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NEWS ANNOUNCEMENT
For Immediate Release

CHARACTELL LTD TO BECOME FUJITSU ISV PARTNER WITH FORMSTORM™ ENTERPRISE

Boston, MA – January 26, 2004 – CharacTell Ltd, a dynamic and innovative provider of Advanced Character Recognition™ technology and form processing solutions, today announced that it has become an authorized ISV partner of Fujitsu Computer Products of America (FPCA). CharacTell's FormStorm™ Enterprise, the most powerful, easy to use, and aggressively priced form processing solutions is now listed along with other products in this category on the FPCA's web site. CharacTell will collaborate with Fujitsu to promote its line of high quality production scanners into the form-processing segment.

Explaining CharacTell's desire to partner with Fujitsu, Dr. Paz Kahana, CharacTell's president and CEO said: *"Fujitsu's line of production scanners is ideally suited, among others, to the needs of form users in our main target market – the departmental users and application of mid-range volume and nature."* Moreover, Dr. Kahana added: *"the synergy of performance, price, and quality of Fujitsu's products compelled us to examine them closely, and we liked what we saw."*

FormStorm Enterprise

FormStorm Enterprise is an integrated, scalable, and powerful form processing system. It can be installed on one computer, or networked as needed. Its functionality includes: easy and quick application set-up, TWAIN scanning support, image enhancement, advanced automated form ID, OCR (3-way voting), ICR (2-way voting), optical mark reading (OMR), bar-code reading (BCR), patch-code reading (PCR), rules-based validation, and built-in US city-state-zip automated verification. ASCII output is in XML or CSV formats, both convenient for easy integration with existing databases.

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Fujitsu Company Information

Fujitsu is a leading provider of customer-focused IT and communications solutions for the global market-place. Fujitsu Computer Products of America, Inc. (FCPA) conducts engineering and marketing activities in San Jose, Calif., and sales operations throughout the United States. FCPA's current product and service offerings include hard disk drives, tape drives, magneto-optical drives, scanners and scanner maintenance. For additional information, visit: www.fcpa.fujitsu.com.

About Fujitsu Computer Products of America, Inc.

Fujitsu Computer Products of America, Inc. (FCPA) conducts engineering and marketing activities in San Jose, CA and sales operations throughout the United States. FCPA's current product and service offerings include scanners and scanner maintenance, hard disk drives, tape drives, and magneto-optical drives. FCPA is located at 2904 Orchard Parkway, San Jose, CA, 95134. For more information about Fujitsu products and services, call us at 800-626-4686 or 408-432-6333. For additional information, visit: www.fcpa.fujitsu.com.

CharacTell Company Information

CharacTell Ltd was founded in 1998 with the express mission of developing the world's most accurate recognition engines. The company has developed Advanced Character Recognition™ (ACR™) as the strategic technology platform on which it bases its progressive product line. ACR-based products from CharacTell are in extensive use in demanding data entry applications and systems worldwide. CharacTell also markets SoftWriting™, an end-user application products dedicated to the conversion of unstructured documents containing non-connected, hand-written notes to editable form, and iREAD Forms™, a flexible library of OCR, ICR, OMR and other recognition tasks. For more information, contact CharacTell at (617) 965-1014 or +972-3-648-9484, or visit the CharacTell web site at www.charactell.com.

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