

Carbon Nanotechnologies Inc. (CNI) and Sumitomo Corporation announce business alliance to sell nanotubes in Asia

Houston, TX, USA - January 27, 2004 - Sumitomo Corporation and Carbon Nanotechnologies Inc. (CNI) today announced the signing of two significant agreements that cement their relationship in developing the carbon nanotechnology business in Japan and S. Korea. These two world-class organizations have agreed to combine their efforts (1) by completing an exclusive marketing and distribution arrangement for CNI's buckytubes in Japan and S. Korea and (2) through an arrangement that includes an immediate financial investment, with the opportunity for additional investments, by Sumitomo Corporation in CNI. Sumitomo and CNI have been working together in Asia for two years to develop and promote the markets for CNI buckytubes.

CNI is the world leader in the production of single wall carbon nanotubes (SWNT) in addition to holding a broad portfolio of technology covering production processes, enabling and end-use technology. "Our relationship with Sumitomo Corporation is a key business alliance for CNI and we are delighted to complete these significant agreements," stated Dr. Bob Gower, president and CEO of CNI. "With Sumitomo's marketing skills and financial strength, and CNI's production and technology skills, the development and exploitation of the world-changing force of carbon nanotechnology is significantly advanced. CNI's commitment to Asia is significantly strengthened with our Sumitomo relationship."

"Sumitomo Corporation, after working with CNI and their incredible products and technology for two years, is convinced of CNI's leadership position in technology, products and production capabilities in this dynamic market," said Mr. Yutaka Takagi, corporate officer and general manager of Electronics Division of Sumitomo Corporation. "We are looking forward to a long and meaningful relationship with CNI, and we consider the agreements with CNI to be of strategic importance in our growth areas. Sumitomo Corporation is committed to the investment and development of business in the area of carbon nanotechnology, which is expected to be one of the highest growth markets in the 21st century, leveraging our relationship with CNI."

CNI was founded in early 2000 to commercialize the scientific breakthroughs in carbon nanotechnology made at Rice University under the direction of Dr. Richard Smalley, 1996 Nobel Prize winner. "Japan has been an important pioneer in the discovery and development of carbon nanotechnology and it is only fitting that CNI is associated with Sumitomo in a formal way in this vast market," stated Dr. Smalley.

Since 2000, CNI has significantly expanded its technology position and is actively developing new processes and applications for buckytubes in its own laboratories and in those of industrial partners. CNI has completed several pilot plants at its Kellogg Brown & Root location in west Houston. These units are currently capable of over 20 pounds per day. Later in 2004 CNI expects to complete a demonstration plant that is designed to have a capacity of approximately 100 pounds per day. CNI plans to be

responsive to market demand and expects to be able to provide commercial production of approximately 1000 pounds per day of buckytubes as early as 2005.

Sumitomo Corporation is one of Japan's largest integrated trading companies, and has long been one of the world's largest businesses in terms of sales. As a "Globally Integrated Trading Corporation," the company and its consolidated subsidiaries purchase, distribute and market a wide variety of commodities including raw materials, industrial goods and consumer goods for domestic trade between Japan and other nations, and trade between third-party nations.

The company not only operates worldwide with trade in various commodities but also provides various services, such as financing arrangements for customers and suppliers, planning and coordinating and operating industrial projects, and gathering a broad range of information. In connection with these services, the company engages in a wide range of business activities -- developing market potential, providing services for logistics and transportation and for information and communications, engaging in construction, developing natural resources, functioning as organizer, investing in the growing high-technology and multimedia fields, and promoting environmental protection.

CNI Contact: Thomas G. Pitstick, Director of Business Development, 281-492-5884, tpitstick@cnanotech.com