



NANOTECHNOLOGY

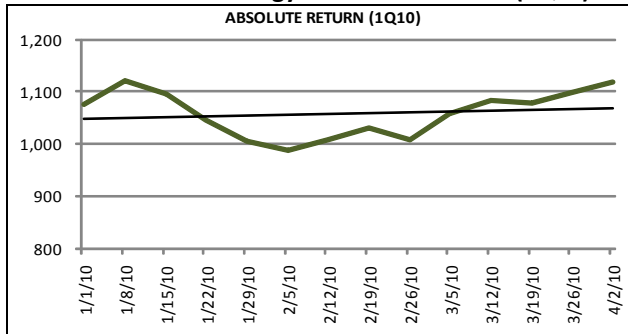
Nanotechnology Index 1Q10 Review

Nanotechnology Indices Post Strong Performance in the First Quarter of 2010 with CNID posting 3.4% and CNIP 5.9% Gain Quarter-on-Quarter

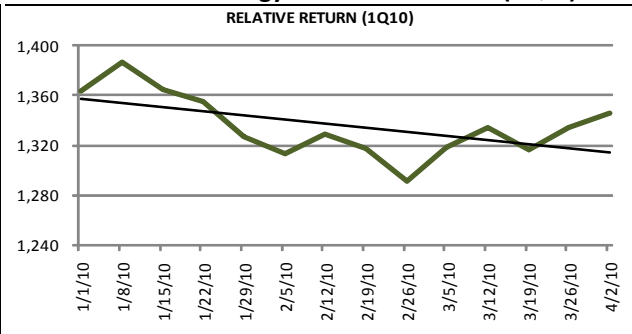
KEY POINTS:

- **CEDRUS NANOTECHNOLOGY INDICES SHOW STRENGTH IN 1Q:** CNID and CNIP had strong performance in 1Q 2010; however, only CNIP (Cedrus Nanotechnology Index - Pure) outperformed the S&P 500 during this period. The purpose of having the two indices is to identify the fastest growing technology companies spanning the five nanotechnology sub-sectors we have identified, namely: nano-manufacturing, nano-electronics, nano-energy, nano-life science and nano-environment. Cedrus Nanotechnology Index – Diversified (CNID) is the broader index, containing 100 constituents spanning the five nano-markets, including diversified companies with multiple growth-drivers, including nanotechnology, as well as pure-play companies that are solely focused on nanotech. Whereas, CNIP’s constituents focus solely on nanotechnology.
- **CEDRUS NANOTECHNOLOGY INDEX - PURE (CNIP) BEST PERFORMER:** CNIP was the best performing index of the two in 1Q10, posting a gain of 5.9% in 1Q10, on an absolute basis, which was 100bps ahead of the S&P 500. Looking at the five nano-markets, the best performer was nano-manufacturing, up 11.2% in 1Q10, followed by nano-life science, up 9.0%. The worst performer was nano-energy, down 18.3%, followed by nano-environment, which was up slightly at 0.9%. The middle position was occupied by nano-electronics, which was up 8.2% versus 4Q09.
- **CEDRUS NANOTECHNOLOGY INDEX - DIVERSIFIED (CNID):** CNID was up 3.4% in 1Q10 on an absolute basis, underperforming the S&P 500 by 150 bps. Looking at the five nano-markets, the best performer was nano-manufacturing, up 8.8% in 1Q10, followed by nano-life sciences, up 8.1%. The worst performer was nano-energy, down 15.2%, followed by nano-environment, which was up slightly at 0.2%. The middle position was occupied by nano-electronics, which was up 1.1%.
- **DRIVERS OF NANOTECHNOLOGY OUTPERFORMANCE:** GC Research Ltd., an independent research provider, believes that higher-beta names, as exist in these indices, continue to garner investor attention and government stimulus. An example of the latter is Celgard, which was recently in the news.

Cedrus Nanotechnology Index – Diversified (1Q10)



Cedrus Nanotechnology Index – Diversified (1Q10)

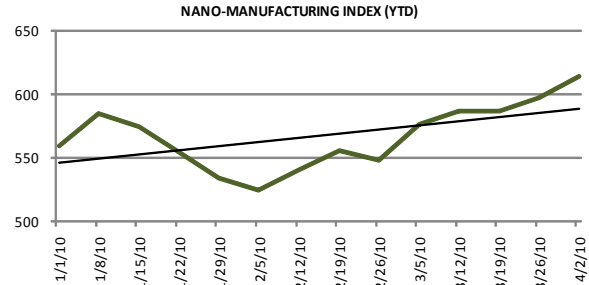




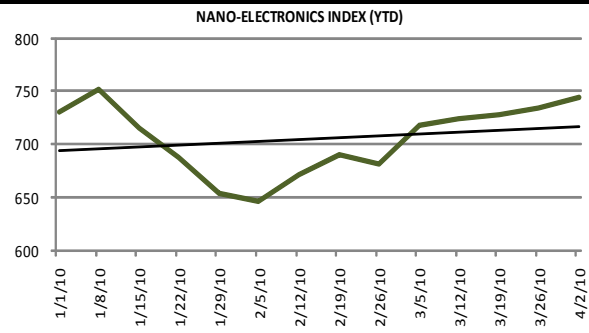
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FIVE NANO-MARKETS PERFORMANCE IN 1Q10

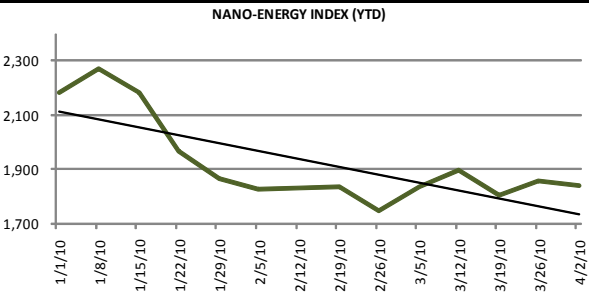
NANO-MANUFACTURING: Climbed 8.8% Q/Q in 1Q10, significantly outperforming the 5% increase in the S&P 500, reflecting the sharp cyclical-recovery phase of manufacturing boosted by inventory replenishment. The best performer was **NANX** (up 118%), on a good quarter, an improved outlook and a new product. **CTN-DE** was the worst performer, declining 25% in the quarter. Overall, we believe momentum in nano-manufacturing continues to be strong.



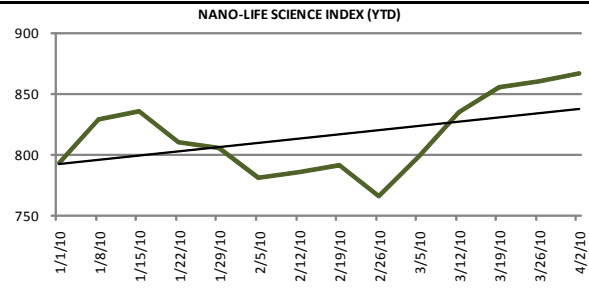
NANO-ELECTRONICS: Performance was mixed in 1Q10, up 1.1% Q/Q after vastly outperforming the S&P 500 and NASDAQ from the trough in early March 2009. Investors are concerned about double-ordering as lead-times extended for a number of semiconductor components, causing some stocks to consolidate their earlier gains. Best performer was the LED leader, **CREE** (up 25%), followed by **SNDK** (up 20%), the latter likely due to potential tightening of NAND flash supply starting in 2H10.



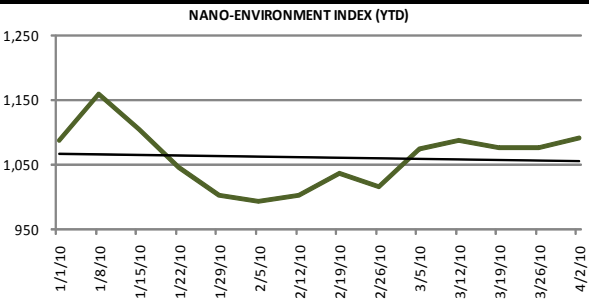
NANO-ENERGY: The nano-energy segment was the worst performing segment in 1Q10, reporting a decline of 15.2% Q/Q. The weakness was attributable to the German announcement that the government planned on slashing solar subsidies. Wind stocks also performed poorly as demand has yet to rebound meaningfully. Smart grid names performed best on the back of stimulus dollars beginning to flow for multi-year advanced meter and demand response projects.



NANO-LIFE SCIENCE: The nano-life science group showed strong performance in 1Q10, up 8.1% Q/Q. The best stock in the group was **INCY** which appreciated 53% versus its QoQ, driven by news of its collaboration with Eli Lilly (LLY) on its Jak inhibitor. **NSPH** was the biggest loser, suffering a 26% decline due to various delays including a problem with a control assay from Beckham and, separately, a resubmission to the FDA of their Verigene-cleared assays as full 510(k)s.



NANO-ENVIRONMENT: The nano-environment index increased 0.2% Q/Q in 1Q, turning in the second worst performance of the five segments. The notable outperformer was **WPRT**, which has benefited from low natural gas prices and greater rhetoric about natural gas playing a bigger role in the transportation mix. We expect this trend to continue and for natural gas transportation companies to outperform. Weak crop prices may limit the potential of the agricultural names.





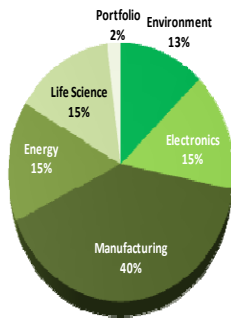
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CEDRUS NANOTECHNOLOGY INDEX – DIVERSIFIED

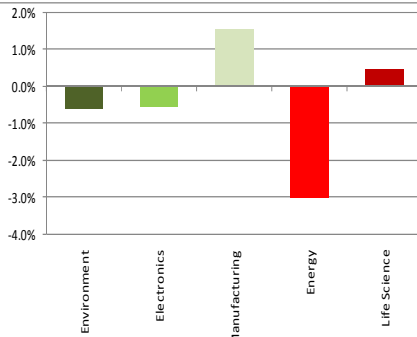
CEDRUS NANOTECHNOLOGY INDEX – DIVERSIFIED (CNID) is an equal-weighted index of 100 companies spanning all five nano-markets and is inclusive of both diversified companies that have nanotechnology as only one of many growth drivers, and pure-plays that have nanotechnology as their primary driver of growth.

- **LEADERS & LAGGARDS OF INDEX IN 1Q10:** In 1Q10, the leading stocks were in nano-manufacturing led by Nanophase (NANX). The weakest stocks in 1Q10 were in nano-life Science, Nanosphere (NSPH), -25.6% and nano-energy, Clipper Windpower (CWP-GB), -42.3%.
- **EXPECTED LEADERS OF INDEX IN 2Q10:** We expect nano-electronics leadership to soften, although SanDisk (SNDK) and Cree (CREE) could well remain strong through 2Q10. Selectively, in nano-energy, wind and smart grid names should improve in the quarter.

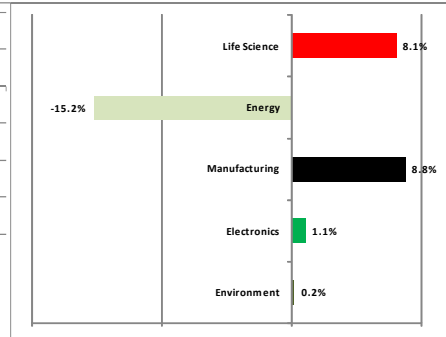
Distribution of Index as of 3/31/10



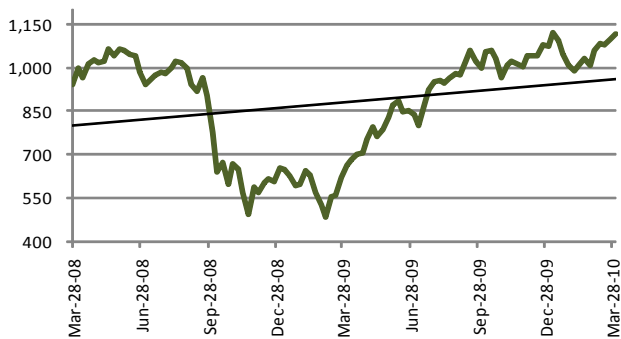
Relative Performance by Segment



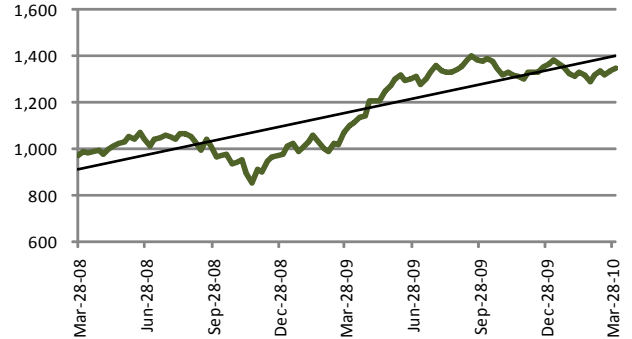
Rank Performance of Nano-Markets



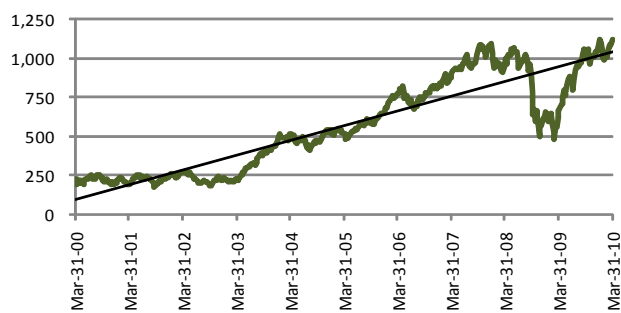
ABSOLUTE RETURN (2 Years)



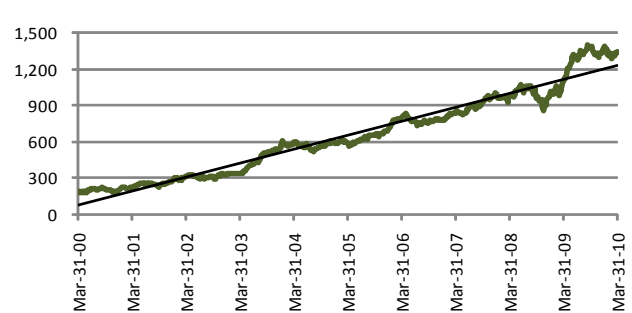
RELATIVE RETURN (2 Years)



ABSOLUTE RETURN (10 Years)



RELATIVE RETURN (10 Years)





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CEDRUS NANOTECHNOLOGY INDEX – DIVERSIFIED CONSTITUENTS

Nano Electronic	Nano Energy	Nano Life Science	Nano Environment	DIVERSIFIED
ASML*	SOLR*	TMO*	ARJ*	AMAT*
AIXG*	CTN-DE*	LIFE*	CCC*	FEIC*
ASMI*	IOSP*	A*	HWKN*	VECO*
CYMI*	BOOM*	WAT*	FMC*	IVAC*
CCMP*	FSLR	SIAL*	VRNM*	ACCL*
ENTG*	SPWRA	AMAG*	MBLX*	MMM*
INTC	ENER	GILD	PENX*	DOW*
AMD	VWS-DK	GENZ	MON	DD*
TXN	CWP-GB	ELN	POT	APD*
BRCM	ORA	QGEN	SYT	HXL*
MRVL	ITRI	INCY	ADM	PPO*
TSM	ENOC	ABII	MOS	FOE*
005930-KR	COMV	NVAX	CECE	SXS-GB*
SNDK	AONE	SRDX	DCI	IIVI*
CREE	ENS	BCRX	WPRT	SMMX*
2448-TW	HEV	FLML	FTEK	ALTI*
PANL	FCEL	BAX	NLC	NANX*
KOPN	PLUG	BDX	ERII	TINY
AME	AMSC	VITA	DGW	ARWR
NVEC		NSPH	DAR	
FORM		HBIO		

*Constituents of the Nano Manufacturing sub-group index

CEDRUS NANOTECHNOLOGY INDEX – PURE CONSTITUENTS

Nano Electronic	Nano Energy	Nano Life Science	Nano Environment	DIVERSIFIED
ASML*	SOLR*	TMO*	CCC*	AMAT*
AIXG*	IOSP*	LIFE*	HWKN*	FEIC*
CCMP*	BOOM*	A*	FMC*	VECO*
ENTG*	FSLR	AMAG*	VRNM*	IVAC*
INTC	SPWRA	ELN	MBLX*	ACCL*
SNDK	ENER	QGEN	PENX*	PPO*
CREE	ORA	INCY	SYT	FOE*
PANL	ITRI	ABII	ADM	IIVI*
KOPN	AONE	NVAX	MOS	SMMX*
AME	FCEL	SRDX	CECE	ALTI*
NVEC	PLUG	BCRX	DCI	NANX*
	AMSC	FLML	WPRT	TINY
		BDX	FTEK	ARWR
		VITA	ERII	
		NSPH	DGW	
		HBIO	DAR	

*Constituents of the Nano Manufacturing sub-group index



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NANOTECHNOLOGY INDUSTRY COMPARABLE METRICS

Apr-09-10	Share Price	Mkt Cap (\$-Mn)	Ent Val (\$-Mn)	Shares		Price Performance			Sales					Book Value		Earnings				
				Out	Daily Vol	% to High	% from Low	% YTD	CY09	% Y/Y ('09)	% Y/Y ('10)	EV/Sales	5 Year Peak	5 Year Trough	Book/Share	P/B	CY08	CY09	CY10	P/E (CY09)
NANO LIFE SCIENCE																				
1 ABT	52.73	81,871	89,543	1,551	0.4%	8%	-22%	-1%	30,765	4%	17%	2.9 x	4.6 x	2.4 x	14.73	3.6 x	3.32	3.72	4.23	14.2 x
2 AMGN	60.90	59,168	55,283	979	0.4%	6%	-26%	5%	14,642	-2%	4%	3.8 x	9.4 x	3.1 x	21.65	2.8 x	4.48	4.91	5.15	12.4 x
3 TEVA	63.15	58,803	53,666	885	0.6%	3%	-32%	56%	13,899	25%	15%	3.9 x	6.2 x	2.8 x	21.71	2.9 x	2.93	3.37	4.54	18.7 x
4 GILD	45.80	41,311	42,101	903	0.8%	9%	-10%	-11%	7,011	31%	17%	6.0 x	15.4 x	5.8 x	7.08	6.5 x	2.10	3.06	3.62	15.8 x
5 MDT	45.43	50,043	52,987	1,102	0.5%	3%	-36%	45%	15,295	8%	6%	3.4 x	6.9 x	2.3 x	13.00	3.5 x	2.82	3.11	3.42	14.6 x
6 BAX	57.99	34,761	36,024	603	0.6%	7%	-22%	8%	12,562	2%	7%	2.9 x	4.0 x	2.5 x	11.97	4.8 x	3.38	3.80	4.23	15.3 x
7 NVO	78.61	40,289	30,436	480	0.1%	2%	-47%	57%	9,849	16%	4%	3.1 x	4.9 x	2.2 x	11.69	6.7 x	2.94	3.44	4.00	22.8 x
8 GENZ	52.80	14,050	12,541	266	1.0%	20%	-11%	-20%	4,516	-2%	15%	2.8 x	8.4 x	2.6 x	28.92	1.8 x	4.00	2.27	2.72	23.3 x
9 BDx	78.91	18,599	18,450	237	0.3%	2%	-23%	15%	7,288	2%	7%	2.5 x	3.6 x	2.1 x	22.32	3.5 x	4.59	5.00	5.27	15.8 x
10 ILMN	38.51	4,662	3,067	125	0.7%	14%	-34%	43%	666	16%	22%	4.6 x	20.4 x	4.3 x	8.01	4.8 x	0.68	0.80	1.01	48.1 x
11 ELN	7.76	4,537	4,472	585	0.9%	11%	-41%	29%	1,113	11%	10%	4.0 x	35.8 x	3.2 x	0.88	8.8 x	(0.52)	(0.37)	(0.14)	N/A
12 QGEN	23.52	5,436	3,449	232	0.2%	1%	-37%	33%	1,010	13%	15%	3.4 x	8.4 x	4.3 x	6.89	3.4 x	0.79	0.93	0.92	25.3 x
13 ABII	50.25	2,016	1,282	40	0.5%	15%	-51%	-24%	359	4%	11%	3.6 x	15.7 x	2.2 x	21.02	2.4 x	0.28	(0.78)	#N/A	N/A
14 AMAG	34.70	728	554	21	1.0%	68%	-5%	-3%	17	786%	392%	32.2 x	401.5 x	12.3 x	8.23	4.2 x	(4.22)	(5.46)	(2.97)	N/A
15 PRx	25.26	885	717	35	1.0%	11%	-59%	89%	1,193	106%	-22%	0.6 x	2.9 x	0.3 x	14.31	1.8 x	0.05	2.51	1.93	10.1 x
16 VITA	4.43	339	299	77	0.2%	56%	-37%	31%	93	21%	19%	3.2 x	7.4 x	2.2 x	0.58	7.6 x	(0.14)	(0.05)	0.03	N/A
17 SRDX	21.20	370	383	17	0.4%	46%	-14%	-16%	76	-17%	22%	5.0 x	15.3 x	1.9 x	10.03	2.1 x	1.40	0.98	0.79	21.7 x
18 INCY	14.65	1,766	1,210	121	1.2%	2%	-87%	287%	9	136%	655%	130.6 x	481.7 x	16.9 x	(0.86)	-17.0 x	(1.99)	(1.62)	(1.23)	N/A
19 NVAX	2.54	255	271	100	1.8%	207%	-70%	34%	0	-69%	1004%	834.7 x	1798.8 x	7.8 x	0.76	3.3 x	(0.53)	(0.45)	(0.45)	N/A
20 BCrx	8.19	360	258	44	2.5%	64%	-79%	498%	75	32%	12%	3.5 x	3463.6 x	-0.4 x	1.96	4.2 x	(0.65)	(0.35)	(0.23)	N/A
21 FLML	8.60	208	184	24	0.1%	16%	-34%	119%	42	9%	12%	4.4 x	41.8 x	1.9 x	2.01	4.3 x	(0.50)	(0.47)	(0.23)	N/A
22 BDSI	3.78	80	53	21	0.3%	119%	-14%	30%	63	24060%	-98%	0.8 x	517.3 x	0.9 x	0.68	5.5 x	(0.76)	1.60	0.23	2.4 x
23 NSPH	4.92	140	94	28	0.2%	75%	-40%	3%	2	62%	227%	42.6 x	495.1 x	-12.8 x	2.78	1.8 x	(1.67)	(1.46)	(1.26)	N/A
24 HBIO	3.83	113	102	30	0.2%	13%	-32%	45%	86	-3%	-1%	1.2 x	2.3 x	0.5 x	2.54	1.5 x	0.32	0.30	#N/A	12.8 x
AVERAGE	17.533	16,976			0.7%	32%	-36%	56%	5,030	8%	11%	3.4 x	307.1 x	3.0 x	9.70	3.1 x				
MIN					0.1%	1%	-87%	-24%	0	-69%	-98%	0.6 x	2.3 x	-12.8 x	(0.86)	-17.0 x				
MAX					2.5%	207%	-5%	498%	30,765	24060%	1004%	834.7 x	3463.6 x	16.9 x	28.92	8.8 x				
NANO ENVIRONMENT																				
1 MON	68.85	37,570	45,329	546	1.1%	36%	-3%	-2%	11,504	0%	-1%	3.9 x	8.2 x	2.5 x	18.86	3.7 x	3.90	3.99	3.40	17.3 x
2 POT	115.19	34,108	40,206	296	1.6%	11%	-32%	57%	3,977	-58%	50%	10.1 x	12.9 x	2.4 x	23.03	5.0 x	11.01	3.25	5.58	35.4 x
3 ADM	28.26	18,160	23,102	643	0.6%	17%	-18%	-2%	66,051	-5%	-2%	0.3 x	0.9 x	0.2 x	22.96	1.2 x	2.72	2.81	3.00	10.1 x
4 SYT	53.66	25,381	29,399	465	0.0%	8%	-29%	39%	10,890	-6%	6%	2.7 x	3.6 x	1.2 x	15.36	3.5 x	3.25	3.12	3.52	17.2 x
5 MOS	56.65	25,232	24,747	445	1.1%	21%	-35%	64%	8,438	-17%	-4%	2.9 x	9.0 x	0.8 x	19.04	3.0 x	5.03	3.36	3.17	16.8 x
6 NLC	24.63	3,407	6,362	138	0.6%	8%	-46%	113%	3,747	-11%	5%	1.7 x	2.1 x	1.1 x	3.41	7.2 x	1.24	0.92	1.33	26.8 x
7 FMC	64.26	4,678	4,680	73	0.6%	0%	-37%	44%	2,826	-9%	6%	1.7 x	2.4 x	0.9 x	14.84	4.3 x	4.63	4.15	4.59	15.5 x
8 DAR	9.01	743	572	82	0.4%	5%	-52%	65%	598	-26%	10%	1.0 x	2.1 x	0.3 x	3.46	2.6 x	0.78	0.51	0.64	17.7 x
9 FTEK	7.60	184	199	24	0.4%	86%	-31%	-28%	71	-12%	22%	2.8 x	10.9 x	1.5 x	3.23	2.4 x	0.15	(0.10)	0.15	N/A
10 VRNM	4.48	54	38	12	2.2%	163%	-30%	-9%	66	-5%	18%	0.6 x	11.5 x	0.2 x	(2.15)	-2.1 x	(14.88)	(2.86)	(4.70)	N/A
11 PENX	10.10	115	181	11	1.0%	20%	-68%	0%	259	-18%	5%	0.7 x	1.3 x	0.3 x	7.75	1.3 x	(1.00)	(0.23)	0.62	N/A
12 MBLX	12.88	342	204	27	0.3%	4%	-52%	1%	1	-8%	667%	143.2 x	381.1 x	14.2 x	2.08	6.2 x	(1.58)	(1.62)	(0.94)	N/A
13 QTWW	0.70	101	185	147	0.4%	154%	-14%	-18%	15	-40%	193%	12.6 x	10.3 x	0.5 x	0.04	17.7 x	(0.49)	(0.34)	(0.17)	N/A
14 ADES	7.60	56	22	7	0.3%	25%	-73%	145%	20	24%	53%	1.1 x	13.7 x	0.4 x	3.42	2.2 x	(0.67)	(1.26)	(0.40)	N/A
AVERAGE	10.724	12,516			0.8%	40%	-37%	34%	7,747	-10%	1%	1.6 x	33.6 x	1.9 x	9.67	4.2 x				
MIN					0.0%	0%	-73%	-28%	1	-58%	-4%	0.3 x	0.9 x	0.2 x	(2.15)	-2.1 x				
MAX					2.2%	163%	-3%	145%	66,051	24%	667%	143.2 x	381.1 x	14.2 x	23.03	17.7 x				
NANO FINANCIALS																				
1 ARWR	0.63	71	35	63	1.1%	119%	-50%	23%							0.10	6.2 x				
2 TINY	4.32	149	111	31	0.5%	60%	-9%	23%							4.35	1.0 x				

Source: FactSet and Cedrus Investments Ltd.



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