

# Current Business Environment

**Kiyoshi Sato, President & COO**

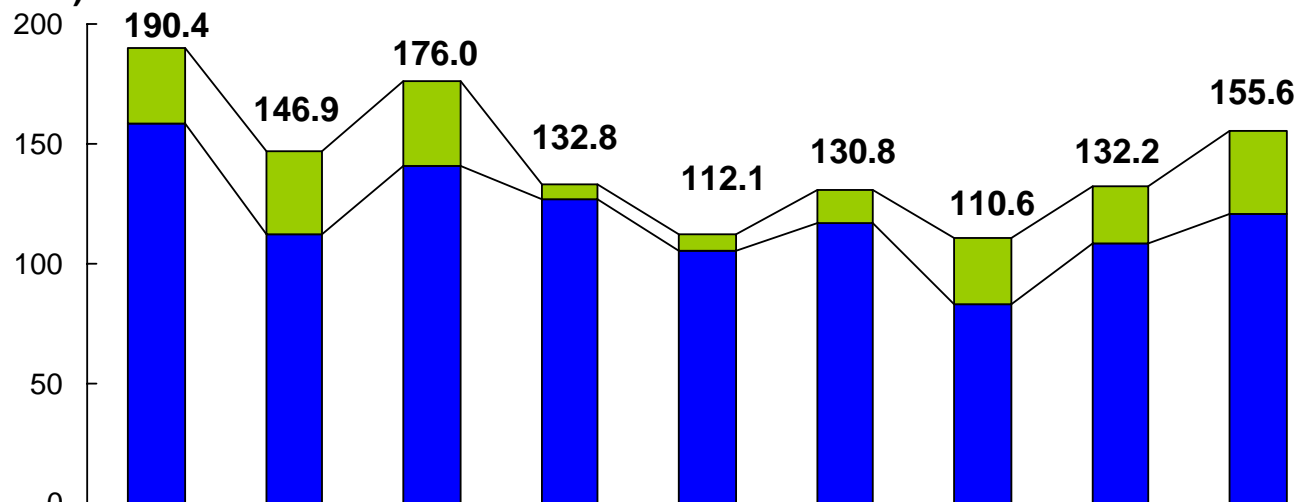
**February 3, 2006**



# Quarterly SPE+FPD Order

## Net, Non-consolidated Basis

(Billions of Yen)



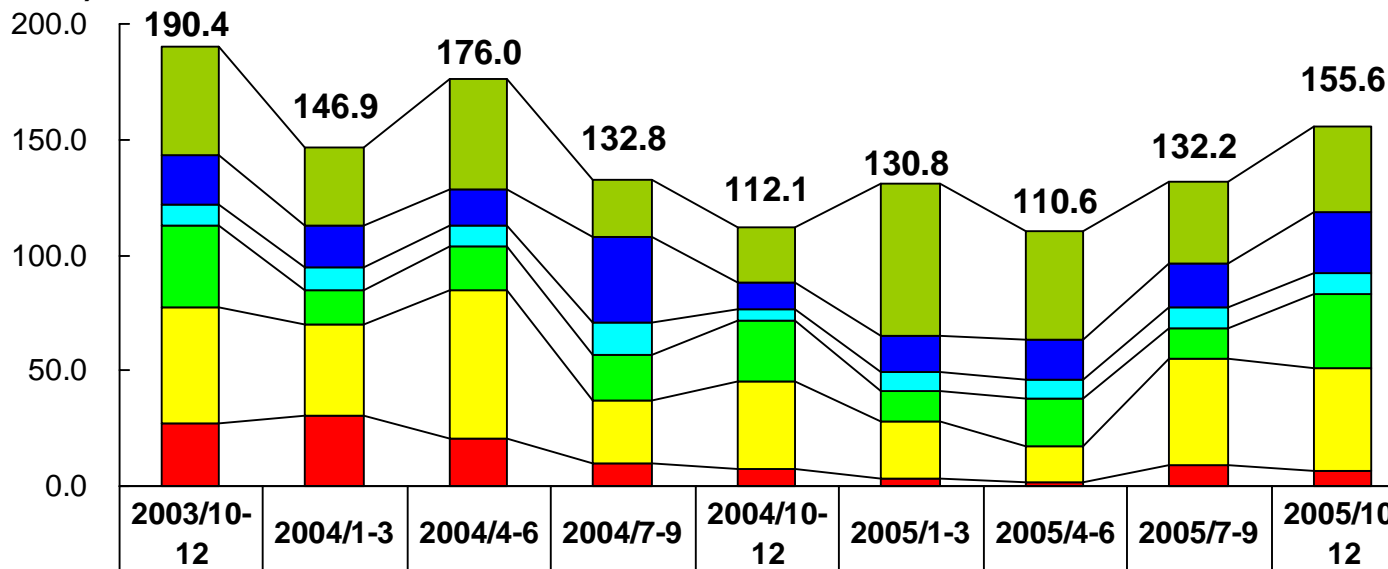
	2003/ 10-12	2004/ 1-3	2004/ 4-6	2004/ 7-9	2004/ 10-12	2005/ 1-3	2005/ 4-6	2005/ 7-9	2005/ 10-12
■ FPD Production Equipment	31.6	34.7	34.9	6.0	6.6	13.6	27.6	24.0	34.4
■ Semiconductor Production Equipment	158.7	112.1	141.0	126.8	105.4	117.2	82.9	108.1	121.1



# Quarterly SPE+FPD Order by Region

## Net, Non-consolidated Basis

(Billions of Yen)



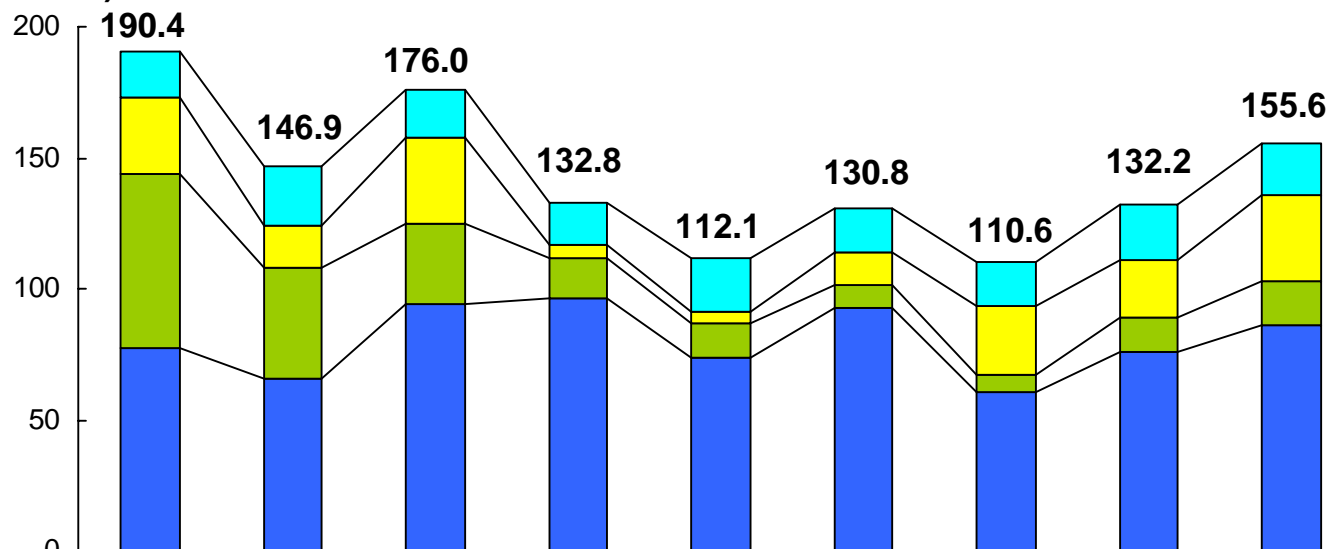
■ Japan	46.8	33.8	47.6	24.4	23.8	65.2	47.1	35.5	36.7
■ U.S.	21.4	18.1	15.6	37.1	11.2	16.3	16.9	18.8	26.4
■ Europe	9.2	9.9	9.0	14.5	5.3	7.6	8.9	9.3	9.1
■ Korea	35.0	15.1	18.9	19.3	26.5	13.8	20.0	12.9	32.4
■ Taiwan	50.2	39.4	64.1	27.5	38.0	24.5	16.0	46.8	44.5
■ China, S.E. Asia, others	27.5	30.4	20.6	9.8	7.0	3.1	1.5	8.7	6.2



# Quarterly SPE+FPD Order

Net, Non-consolidated Basis

(Billions of Yen)

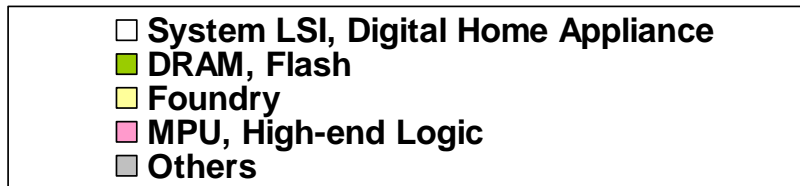
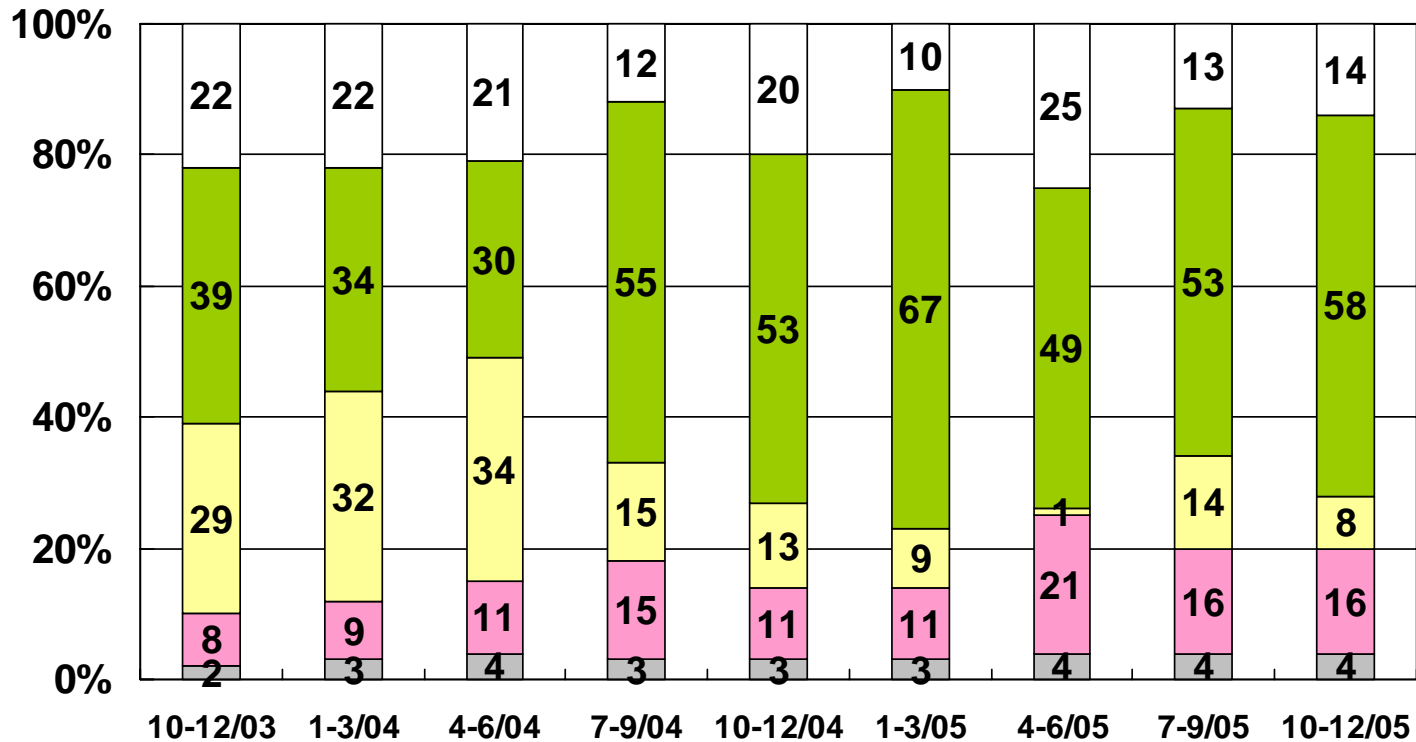


	2003/10-12	2004/1-3	2004/4-6	2004/7-9	2004/10-12	2005/1-3	2005/4-6	2005/7-9	2005/10-12
Parts	16.9	22.8	18.2	16.1	20.9	16.8	17.2	21.3	19.8
FPD Prod. System	29.8	15.9	33.0	5.1	4.5	12.5	26.1	22.1	32.8
SPE 200mm System	66.0	42.6	30.6	14.9	13.1	8.6	6.9	13.1	16.9
SPE 300mm System	77.5	65.5	94.0	96.6	73.5	92.7	60.3	75.6	85.9
Ratio of 300mm System	54%	61%	75%	86%	85%	91%	90%	85%	84%



# SPE Quarterly Order by Application

(Equipment only, Non-consolidated basis)



# Current Business Environment

## Semiconductor Production Equipment

Investment for NAND Flash, DRAM, CCD, CMOS Sensor is strong  
Investment for MPU is steady

## FPD production equipment

Investment for LCD panel is stable, reflecting steady growth of flat screen TV market

 **Business environment in next fiscal year will be strong too according to current forecast**

**All business units become profitable in second half of fiscal March 2006**

# Measures for Increasing Profitability

- **Improve market shares by new models announced in fiscal year March 2006**
- **Accelerate launching new products**
- **Reduce costs from design stage**
- **Improve our quality of products and service**
- **Expand post-sales business**

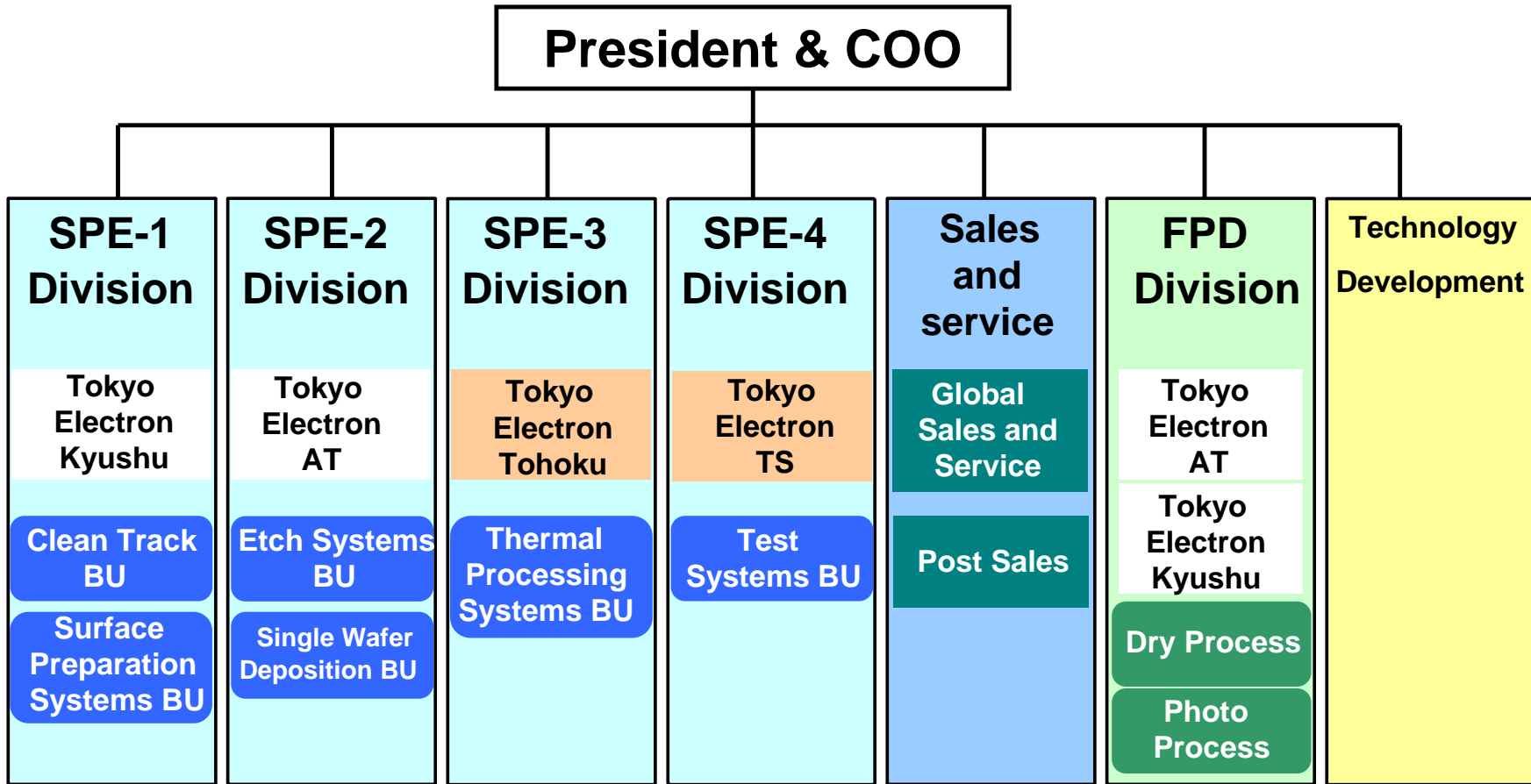
# Towards Next Leap

- **Expand R&D investment for future growth**
- **Generate cash flow continuously by controlling inventories and account receivables**
- **Shorten manufacturing lead time**

# Organizational Change (As of April 1, 2006)

- 1. Strengthen equipment and process development capabilities by enhancing R&D division**
- 2. Strengthen product competitiveness, product development and process development by separating a factory by product segments and integrating with business units**
- 3. Improve response quality and speed to customer's requirement by integrating sales and service division**

# New Organization Chart





# Disclaimer regarding forward-looking statement

Forecast of TEL's performance and future prospects and other sort of information published are made based on information available at the time of publication. Actual performance and results may differ significantly from the forecast described here due to changes in various external and internal factors, including the economic situation, semiconductor/FPD market conditions, intensification of sales competition, safety and product quality management, and intellectual property-related risks.

## Processing of numbers

For the amount listed, because fractions are rounded down, there may be the cases where the total for certain account titles does not correspond to the sum of the respective figures for account titles. Round applies for percentage calculations.