost-effectively handled and packaged into EPC tags in huge volumes. This enables Alien to achieve unprecedented low cost in making tags, and also to meet market demand expected to grow rapidly to tens of billions of units per year.

Alien has developed the first EPC labels that operate according to the open specifications drafted at the Auto-ID Center (www.autoidcenter.org). Alien and several other vendors have developed and are offering for sale readers for this system. This worldwide standard for EPC labels will ensure interoperability of tags and readers wherever they are operating.

A radio frequency "EPC label" affixed to a product or packaging can be used to track it through its life cycle, from raw material to manufacturing to retail. As the cost of these labels falls over the next several years, they are expected to revolutionize supply chain management by providing unprecedented visibility into inventory levels and product movement at the pallet, case, and shelf levels. Integrated solutions based around this technology will help businesses save billions of dollars in lost, stolen, or wasted products, and achieve significant efficiencies across their own operations and those of their trading partners.

EPC labels much more than a radio “bar code” because they contain individual item serial numbers and other information such as manufacturing location, date codes, and other vital supply chain data. Manufacturers also expect dramatic reductions in counterfeit branded products due to the use of EPC.

Leading the initiative at The Gillette Company, Vice President Dick Cantwell said: “We are proud to be at the forefront of the introduction of Auto-ID technology and we hope our leadership will help enable the wider consumer packaged goods industry to open a new era in its relationship with retail customers.”

Shipments of the first Alien EPC products to Gillette are expected to begin within the next few months. Other terms of the purchase agreements were not disclosed.

About Alien Technology

Alien Technology has developed, and holds exclusive patent rights to, a manufacturing technology that will dramatically reduce the production cost of many kinds of important electronic products. Fluidic Self-Assembly permits the high-speed assembly of tiny integrated circuits, called NanoBlock™ ICs, into rolls of plastic film. Savings are driven by both lower silicon costs and the efficiency inherent in the massively parallel assembly process.

Headquartered in Morgan Hill, California, Alien is privately held. Significant investors include CMEA Ventures, Rho Management, Sevin-Rosen Funds, New Enterprise Associates, Adams Street Partners, Avery Dennison, and UPM-Kymmene. More information can be found at www.alientechnology.com.

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