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INNOTECH CORPORATION

President and CEO: Takashi Tsumori

JASDAQ code no.: 9880

Inquiries to Makoto Sumita, CFO at +81-45-474-9000

Notice regarding Delegation to Board of Directors of Decision on Price and Particulars of Compensation etc concerning Stock Purchase/Subscription Warrant and Decision on Offering Stock Purchase/Subscription Warrant issued to Executives as Stock Option

The Board of Directors of INNOTECH Corporation, held on 22 May 2006, has adopted a resolution that the Company submit to its 20th Annual General Shareholders' Meeting, scheduled for 29th June 2006, (hereinafter 'the General Meeting') a proposal requesting approval on price and particulars of compensation etc. concerning Stock Purchase/Subscription Warrant issued as stock option to executives and a proposal requesting approval of delegation to the Board of Directors the determination of offering of Stock Purchase/Subscription Warrant issued to executives as stock option. The particulars are set forth below;

1. Reason for Submission

With a view to promoting management that is conscious of improvement of shareholder value as well as improving morale and motivation concerning rise in stock price and better business performance of the Company through sharing both the merit of rise in stock price and the risk of drop in stock price, the Company has decided to issue Stock Purchase/Subscription Warrant as stock option to executives.

In June of 2003, the Company abolished the retirement allowance system for executives, and has revised the compensation system for executives since June of 2005. Accordingly, the compensation payable in cash will be replaced with Stock Purchase/Subscription Warrant which is economically equivalent thereof. In stock option compensation, as provided in the following II-2. 'Particulars and Number of Stock Purchase/Subscription Warrant', Stock Purchase/Subscription Warrant is

issued to the executives of the Company without charge where the payment on execution of the warrant is 1 yen for a share. Following the enforcement of the Corporate Law, which positioned Stock Purchase/Subsorption Warrant issued as stock option as compensation etc for the executives, outside the amount of compensation already approved, the amount of compensation etc. of executives through the Stock Purchase/Subsorption Warrant issued as stock option will be established, and specific particulars of Stock Purchase/Subsorption Warrant issued as stock option will be determined.

Further, under the provision of Articles 236, 238 and 239 of the Corporate Law, approval is requested regarding delegation to the Board of Directors the decision of offering of Stock Purchase/Subsorption Warrant issued as stock option under the condition that is specifically advantageous to the Board of Directors of the Company. The particulars of Stock Purchase/Subsorption Warrant to be issued are as follows;

II. Particulars of Proposals

1. Amount of Stock Option Compensation etc.

The amount of compensation etc. for executives of the Company has been stipulated not to exceed 400million yen for a year since approved by the 15th Annual Shareholders' Meeting held on 28 June 2001. Separately from such amount of compensation etc. for executives, proposal for the amount of compensation relating to Stock Purchase/Subsorption Warrant issued to executives as stock option not exceeding 40 million yen for a year will be submitted for approval. The company has 4 executives.

2. Particulars and Number of Stock Purchase/Subsorption Warrant

(1) Allottees of Stock Purchase/Subsorption Warrant

Three executives of the Company

(2) Type and Number of Shares Subject to Stock Purchase/Subsorption Warrant

The shares subject to Stock Purchase/Subsorption Warrant shall be the Company's common shares, and the number of shares subject to Stock Purchase/Subsorption Warrants (hereinafter 'number of issued shares') shall be 100 shares.

Further, after the date of resolution of the general meeting (hereinafter 'resolution date'), in case of the split (hereinafter split of shares includes the free-allotment of the

Company's common shares) or reverse-split of the Company's common shares by the company, the number of issued shares shall be adjusted in accordance to the following equation.

(No. of issued shares after adjustment) = (No. of issued shares before adjustment) x (Ratio of split or reverse split of shares)

In addition to the above, in case of occurrence of merger or separation of the Company, or other cause inevitably requiring the adjustment of the number of issued shares after the resolution date, the number of issued shares shall be adjusted within a necessary and reasonable range.

The above adjustment shall be employed only for Stock Purchase/Subscription Warrant unexercised at the time, and any fractions of a share resulting from the adjustment shall be cancelled.

(3) Total Number of Stock Purchase/Subscription Warrant

The total number of Stock Purchase/Subscription Warrant shall not exceed 270.

The total number of the shares to be issued through exercise of Stock Purchase/Subscription Warrant shall not exceed 27,000 common shares of the Company. In case of adjustment of the number of issued shares under paragraph (2), the number shall not exceed the number of issued shares after the adjustment multiplied by the above-mentioned maximum number of Stock Purchase/Subscription Warrant.

(4) Market Value of Assets Invested upon Exercise of each Stock Purchase/Subscription Warrant

The market value of assets invested upon exercise of Stock Purchase/Subscription Warrant shall be the amount paid of 1 yen for a share issued through exercise of Stock Purchase/Subscription Warrant multiplied by the number of issued shares.

(5) Exercise Period of Stock Purchase/Subscription Warrant

Stock Purchase/Subscription Warrant may be exercised between 30 June 2006 and 29 June 2034.

(6) Condition of Exercise of Stock Purchase/Subscription Warrant

Allottee of Stock Purchase/Subscription Warrant may exercise Stock Purchase/Subscription Warrant only upon retirement from the executive position (excluding the case of re-selection), provided that the Stock Purchase/Subscription Warrant may be exercised from the day following the day of retirement (hereinafter 'start date of exercise of Warrant) until 10 days from the start date of exercise of Warrant.

Each Stock Purchase/Subscription Warrant may not be partially exercised.

Other conditions of exercise of Warrant shall be subject to the ' Stock Purchase/Subscription Warrant Allotment Contract ' entered into between the Company and the allottee under the resolution of the general meeting and resolution of the Board of Directors on issuance of Stock Purchase/Subscription Warrant.

(7) Increase in Capital and Capital Reserve upon Issuance of Shares through Exercise of Stock Purchase/Subscription Warrant

The amount of increased capital upon issuance of shares through exercise of Stock Purchase/Subscription Warrant shall be one half of the limit for the capital increase calculated pursuant to Article 40, Paragraph 1 of Corporate Calculation Regulation. Any fraction of a yen resulting from calculation shall be cancelled.

The amount of increased capital reserve upon issuance of shares through exercise of Stock Purchase/Subscription Warrant shall be the limit for capital increase limit provided in the above subparagraph subtracted the amount of increased capital in the above subparagraph .

(8) Limitation on Acquisition of Stock Purchase/Subscription Warrant through Transfer

Acquisition of Stock Purchase/Subscription Warrant through transfer shall require approval by resolution of the Board of Directors of the Company.

(9) Articles on Acquisition of Stock Purchase/Subscription Warrant

In the cases where a proposal for approval of a merger contract where the Company will expire, a proposal for approval of a split contract or a split plan where the company will split, or a proposal for approval of a share exchange contract or share transfer plan where the company will be wholly-owned subsidiary is approved by the general shareholders' meeting of the Company (or a resolution of the Board of Directors or a decision by the representative directors is made, in the cases where the

resolution of the general shareholders' meeting is not required), the Company shall acquire Stock Purchase/Subscription Warrant without charge on the day determined to be the acquisition date by the Board of Directors.

In the cases where an allottee is no longer entitled to exercise the Stock Purchase/Subscription Warrant because the conditions of exercise of Stock Purchase/Subscription Warrant provided in Paragraph (6) are not met, the Company acquires Stock Purchase/Subscription Warrant without charge on the day determined to be the acquisition date by the Board of Directors.

(10) In the cases where the Company experiences merger (whereby the Company expires), split and merger, split and establishment, share exchange or share transfer (hereinafter 'restructure' for all of the above), allottees of Stock Purchase/Subscription Warrant remaining at the time restructuring becomes effective (hereinafter remaining Stock Purchase/Subscription Warrant) shall be issued Stock Purchase/Subscription Warrant of the business corporation provided in one of the Article 236 Paragraph 1-8, a-e of the Corporate Law (hereinafter 'restructured company') respectively, based on the conditions listed below. In this case, the remaining Stock Purchase/Subscription Warrant will expire, and Stock Purchase/Subscription Warrant shall be newly issued by the restructured company, provided that this is applicable only when the issuance of Stock Purchase/Subscription Warrant of the restructured company has been stipulated in the merger and absorption contract, merger and establishment contract, split and merger contract, split and establishment plan, share exchange contract or the share transfer plan.

Number of Issued Stock Purchase/Subscription Warrant of Restructured Company
The same number of Stock Purchase/Subscription Warrant as Stock Purchase/Subscription Warrant owned by the allottee of remaining Stock Purchase/Subscription Warrant shall be issued.

Type of Shares of Restructured Company Subject to Stock Purchase/Subscription Warrant

The shares subject to Stock Purchase/Subscription Warrant shall be the common shares of the restructured company.

Number of Shares of Restructured Company Subject to Stock Purchase/Subscription Warrant

The number of shares shall be determined in accordance to Paragraph (2), taking into consideration the condition of the restructuring.

Market value of Assets Invested upon Exercise of Stock Purchase/Subscription Warrant

The market value of assets invested upon exercise of each issued Stock Purchase/Subscription Warrant shall be the amount obtained by multiplying the amount paid after restructuring stipulated below and the number of shares of the restructured company subject to the relevant Stock Purchase/Subscription Warrant determined in pursuant to the preceding subparagraph . The amount paid after restructuring shall be 1 yen for a share of the restructured company to be issued on exercise of issued Stock Purchase/Subscription Warrant.

Exercise Period of Stock Purchase/Subscription Warrant

Stock Purchase/Subscription Warrant may be exercised between the later of the start date of the exercise period of Stock Purchase/Subscription Warrant stipulated in the above paragraph (5) or the effective date of restructuring, and the termination date of the exercise period provided in (5).

Increase in Capital and Capital Reserve upon Issuance of Shares through Exercise of Stock Purchase/Subscription Warrant

Determined in accordance to the above Paragraph (7).

Limitation on Acquisition of Stock Purchase/Subscription Warrant through Transfer

Acquisition of Stock Purchase/Subscription Warrant through transfer shall require approval by resolution of the Board of Directors of the restructured company.

Acquisition of Stock Purchase/Subscription Warrant

Determined in accordance to the above Paragraph (9).

Condition of exercise of Stock Purchase/Subscription Warrant

Determined in accordance to the above Paragraph (6).

(11) Cancelling of Fractions Resulting from Exercise of Stock Purchase/Subscription Warrant

In the cases where the number of shares issued to an allottee who exercised Stock Purchase/Subscription Warrant includes fractions of a share, the fraction shall be cancelled.

(12) For Stock Purchase/Subscription Warrant which the offering conditions may be determined under delegation, the payment of money is not required.

Further, the enforcement of the share compensation stock option shall be contingent to the approval by the general meeting of 'Delegation to Board of Directors of Decision on Price and Particulars of Compensation etc regarding Rights to Reserve New Shares and Decision on Offering Right to Reserve New Shares issued to Executives as Stock Option'.

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