

January 30, 2006

Innotech Issues 4<sup>th</sup> Unsecured Convertible Bonds ( Excerpt )

Innotech Corporation announced that at its board meeting held on January 30 2006, it was agreed that Innotech will issue the Fourth Unsecured Convertible Bonds with Stock Acquisition Rights.

Along with the Innotech Revival Plan which was started in the second half of FY2003, Innotech has implemented all the reforms of business structure, profitability, cost, and management scheme to re-organize its business. As a result, Innotech showed a sharp recovery of profitability in 2004. Further, at its 3-year mid-range management plan, Innotech has successfully revised its financial figures for the FY2005 with additional 3 billion yen in sales and 200 mil. yen of ordinary profit by acquiring new customers for Hitachi GST hard disk drives and Cadence EDA software, expanding applications, and growing sales for its new semiconductor testers.

Innotech, by issuing these Convertible Bonds, will secure the operational funds and strengthen its financial basis, and will continue its Revival Plan to further expand its engineering and sales power which will be the core for its business, to win new distribution rights, and to accelerate its growth.

< Objective of Financing by Issuing the Unsecured Convertible Bonds with the Third Party Allocation )

The Unsecured Convertible Bonds this time will be issued as so-called “Zero-coupon bonds” and the cost of issuing these bonds is be very low. Therefore, financing by such a method will realize advantageous conditions. Also, by leveraging the security companies’ investors basis, and by having such investors executing their rights to acquire stocks, Innotech will be able to maintain and strengthen its financial basis. Also, in case the stock price goes down, Innotech is hedging risks , for example, by reserving the advanced redemption rights to prevent excess dilution.

( Conditions of the Convertible Bonds with Stock Acquisition Rights )

Total amount of the Bonds	: 3 billion yen
Interest rate	: 0%
Issuing Price	: 100 yen of cash per nominal value of 100 yen
Redemption Price	: 100 yen of cash per nominal value of 100 yen
Initial Converting Price	: 1,240 yen
Date of issuance approval and all conditions finalized	: January 30, 2006
Issuance Date and Payment Date	: Feb. 15, 2006
Conversion Request Period	: From February 16, 2006 to February 14, 2008
Revision of Conversion Price	: Revised to 92% of the average closing stock prices of three consecutive business days before the third Friday of the month
Maximum Conversion Price	: 1,860 yen
Minimum Conversion Price	: 620 yen
Redemption Date	: February 15, 2008
Advanced Redemption	: Based on the choice of the issuing company, if notified by the first Friday of the month, redemption will be made on the third Friday of the same month at the rate of 102 yen. Based on the choice of the bondholders, if notified by the second Friday of the month, redemption will be made on the fourth Friday of the same month at the rate of 99 yen.