

NOTICE OF SALE OF SECURITIES PURSUANT TO REGULATION D, SECTION 4(6), AND/OR UNIFORM LIMITED OFFERING EXEMPTION

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Comment: TOOLBAR ITEMS (1) Click on "Add Section A Page" or "Add Section B Page" button where noted at the bottom of Sections A and B to add additional names or press Delete. Use the F11 key to advance to the next field while working with new page. Complete entire document first before working on additional pages. (3) Document protection will be turned OFF towards the end of this document to allow edits to the entire document. This will take place once you click in the first field in APPENDIX section and press TAB. (4) You can check or uncheck a box by double clicking directly over the box, then choose Checked or Unchecked.



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Name of Offering () check if this is an amendment and name has changed, and indicate change.)

Series B Preferred Stock Financing

Filing Under (Check box(es) that apply): () Rule 504 () Rule 505 (X) Rule 506 () Section 4(6) () ULOE

Type of Filing: (X) New Filing ()

A. BASIC IDENTIFICATION DATA

1. Enter the information requested about the issuer

Name of Issuer () check if this is an amendment and name has changed, and indicate change.)

Teranetics, Inc.

Address of Executive Offices (Number and Street, City, State, Zip Code)

2953 Bunker Hill Lane, Suite 204, Santa Clara, CA 95050

Telephone Number (Including Area Code)

(408) 844-8186

Address of Principal Business Operations (Number and Street, City, State, Zip Code) (if different from Executive Offices)

Telephone Number (Including Area Code)

Brief Description of Business

Integrated circuits for networking

Type of Business Organization

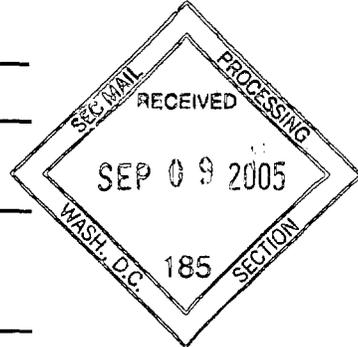
- (X) corporation () limited partnership, already formed () business trust () limited partnership, to be formed () other (please specify):

Actual or Estimated Date of Incorporation or Organization: Month 1 2 Year 0 2 (X) Actual () Estimated

Jurisdiction of Incorporation or Organization: (Enter two-letter U.S. Postal Service Abbreviation for State: CN for Canada; FN for other foreign jurisdiction) D E

GENERAL INSTRUCTIONS

Federal: Who Must File: All issuers making an offering of securities in reliance on an exemption under Regulation D or Section 4(6), 17 CFR 230.501 et seq. or 15 U.S.C. 77d(6). When To File: A notice must be filed no later than 15 days after the first sale of securities in the offering. Where To File: U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies Required: Five (5) copies of this notice must be filed with the SEC. Information Required: A new filing must contain all information requested. Filing Fee: There is no federal filing fee. State: This notice shall be used to indicate reliance on the Uniform Limited Offering Exemption (ULOE) for sales of securities in those states that have adopted ULOE and that have adopted this form.



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ATTENTION Failure to file notice in the appropriate states will not result in a loss of the federal exemption. Conversely, failure to file the appropriate federal notice will not result in a loss of an available state exemption unless such exemption is predicated on the filing of a federal notice.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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A. BASIC IDENTIFICATION DATA

2. Enter the information requested for the following:

- Each promoter of the issuer, if the issuer has been organized within the past five years;
- Each beneficial owner having the power to vote or dispose, or direct the vote or disposition of, 10% or more of a class of equity securities of the issuer;
- Each executive officer and director of corporate issuers and of corporate general and managing partners of partnership issuers; and
- Each general and managing partner of partnership issuers.

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Kasturia, Sanjay

Business or Residence Address (Number and Street, City, State, Zip Code)

C/o Teranetics, Inc., 2953 Bunker Hill Lane, Suite 204, Santa Clara, CA 95050

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Chopra, Rahul

Business or Residence Address (Number and Street, City, State, Zip Code)

C/o Teranetics, Inc., 2953 Bunker Hill Lane, Suite 204, Santa Clara, CA 95050

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Cioffi, John

Business or Residence Address (Number and Street, City, State, Zip Code)

C/o Department of Electrical Engineering, Packard Building, Room 363, Stanford, CA 94305

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Copeland, Eric

Business or Residence Address (Number and Street, City, State, Zip Code)

C/o Venrock Associates, 30 Rockefeller Plaza, Room 5505, New York, NY 10112

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Federman, Irwin

Business or Residence Address (Number and Street, City, State, Zip Code)

C/o US Venture Partners, 2735 Sand Hill Road, Menlo Park, CA 94025

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Gupta, Sandeep

Business or Residence Address (Number and Street, City, State, Zip Code)

C/o Teranetics, Inc., 2953 Bunker Hill Lane, Suite 204, Santa Clara, CA 95050

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Kanakia, Hemant

Business or Residence Address (Number and Street, City, State, Zip Code)

C/o Columbia Capital, 201 N. Union Street, Suite 300, Alexandria, VA 22314

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Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Parikh, Vijay

Business or Residence Address (Number and Street, City, State, Zip Code)

C/o Global Catalyst Partners, 255 Shoreline Drive, Suite 520, Redwood Shores, CA 94065

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Tellado, Jose

Business or Residence Address (Number and Street, City, State, Zip Code)

C/o Teranetics, Inc., 2953 Bunker Hill Lane, Suite 204, Santa Clara, CA 95050

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Columbia Capital Equity Partners IV (QP), L.P.

Business or Residence Address (Number and Street, City, State, Zip Code)

C/o Columbia Capital, 201 N. Union Street, Suite 300, Alexandria, VA 22314, Attn: Donald A. Doering

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Global Catalyst Partners II, L.P.

Business or Residence Address (Number and Street, City, State, Zip Code)

255 Shoreline Drive, Suite 520, Redwood Shores, CA 94065, Attn: Vijay Parikh

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Portview Communications Partners, L.P.

Business or Residence Address (Number and Street, City, State, Zip Code)

C/o Portview Communications Ltd., c/o Admiral Administrative Ltd., Anchorage Centre, 2nd Floor, Grand Cayman, Cayman Islands

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

US Venture Partners Funds

Business or Residence Address (Number and Street, City, State, Zip Code)

2735 Sand Hill Road, Menlo Park, CA 94025, Attn: Chief Financial Officer

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Venrock Associates Funds

Business or Residence Address (Number and Street, City, State, Zip Code)

Venrock Associates, 30 Rockefeller Plaza, Room 5505, New York, NY 10112, Attn: Eric Copeland

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

B. INFORMATION ABOUT OFFERING

1. Has the issuer sold, or does the issuer intend to sell, to non-accredited investors in this offering? Yes No
 Answer also in Appendix, Column 2, if filing under ULOE.
2. What is the minimum investment that will be accepted from any individual? \$ _____ N/A
3. Does the offering permit joint ownership of a single unit? Yes No
4. Enter the information requested for each person who has been or will be paid or given, directly or indirectly, any commission or similar remuneration for solicitation of purchasers in connection with sales of securities in the offering. If a person to be listed is an associated person or agent of a broker or dealer registered with the SEC and/or with a state or states, list the name of the broker or dealer. If more than five (5) persons to be listed are associated persons of such a broker or dealer, you may set forth the information for that broker or dealer only.

Full Name (Last name first, if individual)
 N/A

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers
 (Check "All States" or check individuals States) All States

| | | | | | | | | | | | | |
|------|------|------|------|------|------|------|------|------|------|------|------|------|
| [AL] | [AK] | [AZ] | [AR] | [CA] | [CO] | [CT] | [DE] | [DC] | [FL] | [GA] | [HI] | [ID] |
| [IL] | [IN] | [IA] | [KS] | [KY] | [LA] | [ME] | [MD] | [MA] | [MI] | [MN] | [MS] | [MO] |
| [MT] | [NE] | [NV] | [NH] | [NJ] | [NM] | [NY] | [NC] | [ND] | [OH] | [OK] | [OR] | [PA] |
| [RI] | [SC] | [SD] | [TN] | [TX] | [UT] | [VT] | [VA] | [WA] | [WV] | [WI] | [WY] | [PR] |

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers
 (Check "All States" or check individuals States) All States

| | | | | | | | | | | | | |
|------|------|------|------|------|------|------|------|------|------|------|------|------|
| [AL] | [AK] | [AZ] | [AR] | [CA] | [CO] | [CT] | [DE] | [DC] | [FL] | [GA] | [HI] | [ID] |
| [IL] | [IN] | [IA] | [KS] | [KY] | [LA] | [ME] | [MD] | [MA] | [MI] | [MN] | [MS] | [MO] |
| [MT] | [NE] | [NV] | [NH] | [NJ] | [NM] | [NY] | [NC] | [ND] | [OH] | [OK] | [OR] | [PA] |
| [RI] | [SC] | [SD] | [TN] | [TX] | [UT] | [VT] | [VA] | [WA] | [WV] | [WI] | [WY] | [PR] |

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers
 (Check "All States" or check individuals States) All States

| | | | | | | | | | | | | |
|------|------|------|------|------|------|------|------|------|------|------|------|------|
| [AL] | [AK] | [AZ] | [AR] | [CA] | [CO] | [CT] | [DE] | [DC] | [FL] | [GA] | [HI] | [ID] |
| [IL] | [IN] | [IA] | [KS] | [KY] | [LA] | [ME] | [MD] | [MA] | [MI] | [MN] | [MS] | [MO] |
| [MT] | [NE] | [NV] | [NH] | [NJ] | [NM] | [NY] | [NC] | [ND] | [OH] | [OK] | [OR] | [PA] |
| [RI] | [SC] | [SD] | [TN] | [TX] | [UT] | [VT] | [VA] | [WA] | [WV] | [WI] | [WY] | [PR] |

(Use blank sheet, or copy and use additional copies of this sheet, as necessary)

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

1. Enter the aggregate offering price of securities included in this offering and the total amount already sold. Enter "0" if answer is "none" or "zero." If the transaction is an exchange offering, check this box and indicate in the columns below the amounts of the securities offered for exchange and already exchanged.

| Type of Security | Aggregate Offering Price | Amount Already Sold |
|---|-----------------------------|-------------------------|
| Debt | \$ _____ | \$ _____ |
| Equity | \$ <u>14,999,999.38</u> | \$ <u>14,999,999.38</u> |
| | | |
| | | |
| Convertible Securities (including warrants) | \$ _____ | \$ _____ |
| Partnership Interests | \$ _____ | \$ _____ |
| Other (Specify ___) | \$ _____ | \$ _____ |
| Total | \$ <u>14,999,999.38</u> | \$ <u>14,999,999.38</u> |

Answer also in Appendix, Column 3, if filing under ULOE.

2. Enter the number of accredited and non-accredited investors who have purchased securities in this offering and the aggregate dollar amounts of their purchases. For offerings under Rule 504, indicate the number of persons who have purchased securities and the aggregate dollar amount of their purchases on the total lines. Enter "0" if answer is "none" or "zero."

| | Number Investors | Aggregate Dollar Amount of Purchase |
|---|---------------------|---|
| Accredited investors | <u>17</u> | \$ <u>14,999,999.38</u> |
| Non-accredited Investors | <u>0</u> | \$ <u>0</u> |
| Total (for filings under Rule 504 only) | _____ | \$ _____ |

Answer also in Appendix, Column 4, if filing under ULOE.

3. If this filing is for an offering under Rule 504 or 505, enter the information requested for all securities sold by the issuer, to date, in offerings of the types indicated, in the twelve (12) months prior to the first sale of securities in this offering. Classify securities by type listed in Part C - Question 1.

| Type of Offering | Type of Security | Dollar Amount Sold |
|--------------------|---------------------|-----------------------|
| Rule 505 | <u>N/A</u> | \$ <u>N/A</u> |
| Regulation A | <u>N/A</u> | \$ <u>N/A</u> |
| Rule 504 | <u>N/A</u> | \$ <u>N/A</u> |
| Total | <u>N/A</u> | \$ <u>N/A</u> |

4. a. Furnish a statement of all expenses in connection with the issuance and distribution of the securities in this offering. Exclude amounts relating solely to organization expenses of the issuer. The information may be given as subject to future contingencies. If the amount of an expenditure is not known, furnish an estimate and check the box to the left of the estimate.

| | | |
|--|-------------------------------------|---------------------|
| Transfer Agent's Fees | <input type="checkbox"/> | \$ _____ |
| Printing and Engraving Costs | <input type="checkbox"/> | \$ _____ |
| Legal Fees | <input checked="" type="checkbox"/> | \$ <u>80,000.00</u> |
| Accounting Fees | <input type="checkbox"/> | \$ _____ |
| Engineering Fees | <input type="checkbox"/> | \$ _____ |
| Sales Commissions (specify finders' fees separately) | <input type="checkbox"/> | \$ _____ |
| Other Expenses (identify) _____ | <input type="checkbox"/> | \$ _____ |
| Total | <input checked="" type="checkbox"/> | \$ <u>80,000.00</u> |

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

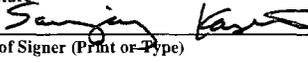
b. Enter the difference between the aggregate offering price given in response to Part C - Question 1 and total expenses furnished in response to Part C - Question 4.a. This difference is the "adjusted gross proceeds to the issuer." \$ 14,919,999.38

5. Indicate below the amount of the adjusted gross proceeds to the issuer used or proposed to be used for each of the purposes shown. If the amount for any purpose is not known, furnish an estimate and check the box to the left of the estimate. The total of the payments listed must equal the adjusted gross proceeds to the issuer set forth in response to Part C - Question 4.b above.

| | Payments to Officers, Directors & Affiliates | Payments To Others |
|---|---|---|
| Salaries and fees | <input type="checkbox"/> \$ _____ | <input type="checkbox"/> \$ _____ |
| Purchase of real estate | <input type="checkbox"/> \$ _____ | <input type="checkbox"/> \$ _____ |
| Purchase, rental or leasing and installation of machinery and equipment..... | <input type="checkbox"/> \$ _____ | <input type="checkbox"/> \$ _____ |
| Construction or leasing of plant buildings and facilities..... | <input type="checkbox"/> \$ _____ | <input type="checkbox"/> \$ _____ |
| Acquisition of other businesses (including the value of securities involved in this offering that may be used in exchange for the assets or securities of another issuer pursuant to a merger)..... | <input type="checkbox"/> \$ _____ | <input type="checkbox"/> \$ _____ |
| Repayment of indebtedness | <input type="checkbox"/> \$ _____ | <input type="checkbox"/> \$ _____ |
| Working capital | <input type="checkbox"/> \$ _____ | <input checked="" type="checkbox"/> \$ <u>14,919,999.38</u> |
| Other (specify): _____ | <input type="checkbox"/> \$ _____ | <input type="checkbox"/> \$ _____ |
| Column Totals | <input checked="" type="checkbox"/> \$ <u>0</u> | <input checked="" type="checkbox"/> \$ <u>14,919,999.38</u> |
| Total Payments Listed (column totals added)..... | <input checked="" type="checkbox"/> \$ <u>14,919,999.38</u> | |

D. FEDERAL SIGNATURE

The issuer has duly caused this notice to be signed by the undersigned duly authorized person. If this notice is filed under Rule 505, the following signature constitutes an undertaking by the issuer to furnish the U.S. Securities and Exchange Commission, upon written request of its staff, the information furnished by the issuer to any non-accredited investor pursuant to paragraph (b)(2) of Rule 502.

| | | |
|---|---|---------------------------|
| Issuer (Print or Type) Teranetics, Inc. | Signature  | Date September 6, 2005 |
| Name of Signer (Print or Type) Sanjay Kasturia | Title of Signer (Print or Type) President | |

ATTENTION

Intentional Misstatements or Omissions of Fact Constitute Federal Criminal Violations. (See 18. U.S.C. 1001.)