

Carbon Nanotechnologies Inc. (CNI) Announces Today the Issue of a Key Nanotube Patent

- Coverage includes end-derivatives of carbon nanotubes
- Carbon Nanotechnologies Inc. now has 16 issued or allowed patents relative to carbon nanotubes

Houston, TX, USA - February 4, 2004 - Carbon Nanotechnologies Inc. (CNI) Carbon Nanotechnologies Inc. (CNI) announced today the issue of a key patent that is central to the development of real-world applications of nanotechnology. This patented technology opens a wide world of opportunity to link carbon nanotubes to each other and to other species and substrates, greatly enhancing the potential of carbon nanotubes and broadly expanding their range of end uses. This technology is part of the intellectual property developed by Nobel-Prizewinning chemist Dr. Richard Smalley and was licensed exclusively to CNI from Rice University in 2001.

U.S. Patent 6,683,783, issued Jan. 27, 2004, includes claim coverage for carbon nanotubes derivatized at their ends. These composition of matter claims cover carbon nanotubes that have other chemical structures covalently bonded to their open or closed ends. The patent also has composition of matter claims that include end-derivatized nanotubes that contain within themselves, another species, such as metals or fullerenes.

Dr. Smalley said, "This is a critical piece of technology and could be one of the most important patents related to carbon nanotubes. This opens a wide range of new possibilities in this rapidly developing field. It is difficult to imagine carbon nanotechnology applications which will not be enhanced by this enabling patented technology."

The technology enables hundreds of applications where partial reactions of carbon nanotubes with polymers or other species are desirable. Since each nanotube derivative has somewhat different properties, it also allows for improved compatibility with a wide range of polymers and for excellent nanotube dispersion in the polymers. This technology can dramatically improve physical properties for a new class of nano-composite products and fibers. CNI is presently collaborating with more than 60 of their 400 customers around the world in the development of carbon nanotube based products.

Bob Gower, president and CEO of CNI, said, "This is a milestone patent. This technology, along with other patents that have been issued or allowed, provides CNI an extraordinary position in this field."

CNI now has 16 issued or allowed patents in the area of carbon nanotechnology. These include issued patents for two process routes to produce carbon nanotubes, the arc and laser ablation routes, and include allowed patents for a gas-phase process and a supported catalyst process route. These are the 4 routes now considered practical for

producing single wall carbon nanotubes. CNI also has allowed patents that cover derivatizing the sidewalls of carbon nanotubes via covalent bonding, for assembling arrays of sidewall derivatized nanotubes, and for solvating sidewall derivatized tubes followed by removing the solvent and utilizing the resulting product.

Sidewall derivatization is valuable for the same reasons as end derivatization. But, even more importantly, sidewall derivatization reduces the attraction of carbon nanotubes for each other, thereby reducing their tendency to bundle together. Overcoming this bundling attraction can allow the nanotubes to provide desired properties at markedly lower concentrations. It also allows for isolation of specific metallic or semi-conducting nanotube structures.

CNI's intellectual property portfolio is very broad and deep in the field of carbon nanotubes and their applications. CNI has a total of about 100 patents or patent applications, with a total of more than 2500 claims, of which more than 650 are composition of matter claims. The issued and allowed claims total about 600, at least 40 of those being composition of matter claims. Since many of CNI's patents include composition of matter claims, the most potent of patent claims, CNI's intellectual property portfolio will bear on most applications that use carbon nanotubes. Much of this intellectual property derives from the exclusive, worldwide license with Rice University.

Since 2000, CNI has significantly expanded its technology position and is actively developing new processes and applications for carbon nanotubes 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. By mid-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 carbon nanotubes as early as 2005.

CNI Contact: Ray McLaughlin, Chief Financial Officer, +1 281-492-5821,
mclaughlin@cnanotech.com

Visit the website at www.cnanotech.com