

For Immediate Release

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BAE Systems and Nantero, Inc. Announce Joint Evaluation of Carbon Nanotube-based Electronics

Woburn, MA – July 2004: Nantero, Inc. and BAE Systems announced today a joint effort to evaluate the potential to develop carbon nanotube-based electronic devices for use in advanced defense and aerospace systems. The project will involve research and development of a variety of next-generation electronic devices that can be built leveraging the unique properties of carbon nanotubes and using Nantero's proprietary methods and processes for the design and manufacture of nanotube-based electronics. Nantero's proprietary processes for the use of carbon nanotubes are CMOS-compatible, allowing the development to be carried out in BAE Systems Manassas' newly modernized production semiconductor fabrication facilities.

"BAE Systems is a recognized leader in defense and aerospace systems, and they are continuing their tradition of technical innovation by becoming pioneers in nanotube-based electronics through this project," said Greg Schmergel, Nantero's co-founder and CEO. "We are very pleased to be working together with them towards the goal of enabling more robust and higher performance systems in the near future."

"Nantero's carbon nanotube-based technology has multiple applications throughout the field of electronics, with the potential to provide many performance benefits including greatly reduced power consumption and substantially enhanced radiation tolerance," noted George Nossaman, director, Space Communications Systems and Electronics for BAE Systems at Manassas. "By combining their expertise and intellectual property in nanotube-based designs and processes with our advanced semiconductor processing capabilities and leadership position in the defense and aerospace market, we expect to be able to deliver breakthrough products to our customers."

About BAE SYSTEMS:

BAE Systems is an international company engaged in the development, delivery, and support of advanced defense and aerospace systems in the air, on land, at sea, and in space. The company designs, manufactures, and supports military aircraft, surface ships, submarines, radar, avionics, communications, electronics, and guided weapon systems. It is a pioneer in technology with a heritage stretching back hundreds of years. It is at the forefront of innovation, working to develop the next generation of intelligent defense systems.

BAE Systems has major operations across five continents and customers in some 130 countries. The company employs more than 90,000 people and generates annual sales of more than \$20 billion through its wholly owned and joint-venture operations.

BAE Systems North America is a high-technology U.S. company employing more than 25,000 people who live and work in some 30 states, the District of Columbia, and the United Kingdom. The company is dedicated to solving its customers' needs with highly innovative and leading edge solutions across the defense electronics, systems, information technology, and services arenas.

BAE Systems Information & Electronic Warfare Systems employs 6,900 people at 13 major facilities in eight states. The business unit is a major producer of aircraft self-protection systems and tactical surveillance and intelligence systems for all branches of the armed forces. IEWS provides products and services in four major lines of business: Electronic Warfare/Electronic Protection, Electronic Warfare/Information Warfare, Integrated Defense Solutions, and Mission Electronics.

About Nantero

Nantero is a nanotechnology company using carbon nanotubes for the development of next-generation semiconductor devices. Nantero's main focus is the development of **NRAM™** – a high-density nonvolatile random access storage device. NRAM™ will replace all existing forms of storage, such as DRAM, SRAM and flash memory, with a high-density nonvolatile RAM – 'universal memory.' The potential applications for the nonvolatile RAM Nantero is developing add up to over \$100B in revenue potential, including the ability to enable instant-on computers and to replace the memory in devices such as cell phones, MP3 players, digital cameras, and PDAs, as well as applications in the networking arena. NRAM™ can be manufactured for both standalone and embedded memory applications. Nantero is also working with licensees on the development of additional applications of Nantero's core nanotube-based technology. For more information on Nantero, Inc. contact SGN Public Relations & Marketing at Suzanne@nantero.com

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