

Phoseon Secures \$1.3M Convertible Note

Hillsboro, Oregon (September 7, 2006) -- Phoseon Technology (www.phoseon.com) today announced that it has closed a convertible note in excess of \$1.3 million, bringing the total amount of funding that Phoseon has raised to date to \$9.2M. The financing closed August 31, 2006, and included all of the existing venture investors, a new institutional investor, and individual private investors connected to Phoseon's target markets.

The returning institutional investors include Fluke Venture Partners of Seattle, WA, SmartForest Ventures of Portland, OR, PacRim Ventures of Menlo Park, CA, and Capybara Ventures of Portland, OR.

"This will provide Phoseon with capital to ramp our manufacturing capacity and continue our market penetration," commented Chris O'Leary, CFO of Phoseon Technology. "We're very pleased that the financing was oversubscribed."

Phoseon makes solid state light sources and associated systems based on the company's patented Semiconductor Light Matrix (SLM) technology. Customer's for Phoseon's SLM-based UV products come from a variety of industries such as industrial printing, adhesives and coatings while SLM-based Infrared products and systems are primarily used in semiconductor applications for inspection of wafers and MEMS devices.

About Phoseon Technology

Phoseon Technology is the pioneer of semiconductor light matrix (SLM) technology. The company manufactures high intensity light sources and equipment that use SLM technology to enable faster, cleaner, and more efficient industrial processes for semiconductor inspection, lithography, and the UV curing of photopolymers in adhesives, inks, and coatings. Phoseon's portfolio of products includes the RX series of high intensity UV light sources, the MX series of through-Silicon automated inspection systems, and the FX series of fluorescent measurement systems for organic materials. Founded in 2002, Phoseon is a venture-funded, privately-held corporation headquartered in Hillsboro, Oregon

For more information on Phoseon and its products please visit www.phoseon.com.

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