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- Staktek To Acquire Southland Micro Systems
- Staktek Announces Next-Generation, Multi-Die Packaging Technology
- Staktek Announces High-Capacity SDHC Memory Card Technology
- Staktek Announces Dismissal of Class-Action Securities Litigation

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Wayne R. Lieberman**President****Chief Executive Officer**

Wayne Lieberman joined Staktek in 2005 and serves as President and Chief Executive Officer. Mr. Lieberman brings over 25 years of high-tech software, hardware and systems experience to Staktek. Most recently, he served as Vice President and General Manager of the Enterprise Business Unit, Communications Business Group, of Marvell Semiconductor, Inc. In this role, he was responsible for the overall business operations of the Enterprise Business Unit, including strategic direction and the P&L. Prior to this time, he held the position of Executive Vice President of Corporate Strategy and Business Development for Radlan Inc. Before Radlan, he worked in executive management positions at Texas Instruments, Tartan Laboratories, Inc., which was acquired by TI in 1996, Legent, Inc., Calay Systems, Inc. and Compunetics, Inc. He holds a BA from Pennsylvania State University and an MBA from the University of Pittsburgh, where he graduated with honors.

W. Kirk Patterson**Senior Vice President****Chief Financial Officer**

Kirk Patterson joined Staktek in November 2003 and serves as Chief Financial Officer and Sr. Vice President. Prior to joining the company, Patterson was Vice President, Corporate Controller and acting Chief Financial Officer for Cirrus Logic, Inc. Mr. Patterson also worked at PricewaterhouseCoopers as the regional manager for accounting services in Houston, as well as at BP Corporation (formerly Amoco Corporation), where his last position was manager of planning and economics. He is a CPA and holds an MBA from Northwestern University's J.L. Kellogg Graduate School of Management. He earned a bachelor's degree in Accountancy from the University of Oklahoma.

Stephanie A. Lucie**Senior Vice President****General Counsel and Corporate Secretary**

Stephanie Lucie joined the company in December 2003 and serves as Sr. Vice President, General Counsel and Corporate Secretary. Prior to joining the company, she served as Vice President, Associate General Counsel and Corporate Secretary of Cirrus Logic, Inc. Previously, she served as Vice President, General Counsel and Corporate Secretary of AltaVista Company, as well as Vice President and Associate General Counsel of Compaq Computer Corporation. She was also in private practice with law firms in New York City and Houston, Texas. Ms. Lucie received her B.A. from the University of Notre Dame and her J.D. from Duke University School of Law, where she served on the Duke Law Journal.

Damian Cook**Vice President****General Manager, Enterprise Business Unit**

Damian Cook joined Staktek in 2005 and serves as Vice President and General Manager, Enterprise Business Unit. Mr. Cook brings over 20 years of high-tech hardware, software, and systems experience to Staktek. Most recently, he served as Director of Engineering for PowerEdge™ server product development at Dell Inc. He also served as Director of Engineering for PowerConnect™ networking products and PowerVault™ storage systems. Prior to Dell, Mr. Cook worked at Compaq Computer Corporation, developing desktop and server products and was responsible for the development of the first Compaq ProLiant™ rackmount servers and the first Compaq TaskSmart™ servers. Before Compaq, he served in the U.S. Navy as a nuclear submarine officer. He holds a BSEE from Texas A&M University, where he graduated with honors.

Robert Fan**General Manager, Consumer and Emerging Markets**

Robert Fan joined Staktek in 2005 and serves as General Manager, Consumer and Emerging Markets. Mr. Fan has over 19 years of experience in the PC and consumer electronic IC industries. Most recently, he served as Vice President of Marketing and Product Management at Berkana Wireless Inc., where he drove the commercialization of the company's RF products for leading cellular handset OEMs. Previously, Mr. Fan served as Vice President of Marketing and Sales at Resonext - an 802.11 chipset company acquired by RF Micro Devices, where he played an instrumental role in the company's growth, as well as financing and M&A efforts. Mr. Fan also worked at Intel for almost 10 years, serving in various strategic, management, marketing and sales roles. Before Intel, Robert engineered VLSI and system products for high-end computing applications. He holds a BS in Electrical Engineering and Computer Science from the University of California, Berkeley, and an MS in Electrical Engineering and Computer Science from Santa Clara University.

John R. Meehan**Executive Vice President**

John Meehan joined Staktek in August 2007 as a result of Staktek's acquisition of Southland Micro Systems. Mr. Meehan founded Southland in 1987 and served as its CEO until its purchase by Staktek. Mr. Meehan currently serves as Executive Vice President. Mr. Meehan brings over 25 years of business leadership. In his role of CEO of Southland, he was responsible for the overall strategic business direction and financial profitability of Southland.

Joe C. Meehan**Executive Vice President**

Joe Meehan joined Staktek in August 2007 as a result of Staktek's acquisition of Southland Micro Systems. Mr. Meehan previously served as Southland's Chief Financial Officer and VP of Operations from 1988 until its purchase by Staktek. Mr. Meehan currently serves as Executive Vice President. Mr. Meehan brings over 25 years of high-tech manufacturing experience to Staktek.

David M. Tremblay**Vice President Worldwide Sales**

David Tremblay joined Staktek in August 2007 as a result of Staktek's acquisition of Southland Micro Systems. Mr. Tremblay currently serves as the General Manager and Vice President of Staktek's Memory Module business unit. Mr. Tremblay is responsible for business growth with the Company's strategic OEM customers using Staktek's extensive intellectual property and memory sub-systems portfolio. His significant memory market experience in sales and marketing spans over 20 years. Before joining Staktek, Mr. Tremblay served for 5 years as Vice President of Smart Modular Technologies' channel business group. Prior to that, he held numerous positions during his 12 years at Viking Components, including Vice President of Operations and Executive Vice President of Sales.

Joseph Villani**Vice President, Engineering**

Joseph Villani joined Staktek in 2005 and serves as Vice President of Engineering. Prior to joining Staktek, Mr. Villani spent 17 years in the semiconductor and software industries, serving in a variety of technical and managerial positions. Mr. Villani spent nearly ten years at Texas Instruments (TI), where he held positions as Hardware and Software Development Manager for the DSP business unit. In this position, he managed the engineering activities in the creation of the award-winning TI ExpressDSPTM Development Environment. Prior to its acquisition by TI in 1996, Mr. Villani held roles as Senior Engineer and Program Manager at Tartan Laboratories. Mr. Villani received both a Bachelors and Masters Degree in Computer Science from the University of Pittsburgh, and an MBA from Rice University.

Fast Facts

NASDAQ: STAK

Founded: 1990

Market: Semiconductor
Equipment: - High-Capacity Memory

Management Team

Wayne Lieberman

President and CEO

- Marvell Semiconductor
- Texas Instruments

Kirk Patterson

Senior Vice President and Chief Financial Officer

- Cirrus Logic
- Amoco

Stephanie Lucie

Senior Vice President, General Counsel & Corporate Secretary

- Cirrus Logic
- Compaq Computer Corp.

Damian Cook

Vice President / General Manager, Enterprise Business

- Dell
- Compaq Computer Corp.

Robert Fan

General Manager, Consumer and Emerging Markets

- Berkana Wireless Inc.
- Resonext Communications
- Intel Corporation

John R. Meehan

Executive Vice President

- Southland Micro Systems

Joe C. Meehan

Executive Vice President

- Southland Micro Systems

David M. Tremblay

Vice President, Worldwide Sales

- Southland Micro Systems
- Smart Modular Technologies

Joseph Villani

Vice President, Engineering

- Texas Instruments
- Viking Components

Transfer Agent

Computershare Investor Services
www.computershare.com

High-Density Solutions

Entorian™ Technologies is a market-leading provider of advanced electronic technologies and solutions for enterprise, consumer and other high-growth markets. The company's development and implementation of TSOP and CSP package-stacked technologies have resulted in core competencies in thermal management, high-density package stacking, electrical interconnect and standard assembly process. This technical expertise has provided a natural progression toward high-density technology innovations for enterprise and emerging consumer electronics markets.

- Stacking - Performance, Value, High Performance Stakpak® and MobileStak™**
Entorian's Stakpak® memory solutions increase operational performance by doubling, tripling or quadrupling the amount of capacity in the same physical footprint as required by standard packaging technology.
- Module Technology - ArctiCore™**
Entorian's proprietary ArctiCore module technologies enable superior electrical, mechanical and thermal characteristics to meet evolving system design complexities for increasing memory capacity and throughput rates of emerging applications.

Investment Highlights

- Market leadership in high-capacity memory systems
- Enabling technology with deep IP portfolio
- Established product portfolio offering next-generation solutions
- Premier customer base reaching into multiple end markets
- Highly flexible IP/Services business model
- Over 230 patents and patent applications pending
- Experienced management team with proven track record
- 200 million+ units shipped incorporating Entorian's high-density technologies

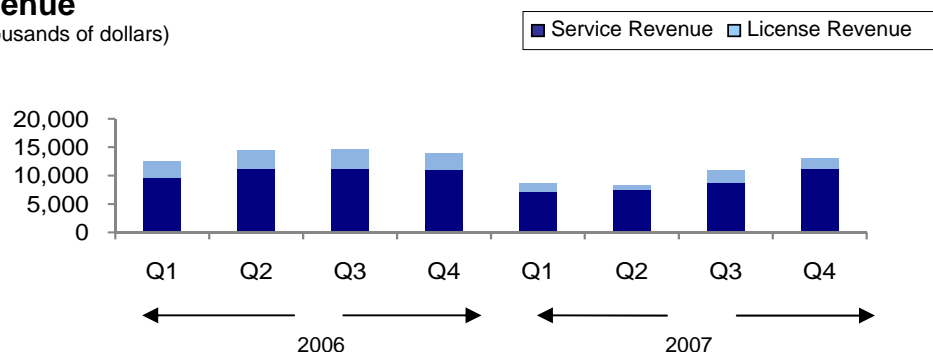
Financial Performance (in millions of dollars)

	2001	2002	2003	2004	2005	2006	2007
Revenue	49.2	47	71.4	73.6	52.5	55.6	40.9
GAAP Net Income (Loss)	13.5	11.5	4.2	7.5	-7.4	-0.45	-40.0
Pro forma Net Income	13.5	11.5	18.8*	22.7	7.2	8.9	-0.5

* Reflects pro forma results, which exclude amortization of acquisition intangibles and stock-based compensation.

Revenue

(in thousands of dollars)



Flexible Business Model

The Entorian business model offers customers the flexibility to select and combine licensing and services to satisfy their unique needs:

- Manufacturing services for high-density products
- Purchase of high-density products from licensees
- Licensing high-density packaging technologies
- Value-added design and modeling services

Significant IP Leadership

Entorian maintains a strong patent portfolio and intellectual property position, with more than 230 patents and pending patent applications.

An ongoing commitment to protecting and developing the company's product portfolio allows the company to continue business expansion, market penetration and revenue growth as demand for high-density systems grows.

Key Technology Advantages

- Significant IP leadership and protection
- Maximum total capacity per module
- Superior thermal reliability
- Space-saving design
- Standard manufacturing processes
- Industry-standard design compatibility

World-Class Quality and Manufacturing

Entorian's sophisticated manufacturing processes combine proprietary assembly equipment with standard back-end automation in a state-of-the-art manufacturing facility in Reynosa, Mexico.

In addition, Entorian conforms to accepted industry standards such as ISO, JEDEC and IPC/EIA. Entorian has been ISO certified to the ISO 9001:2000 standard since July 2001 as assessed by Bureau Veritas Quality International (N.A.) Inc.

As a commitment to continuous improvement, Entorian undergoes regular audits by BVQI. All Entorian technology is rigorously qualified internally to meet industry and customer requirements. Regular monitoring further assures consistency in product quality and reliability.

Key Market Dynamics

Computing and consumer devices with greater processing requirements and more advanced operating systems and applications are driving the demand for high-density memory and systems. However, the demand for greater memory capacity is outpacing the cost-effective production of next-generation monolithic memory chips.

By innovatively packaging industry-standard, current-generation memory and module devices, Entorian enables the delivery of up to four times the capacity per memory module as compared to current monolithic memory chips with higher processing speeds.

These advanced solutions smooth the market transition to higher-capacity memory while next-generation designs and production capacity are being developed. Once next-generation chips become readily available, they become candidates for high-density packaging to deliver even greater capacity to OEMs.

Extensive Use of Technologies

Entorian markets its IP, services and products throughout the electronics supply chain. There has been a wide adoption of Entorian's technologies, including:

- **Semiconductor Vendors:**
Hynix, Infineon, Micron, Samsung and Toshiba
- **Memory Module Vendors:**
Kingston, Netlist, PNY and SMART Modular
- **System OEMs:**
Cisco Systems, Hewlett-Packard and IBM

Recent Announcements

- Staktek Change Corporate Name to Entorian™ Technologies Inc.
- Staktek Introduces JEDEC-Compliant SO-DIMM with Heat Spreader (2/2/08)
- Staktek Announces Appointment to its Board of Directors (10/16/07)
- Staktek Completes Acquisition of Southland Micro Systems (9/5/07)
- Staktek to Acquire Southland Micro Systems (8/21/07)
- Staktek Announces Next-Generation, Multi-Die Packaging Technology (6/9/07)
- Staktek Announces High-Capacity SDHC Memory Card Technology (6/5/07)
- Staktek Announces Stacking Solution for Mobile Processors and Industry Standard Memory (12/06/06)
- Staktek Announces Availability of FlashStak™ X-2 (8/7/06)
- Toshiba Licenses Staktek's NAND Flash-Memory Technologies (6/30/06)
- Staktek Announces Second Generation of High Performance Stakpak® Chip-Scale Package (CSP) Stacking with Enhanced Manufacturability (5/16/06)

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Staktek Holdings (now Entorian Technologies) Reports Fourth Quarter and Full Year 2007 Financial Results

AUSTIN, TX – February 27, 2008 – Staktek® Holdings, Inc. (NASDAQ: STAK), which today is announcing that it changed its name to Entorian™ Technologies Inc. (NASDAQ: ENTN), is a market-leading provider of advanced electronic technologies and solutions for enterprise, consumer and other high-growth markets, and today announces financial results for the fourth quarter and full year ended December 31, 2007.

Fourth Quarter 2007 Results

Total revenue for the fourth quarter was \$13.0 million, which was in line with the company's previously stated guidance, compared to \$10.9 million in the third quarter of 2007 and \$14.0 million in the fourth quarter of 2006. Product revenue in the fourth quarter, which reflects the combined revenue generated from Staktek's stacking services and Southland, was \$11.1 million, compared to \$8.7 million in the third quarter 2007 and \$11.1 million in the same period a year ago. License revenue was \$1.9 million, compared to \$2.2 million in the previous quarter and \$2.9 million in the fourth quarter 2006.

"During the fourth quarter, the company further continued its business expansion into major enterprise OEMs and data center customers as a result of our Southland acquisition," commented Wayne Lieberman, president and CEO of Staktek. "We continued to make good progress integrating Southland. We have been consolidating equipment and plant capacities, as well as identifying other areas of increased efficiencies and scale. We are also beginning to leverage our expanded customer base and sales channels to increase the deployment of our technologies in the enterprise server market."

During the fourth quarter, the company took a non-cash impairment charge of \$27.9 million relating to goodwill associated with the acquisition of Staktek in 2003. Including this charge, the net loss for the fourth quarter was \$31.7 million, or (\$0.68) per share, compared to a net loss of \$1.3 million, or (\$0.03) per share, in the third quarter of 2007 and a net loss of \$796,000, or (\$0.02) per share, in the fourth quarter of 2006.

Excluding non-cash charges for stock-based compensation and amortization and impairment of acquisition intangibles, the non-GAAP net loss for the fourth quarter of 2007 was \$1.1 million, or (\$0.02) per diluted share, compared to non-GAAP net income

of \$973,000, or \$0.02 per diluted share, in the previous quarter. Non-GAAP net income in the fourth quarter of 2006 was \$2.1 million, or \$0.04 per diluted share. A reconciliation of GAAP to non-GAAP results has been provided in the financial statement tables following the text of this press release.

Cash, cash equivalents and short-term investments on December 31, 2007 totaled \$61.9 million, compared to \$57.3 million on September 31, 2007. During the quarter, the company repurchased 274,000 shares of its common stock under its repurchase program at a cost of \$767,000.

Full Year 2007 Results

Total revenue for the full year ended December 31, 2007 was \$40.9 million, compared to \$55.6 million for the year ended December 31, 2006. Total product revenue was \$34.5 million, compared to \$43.1 million for the full year 2006 and license revenue was \$6.4 million for 2007, compared to \$12.5 million for 2006. On a GAAP basis, total gross margin was 18 percent for the full year of 2007, compared to 37 percent for the full year of 2006.

Under GAAP, and including the non-cash goodwill impairment, the operating loss for the full year 2007 was \$43.1 million. The full year net loss was \$40.0 million, or (\$0.85) per diluted share, compared to the net loss of \$454,000, or (\$0.01) per diluted share, for the full year 2006. Excluding non-cash charges for stock-based compensation and amortization and impairment of acquisition intangibles, the operating loss for 2007 was \$3.4 million and the net loss was \$509,000, or (\$0.01) per diluted share.

Mr. Lieberman concluded, "During the year, we further leveraged our IP with the development of additional technologies targeted at the consumer electronics market. We also made measurable progress commercializing our FlashStak product through securing an additional large customer. Looking to 2008, we will continue to evaluate synergistic acquisition opportunities that support our vision towards becoming the leading provider of Enterprise-class advanced electronic technologies and solutions that relies on mechanical and electrical packaging as a key advantage in the enterprise, consumer, industrial and other high-growth markets."

Business Outlook

Staktek expects first quarter 2008 total revenue to range between approximately \$8 million to \$10 million, with product revenue ranging between \$6.8 million and \$8.5 million and license revenue ranging between \$1.2 million and \$1.5 million.

New Corporate Name

Staktek is also announcing today that it changed its name to Entorian™ Technologies Inc. (NASDAQ: ENTN). The name change reflects the company's vision to move beyond chip-stacking solutions and become a leading provider of advanced electronic

technologies and solutions for high-speed, high-capacity systems, as well as to expand its footprint evolving from its consumer technologies. This vision is built on an 18-year foundation of electrical and mechanical packaging expertise, as well as a deep intellectual property portfolio consisting of more than 230 patent and pending patent applications. The company's common stock will begin trading on NASDAQ under 'ENTN' effective with the market open on February 28, 2008, and will operate its web site under <http://www.entorian.com>, also effective February 28, 2008. The company's new CUSIP number is 29383P 100. Holders of stock certificates bearing the name "Staktek" may continue to hold these certificates and will not be required to exchange them for new certificates.

Web Cast and Conference Call

Staktek will host a conference call and web cast with investors today, February 27, 2008, at 3:30 p.m. Central time (4:30 p.m. Eastern time) to discuss the fourth quarter and fiscal year 2007 financial results and the business outlook for the first quarter of 2008. Investors and other interested parties may access the call by dialing 800-289-0496 in the U.S. (913-312-1472 outside of the U.S.), with the confirmation code 3804955, at least 10 minutes prior to the start of the call. In addition, an audio web cast will be available through the Staktek web site at <http://www.staktek.com>. A replay will be available for 48 hours following the call at 888-203-1112 in the U.S. (719-457-0820 outside of the U.S.), confirmation code 3804955.

Cautionary Language

This press release contains forward-looking statements. These statements are generally accompanied by words such as "expect," "anticipate," "believe," "estimate," and similar expressions. These statements include our estimates of first quarter 2008 revenue and our beliefs regarding future efficiencies in distribution, engineering and manufacturing. We do not have long-term agreements with our customers or sufficient backlog to rely upon when forecasting results, so our future performance is very difficult to predict. Our forward-looking statements are based on our current expectations, estimates and assumptions and are subject to many risks, uncertainties and unknown future events that could cause actual results to differ materially. Risks and uncertainties that may cause future results to differ include, but are not limited to, transitions in the technologies utilized by OEMs and others (including but not limited to increased use of dual-die and planar solutions and a continuing shift from DDR-1 to DDR-2) and the resulting impact on our business; reduced DRAM pricing and less demand for our products, due to a DRAM oversupply in certain instances; having significant customer concentration and the impact on our operating results of a material decline in orders from any customer or of a consolidation of our customers; the risk that a competitor or significant customer develops or adopts an alternative solution or competing product; the risk that demand for our solutions is lower than expected; the risk that our average selling prices decline during the period more than we expect because of competitive pressures, substituted products or overall reduced demand for systems that incorporate our technologies; our inability to successfully integrate our acquisition of Southland Micro Systems; an increased risk associated with the volatility of the price of DRAM,

given our increased purchases of DRAM as a result of our acquisition of Southland; the risks associated with expanding into new markets without past experience in those markets and to releasing new products generally; the risk that our new technologies, such as our NAND Flash-memory stacking technologies, FlashStak X-2, ArctiCore and MobileStak™, are not completed, tested or accepted in a timely fashion; the risk that we are unable to protect our intellectual property rights; the risk that we are unable to productize or monetize the intellectual property that we develop; the areas in California and Mexico in which we manufacture are subject to earthquakes, fires, flooding and other natural disasters, for some of which we are not insured; the risk that we will be unable to enter into additional license agreements to license our technologies; the risks associated with intellectual property litigation or other litigation; the risk that our customers or we are unable to obtain adequate memory or other materials; the risk that we incur problems in our manufacturing processes or facilities or that we are unable to maintain or improve our manufacturing capacity and turnaround times; risks related to qualifying our current or future products in our customers' future products; risks related to increasing our royalty-based revenue; risks associated with competing with larger companies and companies with market share where we are targeting expansion; risks related to product liability claims in the event our services and technologies are used in defective products or include defective parts; risks associated with failing to achieve standardization of certain of our products (such as ArctiCore) from JEDEC; risks associated with acquiring other businesses or technologies in the future; our inability to identify companies to acquire; and the risks associated with our dependence on a few key personnel to manage our business effectively.

For a discussion of these and other factors that could impact our financial results and cause actual results to differ materially from those in the forward-looking statements, please refer to our recent filings with the Securities and Exchange Commission, and in particular, our Form 10-K filed on March 8, 2007. The foregoing information concerning our business outlook represents our outlook as of the date of this news release, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new developments or otherwise.

Non-GAAP Financial Measurements

In addition to the GAAP results provided by this document, the Company has provided non-GAAP financial measurements that present operating income, net income and earnings per diluted share on a basis excluding non-cash charges for stock-based compensation and amortization and impairment of acquisition intangibles and the associated income tax effect. Details of these excluded items are presented in one of the tables below, which reconcile the GAAP results to non-GAAP financial measurements described in this press release. Also, this press release, the associated tables and the reconciliation from GAAP results to additional non-GAAP financial measurements that may be discussed in the fourth quarter 2007 earnings conference call can be found on the Company's web site at <http://www.staktek.com>. Staktek has chosen to provide non-GAAP financial measurements to investors because it believes that excluding certain charges represents a better basis for the comparison of its current results to the results of its peer companies. In addition, the Company believes that it provides a means to highlight the results of core ongoing operations to investors. The

presentation of this additional information is not meant to be considered in isolation or as a substitute for results prepared in accordance with GAAP.

About Staktek Holdings

Staktek is a market-leading provider of advanced electronic technologies and solutions for enterprise, consumer and other high-growth markets. With an IP portfolio of more than 230 patents and pending patent applications, the company offers high-speed, high capacity solutions, and technology licensing. Headquartered in Austin, Texas, Staktek operates two ISO-certified manufacturing facilities in Irvine, California and Reynosa, Mexico. For more information today, go to <http://www.staktek.com>. For more information beginning February 28, 2008, go to <http://www.entorian.com>.

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Staktek and Entorian are trademarks of Staktek Group LP.

(Financial Tables to Follow)

STAKTEK HOLDINGS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except per share data; unaudited)

	Three Months Ended		
	Dec. 31, 2007	Sept. 30, 2007	Dec. 31, 2006
Revenue:			
Product	\$ 11,088	\$ 8,756	\$ 11,087
License	1,923	2,185	2,869
Total revenue	<u>13,011</u>	<u>10,941</u>	<u>13,956</u>
Cost of revenue:			
Product (1)	10,151	6,522	7,769
Amortization and impairment of acquisition intangibles	1,154	1,120	1,656
Total cost of revenue	<u>11,305</u>	<u>7,642</u>	<u>9,425</u>
Gross profit	1,706	3,299	4,531
Operating expenses:			
Selling, general and administrative (1)	5,150	4,101	3,690
Research and development (1)	1,011	1,373	1,907
Restructuring	(24)	356	-
Goodwill impairment	27,903	-	-
Amortization of acquisition intangibles	272	183	204
Total operating expenses	<u>34,312</u>	<u>6,013</u>	<u>5,801</u>
Loss from operations	(32,606)	(2,714)	(1,270)
Other income (expense):			
Interest income	578	798	842
Interest expense	(6)	(2)	(14)
Other	111	(34)	5
Total other income, net	<u>683</u>	<u>762</u>	<u>833</u>
Loss before income taxes	(31,923)	(1,952)	(437)
Provision (benefit) for income taxes	(237)	(695)	359
Net loss	<u>\$ (31,686)</u>	<u>\$ (1,257)</u>	<u>\$ (796)</u>
Loss per share:			
Basic	<u>\$ (0.68)</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>
Diluted	<u>\$ (0.68)</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>
Shares used in computing loss per share:			
Basic	46,810	46,997	47,780
Diluted	46,810	46,997	47,780
(1) Includes stock-based compensation expense as follows:			
Cost of revenue	\$ 106	\$ 109	\$ 203
Selling, general and administrative expense	939	1,280	1,162
Research and development expense	126	180	244
	<u>\$ 1,171</u>	<u>\$ 1,569</u>	<u>\$ 1,609</u>

STAKTEK HOLDINGS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except per share data; unaudited)

	Twelve Months Ended	
	Dec. 31, 2007	Dec. 31, 2006
Revenue:		
Product	\$ 34,490	\$ 43,084
License	6,380	12,472
Total revenue	<u>40,870</u>	<u>55,556</u>
Cost of revenue:		
Product (1)	28,250	28,247
Amortization and impairment of acquisition intangibles	5,077	6,623
Total cost of revenue	<u>33,327</u>	<u>34,870</u>
Gross profit	7,543	20,686
Operating expenses:		
Selling, general and administrative (1)	15,980	14,805
Research and development (1)	5,654	8,238
Restructuring	332	391
Goodwill impairment	27,903	-
Amortization of acquisition intangibles	730	817
Total operating expenses	<u>50,599</u>	<u>24,251</u>
Loss from operations	(43,056)	(3,565)
Other income (expense):		
Interest income	3,051	3,077
Interest expense	(17)	(19)
Other	25	(77)
Total other income, net	<u>3,059</u>	<u>2,981</u>
Loss before income taxes	(39,997)	(584)
Benefit for income taxes	(10)	(130)
Net loss	<u>\$ (39,987)</u>	<u>\$ (454)</u>
Loss per share:		
Basic	<u>\$ (0.85)</u>	<u>\$ (0.01)</u>
Diluted	<u>\$ (0.85)</u>	<u>\$ (0.01)</u>
Shares used in computing loss per share:		
Basic	47,156	48,080
Diluted	47,156	48,080
(1) Includes stock-based compensation expense as follows:		
Cost of revenue	\$ 426	\$ 595
Selling, general and administrative expense	4,732	4,599
Research and development expense	790	1,022
	<u>\$ 5,948</u>	<u>\$ 6,216</u>

STAKTEK HOLDINGS, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands, except per share data; unaudited)

	Three Months Ended		
	Dec. 31, 2007	Sept. 30, 2007	Dec. 31, 2006
GAAP loss from operations	\$ (32,606)	\$ (2,714)	\$ (1,270)
Non-GAAP adjustments:			
Amortization and impairment of acquisition intangibles	1,426	1,303	1,860
Goodwill impairment	27,903	-	-
Stock-based compensation expense	1,171	1,569	1,609
Total non-GAAP adjustments	30,500	2,872	3,469
Non-GAAP income (loss) from operations	\$ (2,106)	\$ 158	\$ 2,199
GAAP net loss	\$ (31,686)	\$ (1,257)	\$ (796)
Total non-GAAP adjustments affecting income from operations	30,500	2,872	3,469
Tax adjustment*	87	(642)	(595)
Non-GAAP net income (loss)	\$ (1,099)	\$ 973	\$ 2,078
Shares used in calculating non-GAAP diluted earnings (loss) per share	46,810	47,877	48,897
Non-GAAP diluted earnings (loss) per share	\$ (0.02)	\$ 0.02	\$ 0.04

* The non-GAAP tax adjustment represents the tax effect of the non-GAAP adjustments.

STAKTEK HOLDINGS, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands, except per share data; unaudited)

	Year Ended	
	Dec. 31, 2007	Dec. 31, 2006
GAAP loss from operations	\$ (43,056)	\$ (3,565)
Non-GAAP adjustments:		
Amortization and impairment of acquisition intangibles	5,807	7,440
Goodwill impairment	27,903	-
Stock-based compensation expense	5,948	6,216
Total non-GAAP adjustments	39,658	13,656
Non-GAAP income (loss) from operations	\$ (3,398)	\$ 10,091
GAAP net loss	\$ (39,987)	\$ (454)
Total non-GAAP adjustments affecting income from operations	39,658	13,656
Tax adjustment*	(180)	(4,310)
Non-GAAP net income (loss)	\$ (509)	\$ 8,892
Shares used in calculating non-GAAP diluted earnings (loss) per share	47,156	49,421
Non-GAAP diluted earnings (loss) per share	\$ (0.01)	\$ 0.18

* The non-GAAP tax adjustment represents the tax effect of the non-GAAP adjustments.

STAKTEK HOLDINGS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(in thousands)

	Dec. 31, 2007	Dec. 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 34,013	\$ 40,797
Investments	27,912	38,874
Accounts receivable	5,681	5,479
Inventories	2,921	2,355
Prepaid expenses	633	638
Income tax recoverable	1,969	-
Deferred tax asset	143	341
Other current assets	916	878
Total current assets	<u>74,188</u>	<u>89,362</u>
Property, plant and equipment, net	9,212	6,766
Deferred tax asset	-	932
Goodwill	4,953	28,081
Other intangibles, net	10,826	9,903
Other assets	234	147
Total assets	<u>\$ 99,413</u>	<u>\$ 135,191</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,348	\$ 1,228
Accrued compensation	1,428	2,159
Accrued liabilities	3,056	1,083
Income taxes payable	-	343
Current maturities of capitalized lease obligations	21	19
Total current liabilities	<u>7,853</u>	<u>4,832</u>
Capitalized lease obligations, less current maturities	54	75
Other accrued liabilities	199	256
Deferred tax liabilities	38	-
Stockholders' equity:		
Capital stock	163,350	157,245
Treasury stock	(25,601)	(20,676)
Accumulated other comprehensive loss	44	(4)
Accumulated deficit	(46,524)	(6,537)
Total stockholders' equity	<u>91,269</u>	<u>130,028</u>
Total liabilities and stockholders' equity	<u>\$ 99,413</u>	<u>\$ 135,191</u>

STAKTEK HOLDINGS, INC.
RECONCILIATION OF ADDITIONAL GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands; unaudited)

	Quarter Ended		
	Dec. 31, 2007	Sept. 30, 2007	Dec. 31, 2006
Gross profit	\$ 1,706	\$ 3,299	\$ 4,531
Non-GAAP adjustments:			
Amortization and impairment of acquisition intangibles	1,154	1,120	1,656
Stock-based compensation	106	109	203
Non-GAAP gross profit	<u>\$ 2,966</u>	<u>\$ 4,528</u>	<u>\$ 6,390</u>
Total revenue	\$ 13,011	\$ 10,941	\$ 13,956
Non-GAAP gross margin percentage	23%	41%	46%
Operating expenses	\$ 34,312	\$ 6,013	\$ 5,801
Non-GAAP adjustments:			
Amortization of acquisition intangibles	272	183	204
Goodwill impairment	27,903	-	-
Stock-based compensation	1,065	1,460	1,406
Non-GAAP operating expenses	<u>\$ 5,072</u>	<u>\$ 4,370</u>	<u>\$ 4,191</u>
Selling, general and administrative expense	\$ 5,150	\$ 4,101	\$ 3,690
Non-GAAP adjustments:			
Stock-based compensation	939	1,280	1,162
Non-GAAP selling, general and administrative expense	<u>\$ 4,211</u>	<u>\$ 2,821</u>	<u>\$ 2,528</u>
Non-GAAP SG&A as a percentage of total revenue	32%	26%	18%
Research and development expense	\$ 1,011	\$ 1,373	\$ 1,907
Non-GAAP adjustments:			
Stock-based compensation	126	180	244
Non-GAAP research and development expense	<u>\$ 885</u>	<u>\$ 1,193</u>	<u>\$ 1,663</u>
Non-GAAP R&D as a percentage of total revenue	7%	11%	12%

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Staktek Holdings Reports Third Quarter 2007 Financial Results

Exceeds revenue guidance due to increased consumer Flash demand

AUSTIN, TX – November 5, 2007 – Staktek Holdings, Inc. (NASDAQ: STAK), a market-leading provider of intellectual property (IP) and services for next-generation mechanical and electrical packaging technologies, today announced financial results for the third quarter ended September 30, 2007.

Staktek's third quarter financial performance includes Southland Micro Systems, Inc. for one month following Staktek's acquisition of Southland on August 31, 2007.

Total revenue for the third quarter was \$10.9 million, compared to \$8.2 million in the second quarter of 2007 and \$14.7 million in the third quarter of 2006. Third quarter 2007 revenue included \$9.4 million of Staktek revenue and \$1.5 million of Southland revenue. Total services revenue was \$8.7 million, compared to \$7.4 million in the previous quarter and \$11.3 million in the third quarter of 2006. License revenue was \$2.2 million, compared to \$775,000 in the previous quarter and \$3.4 million in the third quarter of 2006.

Under generally accepted accounting principles (GAAP), the net loss for the third quarter was \$1.3 million, or (\$0.03) per diluted share, compared to a net loss of \$4.1 million, or (\$0.09) per diluted share, in the second quarter of 2007 and net income of \$600,000, or \$0.01 per diluted share, in the third quarter of 2006. The third quarter operating loss was \$2.7 million, which compares to operating losses of \$3.6 million in the second quarter of 2007 and \$210,000 in the third quarter of 2006. Excluding non-cash charges for stock-based compensation and amortization and impairment of acquisition intangibles, non-GAAP net income was \$973,000, or \$0.02 per diluted share, compared to a non-GAAP net loss of \$452,000, or (\$0.01) per diluted share, in the previous quarter. Non-GAAP net operating income in the third quarter of 2007 was \$158,000. A reconciliation of GAAP results to non-GAAP results has been provided in the financial statement tables following the text of this press release.

Cash, cash equivalents and short-term investments on September 30, 2007 were \$57.3 million, compared to \$78.1 million on June 30, 2007. The sequential decrease was primarily attributable to payments associated with the Southland acquisition. In addition, during the third quarter of 2007, the company repurchased approximately 388,000 shares of its common stock under its repurchase program at a cost of approximately \$1.4 million.

Business Summary

“During the third quarter, we experienced strong demand for stacking services, which resulted in revenue that exceeded our previously stated guidance, excluding the revenue associated with Southland,” stated Wayne Lieberman, president and CEO of Staktek. “Also, we realized increased traction for our FlashStak stacking technologies as we began to ramp a new Flash-based customer. This is a significant achievement and is evidence of the flexibility of our intellectual property to penetrate multiple markets.”

Mr. Lieberman further commented, “The strategic acquisition of Southland was an important step towards becoming a leading provider of electronic solutions and IP for enterprise and industrial markets. In addition to complementing our core mechanical and electrical packaging capabilities, we have gained greater access to major server OEMs and end customers by leveraging Southland’s well-established sales channels. We believe this acquisition will enhance our ability to expand into other enterprise server sub-system markets.”

Business Outlook

Staktek expects fourth quarter 2007 total revenue to total approximately \$12.5 million to \$14.5 million, with services revenue ranging between \$11.0 million and \$12.5 million, and license revenue ranging between \$1.5 million and \$2.0 million.

Web Cast and Conference Call

Staktek will host a conference call and web cast with investors today, November 5, 2007, at 3:30 p.m. Central time (4:30 p.m. Eastern time) to discuss the third quarter financial results and the business outlook for the fourth quarter of 2007. Investors and other interested parties may access the call by dialing 888-208-1507 in the U.S. (913-312-1376 outside of the U.S.), with the confirmation code 4524277, at least 10 minutes prior to the start of the call. In addition, an audio web cast will be available through the Staktek web site at <http://www.staktek.com>. A replay will be available for 48 hours following the call at 888-203-1112 in the U.S. (719-457-0820 outside of the U.S.), confirmation code 4524277.

Cautionary Language

This press release contains forward-looking statements. These statements are generally accompanied by words such as “expect,” “anticipate,” “believe,” “estimate,” and similar expressions. These statements include our estimates of fourth quarter 2007 revenue; our expectations for synergies and financial and non-financial benefits and improvements to be realized from the Southland acquisition and the flexibility of our IP to penetrate markets; our belief that the Southland acquisition will enhance our ability to expand into other enterprise server sub-system markets; and our belief that the combined company will benefit from enhanced scale and operational efficiencies that will contribute to improved performance over the coming years. We do not have long-term agreements with our customers or sufficient backlog to rely upon when forecasting

results, so our future performance is very difficult to predict. Our forward-looking statements are based on our current expectations, estimates and assumptions and are subject to many risks, uncertainties and unknown future events that could cause actual results to differ materially. Risks and uncertainties that may cause future results to differ include, but are not limited to, transitions in the technologies utilized by OEMs and others (including but not limited to increased use of dual-die and planar solutions and a continuing shift from DDR-1 to DDR-2) and the resulting impact on our business; reduced DRAM pricing and less demand for our products, due to a DRAM oversupply in certain instances; having significant customer concentration and the impact on our operating results of a material decline in orders from any customer or of a consolidation of our customers; the risk that a competitor or significant customer develops or adopts an alternative solution or competing product; the risk that demand for our solutions is lower than expected; the risk that our average selling prices decline during the period more than we expect because of competitive pressures, substituted products or overall reduced demand for systems that incorporate our technologies; our inability to successfully integrate our acquisition of Southland Micro Systems; an increased risk associated with the volatility of the price of DRAM, given our increased purchases of DRAM as a result of our acquisition of Southland; the risks associated with expanding into new markets without past experience in those markets and to releasing new products generally; the risk that our new technologies, such as our NAND Flash-memory stacking technologies, FlashStak X-2, ArctiCore and MobileStak™, are not completed, tested or accepted in a timely fashion; the risk that we are unable to protect our intellectual property rights; the risk that we are unable to productize or monetize the intellectual property that we develop; the areas in California and Mexico in which we manufacture are subject to earthquakes, fires, flooding and other natural disasters, for some of which we are not insured; the risk that we will be unable to enter into additional license agreements to license our technologies; the risks associated with intellectual property litigation or other litigation; the risk that our customers or we are unable to obtain adequate memory or other materials; the risk that we incur problems in our manufacturing processes or facilities or that we are unable to maintain or improve our manufacturing capacity and turnaround times; risks related to qualifying our current or future products in our customers' future products; risks related to increasing our royalty-based revenue; risks associated with competing with larger companies and companies with market share where we are targeting expansion; risks related to product liability claims in the event our services and technologies are used in defective products or include defective parts; risks associated with failing to achieve standardization of certain of our products (such as ArctiCore) from JEDEC; risks associated with acquiring other businesses or technologies in the future; our inability to identify companies to acquire; and the risks associated with our dependence on a few key personnel to manage our business effectively.

For a discussion of these and other factors that could impact our financial results and cause actual results to differ materially from those in the forward-looking statements, please refer to our recent filings with the Securities and Exchange Commission, and in particular, our Form 10-K filed on March 8, 2007. The foregoing information concerning our business outlook represents our outlook as of the date of this news release, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new developments or otherwise.

Non-GAAP Financial Measurements

In addition to the GAAP results provided by this document, the company has provided non-GAAP financial measurements that present operating income, net income and earnings per diluted share on a basis excluding non-cash charges for stock-based compensation and amortization and impairment of acquisition intangibles and the associated income tax effect. Details of these excluded items are presented in one of the tables below, which reconcile the GAAP results to non-GAAP financial measurements described in this press release. Also, this press release, the associated tables and the reconciliation from GAAP results to additional non-GAAP financial measurements that may be discussed in the Q3 2007 earnings conference call can be found on the company's web site at <http://www.staktek.com>. Staktek has chosen to provide non-GAAP financial measurements to investors because it believes that excluding certain charges represents a better basis for the comparison of its current results to the results of its peer companies. In addition, the company believes that it provides a means to highlight the results of core ongoing operations to investors. The presentation of this additional information is not meant to be considered in isolation or as a substitute for results prepared in accordance with GAAP.

About Staktek Holdings

Staktek is a market-leading provider of intellectual property and services for next-generation mechanical and electrical packaging technologies for high-speed, high-capacity systems. Staktek's TSOP and BGA memory stacking solutions increase operational performance by doubling, tripling or quadrupling the amount of memory in the same physical footprint as required by standard packaging technologies. Staktek's ArctiCore™ is a module technology using a double-sided, multi-layer flexible circuit folded around an aluminum core and is designed for superior thermal, mechanical and electrical performance. With an IP portfolio of more than 200 patents and patent applications pending, the company offers flexibility for customers, including outsourced manufacturing, technology licensing and custom engineering. Headquartered in Austin, Texas, Staktek operates two ISO-certified manufacturing facilities in Irvine, California and Reynosa, Mexico. For more information, go to <http://www.staktek.com>.

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Staktek is a trademark of Staktek Group LP.

(Financial Tables to Follow)

STAKTEK HOLDINGS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except per share data; unaudited)

	Three Months Ended		
	Sept. 30, 2007	Jun. 30, 2007	Sept. 30, 2006
Revenue:			
Services	\$ 8,756	\$ 7,464	\$ 11,271
License	2,185	775	3,430
Total revenue	<u>10,941</u>	<u>8,239</u>	<u>14,701</u>
Cost of revenue:			
Services (1)	6,522	5,729	6,929
Amortization and impairment of acquisition intangibles	1,120	1,103	1,655
Total cost of revenue	<u>7,642</u>	<u>6,832</u>	<u>8,584</u>
Gross profit	3,299	1,407	6,117
Operating expenses:			
Selling, general and administrative (1)	4,101	3,389	3,806
Research and development (1)	1,373	1,493	2,316
Restructuring	356	-	-
Amortization of acquisition intangibles	183	138	205
Total operating expenses	<u>6,013</u>	<u>5,020</u>	<u>6,327</u>
Loss from operations	(2,714)	(3,613)	(210)
Other income (expense):			
Interest income	798	839	824
Interest expense	(2)	(6)	-
Other, net	(34)	(21)	(47)
Total other income, net	<u>762</u>	<u>812</u>	<u>777</u>
Income (loss) before income taxes	(1,952)	(2,801)	567
Provision (benefit) for income taxes	(695)	1,307	(33)
Net income (loss)	<u>\$ (1,257)</u>	<u>\$ (4,108)</u>	<u>\$ 600</u>
Earnings (loss) per share:			
Basic	<u>\$ (0.03)</u>	<u>\$ (0.09)</u>	<u>\$ 0.01</u>
Diluted	<u>\$ (0.03)</u>	<u>\$ (0.09)</u>	<u>\$ 0.01</u>
Shares used in computing earnings (loss) per share:			
Basic	46,997	47,380	48,187
Diluted	46,997	47,380	49,682
 (1) Includes stock-based compensation expense as follows:			
Cost of revenue	\$ 109	\$ 110	\$ 98
Selling, general and administrative expense	1,280	1,273	1,245
Research and development expense	180	238	263
	<u>\$ 1,569</u>	<u>\$ 1,621</u>	<u>\$ 1,606</u>

STAKTEK HOLDINGS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except per share data; unaudited)

	Nine Months Ended	
	Sept. 30, 2007	Sept. 30, 2006
Revenue:		
Services	\$ 23,402	\$ 31,997
License	4,456	9,603
Total revenue	<u>27,858</u>	<u>41,600</u>
Cost of revenue:		
Services (1)	18,099	20,478
Amortization and impairment of acquisition intangibles	3,923	4,967
Total cost of revenue	<u>22,022</u>	<u>25,445</u>
Gross profit	5,836	16,155
Operating expenses:		
Selling, general and administrative (1)	10,829	11,115
Research and development (1)	4,642	6,331
Restructuring	356	391
Amortization of acquisition intangibles	459	613
Total operating expenses	<u>16,286</u>	<u>18,450</u>
Loss from operations	(10,450)	(2,295)
Other income (expense):		
Interest income	2,473	2,235
Interest expense	(10)	(5)
Other, net	(87)	(82)
Total other income, net	<u>2,376</u>	<u>2,148</u>
Loss before income taxes	(8,074)	(147)
Provision (benefit) for income taxes	227	(489)
Net loss	<u>\$ (8,301)</u>	<u>\$ 342</u>
Loss per share:		
Basic	<u>\$ (0.18)</u>	<u>\$ 0.01</u>
Diluted	<u>\$ (0.18)</u>	<u>\$ 0.01</u>
Shares used in computing loss per share:		
Basic	47,274	48,181
Diluted	47,274	49,885
 (1) Includes stock-based compensation expense as follows:		
Cost of revenue	\$ 320	\$ 392
Selling, general and administrative expense	3,793	3,437
Research and development expense	664	778
	<u>\$ 4,777</u>	<u>\$ 4,607</u>

STAKTEK HOLDINGS, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands, except per share data; unaudited)

	Three Months Ended		
	Sept. 30, 2007	June 30, 2007	Sept. 30, 2006
GAAP loss from operations	\$ (2,714)	\$ (3,613)	\$ (210)
Non-GAAP adjustments:			
Amortization and impairment of acquisition intangibles	1,303	1,241	1,860
Stock-based compensation expense	1,569	1,621	1,606
Total non-GAAP adjustments	2,872	2,862	3,466
Non-GAAP income (loss) from operations	\$ 158	\$ (751)	\$ 3,256
GAAP net income (loss)	\$ (1,257)	\$ (4,108)	\$ 600
Total non-GAAP adjustments affecting income (loss) from operations	2,872	2,862	3,466
Tax adjustment*	(642)	794	(1,329)
Non-GAAP net income (loss)	\$ 973	\$ (452)	\$ 2,737
Shares used in calculating non-GAAP diluted earnings (loss) per share	47,877	47,380	49,682
Non-GAAP diluted earnings (loss) per share	\$ 0.02	\$ (0.01)	\$ 0.06

* The non-GAAP tax adjustment represents the tax effect of the non-GAAP adjustments.

STAKTEK HOLDINGS, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands, except per share data; unaudited)

	Nine Months Ended	
	Sept. 30, 2007	Sept. 30, 2006
GAAP loss from operations	\$ (10,450)	\$ (2,295)
Non-GAAP adjustments:		
Amortization and impairment of acquisition intangibles	4,382	5,580
Stock-based compensation expense	4,777	4,607
Total non-GAAP adjustments	9,159	10,187
Non-GAAP income (loss) from operations	\$ (1,291)	\$ 7,892
GAAP net income (loss)	\$ (8,301)	\$ 342
Total non-GAAP adjustments affecting income (loss) from operations	9,159	10,187
Tax adjustment*	(267)	(3,715)
Non-GAAP net income (loss)	\$ 591	\$ 6,814
Shares used in calculating non-GAAP diluted earnings (loss) per share	48,043	49,885
Non-GAAP diluted earnings (loss) per share	\$ 0.01	\$ 0.14

* The non-GAAP tax adjustment represents the tax effect of the non-GAAP adjustments.

STAKTEK HOLDINGS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(in thousands)

	Sept. 30, 2007 <u>(unaudited)</u>	Dec. 31, 2006 <u></u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,470	\$ 40,797
Investments	33,811	38,874
Accounts receivable	8,687	5,479
Inventories	4,186	2,355
Prepaid expenses	881	638
Income tax recoverable	554	-
Deferred tax asset	1,080	341
Other current assets	1,153	878
Total current assets	<u>73,822</u>	<u>89,362</u>
Property, plant and equipment, net	9,800	6,766
Deferred tax asset	16	932
Goodwill	33,657	28,081
Other intangibles, net	12,290	9,903
Other assets	179	147
Total assets	<u>\$ 129,764</u>	<u>\$ 135,191</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,111	\$ 1,228
Accrued compensation	\$ 1,746	\$ 2,159
Accrued liabilities	1,782	1,083
Income taxes payable	-	343
Current maturities of capitalized lease obligations	19	19
Total current liabilities	<u>6,658</u>	<u>4,832</u>
Capitalized lease obligations, less current maturities	62	75
Other accrued liabilities	255	256
Stockholders' equity:		
Capital stock	162,444	157,245
Treasury stock	(24,835)	(20,676)
Accumulated other comprehensive loss	18	(4)
Accumulated deficit	(14,838)	(6,537)
Total stockholders' equity	<u>122,789</u>	<u>130,028</u>
Total liabilities and stockholders' equity	<u>\$ 129,764</u>	<u>\$ 135,191</u>

STAKTEK HOLDINGS, INC.
RECONCILIATION OF ADDITIONAL GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands; unaudited)

	Quarter Ended		
	Sept. 30, 2007	June 30, 2007	Sept. 30, 2006
Gross profit	\$ 3,299	\$ 1,407	\$ 6,117
Non-GAAP adjustments:			
Amortization and impairment of acquisition intangibles	1,120	1,103	1,655
Stock-based compensation	109	110	98
Non-GAAP gross profit	<u>\$ 4,528</u>	<u>\$ 2,620</u>	<u>\$ 7,870</u>
Total revenue	\$ 10,941	\$ 8,239	\$ 14,701
Non-GAAP gross margin percentage	41%	32%	54%
Operating expenses	\$ 6,013	\$ 5,020	\$ 6,327
Non-GAAP adjustments:			
Amortization of acquisition intangibles	183	138	205
Stock-based compensation	1,460	1,511	1,508
Non-GAAP operating expenses	<u>\$ 4,370</u>	<u>\$ 3,371</u>	<u>\$ 4,614</u>
Selling, general and administrative expense	\$ 4,101	\$ 3,389	\$ 3,806
Non-GAAP adjustments:			
Stock-based compensation	1,280	1,273	1,245
Non-GAAP selling, general and administrative expense	<u>\$ 2,821</u>	<u>\$ 2,116</u>	<u>\$ 2,561</u>
Non-GAAP SG&A as a percentage of total revenue	26%	26%	17%
Research and development expense	\$ 1,373	\$ 1,493	\$ 2,316
Non-GAAP adjustments:			
Stock-based compensation	180	238	263
Non-GAAP research and development expense	<u>\$ 1,193</u>	<u>\$ 1,255</u>	<u>\$ 2,053</u>
Non-GAAP R&D as a percentage of total revenue	11%	15%	14%

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Staktek Holdings Reports Second Quarter 2007 Financial Results

AUSTIN, TX – August 1, 2007 – Staktek Holdings, Inc. (NASDAQ: STAK), a market-leading provider of intellectual property (IP) and services for next-generation module technologies, today announced financial results for the second quarter ended June 30, 2007.

Total revenue for the quarter was \$8.2 million, which exceeded the previously stated guidance of \$6 to \$8 million, and compares to \$8.7 million in the first quarter of 2007 and \$14.4 million in the second quarter of 2006. Services revenue was \$7.4 million, compared to \$7.2 million in the previous quarter and \$11.1 million in the second quarter of 2006. License revenue was \$775,000, compared to \$1.5 million in the previous quarter and \$3.3 million in the second quarter of 2006.

Under generally accepted accounting principles (GAAP), net loss for the second quarter was \$4.1 million, or (\$0.09) per diluted share, compared to net loss of \$2.9 million, or (\$0.06) per diluted share, in the first quarter of 2007 and net income of \$592,000, or \$0.01 per diluted share, in the second quarter of 2006. The second quarter operating loss was \$3.6 million, which compares to an operating loss of \$4.1 million in the previous quarter and \$326,000 in the year ago period. Excluding non-cash charges for stock-based compensation and amortization and impairment of acquisition intangibles, the non-GAAP net loss was \$452,000, or \$0.01 per diluted share, compared to non-GAAP net income of \$70,000, or \$0.00 per diluted share, in the previous quarter. Non-GAAP operating loss in the second quarter of 2007 was \$751,000. A reconciliation of GAAP results to non-GAAP results has been provided in the financial statement tables following the text of this press release.

Cash, cash equivalents and short-term investments on June 30, 2007 were \$78.1 million, compared to \$77.7 million on March 31, 2007. During the second quarter of 2007, the company repurchased approximately 375,000 shares of its common stock under its repurchase program at a cost of approximately \$1.2 million.

Business Summary

“We made additional progress with our FlashStak™ product during the second quarter, securing an additional customer that will utilize our technology and stacking services for handheld consumer devices,” commented Wayne Lieberman, president and CEO of Staktek Holdings.

“Recently, we announced the availability of two new technologies that we are working to productize. The 32GB Secure Digital High-Capacity (SDHC) memory card technology for removable Flash cards is targeted for handheld consumer devices, such as digital video cameras, including high-definition video cameras, digital still cameras and personal media players. Our DSD-Pak™ multi-die packaging technology platform packages one or multiple Die-Substrate-Die subassemblies for thinner, highly integrated packages with improved testability and electrical performance.”

“Finally, with respect to our M&A strategy, we continued our due diligence efforts to identify acquisition opportunities that will expand our business,” concluded Lieberman.

Business Outlook

Staktek expects third quarter 2007 total revenue to be approximately \$7 million to \$8.5 million. The mix between license and services revenue will shift more towards license revenue in the third quarter as the company transitions certain customers to a license model.

Web Cast and Conference Call

Staktek management will host a conference call and web cast with investors today, August 1, 2007, at 3:30 p.m. Central time (4:30 p.m. Eastern time) to discuss the second quarter financial results and the business outlook going forward for the third quarter of 2007. Investors and other interested parties may access the call by dialing 877-704-5386 in the U.S. (913-312-1302 outside of the U.S.), with the confirmation code 2459536, at least 10 minutes prior to the start of the call. In addition, an audio web cast will be available through the Staktek web site at <http://www.staktek.com>. A replay will be available for 48 hours following the call at 888-203-1112 in the U.S. (719-457-0820 outside of the U.S.), confirmation code 2459536.

Cautionary Language

This press release contains forward-looking statements. These statements are generally accompanied by words such as “expect,” “anticipate,” “believe,” “estimate,” and similar expressions. These statements include our estimates of third quarter 2007 revenue, the mix between license and services revenue and our transition of certain customers to a license model. We do not have long-term agreements with our customers or sufficient backlog to rely upon when forecasting results, so our future performance is very difficult to predict. Our forward-looking statements are based on our current expectations, estimates and assumptions and are subject to many risks, uncertainties and unknown future events that could cause actual results to differ materially. Risks and uncertainties that may cause future results to differ include, but are not limited to, transitions in the technologies utilized by OEMs and others (including but not limited to increased use of dual-die and planar solutions and a continuing shift from DDR-1 to DDR-2) and the resulting impact on our business; reduced DRAM pricing and less demand for our products, due to a DRAM oversupply in certain instances; having significant customer concentration and the impact on our operating results of a material decline in orders from any customer or of a consolidation of our customers; the

risk that a competitor or significant customer develops or adopts an alternative solution or competing product; the risk that demand for our solutions is lower than expected; the risk that our average selling prices decline during the period more than we expect because of competitive pressures, substituted products or overall reduced demand for systems that incorporate our technologies; the risks associated with expanding into new markets without past experience in those markets and to releasing new products generally; the risk that our new technologies, such as our High Performance II, NAND Flash-memory stacking technologies, FlashStak X-2, ArctiCore, MobileStak™, SDHC memory card and DSD-Pak, are not completed, tested or accepted in a timely fashion; the risk that we are unable to protect our intellectual property rights; the risk that we are unable to productize or monetize the intellectual property that we develop; the risk that we will be unable to enter into additional license agreements to license our technologies; the risks associated with intellectual property litigation or other litigation; the risk that our customers or we are unable to obtain adequate memory or other materials; the risk that we incur problems in our manufacturing processes or facilities or that we are unable to maintain or improve our manufacturing capacity and turnaround times; risks related to qualifying our current or future products in our customers' future products; risks related to increasing our royalty-based revenue; risks associated with competing with larger companies and companies with market share where we are targeting expansion; risks related to product liability claims in the event our services and technologies are used in defective products or include defective parts; risks associated with failing to achieve standardization of certain of our products (such as ArctiCore) from JEDEC; risks associated with acquiring other businesses or technologies in the future; our inability to identify companies to acquire; our inability to successfully integrate companies that we do acquire; and the risks associated with our dependence on a few key personnel to manage our business effectively.

For a discussion of these and other factors that could impact our financial results and cause actual results to differ materially from those in the forward-looking statements, please refer to our recent filings with the Securities and Exchange Commission, and in particular, our Form 10-K filed on March 8, 2007. The foregoing information concerning our business outlook represents our outlook as of the date of this news release, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new developments or otherwise.

About Staktek Holdings

Staktek is a market-leading provider of intellectual property and services for next-generation module technologies for high-speed, high-capacity systems. Staktek's TSOP and BGA memory stacking solutions increase operational performance by doubling, tripling or quadrupling the amount of memory in the same physical footprint as required by standard packaging technologies. Staktek's ArctiCore is a module technology using a double-sided, multi-layer flexible circuit folded around an aluminum core and is designed for superior thermal, mechanical and electrical performance. With an IP portfolio of more than 200 patents and patent applications pending, the company offers flexibility for customers, including outsourced manufacturing, technology licensing and custom engineering. Headquartered in Austin, Texas, Staktek operates an ISO-certified

manufacturing facility in Reynosa, Mexico. For more information, go to <http://www.staktek.com>.

Staktek is a trademark of Staktek Group LP.

Non-GAAP Financial Measurements

In addition to the GAAP results provided by this document, the company has provided non-GAAP financial measurements that present operating income, net income and earnings per diluted share on a basis excluding non-cash charges for stock-based compensation and amortization and impairment of acquisition intangibles and the associated income tax effect. Details of these excluded items are presented in one of the tables below, which reconcile the GAAP results to non-GAAP financial measurements described in this press release. Also, this press release, the associated tables and the reconciliation from GAAP results to additional non-GAAP financial measurements that may be discussed in the Q2 2007 earnings conference call can be found on the company's web site at <http://www.staktek.com>. Staktek has chosen to provide non-GAAP financial measurements to investors because it believes that excluding certain charges represents a better basis for the comparison of its current results to the results of its peer companies. In addition, the company believes that it provides a means to highlight the results of core ongoing operations to investors. The presentation of this additional information is not meant to be considered in isolation or as a substitute for results prepared in accordance with GAAP.

(Financial Tables to Follow)

STAKTEK HOLDINGS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except per share data; unaudited)

	Three Months Ended		
	Jun. 30, 2007	Mar. 31, 2007	Jun. 30, 2006
Revenue:			
Services	\$ 7,464	\$ 7,182	\$ 11,094
License	775	1,496	3,325
Total revenue	<u>8,239</u>	<u>8,678</u>	<u>14,419</u>
Cost of revenue:			
Services (1)	5,729	5,848	7,045
Amortization and impairment of acquisition intangibles	1,103	1,700	1,656
Total cost of revenue	<u>6,832</u>	<u>7,548</u>	<u>8,701</u>
Gross profit	1,407	1,130	5,718
Operating expenses:			
Selling, general and administrative (1)	3,389	3,339	3,769
Research and development (1)	1,493	1,776	1,680
Restructuring	-	-	391
Amortization of acquisition intangibles	138	138	204
Total operating expenses	<u>5,020</u>	<u>5,253</u>	<u>6,044</u>
Loss from operations	(3,613)	(4,123)	(326)
Other income (expense):			
Interest income	839	836	741
Interest expense	(6)	(2)	-
Other, net	(21)	(32)	(28)
Total other income, net	<u>812</u>	<u>802</u>	<u>713</u>
Income (loss) before income taxes	(2,801)	(3,321)	387
Provision (benefit) for income taxes	1,307	(385)	(205)
Net income (loss)	<u>\$ (4,108)</u>	<u>\$ (2,936)</u>	<u>\$ 592</u>
Earnings (loss) per share:			
Basic	<u>\$ (0.09)</u>	<u>\$ (0.06)</u>	<u>\$ 0.01</u>
Diluted	<u>\$ (0.09)</u>	<u>\$ (0.06)</u>	<u>\$ 0.01</u>
Shares used in computing earnings (loss) per share:			
Basic	47,380	47,377	48,303
Diluted	47,380	47,377	49,894
(1) Includes stock-based compensation expense as follows:			
Cost of revenue	\$ 110	\$ 101	\$ 155
Selling, general and administrative expense	1,273	1,240	1,171
Research and development expense	238	246	229
	<u>\$ 1,621</u>	<u>\$ 1,587</u>	<u>\$ 1,555</u>

STAKTEK HOLDINGS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except per share data; unaudited)

	Six Months Ended	
	Jun. 30, 2007	Jun. 30, 2006
Revenue:		
Services	\$ 14,646	\$ 20,726
License	2,271	6,173
Total revenue	<u>16,917</u>	<u>26,899</u>
Cost of revenue:		
Services (1)	11,577	13,549
Amortization and impairment of acquisition intangibles	2,803	3,312
Total cost of revenue	<u>14,380</u>	<u>16,861</u>
Gross profit	2,537	10,038
Operating expenses:		
Selling, general and administrative (1)	6,728	7,309
Research and development (1)	3,269	4,015
Restructuring	-	391
Amortization of acquisition intangibles	276	408
Total operating expenses	<u>10,273</u>	<u>12,123</u>
Loss from operations	(7,736)	(2,085)
Other income (expense):		
Interest income	1,675	1,411
Interest expense	(8)	(5)
Other, net	(53)	(35)
Total other income, net	<u>1,614</u>	<u>1,371</u>
Loss before income taxes	(6,122)	(714)
Provision (benefit) for income taxes	922	(456)
Net loss	<u>\$ (7,044)</u>	<u>\$ (258)</u>
Loss per share:		
Basic	<u>\$ (0.15)</u>	<u>\$ (0.01)</u>
Diluted	<u>\$ (0.15)</u>	<u>\$ (0.01)</u>
Shares used in computing loss per share:		
Basic	47,414	48,178
Diluted	47,414	48,178
 (1) Includes stock-based compensation expense as follows:		
Cost of revenue	\$ 211	\$ 294
Selling, general and administrative expense	2,513	2,192
Research and development expense	484	515
	<u>\$ 3,208</u>	<u>\$ 3,001</u>

STAKTEK HOLDINGS, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands, except per share data; unaudited)

	Three Months Ended		
	June 30, 2007	March 31, 2007	June 30, 2006
GAAP loss from operations	\$ (3,613)	\$ (4,123)	\$ (326)
Non-GAAP adjustments:			
Amortization and impairment of acquisition intangibles	1,241	1,838	1,860
Stock-based compensation expense	1,621	1,587	1,555
Total non-GAAP adjustments	<u>2,862</u>	<u>3,425</u>	<u>3,415</u>
Non-GAAP income (loss) from operations	<u>\$ (751)</u>	<u>\$ (698)</u>	<u>\$ 3,089</u>
GAAP net income (loss)	\$ (4,108)	\$ (2,936)	\$ 592
Total non-GAAP adjustments affecting income (loss) from operations	2,862	3,425	3,415
Tax adjustment*	794	(419)	(1,429)
Non-GAAP net income (loss)	<u>\$ (452)</u>	<u>\$ 70</u>	<u>\$ 2,578</u>
Shares used in calculating non-GAAP diluted earnings (loss) per share	47,380	48,382	49,894
Non-GAAP diluted earnings (loss) per share	<u>\$ (0.01)</u>	<u>\$ 0.00</u>	<u>\$ 0.05</u>

* The non-GAAP tax adjustment represents the tax effect of the non-GAAP adjustments.

STAKTEK HOLDINGS, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands, except per share data; unaudited)

	Six Months Ended	
	June 30, 2007	June 30, 2006
GAAP loss from operations	\$ (7,736)	\$ (2,085)
Non-GAAP adjustments:		
Amortization and impairment of acquisition intangibles	3,079	3,720
Stock-based compensation expense	3,208	3,001
Total non-GAAP adjustments	<u>6,287</u>	<u>6,721</u>
Non-GAAP income (loss) from operations	<u>\$ (1,449)</u>	<u>\$ 4,636</u>
GAAP net loss	\$ (7,044)	\$ (258)
Total non-GAAP adjustments affecting income (loss) from operations	6,287	6,721
Tax adjustment*	375	(2,390)
Non-GAAP net income (loss)	<u>\$ (382)</u>	<u>\$ 4,073</u>
Shares used in calculating non-GAAP diluted earnings (loss) per share	47,414	49,979
Non-GAAP diluted earnings (loss) per share	<u>\$ (0.01)</u>	<u>\$ 0.08</u>

* The non-GAAP tax adjustment represents the tax effect of the non-GAAP adjustments.

STAKTEK HOLDINGS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(in thousands)

	Jun. 30, 2007 <u>(unaudited)</u>	Dec. 31, 2006 <u></u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 43,845	\$ 40,797
Investments	34,214	38,874
Accounts receivable	3,700	5,479
Inventories	2,130	2,355
Prepaid expenses	820	638
Other current assets	1,699	1,219
Total current assets	<u>86,408</u>	<u>89,362</u>
Property, plant and equipment, net	5,286	6,766
Deferred tax asset	16	932
Goodwill	28,081	28,081
Other intangibles, net	6,952	9,903
Other assets	86	147
Total assets	<u>\$ 126,829</u>	<u>\$ 135,191</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 888	\$ 1,228
Accrued compensation	1,169	2,159
Accrued liabilities	929	1,083
Income taxes payable	-	343
Deferred margin	133	-
Current maturities of capitalized lease obligations	19	19
Total current liabilities	<u>3,138</u>	<u>4,832</u>
Capitalized lease obligations, less current maturities	66	75
Other accrued liabilities	243	256
Stockholders' equity:		
Capital stock	160,454	157,245
Treasury stock	(23,471)	(20,676)
Accumulated other comprehensive loss	(20)	(4)
Accumulated deficit	(13,581)	(6,537)
Total stockholders' equity	<u>123,382</u>	<u>130,028</u>
Total liabilities and stockholders' equity	<u>\$ 126,829</u>	<u>\$ 135,191</u>

STAKTEK HOLDINGS, INC.

RECONCILIATION OF ADDITIONAL GAAP TO NON-GAAP FINANCIAL MEASURES

(in thousands; unaudited)

	Quarter Ended		
	June 30, 2007	Mar. 31, 2007	June 30, 2006
Gross profit	\$ 1,407	\$ 1,130	\$ 5,718
Non-GAAP adjustments:			
Amortization and impairment of acquisition intangibles	1,103	1,700	1,656
Stock-based compensation	110	101	155
Non-GAAP gross profit	<u>\$ 2,620</u>	<u>\$ 2,931</u>	<u>\$ 7,529</u>
Total revenue	\$ 8,239	\$ 8,678	\$ 14,419
Non-GAAP gross margin percentage	32%	34%	52%
Operating expenses	\$ 5,020	\$ 5,253	\$ 6,044
Non-GAAP adjustments:			
Amortization of acquisition intangibles	138	138	204
Stock-based compensation	1,511	1,486	1,400
Non-GAAP operating expenses	<u>\$ 3,371</u>	<u>\$ 3,629</u>	<u>\$ 4,440</u>
Selling, general and administrative expense	\$ 3,389	\$ 3,339	\$ 3,769
Non-GAAP adjustments:			
Stock-based compensation	1,273	1,240	1,171
Non-GAAP selling, general and administrative expense	<u>\$ 2,116</u>	<u>\$ 2,099</u>	<u>\$ 2,598</u>
Non-GAAP SG&A as a percentage of total revenue	26%	24%	18%
Research and development expense	\$ 1,493	\$ 1,776	\$ 1,680
Non-GAAP adjustments:			
Stock-based compensation	238	246	229
Non-GAAP research and development expense	<u>\$ 1,255</u>	<u>\$ 1,530</u>	<u>\$ 1,451</u>
Non-GAAP R&D as a percentage of total revenue	15%	18%	10%

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Staktek Holdings Reports First Quarter 2007 Financial Results

AUSTIN, TX – May 8, 2007 – Staktek Holdings, Inc. (NASDAQ: STAK), a market-leading provider of intellectual property and services for next-generation, chip-stacking and module technologies for high-speed, high-capacity systems, today announced financial results for the first quarter ended March 31, 2007.

Total revenue for the quarter was \$8.7 million, which was consistent with previously stated guidance, and compares to \$14.0 million in the fourth quarter of 2006 and \$12.5 million in the first quarter of 2006. Services revenue was \$7.2 million, compared to \$11.1 million in the previous quarter and \$9.6 million in the first quarter a year ago. License revenue was \$1.5 million, compared to \$2.9 million in the previous quarter and \$2.9 million in the first quarter of 2006.

Under generally accepted accounting principles (GAAP), net loss for the first quarter was \$2.9 million, or \$0.06 per diluted share, compared to net loss of \$796,000, or \$0.02 per diluted share, in the fourth quarter 2006 and net loss of \$850,000, or \$0.02 per diluted share, in the first quarter of 2006. The first quarter operating loss was \$4.1 million, which compares to an operating loss of \$1.3 million in the previous quarter and \$1.8 million in the year ago period. The first quarter results include a charge of \$684,000 to reduce the book value of the company's trademark acquisition intangible asset, which was established in 2003. Excluding non-cash charges for stock-based compensation and amortization and impairment of acquisition intangibles, non-GAAP net income was \$70,000, or \$0.00 per diluted share, compared to non-GAAP net income of \$2.1 million, or \$0.04 per diluted share, in the previous quarter. Non-GAAP operating loss in the first quarter of 2007 was \$698,000. A reconciliation of GAAP results to non-GAAP results has been provided in the financial statement tables following the text of this press release.

Cash, cash equivalents and short-term investments on March 31, 2007 were \$77.7 million, compared to \$79.7 million on December 31, 2006. During the first quarter of 2007, the company repurchased approximately 315,000 shares of its common stock under its repurchase program at a cost of approximately \$1.6 million.

Business Summary

Commenting on the quarter, Wayne Lieberman, Staktek's president and CEO, stated, "Although we continue to be challenged by competitive pressures from the increased use of dual die and planar solutions, as well as significant price decreases in DRAM, we

continue to carefully manage expenses, including a reduction in force a few weeks ago to scale our Mexico operations, and strategically invest in our core capabilities and R&D. We anticipate taking a charge of approximately \$200,000 in the second quarter relative to the reduction in force in Mexico. In addition, we continue to move forward with the evaluation of potential external growth opportunities that are synergistic with our business and provide expanded channels for our products. We remain committed to increasing shareholder value by expanding our business opportunities, product portfolio, customer base and addressable markets," concluded Lieberman.

Business Outlook

Staktek expects second quarter 2007 total revenue to total approximately \$6 million to \$8 million, with services revenue ranging between \$5.2 million and \$7.2 million. Based on preliminary information, license revenue is expected to be approximately \$800,000.

Web Cast and Conference Call

Staktek management will host a conference call and web cast with investors today, May 8, 2007, at 3:30 p.m. Central time (4:30 p.m. Eastern time) to discuss the first quarter financial results and the business outlook going forward for the second quarter of 2007. Investors and other interested parties may access the call by dialing 877-502-9274 in the U.S. (913-981-5584 outside of the U.S.), with the confirmation code 6548140, at least 10 minutes prior to the start of the call. In addition, an audio web cast will be available through the Staktek web site at <http://www.staktek.com>. A replay will be available for 48 hours following the call at 888-203-1112 in the U.S. (719-457-0820 outside of the U.S.), confirmation code 6548140.

Cautionary Language

This press release contains forward-looking statements. These statements are generally accompanied by words such as "expect," "anticipate," "believe," "estimate," and similar expressions. These statements include our estimates of second quarter 2007 revenue and the \$200,000 charge related to our reduction in force in Mexico. We do not have long-term agreements with our customers or sufficient backlog to rely upon when forecasting results, so our future performance is very difficult to predict. Our forward-looking statements are based on our current expectations, estimates and assumptions and are subject to many risks, uncertainties and unknown future events that could cause actual results to differ materially. Risks and uncertainties that may cause future results to differ include, but are not limited to, transitions in the technologies utilized by OEMs and others (including but not limited to increased use of dual-die and planar solutions and a continuing shift from DDR-1 to DDR-2) and the resulting impact on our business; reduced DRAM pricing and less demand for our products, due to a DRAM oversupply in certain instances; having significant customer concentration and the impact on our operating results of a material decline in orders from any customer or of a consolidation of our customers; the risk that a competitor or significant customer develops or adopts an alternative solution or competing product; the risk that demand for our solutions is lower than expected; the risk that our average selling prices decline during the period more than we expect because of competitive

pressures, substituted products or overall reduced demand for systems that incorporate our technologies; the risks associated with expanding into new markets without past experience in those markets and to releasing new products generally; the risk that our new technologies, such as our High Performance II, NAND Flash-memory stacking technologies, FlashStak X-2, ArctiCore™ and MobileStak™ solutions, are not completed, tested or accepted in a timely fashion; the risk that we are unable to protect our intellectual property rights; the risk that we are unable to productize or monetize the intellectual property that we develop; the risk that we will be unable to enter into additional license agreements to license our technologies; the risks associated with intellectual property litigation or other litigation; the risk that our customers or we are unable to obtain adequate memory or other materials; the risk that we incur problems in our manufacturing processes or facilities or that we are unable to maintain or improve our manufacturing capacity and turnaround times; risks related to qualifying our current or future products in our customers' future products; risks related to increasing our royalty-based revenue; risks associated with competing with larger companies and companies with market share where we are targeting expansion; risks related to product liability claims in the event our services and technologies are used in defective products or include defective parts; risks associated with failing to achieve standardization of certain of our products (such as ArctiCore) from JEDEC; risks associated with acquiring other businesses or technologies in the future; and the risks associated with our dependence on a few key personnel to manage our business effectively.

For a discussion of these and other factors that could impact our financial results and cause actual results to differ materially from those in the forward-looking statements, please refer to our recent filings with the Securities and Exchange Commission, and in particular, our Form 10-K filed on March 8, 2007. The foregoing information concerning our business outlook represents our outlook as of the date of this news release, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new developments or otherwise.

About Staktek Holdings

Staktek is a market-leading provider of intellectual property and services for next-generation, chip-stacking and module technologies for high-speed, high-capacity systems. Staktek's TSOP and BGA memory stacking solutions increase operational performance by doubling, tripling or quadrupling the amount of memory in the same physical footprint as required by standard packaging technologies. Staktek's ArctiCore is a module technology using a double-sided, multi-layer flexible circuit folded around an aluminum core and is designed for superior thermal, mechanical and electrical performance. With an IP portfolio of over 200 patents and patent applications pending, the company offers flexibility for customers, including outsourced manufacturing, technology licensing and custom engineering. Headquartered in Austin, Texas, Staktek operates an ISO-certified manufacturing facility in Reynosa, Mexico. For more information, go to <http://www.staktek.com>.

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Non-GAAP Financial Measurements

In addition to the GAAP results provided by this document, the company has provided non-GAAP financial measurements that present operating income, net income and earnings per diluted share on a basis excluding non-cash charges for stock-based compensation and amortization and impairment of acquisition intangibles and the associated income tax effect. Details of these excluded items are presented in one of the tables below, which reconcile the GAAP results to non-GAAP financial measurements described in this press release. Also, this press release, the associated tables and the reconciliation from GAAP results to additional non-GAAP financial measurements that may be discussed in the Q1 2007 earnings conference call can be found on the company's web site at <http://www.staktek.com>. Staktek has chosen to provide non-GAAP financial measurements to investors because it believes that excluding certain charges represents a better basis for the comparison of its current results to the results of its peer companies. In addition, the company believes that it provides a means to highlight the results of core ongoing operations to investors. The presentation of this additional information is not meant to be considered in isolation or as a substitute for results prepared in accordance with GAAP.

(Financial Tables to Follow)

STAKTEK HOLDINGS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except per share data; unaudited)

	Three Months Ended		
	March 31, 2007	Dec. 31, 2006	March 31, 2006
Revenue:			
Services	\$ 7,182	\$ 11,087	\$ 9,632
License	1,496	2,869	2,848
Total revenue	<u>8,678</u>	<u>13,956</u>	<u>12,480</u>
Cost of revenue:			
Services (1)	5,848	7,769	6,504
Amortization and impairment of acquisition intangibles	1,700	1,656	1,656
Total cost of revenue	<u>7,548</u>	<u>9,425</u>	<u>8,160</u>
Gross profit	1,130	4,531	4,320
Operating expenses:			
Selling, general and administrative (1)	3,339	3,690	3,540
Research and development (1)	1,776	1,907	2,335
Amortization of acquisition intangibles	138	204	204
Total operating expenses	<u>5,253</u>	<u>5,801</u>	<u>6,079</u>
Loss from operations	(4,123)	(1,270)	(1,759)
Other income (expense):			
Interest income	836	842	670
Interest expense	(2)	(14)	(5)
Other, net	(32)	5	(7)
Total other income, net	<u>802</u>	<u>833</u>	<u>658</u>
Loss before income taxes	(3,321)	(437)	(1,101)
Provision (benefit) for income taxes	(385)	359	(251)
Net loss	<u>\$ (2,936)</u>	<u>\$ (796)</u>	<u>\$ (850)</u>
Loss per share:			
Basic	<u>\$ (0.06)</u>	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>
Diluted	<u>\$ (0.06)</u>	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>
Shares used in computing loss per share:			
Basic	47,377	47,780	48,053
Diluted	47,377	47,780	48,053
(1) Includes stock-based compensation expense as follows:			
Cost of revenue	\$ 101	\$ 203	\$ 139
Selling, general and administrative expense	1,240	1,162	1,021
Research and development expense	246	244	286
	<u>\$ 1,587</u>	<u>\$ 1,609</u>	<u>\$ 1,446</u>

STAKTEK HOLDINGS, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands, except per share data; unaudited)

	Three Months Ended		
	March 31, 2007	Dec. 31, 2006	March 31, 2006
GAAP loss from operations	\$ (4,123)	\$ (1,270)	\$ (1,759)
Non-GAAP adjustments:			
Amortization and impairment of acquisition intangibles	1,838	1,860	1,860
Stock-based compensation expense	1,587	1,609	1,446
Total non-GAAP adjustments	3,425	3,469	3,306
Non-GAAP income (loss) from operations	\$ (698)	\$ 2,199	\$ 1,547
GAAP net loss	\$ (2,936)	\$ (796)	\$ (850)
Total non-GAAP adjustments affecting income (loss) from operations	3,425	3,469	3,306
Tax adjustment*	(419)	(595)	(961)
Non-GAAP net income	\$ 70	\$ 2,078	\$ 1,495
Shares used in calculating non-GAAP diluted earnings per share	48,382	48,897	49,340
Non-GAAP diluted earnings per share	\$ 0.00	\$ 0.04	\$ 0.03

* The non-GAAP tax adjustment represents the tax effect of the non-GAAP adjustments.

STAKTEK HOLDINGS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(in thousands)

	March 31, 2007 <u>(unaudited)</u>	Dec. 31, 2006 <u></u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 41,619	\$ 40,797
Investments	36,034	38,874
Accounts receivable	3,973	5,479
Inventories	2,225	2,355
Prepaid expenses	1,124	638
Other current assets	1,118	1,219
Total current assets	<u>86,093</u>	<u>89,362</u>
Property, plant and equipment, net	6,002	6,766
Deferred tax asset	1,721	932
Goodwill	28,081	28,081
Other intangibles, net	8,210	9,903
Other assets	104	147
Total assets	<u>\$ 130,211</u>	<u>\$ 135,191</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 653	\$ 1,228
Accrued liabilities	1,911	3,242
Income taxes payable	129	343
Deferred revenue	50	-
Current maturities of capitalized lease obligations	19	19
Total current liabilities	<u>2,762</u>	<u>4,832</u>
Capitalized lease obligations, less current maturities	71	75
Other accrued liabilities	264	256
Stockholders' equity:		
Capital stock	158,833	157,245
Treasury stock	(22,242)	(20,676)
Accumulated other comprehensive loss	(4)	(4)
Accumulated deficit	(9,473)	(6,537)
Total stockholders' equity	<u>127,114</u>	<u>130,028</u>
Total liabilities and stockholders' equity	<u>\$ 130,211</u>	<u>\$ 135,191</u>

STAKTEK HOLDINGS, INC.
RECONCILIATION OF ADDITIONAL GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands; unaudited)

	Quarter Ended		
	Mar. 31, 2007	Dec. 31, 2006	Mar. 31, 2006
Gross profit	\$ 1,130	\$ 4,531	\$ 4,320
Non-GAAP adjustments:			
Amortization and impairment of acquisition intangibles	1,700	1,656	1,656
Stock-based compensation	101	203	139
Non-GAAP gross profit	<u>\$ 2,931</u>	<u>\$ 6,390</u>	<u>\$ 6,115</u>
Total revenue	\$ 8,678	\$ 13,956	\$ 12,480
Non-GAAP gross margin percentage	34%	46%	49%
Operating expenses	\$ 5,253	\$ 5,801	\$ 6,079
Non-GAAP adjustments:			
Amortization of acquisition intangibles	138	204	204
Stock-based compensation	1,486	1,406	1,307
Non-GAAP operating expenses	<u>\$ 3,629</u>	<u>\$ 4,191</u>	<u>\$ 4,568</u>
Selling, general and administrative expense	\$ 3,339	\$ 3,690	\$ 3,540
Non-GAAP adjustments:			
Stock-based compensation	1,240	1,162	1,021
Non-GAAP selling, general and administrative expense	<u>\$ 2,099</u>	<u>\$ 2,528</u>	<u>\$ 2,519</u>
Non-GAAP SG&A as a percentage of total revenue	24%	18%	20%
Research and development expense	\$ 1,776	\$ 1,907	\$ 2,335
Non-GAAP adjustments:			
Stock-based compensation	246	244	286
Non-GAAP research and development expense	<u>\$ 1,530</u>	<u>\$ 1,663</u>	<u>\$ 2,049</u>
Non-GAAP R&D as a percentage of total revenue	18%	12%	16%

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media@staktek.com**Staktek Changes Corporate Name to Entorian™ Technologies Inc.***Company Broadens Vision to Diversify Technologies and Enter New Markets*

AUSTIN, Texas – February 27, 2008 - Staktek Holdings, Inc. [NASDAQ: STAK], a market-leading provider of advanced electronic technologies and solutions for enterprise, consumer and other high-growth markets, today announced its name change to Entorian™ Technologies Inc. (Entorian) [NASDAQ: ENTN] and provided its vision for future growth and expansion.

The name change reflects the company's vision to move beyond chip-stacking solutions and become a leading provider of Enterprise class subsystem technologies for high-speed, high-capacity systems, as well as to expand its footprint evolving from its consumer technologies. This vision is built on an 18-year foundation of electrical and mechanical packaging expertise, as well as a deep intellectual property portfolio consisting of more than 230 patent and pending patent applications.

The business expansion began through internal development efforts, resulting with the introduction of ArctiCore™ advanced memory module technologies for enterprise memory sub-systems. The company then applied its core high-density technologies to NAND Flash storage in the consumer mobile MP3/cell phone market and commercial solid state drive applications, and most recently announced a thermally enhanced SO-DIMM targeted for thin notebooks, rugged notebooks and gaming notebooks. Entorian will continue to aggressively invest in R&D.

The company further continued its business expansion through the acquisition of Southland Micro Systems, Inc. in August 2007. This strategic acquisition provided direct access to major enterprise OEMs and data center customers, as well as additional memory module sub-system

products and services. Entorian will continue to aggressively evaluate additional synergistic acquisition opportunities.

“We believe our new corporate identity better conveys the company’s broader, more diversified vision to our customers and shareholders,” said Wayne R. Lieberman, CEO and president of Entorian. “We plan to further expand our technologies and operational efficiencies, as well as leverage our core competencies and financial resources to enter new markets through building or acquiring new businesses. We are currently targeting the three main sub-system areas of the enterprise market, which include memory, storage and power management. Additionally, our focus on the consumer electronics market will continue to enable higher-capacity mobile consumer devices. Finally, we intend to explore solutions for the industrial and military markets that can leverage our electrical and mechanical expertise.”

As part of the change, the company is launching a new web site effective tomorrow, February 28, 2008, at <http://www.entorian.com>, which reflects the company’s revised mission and brand. All future business will be conducted under the new name.

The company’s common stock will begin trading on NASDAQ under ‘ENTN’ effective with the market open on February 28, 2008. The company’s new CUSIP number is 29383P 100. Holders of stock certificates bearing the name "Staktek" may continue to hold these certificates and will not be required to exchange them for new certificates.

Web Cast and Conference Call

The company will host a conference call and web cast with investors today, February 27, 2008, at 3:30 p.m. Central time (4:30 p.m. Eastern time) to discuss the fourth quarter and fiscal year 2007 financial results and the business outlook for the first quarter of 2008. Investors and other interested parties may access the call by dialing 800-289-0496 in the U.S. (913-312-1472 outside of the U.S.), with the confirmation code 3804955, at least 10 minutes prior to the start of the call. In addition, an audio web cast will be available through the Staktek web site at <http://www.staktek.com>. A replay will be available for 48 hours following the call at 888-203-1112 in the U.S. (719-457-0820 outside of the U.S.), confirmation code 3804955.

Cautionary Language

This press release contains forward-looking statements. These statements are generally accompanied by words such as “expect,” “anticipate,” “believe,” “estimate,” and similar expressions. These statements include our plan to further expand our technologies and

operational efficiencies, as well as leverage our core competencies and financial resources to enter new markets through building or acquiring new businesses and our intent to explore solutions for the industrial and military markets that can leverage our electrical and mechanical expertise. We do not have long-term agreements with our customers or sufficient backlog to rely upon when forecasting results, so our future performance is very difficult to predict. Our forward-looking statements are based on our current expectations, estimates and assumptions and are subject to many risks, uncertainties and unknown future events that could cause actual results to differ materially. Risks and uncertainties that may cause future results to differ include, but are not limited to, transitions in the technologies utilized by OEMs and others (including but not limited to increased use of dual-die and planar solutions and a continuing shift from DDR-1 to DDR-2) and the resulting impact on our business; reduced DRAM pricing and less demand for our products, due to a DRAM oversupply in certain instances; having significant customer concentration and the impact on our operating results of a material decline in orders from any customer or of a consolidation of our customers; the risk that a competitor or significant customer develops or adopts an alternative solution or competing product; the risk that demand for our solutions is lower than expected; the risk that our average selling prices decline during the period more than we expect because of competitive pressures, substituted products or overall reduced demand for systems that incorporate our technologies; our inability to successfully integrate our acquisition of Southland Micro Systems; an increased risk associated with the volatility of the price of DRAM, given our increased purchases of DRAM as a result of our acquisition of Southland; the risks associated with expanding into new markets without past experience in those markets and to releasing new products generally; the risk that our new technologies, such as our NAND Flash-memory stacking technologies, FlashStak X-2 and ArctiCore, are not completed, tested or accepted in a timely fashion; the risk that we are unable to protect our intellectual property rights; the risk that we are unable to productize or monetize the intellectual property that we develop; the areas in California and Mexico in which we manufacture are subject to earthquakes, fires, flooding and other natural disasters, for some of which we are not insured; the risk that we will be unable to enter into additional license agreements to license our technologies; the risks associated with intellectual property litigation or other litigation; the risk that our customers or we are unable to obtain adequate memory or other materials; the risk that we incur problems in our manufacturing processes or facilities or that we are unable to maintain or improve our manufacturing capacity and turnaround times; risks related to qualifying our current or future products in our customers' future products; risks related to increasing our royalty-based revenue; risks associated with competing with larger companies and companies with market share where we are targeting expansion; risks related to product liability claims in the event our services and technologies are used in defective products or include defective parts; risks associated with failing to achieve standardization of certain of our products (such as ArctiCore) from JEDEC; risks associated with acquiring other businesses or technologies in the future; our inability to identify companies to acquire; and the risks associated with our dependence on a few key personnel to manage our business effectively.

For a discussion of these and other factors that could impact our financial results and cause actual results to differ materially from those in the forward-looking statements, please refer to our recent filings with the Securities and Exchange Commission, and in particular, our Form 10-K filed on March 8, 2007. The foregoing information concerning our business outlook represents our outlook as of the date of this news release, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new developments or otherwise.

About Entorian Technologies

Entorian Technologies Inc. is a market-leading provider of advanced electronic technologies and solutions for enterprise, consumer and other high-growth markets. With an IP portfolio of more than 230 patents and pending patent applications, the company offers high-speed, high-capacity solutions, and technology licensing. Headquartered in Austin, Texas, Entorian operates two ISO-certified manufacturing facilities in Irvine, California and Reynosa, Mexico. For more information beginning February 28, 2008, go to <http://www.entorian.com>.

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Staktek and Entorian are trademarks of Staktek Group LP.

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Staktek Introduces JEDEC-Compliant SO-DIMM with Heat Spreader

New Technology Uses Standard DRAM Components to Enable High-Performance, Thin Notebook PCs

Austin, Texas – February 20, 2008 - Staktek Holdings, Inc. [NASDAQ: STAK], a market-leading provider of intellectual property, products and services for next-generation memory technologies, today announced a cost-effective small outline dual in-line memory module (SO-DIMM) technology that enables the addition of a heat spreader while conforming to the JEDEC-standard module thinness.

Staktek's patent pending thin-card technology allows a JEDEC-compliant SO-DIMM to accommodate a planar aluminum heat spreader. The resulting SO-DIMM design supports standard DRAM packages and fits the industry-standard maximum thickness of 3.8mm. In addition to providing the benefit of heat reduction on the module, the heat spreader enables the ease of product branding and identification by SO-DIMM manufacturers.

"Increasing DRAM speeds, combined with smaller, denser notebook assemblies, have created a thermal challenge in next-generation notebook designs," said Tim Roy, Staktek's senior director of marketing.

"Traditional SO-DIMM products violate JEDEC thickness specifications when heat spreaders are incorporated. Combining Staktek's thin-card technology with heat spreaders addresses our customers' concerns with cost, thermal challenges, product branding and compliance to industry specifications."

Staktek is currently sampling this technology, which will be offered in the form of a license or as SO-DIMM products.

Companies interested in learning more about this technology can contact Staktek at sales@staktek.com.

About Staktek:

Staktek is a market-leading provider of intellectual property, products and services for next-generation high-speed, high-capacity systems. Staktek's TSOP and BGA memory stacking solutions increase operational performance by doubling, tripling or quadrupling the amount of memory in the same physical footprint as required by standard packaging technologies. Staktek's ArctiCore™ is a module technology using a double-sided, multi-layer flexible circuit folded around an aluminum core and is designed for superior thermal, mechanical and electrical performance. With an IP portfolio of more than 200 patents and patent applications pending, the company offers flexibility for customers, including outsourced manufacturing, technology licensing and custom engineering. Headquartered in Austin, Texas, Staktek operates two ISO-certified manufacturing facilities in Irvine, California and Reynosa, Mexico. For more information, go to <http://www.staktek.com>.

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Staktek Announces Appointment to its Board of Directors

Former Dell executive Joe Marengi to add expertise to Board

Austin, TX – October 16, 2007 - Staktek Holdings, Inc. [NASDAQ: STAK], a market-leading provider of intellectual property and services for next-generation module technologies, today announced that Joe Marengi has joined its Board of Directors. Marengi has been a venture partner with Austin Ventures since August 2007, and formerly spent 10 years with Dell Inc. (NASDAQ: DELL), most recently as senior vice president and general manager of Dell Americas. At Dell, he was responsible for all of Dell's operations in the Americas' region, including sales, marketing, manufacturing and service. His focus was on the corporate and public institution customer base. He joined Dell from Novell (NASDAQ: NOVL), where he most recently served as president and chief operating officer and was responsible for strategy and day-to-day operations of the company. Marengi fills the board seat vacated by Ed Olkkola, who served as a director since January 2005.

“Joe’s breadth and depth of experience will be a tremendous asset for us moving forward. He has significant experience in many areas, particularly given his broad responsibilities at Dell and Novell, which will serve as a strong complement to our current Board of Directors. We look forward to working with him to assist us as we

focus on expanding the company's reach into new markets," stated Wayne R. Lieberman, Staktek's president and chief executive officer.

Marengi currently serves on the Board of Directors of two other public companies: Hovnanian Enterprises (NYSE:HOV), a Fortune 500 Homebuilder and Quantum Corporation (NYSE:QTM), a technology company specializing in storage back-up, recovery, and archiving. Also as part of his role at Austin Ventures, he works with several of the Austin Ventures' portfolio companies.

Marengi earned a bachelor's degree from the University of Massachusetts, Boston, and a master's degree from the University of Southern California, Los Angeles.

About Staktek:

Staktek is a market-leading provider of intellectual property and services for next-generation module technologies for high-speed, high-capacity systems. Staktek's TSOP and BGA memory stacking solutions increase operational performance by doubling, tripling or quadrupling the amount of memory in the same physical footprint as required by standard packaging technologies. Staktek's ArctiCore™ is a module technology using a double-sided, multi-layer flexible circuit folded around an aluminum core and is designed for superior thermal, mechanical and electrical performance. With an IP portfolio of more than 200 patents and patent applications pending, the company offers flexibility for customers, including outsourced manufacturing, technology licensing and custom engineering. Headquartered in Austin, Texas, Staktek operates two ISO-certified manufacturing facilities in Irvine, California and Reynosa, Mexico. For more information, go to <http://www.staktek.com>.

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Staktek Completes Acquisition of Southland Micro Systems

AUSTIN, Texas – September 5, 2007 - Staktek Holdings, Inc. [NASDAQ: STAK], a market-leading provider of intellectual property (IP) and services for next-generation module technologies, announced it has closed its acquisition of Southland Micro Systems, a leading provider of memory products and services.

“As we stated when we announced our acquisition, we believe that Southland Micro Systems will be a strong complement to our existing business. We look forward to integrating our two businesses to further our vision of becoming a leading supplier of IP solutions for high-performance and power-efficient servers and data centers,” said Wayne R. Lieberman, CEO and president of Staktek.

Staktek intends to continue Southland’s operations in Irvine, California, and its sales offices in San Jose, California and Boise, Idaho.

As part of the acquisition, certain Southland employees were granted employment inducement stock options to purchase a total of 500,000 shares of Staktek common stock pursuant to Nasdaq Marketplace Rule 4350(i)(1)(A)(iv). The number of shares subject to these grants amounted to approximately 1% of the outstanding shares of Staktek common stock as of the date of grant. All of these options have an exercise price equal to the closing sales price per share of Staktek common stock on August 31, 2007 and will vest over a four-year period.

About Staktek:

Staktek is a market-leading provider of intellectual property and services for next-generation module technologies for high-speed, high-capacity systems. Staktek's TSOP and BGA memory stacking solutions increase operational performance by doubling, tripling or quadrupling the amount of memory in the same physical footprint as required by standard packaging technologies. Staktek's ArctiCore™ is a module technology using a double-sided, multi-layer flexible circuit folded around an aluminum core and is designed for superior thermal, mechanical and electrical performance. With an IP portfolio of more than 200 patents and patent applications pending, the company offers flexibility for customers, including outsourced manufacturing, technology licensing and custom engineering. Headquartered in Austin, Texas, Staktek operates an ISO-certified manufacturing facility in Reynosa, Mexico. For more information, go to <http://www.staktek.com>.

Safe Harbor Statement

This press release contains forward-looking statements. These statements are generally accompanied by words such as "expect," "anticipate," "believe," "estimate," and similar expressions. The statements include that Southland will be a strong complement to our business. Our forward-looking statements are based on our current expectations, estimates and assumptions and are subject to many risks, uncertainties

and unknown future events that could cause actual results to differ materially. Risks and uncertainties that may cause future results to differ include, but are not limited to, our potential inability to successfully integrate the two companies and achieve synergies, the absence of long-term customer arrangements in Staktek and Southland and the commensurate risk that customers elect not to do business with the combined companies, the risk of any potential litigation resulting from the transaction and the cost and other consequences associated therewith, transitions in the technologies utilized by OEMs and others (including but not limited to increased use of dual-die and planar solutions and a continuing shift from DDR-1 to DDR-2) and the resulting impact on our business; reduced DRAM pricing and less demand for our products, due to a DRAM oversupply in certain instances; having significant customer concentration and the impact on our operating results of a material decline in orders from any customer or of a consolidation of our customers; the risk that a competitor or significant customer develops or adopts an alternative solution or competing product; the risk that demand for our solutions is lower than expected; the risk that our average selling prices decline during the period more than we expect because of competitive pressures, substituted products or overall reduced demand for systems that incorporate our technologies; the risks associated with expanding into new markets without past experience in those markets and to releasing new products generally; the risk that our new technologies, such as our High Performance II, NAND Flash-memory stacking technologies, FlashStak X-2, ArctiCore™ and MobileStak™ solutions, are not completed, tested or accepted in a timely fashion; the risk that we are unable to protect our intellectual property rights; the risk that we are unable to productize or monetize the intellectual property that we develop; the risk that we will be unable to enter into additional license agreements to license our technologies; the risks associated with intellectual property litigation or other litigation; the risk that our customers or we are unable to obtain adequate memory or other materials; the risk that we incur problems in our manufacturing processes or facilities or that we are unable to maintain or improve our manufacturing capacity and turnaround times; risks related to qualifying our current or future products in our customers' future products; risks related to increasing our royalty-based revenue; risks associated with competing with larger companies and companies with market share where we are targeting expansion; risks related to product liability claims in the event our services and technologies are used in defective products or include defective parts; risks associated with failing to achieve standardization of certain of our products (such as ArctiCore) from JEDEC; risks associated with acquiring other businesses or technologies in the future; and the risks associated with our dependence on a few key personnel to manage our business effectively.

For a discussion of these and other factors that could impact our financial results and cause actual results to differ materially from those in the forward-looking statements, please refer to our recent filings with the Securities and Exchange Commission, and in particular, our Form 10-K filed on March 8, 2007. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new developments or otherwise.

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Staktek is a trademark of Staktek Group LP, and Southland Micro Systems is a trademark of Southland Micro Systems, Inc.



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Staktek to Acquire Southland Micro Systems

*Acquisition to Expand Distribution Channels and Offer Greater Access to Staktek Technologies
Staktek Hosts Conference Call Today at 2:30 p.m. Eastern Time*

AUSTIN, Texas – August 21, 2007 - Staktek Holdings, Inc. [NASDAQ: STAK], a market-leading provider of intellectual property (IP) and services for next-generation module technologies, today announced it has signed a definitive agreement to acquire Southland Micro Systems, a leading provider of memory products and services. With this acquisition, Staktek will seek to increase the opportunity to deploy its IP to top-tier server OEMs and data center end customers.

As consideration for the transaction, the definitive agreement provides that Staktek will pay stockholders of Southland \$18 million in cash at closing and will assume approximately \$5 million in debt. In addition, during the two-year period following closing, Southland stockholders will be entitled to receive additional consideration of \$7 million in cash or shares of Staktek common stock, should certain financial growth goals be achieved. The acquisition is expected to be completed within 30 days of the date of signing.

“Southland Micro Systems will be a strong complement to our existing business. Southland’s key OEM relationships will support Staktek’s vision to become a leading supplier of IP solutions for high-performance and power-efficient servers and data centers,” said Wayne R. Lieberman, CEO and president of Staktek. “Our customers will gain greater selection of optimized high-density, high-performance and thermally enhanced module solutions, greater inventory flexibility and increased availability of Staktek IP from multiple sources.”

Lieberman continued, “This acquisition will bring enhanced scale and operational efficiencies in distribution, engineering and manufacturing. We believe it will be a vehicle to enable higher revenues and profits. The increased technology content in major OEM server products will also enhance our ability to expand into other Enterprise Server sub-system markets.”

John Meehan, CEO of Southland Micro Systems, stated, “These two companies share a common culture of innovation and vision. Our customers will receive an expanded portfolio of quality products and services from the stronger combined technical talents of the larger company. This is an exciting time and a ‘win’ for our customers.”

Southland Micro Systems has a design, manufacturing and customer support center in Irvine, California and employs approximately 80 people. Following closing, John Meehan will serve in the capacity of Executive Vice President.

Conference Call

Staktek management will host a conference call with investors today, August 21, 2007, at 1:30 p.m. Central time (2:30 p.m. Eastern time) to discuss the pending acquisition. Investors and other interested parties may access the call by dialing 1-888-396-2386 in the U.S. (1-617-847-8712 outside of the U.S.), with the confirmation code 67119730, at least 10 minutes prior to the start of the call. In addition, an audio web cast will be available through the Staktek web site at <http://www.staktek.com>. A replay will be available for 48 hours following the call at 1-888-286-8010 in the U.S. (1-617-801-6888 outside of the U.S.), confirmation code 59976451.

About Staktek:

Staktek is a market-leading provider of intellectual property and services for next-generation module technologies for high-speed, high-capacity systems. Staktek's TSOP and BGA memory stacking solutions increase operational performance by doubling, tripling or quadrupling the amount of memory in the same physical footprint as required by standard packaging technologies. Staktek's ArctiCore™ is a module technology using a double-sided, multi-layer flexible circuit folded around an aluminum core and is designed for superior thermal, mechanical and electrical performance. With an IP portfolio of more than 200 patents and patent applications pending, the company offers flexibility for customers, including outsourced manufacturing, technology licensing and custom engineering. Headquartered in Austin, Texas, Staktek operates an ISO-certified manufacturing facility in Reynosa, Mexico. For more information, go to <http://www.staktek.com>.

About Southland:

Southland Micro Systems has been engineering and manufacturing computer memory solutions since 1987. Providing high-quality products and extensive customized services have established the company as a solid supplier to large and mid-size technology companies globally. Southland combines its core competencies of engineering, design, test, manufacturing and supply chain management to consistently exceed customer requirements. The company stays focused on understanding each customer's total user experience, and maximizing the application of systems and technology. With over 30 years of supporting the fast-paced technology community, Southland continues enabling its customers to achieve memory density and performance goals that standard products cannot deliver. Customers represent the industry leaders in the server, networking, telecommunications and high-performance computing markets. Southland Micro System's headquarters and manufacturing facility is located in Irvine, California, with sales offices in San Jose, California and Boise, Idaho. For more company and product information, please visit <http://www.southlandmicro.com>.

Safe Harbor Statement

This press release contains forward-looking statements. These statements are generally accompanied by words such as "expect," "anticipate," "believe," "estimate," and similar expressions. The statements include that Southland's OEM relationships will support our vision to be a leading supplier of IP solutions for high-performance and power-efficient servers and data centers; that our customers will gain a greater selection, inventory flexibility and early IP availability; the acquisition bringing enhanced scale and operational efficiencies in distribution, engineering and manufacturing, our belief that the acquisition will be a vehicle to enable higher revenues and profits; the integration of our common cultures; and the "win" for Southland customers. Our forward-looking statements are based on our current expectations, estimates and assumptions and are subject to many risks, uncertainties and unknown future events that could cause actual results to differ materially. Risks and uncertainties that may cause future results to differ include, but are not limited to, our potential inability to successfully integrate the two companies and achieve synergies, the absence of long-term customer arrangements in Staktek and Southland and the

commensurate risk that customers elect not to do business with the combined companies, the risk of any potential litigation resulting from the transaction and the cost and other consequences associated therewith, transitions in the technologies utilized by OEMs and others (including but not limited to increased use of dual-die and planar solutions and a continuing shift from DDR-1 to DDR-2) and the resulting impact on our business; reduced DRAM pricing and less demand for our products, due to a DRAM oversupply in certain instances; having significant customer concentration and the impact on our operating results of a material decline in orders from any customer or of a consolidation of our customers; the risk that a competitor or significant customer develops or adopts an alternative solution or competing product; the risk that demand for our solutions is lower than expected; the risk that our average selling prices decline during the period more than we expect because of competitive pressures, substituted products or overall reduced demand for systems that incorporate our technologies; the risks associated with expanding into new markets without past experience in those markets and to releasing new products generally; the risk that our new technologies, such as our High Performance II, NAND Flash-memory stacking technologies, FlashStak X-2, ArctiCore™ and MobileStak™ solutions, are not completed, tested or accepted in a timely fashion; the risk that we are unable to protect our intellectual property rights; the risk that we are unable to productize or monetize the intellectual property that we develop; the risk that we will be unable to enter into additional license agreements to license our technologies; the risks associated with intellectual property litigation or other litigation; the risk that our customers or we are unable to obtain adequate memory or other materials; the risk that we incur problems in our manufacturing processes or facilities or that we are unable to maintain or improve our manufacturing capacity and turnaround times; risks related to qualifying our current or future products in our customers' future products; risks related to increasing our royalty-based revenue; risks associated with competing with larger companies and companies with market share where we are targeting expansion; risks related to product liability claims in the event our services and technologies are used in defective products or include defective parts; risks associated with failing to achieve standardization of certain of our products (such as ArctiCore) from JEDEC; risks associated with acquiring other businesses or technologies in the future; and the risks associated with our dependence on a few key personnel to manage our business effectively.

For a discussion of these and other factors that could impact our financial results and cause actual results to differ materially from those in the forward-looking statements, please refer to our recent filings with the Securities and Exchange Commission, and in particular, our Form 10-K filed on March 8, 2007. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new developments or otherwise.

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Staktek is a trademark of Staktek Group LP, and Southland Micro Systems is a trademark of Southland Micro Systems, Inc.

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Staktek Announces Next-Generation, Multi-Chip Packaging Technology

DSD-Pak™ technology delivers superior testability and electrical performance for multi-die packages

AUSTIN, Texas – July 9, 2007 – Staktek Holdings, Inc. (NASDAQ: STAK), a market-leading provider of intellectual property and services for next-generation module technologies, today announced a new multi-die packaging technology platform that delivers improved testability and electrical performance compared to conventional die stacking. Applications for DSD-Pak are ranging from DDR3 multi-die DRAM to high-density Flash and heterogeneous packages including processor plus memories, controller plus memories and various combinations of logic devices.

A package constructed with DSD-Pak technology consists of one or multiple Die-Substrate-Die (DSD) sub-assemblies that are created by attaching a die to each side of a thin substrate. DSD-Pak is compatible with various established die attach technologies, including wire bonding, flip-chip and thermo-compression (TC) / thermo-sonic (TS) bonding. In addition, these sub-assemblies have vertical interconnect features that allow them to be stacked on top of each other to achieve the desired chip content for the final package. DSD-Pak can be adopted with minimal changes to the existing assembly and test infrastructure.

"System OEMs are demanding more highly integrated and thinner multi-chip packages to continue to drive form-factor and overall product innovation," said Jan Vardaman, president and founder TechSearch International, Inc. "Technologies like DSD-Pak are delivering significant improvements in testability and electrical performance - attributes that are getting more and more consideration when new multi-chip packaging technologies are selected by the device makers."

"DSD-Pak is the natural extension of Staktek's IP and know-how in high-density solutions into the area of multi-die packaging technology," said Lee Szeverenko, vice president of Research and Development for Staktek. "DSD-Pak delivers superior testability compared to conventional die stacking as the individual sub-assemblies can be fully tested in existing high-volume test infrastructure before being committed to the final package. In addition, DSD-Pak delivers excellent electrical performance - similar to a through-silicon via (TSV) interconnect, but with today's devices not specifically designed for TSV."

Staktek has demonstrated the DSD-Pak technology platform with a Flash packaging solution that accommodates eight Flash devices thinned to 70 micrometers into a single, less than 1.2mm thick package while enabling full testability for each two-die sub-assembly.

Companies interested in learning more about this technology can contact Staktek at sales@staktek.com or at the Memcon Conference in San Jose from July 17 through July 19, 2007.

About Staktek:

Staktek is a market-leading provider of intellectual property and services for next-generation module technologies for high-speed, high-capacity systems. Staktek's TSOP and BGA memory stacking solutions increase operational performance by doubling, tripling or quadrupling the amount of memory in the same physical footprint as required by standard packaging technologies. Staktek's ArctiCore(TM) is a module technology using a double-sided, multi-layer flexible circuit folded around an aluminum core and is designed for superior thermal, mechanical and electrical performance. With an IP portfolio of more than 200 patents and patent applications pending, the company offers flexibility for customers, including outsourced manufacturing, technology licensing and custom engineering. Headquartered in Austin, Texas, Staktek operates an ISO-certified manufacturing facility in Reynosa, Mexico. For more information, go to <http://www.staktek.com>.

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Staktek Announces High-Capacity SDHC Memory Card Technology

Technology will deliver 32GB SDHC memory cards utilizing commodity Flash devices

AUSTIN, Texas – June 5, 2007 - Staktek Holdings, Inc. [NASDAQ: STAK], a market-leading provider of intellectual property and services for next-generation module technologies, today announced a new Secure Digital High-Capacity (SDHC) memory card technology that will double the typical number of Flash devices in the card, enabling the highest-capacity SDHC storage cards. The capacity enabled by Staktek's SDHC memory card technology will reach 32 GB per card with the fall delivery of next-generation, multi-level cell (MLC) Flash memory devices. (1)

SDHC memory cards are removable Flash storage cards used in a large variety of consumer electronics devices, such as digital still cameras, digital video cameras and personal media players. For digital video cameras, including high-definition digital video cameras, increasing the card's capacity directly translates into longer video recording times.

"We are excited to enable a higher capacity for removable digital storage media in the SDHC card format," said Ulrich Hansen, senior director of marketing for Staktek. "With the falling prices of flash components, these high-capacity memory cards are attractive not only to digital media professionals working with very large media files, but also to consumers looking to conveniently capture their memories in high-quality digital media form on a single, long-lasting card."

To achieve the high-card capacity, Staktek is applying its broad IP portfolio and assembly know-how for high-density memory and module solutions to the SD card form factor. As a result, four fully tested, industry-standard, multi-die, thin small-outline package (TSOP) devices can be accommodated in the card while maintaining a maximum card thickness of only 2.25mm as required by the SD specification. The conventional SD card form factor currently accommodates only two standard height TSOP devices.

Staktek is utilizing a dual-channel Flash controller that supports both MLC and SLC NAND Flash in the current Staktek SDHC card reference design to deliver excellent card read/write performance. The card technology is compatible with SDHC controllers from various manufacturers, as well as JEDEC-compliant Flash TSOP devices, giving the card maker important flexibility in component sourcing. The Staktek SDHC memory card technology is fully compliant with the SDHC specification (SD Specification Version 2.0). Engineering samples of this card are available now, and the technology is available for licensing.

Staktek will be showing its SDHC card technology at Computex 2007 in Taipei, Taiwan from June 6 - 8. Companies interested in learning more about this technology can contact Staktek at uhansen@staktek.com.

About Staktek:

Staktek is a market-leading provider of intellectual property and services for next-generation module technologies for high-speed, high-capacity systems. Staktek's TSOP and BGA memory stacking solutions increase operational performance by doubling, tripling or quadrupling the amount of memory in the same physical footprint as required by standard packaging technologies. Staktek's ArctiCore™ is a module technology using a double-sided, multi-layer flexible circuit folded around an aluminum core and is designed for superior thermal, mechanical and electrical performance. With an IP portfolio of more than

200 patents and patent applications pending, the company offers flexibility for customers, including outsourced manufacturing, technology licensing and custom engineering. Headquartered in Austin, Texas, Staktek operates an ISO-certified manufacturing facility in Reynosa, Mexico. For more information, go to <http://www.staktek.com>.

Notes:

(1): GB refers to 1 billion bytes (1,000,000,000 bytes)

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Staktek is a trademark of Staktek Group LP. SD and SDHC is a trademark of the SD Card Association. All other products names noted herein may be trademarks of their respective holders.

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Staktek Announces Dismissal of Class-Action Securities Litigation

AUSTIN, Texas – March 27, 2007 - Staktek Holdings, Inc. [NASDAQ: STAK], a market-leading provider of intellectual property and services for next-generation, chip-stacking and module technologies for high-speed, high-capacity systems, today announced that the U.S. District Court for the Western District of Texas dismissed, in its entirety, *Helen Holzwasser v. Staktek Holdings, Inc.*, the class-action securities complaint filed against the company in 2004. Wayne R. Lieberman, Staktek's President and CEO, stated "We are very pleased that the case has been dismissed. This result allows us to focus on creating value for our stockholders through the introduction of new products and solutions for existing and future customers."

More information about Staktek and its chip-stacking and module technologies is available online at <http://www.staktek.com> or by contacting sales@staktek.com.

About Staktek:

Staktek is a market-leading provider of intellectual property and services for next-generation, chip-stacking and module technologies for high-speed, high-capacity systems. Staktek's TSOP and BGA memory stacking solutions increase operational performance by doubling, tripling or quadrupling the amount of memory in the same physical footprint as required by standard packaging technologies. Staktek's ArctiCore™ is a new module technology using a double-sided, multi-layer flexible circuit folded around an aluminum core and is designed for superior thermal, mechanical and electrical performance. With an IP portfolio of more than 200 patents and patent applications pending, the company offers flexibility for customers, including outsourced manufacturing, technology licensing and custom engineering. Headquartered in Austin, Texas, Staktek operates an ISO-certified manufacturing facility in Reynosa, Mexico. For more information, go to <http://www.staktek.com>.

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