

# NEWS RELEASE

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## **Applied Nanotech Holdings, Inc. Announces License Agreement with Prominent Sporting Goods Manufacturer.**

**Austin, TX, October 8, 2008** – Applied Nanotech Holdings, Inc. (OTC BB: APNT) announced that as a result of the success of the joint research program of the companies, it has entered into a license agreement with a prominent sporting goods manufacturer covering Applied Nanotech's carbon composite technology. The license grants the sporting goods manufacturer the exclusive right to use ANI's technology in the manufacture and sale of tennis and badminton racquets in Japan and Taiwan, and the nonexclusive right to sell these products on a worldwide basis. The license agreement also contemplates the potential expansion into the golf club shaft market, defining the terms and royalties should the manufacturer choose to enter production in the future.

In exchange for this license, ANI will receive an initial royalty fee of \$577,000 and an ongoing royalty of 4% based on sales of the sporting goods manufacturer's products using the technology. The manufacturer will also fund additional development of the technology to facilitate integration of the technology into the manufacturing process.

"As we reported in our press release of June 17, 2008, ANI has achieved improvements of over 40% in flexural strength and over 30% in compression strength for epoxy/carbon nanotube composites. The properties of these new composites were successfully transferred to the process of manufacturing fiber reinforced plastics (FRP) where ANI achieved a promising 23% improvement in the flexural strength and improvements in the compression strength of the final RFP, which will allow the research and development results to be transferred to manufacturing," said Dr. Zvi Yaniv, CEO of Applied Nanotech, Inc.

"We are pleased that our efforts in the composites area have led to this license agreement," said Tom Bijou, Chairman and CEO of Applied Nanotech Holdings, Inc. "Although the total size of the exclusive markets for the targeted racquet products is limited, estimated at less than \$150 million annually in the exclusive region, our success with this project has opened the door to opportunities with other companies and for other applications. We expect composites to be an increasingly important area of our business allowing lighter weight products with equal strength or stronger products of the same weight."

## **ABOUT APPLIED NANOTECH HOLDINGS, INC.**

Applied Nanotech Holdings, Inc. is a premier research and commercialization organization dedicated to developing applications for nanotechnology with an extremely strong position in the fields of electron emission applications from carbon film/nanotubes, sensors, functionalized nanomaterials, and nanoelectronics. It also possesses investments related to electronic digitized sign technology. Applied Nanotech has over 250 patents or patents pending and its business model is to license its technology to partners that will manufacture and distribute products using the technology. Applied Nanotech's website is [www.appliednanotech.net](http://www.appliednanotech.net).

## **SAFE HARBOR STATEMENT**

This press release contains forward-looking statements that involve risks and uncertainties concerning our business, products, and financial results. Actual results may differ materially from the results predicted. More information about potential risk factors that could affect our business, products, and financial results are included in our annual report on Form 10-K for the fiscal year ended December 31, 2007, and in reports subsequently filed by us with the Securities and Exchange Commission ("SEC"). All documents are available through the SEC's Electronic Data Gathering Analysis and Retrieval System (EDGAR) at [www.sec.gov](http://www.sec.gov) or from our website listed above. We hereby disclaim any obligation to publicly update the information provided above, including forward-looking statements, to reflect subsequent events or circumstances.

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