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TRANSITION TIME FOR THE NATIONAL NANOTECHNOLOGY INITIATIVE

Lux Research President to Testify before Senate Commerce Committee on NNI Reauthorization

New York, NY – April 24, 2008 – In 2001, the U.S. launched the National Nanotechnology Initiative (NNI), the federal coordinating program for nanotechnology research which has channeled \$7.2 billion in funding since inception. The NNI has been a great success, catalyzing a virtuous cycle of innovation. But as nanotechnology shifts from discovery to commercialization – with approximately \$88 billion worth of products sold in 2007 incorporating nanotech – the NNI itself needs to change. These are the key points from testimony to be delivered today by Lux Research President, Matthew Nordan, before the Senate Commerce Committee’s Science, Technology, and Innovation Subcommittee.

“The NNI has funded prodigious research in areas ranging from noninvasive cancer therapies to high-efficiency solar panels,” commented Nordan. “But moreover, it’s spurred a renaissance of materials science development in the private sector. U.S. corporations like GE and Motorola spent \$2.4 billion on nanotech R&D last year – 23% more than government spending at the federal and state levels combined – and venture capitalists put \$632 million into U.S.-based nanotech start-ups, four times the annual figure before the NNI began. Further, nanotechnology is having a broad-reaching commercial impact, from billions of dollars worth of nano-reformulated pharmaceuticals sold by firms like Wyeth and Abbott, to nanostructured composites and coatings in millions of vehicles from the likes of GM.”

When the NNI took shape in 2001, nanotechnology activity focused on early-stage laboratory research, and the U.S. was unique in having a nationwide coordinating program for nanotech. Today, both factors have changed. Nanotechnology has shifted from its discovery phase into its commercialization phase – and at the same time, the dominant competitive position of the United States has been eroded by other nations. As a result, the NNI must change as it approaches reauthorization this year. In particular, Lux Research advocates that:

- The initiative should broaden its focus from basic research to include precompetitive R&D on nanomaterials application development and manufacturing scale-up. The Department of Energy’s Nanomanufacturing initiative is an excellent case study for this shift.
- A reauthorized NNI must overhaul its approach to the potential environmental, health, and safety risks of nanotechnology – presenting a comprehensive, interagency roadmap for EHS research.

“The public sector payoff in nanotechnology commercialization is clear: New companies and new jobs,” said Nordan. “Consider A123Systems, which makes advanced batteries with nanostructured lithium iron phosphate electrodes. In the mid-1990s, the Arsenal complex in the city of Watertown, Massachusetts was 750,000 square feet of empty, crumbling space. Now, A123Systems is its biggest tenant, commercializing precisely the type of research that the NNI funds – and employing more than 1,000 people.”

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