

CNI and Kostat to Develop Next Generation Electronics Packaging Materials

Houston, TX, USA - July 7, 2004 - Carbon Nanotechnologies, Inc (CNI) and Kostat, Inc. today announced a joint development agreement to develop and commercialize conductive polymers for electronics module trays, carrier tapes and other electronics related applications. Products developed as a result of this collaboration will leverage the breakthrough properties of single-wall carbon nanotubes (SWNTs), CNI's expertise in applying SWNTs, and Kostat's expertise in polymer processing.

Single-wall carbon nanotubes, also known as Buckytubes, are the ultimate engineering polymer, 100 times stronger than steel at less than one sixth the weight. This cylindrical polymer of pure carbon, said to be the strongest, stiffest, toughest material known, also conducts electricity like metals and conducts heat better than diamond.

CNI and Kostat will blend SWNTs with other polymers that will then be injection molded or thermoformed into packaging components for the electronics industry where conductive polymers are critical to dissipate electrostatic charges, a key reason for electronics failures. Kostat will market these advanced products to electronics manufacturers around the world.

Bob Gower, CEO of CNI says, "High performance electronics applications are a natural fit for the properties of SWNTs and Kostat is a fast growing company in this field with a track record of commercializing new products." Hong Kim, President and CTO of Kostat, adds "SWNTs will help take Kostat to the next plateau of supplying our electronics industry customers with state-of-the-art packaging made from next generation materials."

Carbon Nanotechnologies, Inc.

CNI was founded in early 2000 to commercialize the scientific breakthroughs in carbon nanotechnology made at Rice University under the direction of Nobel prize-winning scientist Dr. Richard Smalley. CNI's intellectual property portfolio will bear on most applications that use carbon nanotubes - CNI controls approximately 100 patents and patent filings across SWNT production, modification and applications, with a total of about 4000 claims, of which more than 700 are composition of matter claims. The issued and allowed claims total about 850, with more than 40 of those being composition of matter claims.

Since 2000, CNI 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 third quarter 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.

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Kostat, Inc.

Kostat was founded in 1982 and is a world leader in the manufacture of chip trays, carrier tapes, module trays and thermoplastic compounds. The company has a world-wide customer base, including companies such as Texas Instruments, Motorola, Micron, Samsung, Philips and others. Kostat also has a global sales and marketing network to serve these customers. The company has several manufacturing plants in Korea and has recently commissioned a multi-product manufacturing plant near Shanghai, China to serve customers in China and Southeast Asia.

For more information: www.kostat.com

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