

Current Business Environment

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July 29, 2005



Consolidated Financial Forecast

On a basis of new accounting policy

(Billions of Yen)

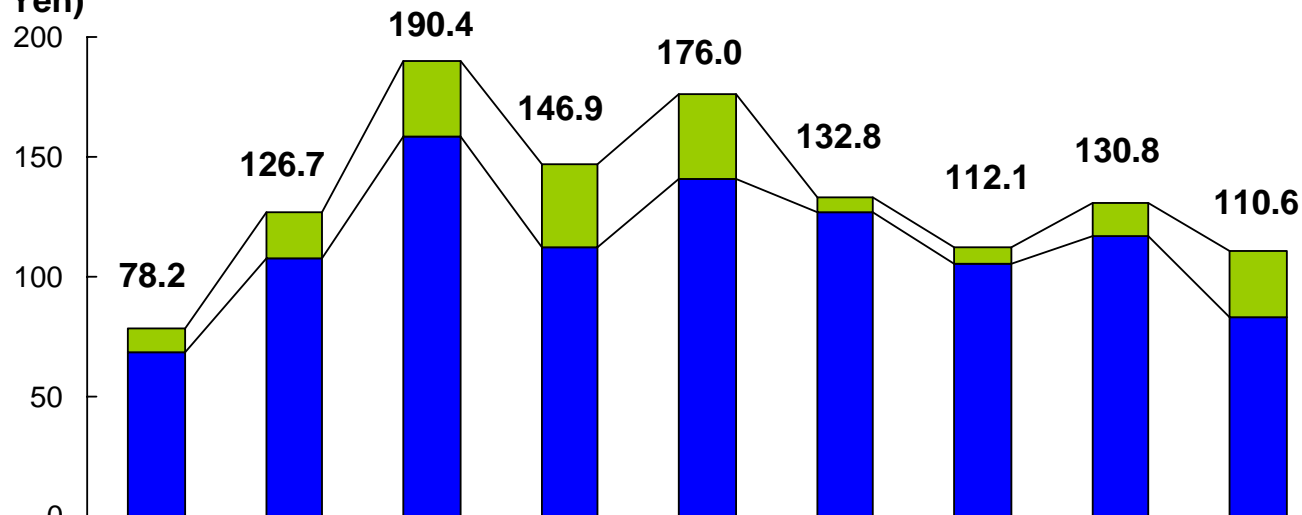
	FY2005	FY2006 (E)			
	Full year	1H (E)	2H (E)	Full year (E)	YoY change
Net sales	635.7	315.0	295.0	610.0	-4%
SPE	457.1	225.0	210.0	435.0	-5%
FPD	75.0	41.5	31.0	72.5	-3%
CN	15.9	8.5	9.5	18.0	+13%
EC	86.2	39.5	44.0	83.5	-3%
Other	1.2	0.5	0.5	1.0	-21%
Operating income	63.9 (10.1%)	30.0 (9.5%)	30.0 (10.2%)	60.0 (9.8%)	-6%
Ordinary income	65.6 (10.3%)	30.5 (9.7%)	30.5 (10.3%)	61.0 (10.0%)	-7%
EBIT	55.7 (8.8%)	30.5 (9.7%)	30.5 (10.3%)	61.0 (10.0%)	+9%
Net income	61.6 (9.7%)	18.0 (5.7%)	18.0 (6.1%)	36.0 (5.9%)	-42%



Quarterly SPE+FPD Order

Net, Non-consolidated Basis

(Billions of Yen)



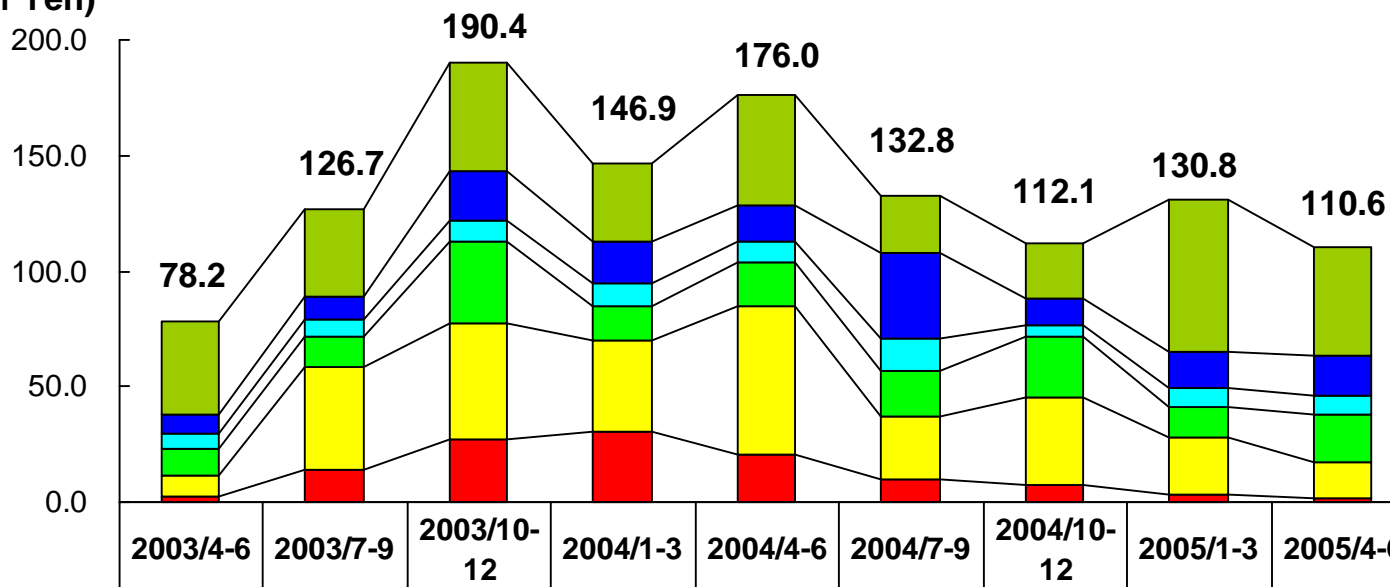
	2003/4-6	2003/7-9	2003/10-12	2004/1-3	2004/4-6	2004/7-9	2004/10-12	2005/1-3	2005/4-6
■ FPD Production Equipment	9.3	19.2	31.6	34.7	34.9	6.0	6.6	13.6	27.6
■ Semiconductor Production Equipment	68.8	107.5	158.7	112.1	141.0	126.8	105.4	117.2	82.9



Quarterly SPE+FPD Order by Region

Net, Non-consolidated Basis

(Billions of Yen)



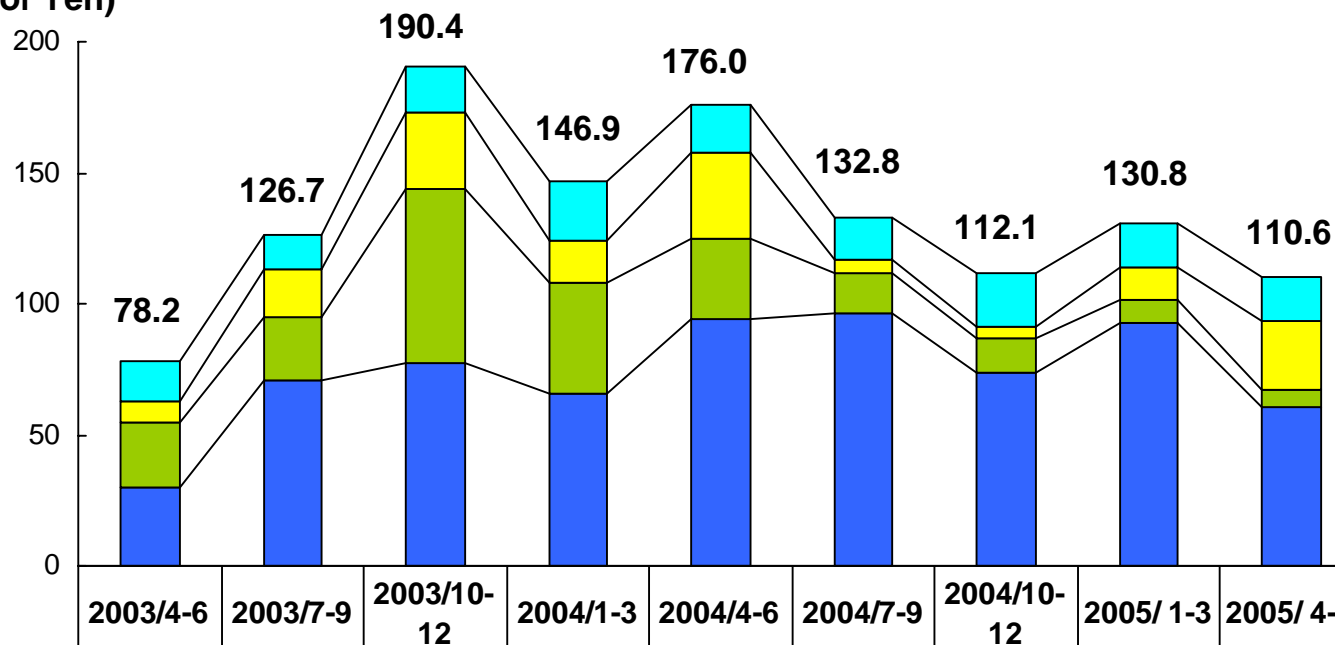
■ Japan	40.1	37.4	46.8	33.8	47.6	24.4	23.8	65.2	47.1
■ U.S.	8.5	9.8	21.4	18.1	15.6	37.1	11.2	16.3	16.9
■ Europe	6.2	7.6	9.2	9.9	9.0	14.5	5.3	7.6	8.9
■ Korea	11.4	13.0	35.0	15.1	18.9	19.3	26.5	13.8	20.0
■ Taiwan	9.1	45.0	50.2	39.4	64.1	27.5	38.0	24.5	16.0
■ China, S.E. Asia, others	2.8	13.7	27.5	30.4	20.6	9.8	7.0	3.1	1.5



Quarterly SPE+FPD Order

Net, Non-consolidated Basis

(Billions of Yen)

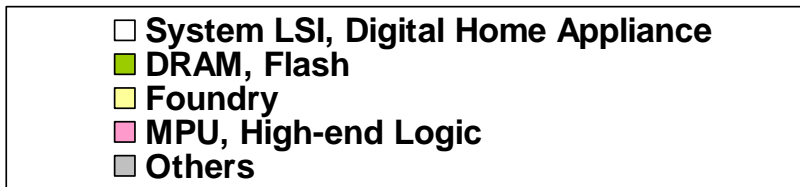
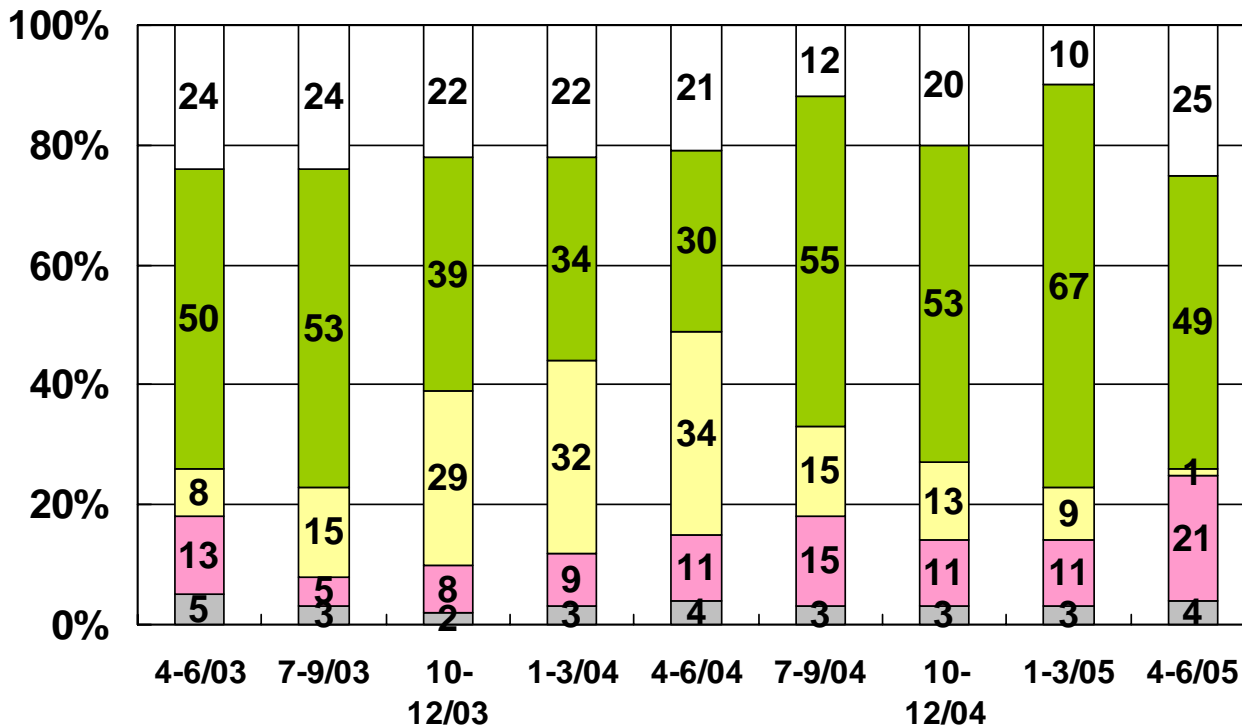


Parts	15.1	13.2	16.9	22.8	18.2	16.1	20.9	16.8	17.2
FPD Prod. System	8.1	18.2	29.8	15.9	33.0	5.1	4.5	12.5	26.1
SPE 200mm System	25.2	24.4	66.0	42.6	30.6	14.9	13.1	8.6	6.9
SPE 300mm System	29.7	70.8	77.5	65.5	94.0	96.6	73.5	92.7	60.3
Ratio of 300mm equipment	54%	74%	54%	61%	75%	86%	85%	91%	90%



SPE Quarterly Order by Application

(Equipment only, Non-consolidated basis)



Current Business Environment

Semiconductor production equipment

We see some recovery sign in SPE industry.

Demand for PC and digital consumer products is stronger than we estimated.

Japan: Memory related investment and scheduled logic related investment are firm.

Korea: Strategic investment for memory is continuing.

Taiwan: Along with the upturn of utilization rate, foundry investment seems to have hit the bottom.

U.S. and Europe: Investment for MPU and DSP is stable and firm.

FPD production equipment

LCD panel makers expect further increase in demand for FPD TV.

Inquiry for Gen. 6, 7, 8 fab planned in and after 2006 becomes gradually active.

Recently Launched Products

Etching System



New SCCM™ Chamber

Development code JIN

Designed for
critical processes
of 45nm and beyond

Coater/Developer



Immersion Process Coater/Developer

“CLEAN TRACK™
LITHIUS™ i+”

Improved process
performance and
productivity

Thermal Processing System



Plasma-enhanced CVD/MLD “IRad”

Low temperature
processing
Improved conformality

Timbre ODP*

**“2005 Editor’s Choice Best Product Award”
from Semiconductor International magazine**



Timbre’s ODP and Integrated metrology tools achieved recognition as fast and accurate process monitoring system

**TEL’s ODP and integrated metrology tools provide:
Improvement in productivity and yield of device factory
Implement differentiation of our products**

*ODP = Optical Digital Profilometry

Editors’ Choice Best Product Award

The editors of the magazine rated the products with user feedback being key. The types of products entered were also considered in terms of how they improved employee productivity and working conditions, how work environments were made more environmentally responsible, and how they were made safer

Today's Message

- **Business environment of this fiscal year is firm in spite of some adjustments.**
- **TEL financial performance is in-line with our initial estimates, so far.**
- **TEL will continue to launch new products which contribute to our future growth**



