

NEWS RELEASE

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Applied Nanotech Announces New Sensor Research Contract

Austin, TX, June 3, 2009 – Applied Nanotech Holdings, Inc. (OTC BB: APNT) announced that its subsidiary, Applied Nanotech, Inc. (ANI) has been awarded a contract to develop a mercaptan sensor by the Northeast Gas Association (NGA). Mercaptans, also known as thiols, are the sulfur containing chemical compounds which are added to natural gas as a safety measure to give the gas its distinctive odor. Currently, the typical method for sensing mercaptan within the natural gas industry relies on personnel to physically sniff for the presence of mercaptan. The development of a mercaptan sensor would eliminate the subjectivity of current testing methods, and provide greater safety, efficiency, and reduced costs.

“We are excited to support the Northeast Gas Association in its efforts to address the technical needs of the natural gas industry and their customers”, stated ANI CEO, Dr. Zvi Yaniv. “The mercaptan sensor will incorporate ANI’s non-radioactive ionization source technology, enabling the development of sensing device without the need for radioactive material”.

The Northeast Gas Association, through its NYSEARCH committee manages one of the premier natural gas research, development and demonstration (RD & D) programs in the United States. The initial phase of funding for the ANI mercaptan development program provides for full compensation of all work performed up to \$548,673.

ABOUT NORTHEAST GAS ASSOCIATION

NGA represents the natural gas industry in the Northeast U.S., serving almost 10 million customers in this active and growing market. NGA member companies transport and distribute natural gas to homes and businesses throughout the eight state Northeast region. Through its NYSEARCH committee, with a membership of eighteen companies from throughout the United States and Canada, NGA also conducts cutting-edge research and development, and help advance the position of natural gas as the most efficient and clean-burning fuel to power the economy and achieve environmental goals.

ABOUT APPLIED NANOTECH HOLDINGS, INC.

Applied Nanotech Holdings, Inc. is a premier research and commercialization organization focused on solving problems at the molecular level. Its team of PhD level scientists and engineers work with companies and other organizations to solve technical impasses and create innovations that will create a competitive advantage. The business model is to license patents and technology to partners that will manufacture and distribute products using the technology. Applied Nanotech has over 250 patents or patents pending. APNT also possesses investments related to electronic digitized sign technology. Applied Nanotech’s website is 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, 2008, 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 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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