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## LUX RESEARCH ANNOUNCES QUARTERLY UPDATE OF LUX NANOTECH INDEX™

New York, NY – January 5, 2006 – Lux Research, the world's leading nanotechnology research and advisory firm, today announced its quarterly update to the Lux Nanotech Index™. The Index serves as a benchmark for the value that markets ascribe to emerging nanotechnology and forms the basis of the PowerShares Lux Nanotech Portfolio (AMEX:PXN), the first nanotechnology exchange-traded fund (ETF).

The components of the Lux Nanotech Index™ are split into two groups: 1) nanotech specialists – small and mid-sized companies that focus specifically on developing or funding emerging nanotechnology applications, and 2) end-use incumbents – large companies that are applying nanotechnology to existing product lines. Nanotech specialists account for 75% of the modified equal-dollar-weighted index; end-use incumbents account for 25%.

Among nanotech specialists, this update adds U.S.-based nanotech applications developer Arrowhead Research and removes British drug delivery company SkyePharma. "The Lux Nanotech Index™ aims to be comprehensive for nanotech specialists, including all firms that meet our eligibility criteria for market valuation, trading volume, and listing on a major U.S. exchange. Arrowhead now meets these criteria. We expect additional nanotech specialists to be added this year as the trading volumes of existing specialists rise and as new stocks come to market," said Lux Research Vice President of Research Matthew M. Nordan, co-chair of the Index selection committee. "SkyePharma has been removed because the company's focus on nanoparticulate drug solubilization has steadily declined."

Among end-use incumbents, this quarter's update adds Toyota and Intel and removes GM and NEC. "Toyota has a history of nanotech research dating back to seminal patents in nanoclay composites and extending into automotive fuel cells that have nanostructured components. While GM remains the world leader in using nanocomposite materials for body moldings, Toyota is better positioned financially to pursue next-generation nanotech applications in the auto industry," said Nordan. "Intel is being added not because it produces transistors with nanoscale features using mainstream CMOS manufacturing techniques, but because it increasingly focuses on new innovations like carbon nanotube-based electronics for the post-silicon era – as described in the latest International Technology Roadmap for Semiconductors, published last month. On the other hand, NEC's leadership position – going back to its researchers' discovery of carbon nanotubes in 1991 – has eroded as proposed products like nanotube-powered portable fuel cells have taken more time than expected to prove viable."

Based on performance of the Lux Nanotech Index™ to date, financial markets see increasing value in nanotechnology. "The Index is intended to be representative, and is not specifically designed to outperform the Nasdaq or other indices," said Nordan. "However, the PowerShares Lux Nanotech Portfolio, which is based on the Index, is up 9.1% since its introduction in October 2005."

The components of the Lux Nanotech Index™ are:

Nanotech specialists

Accelrys (ACCL)  
Altair Nanotechnologies (ALTI)  
American Pharmaceutical Partners (APPX)  
Arrowhead Research (ARWR)  
Biosante Pharmaceuticals (BPA)  
Elan (ELN)  
FEI Company (FEIC)

Flamel Technologies (FLML)  
Headwaters (HW)  
Immunicon (IMMC)  
Nanophase Technologies (NANX)  
NVE Corporation (NVEC)  
Cambridge Display Technology (OLED)  
Symyx Technologies (SMMX)  
Harris & Harris Group (TINY)  
Veeco Instruments (VECO)  
Westaim Corporation (WEDX)

End-use incumbents

Air Products & Chemicals (APD)  
BASF (BF)  
E.I. Du Pont de Nemours & Company (DD)  
General Electric (GE)  
Hewlett-Packard (HPQ)  
Intel (INTC)  
International Business Machines (IBM)  
3M (MMM)  
Toyota (TM)

Full details on the Lux Nanotech Index™ are available at [www.luxresearchinc.com/luxni.html](http://www.luxresearchinc.com/luxni.html).

**About Lux Research:**

Lux Research is the world's leading nanotechnology research and advisory firm. We help our clients make better decisions to profit from nanoscale science and technology, tapping into our analysts' unique expertise and unrivaled network. Our clients include top decision makers at large corporations, portfolio managers and analysts at leading financial institutions, CEOs of the most innovative start-ups, and visionary public policy makers. Visit [www.luxresearchinc.com](http://www.luxresearchinc.com) for more information.

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