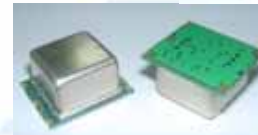
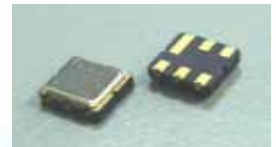




# *TXC Corporation Overview*

## *Investor Conference*

*May 3, 2006*





- *Financial Results*
- *Company Overview*
- *Sales & Marketing*
- *Technology and Product*
- *Investment Plan*
- *Highlights*
- *Q & A*





# Income Statement



Unit: NT\$ in Million

	2005(a)		2004(a)		YoY Change %
<b>Net Operating Revenues</b>	<b>3,438</b>	<b>100.0%</b>	<b>2,884</b>	<b>100.0%</b>	<b>19.2%</b>
Cost of Goods Sold	2,570	74.8%	2,313	80.2%	11.1%
<b>Gross Profit</b>	<b>868</b>	<b>25.2%</b>	<b>571</b>	<b>19.8%</b>	<b>52.0%</b>
Operating Expenses	355	10.3%	303	10.5%	17.2%
<b>Operating Income (Loss)</b>	<b>513</b>	<b>14.9%</b>	<b>268</b>	<b>9.3%</b>	<b>91.4%</b>
Net Non-operating Income (Loss)	17	0.5%	(14)	-0.5%	(221.4%)
<b>Income (Loss) before Tax</b>	<b>530</b>	<b>15.4%</b>	<b>254</b>	<b>8.8%</b>	<b>108.7%</b>
Income Tax Benefit (Expense)	(50)	-1.7%	4	0.1%	(1350.0%)
<b>Net Income(Loss)</b>	<b>480</b>	<b>14.0%</b>	<b>258</b>	<b>8.9%</b>	<b>86.0%</b>
<b>Fully Diluted EPS (NT\$)</b>	<b>2.6</b>		<b>1.6</b>		
<b>Unit Shipment (Million)</b>					
DIP X'tal / CXO	285.6		253.0		12.9%
SMD X'tal /CXO	328.7		223.8		46.9%

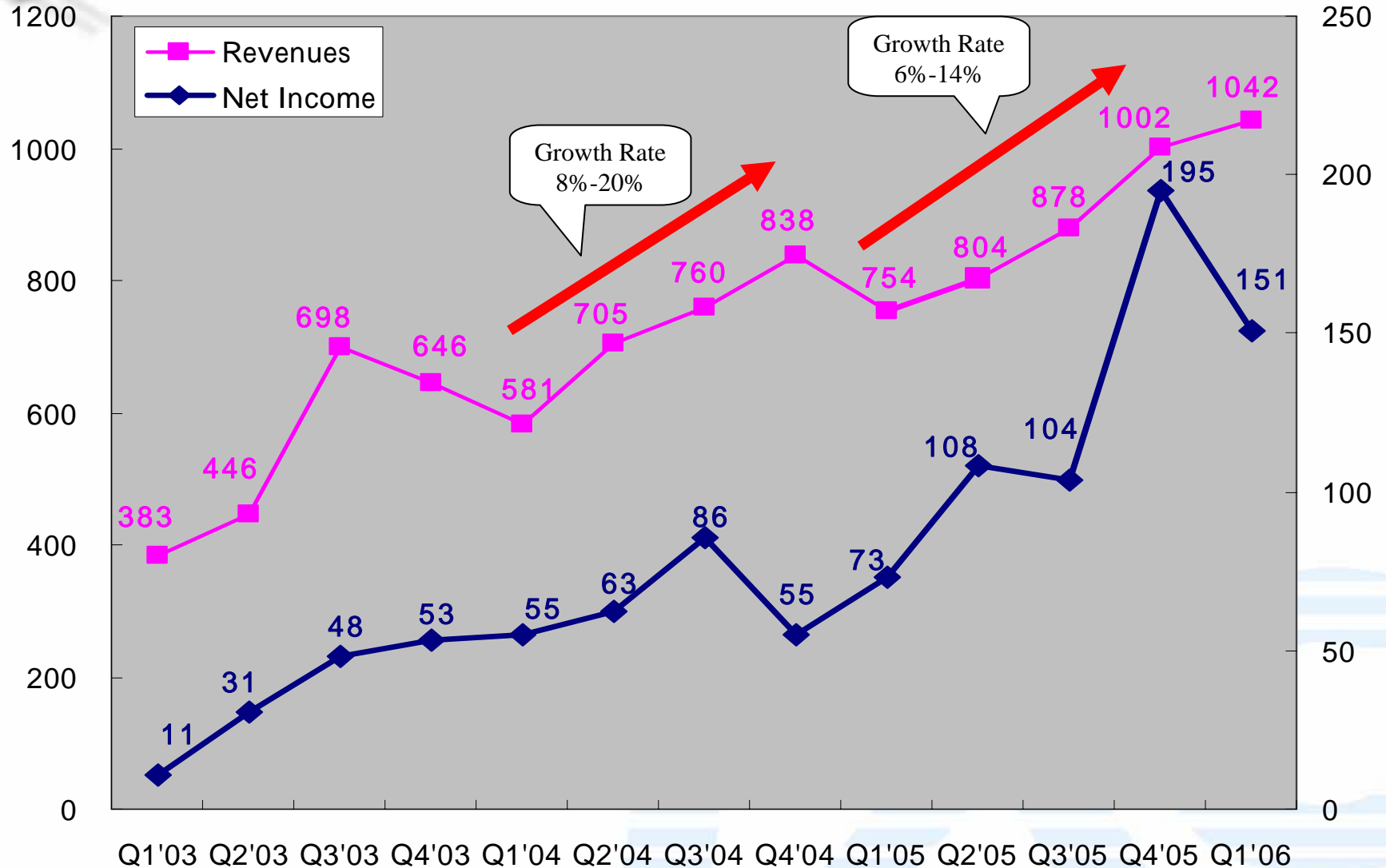
# Income Statement (By-Q)

Unit: NT\$ in Million

	1Q'05		2Q'05		3Q'05		4Q'05	
Net Sales	754	100.0%	804	100.0%	878	100.0%	1,002	100.0%
Cost of Sales	570	75.6%	611	76.0%	655	74.6%	734	73.3%
Gross Profit	184	24.4%	193	24.0%	223	25.4%	268	26.7%
Operating Expenses	87	11.5%	85	10.6%	88	10.0%	95	9.5%
Operating Income	97	12.9%	108	13.4%	135	15.4%	173	17.3%
Net Non Income(Expense)	(11)	-1.5%	32	4.0%	(9)	-1.0%	5	0.5%
Income(Loss) before Tax	86	11.4%	140	17.4%	126	14.4%	178	17.8%
Income Tax Benefit (Expense)	(13)	-1.7%	(32)	-4.0%	(22)	-2.5%	17	1.7%
Net Income(Loss)	73	9.7%	108	13.4%	104	11.8%	195	19.5%
Fully Diluted EPS (NT\$)	0.39		0.58		0.56		1.04	
Unit Shipment (Million)								
DIP X'tal / CXO	62.7		66.5	1.7%	71.7	7.8%	84.7	18.1%
SMD X'tal / CXO	71.0		77.1		84.6		96.0	

# Revenues vs Net Income (2003Q1 ~ 2006Q1)

Unit: NT\$ in Million





# Income Statement (Consolidated)



Unit: NT\$ in Million

	2005(a)		2004(a)		YOY Change %
<b>Net Operating Revenues</b>	3,731	100.0%	3,055	100.0%	22.1%
Cost of Goods Sold	2,753	73.8%	2,424	79.3%	13.6%
<b>Gross Profit</b>	978	26.2%	631	20.7%	55.0%
Operating Expenses	409	11.0%	338	11.1%	21.0%
<b>Operating Income(Loss)</b>	569	15.3%	293	9.6%	94.2%
Net Non-operating Income(Loss)	(39)	-1.0%	(39)	-1.3%	0.0%
<b>Income(Loss) before Tax</b>	530	14.2%	254	8.3%	108.7%
Income Tax Benefit (Expense)	(50)	-1.3%	4	0.1%	(1350.0%)
<b>Net Income(Loss)</b>	480	12.9%	258	8.4%	86.0%

# Income Statement (2006Q1)



Unit: NT\$ in Million

	1Q'06(a)		4Q'05(a)		QOQ	1Q'05(a)		QOY
		%		%	%		%	%
Net Sales	1,042	100.0%	1,002	100.0%	4.0%	754	100.0%	38.2%
Cost of Sales	791	75.9%	734	73.3%	7.8%	570	75.6%	38.8%
Gross Profit	251	24.1%	268	26.7%	-6.3%	184	24.4%	36.4%
Operating Expenses	97	9.3%	95	9.5%	2.1%	87	11.5%	11.5%
Operating Income	154	14.8%	173	17.3%	-11.0%	97	12.9%	58.8%
Net Non Income(Expense)	20	1.9%	5	0.5%	300.0%	(11)	-1.5%	-281.8%
Income(Loss) before Tax	174	16.7%	178	17.8%	-2.2%	86	11.4%	102.3%
Income Tax Benefit (Expense)	(6)	-0.6%	17	1.7%	-135.3%	(13)	-1.7%	-53.8%
Net Income(Loss)	168	16.1%	195	19.5%	-13.8%	73	9.7%	130.1%
Cumulative Effect of Changes in Accounting Principle, Net of Tax	(17)	-1.6%	-	-	-	-	-	-
Net Income(Loss)	151	14.5%	195	19.5%	-22.6%	73	9.7%	106.8%

# Balance Sheet & Key Indices

Unit: NT\$ in Million

	2005(a)		2004(a)		YOY Change %
<b>Total Assets</b>	<b>4,438</b>	<b>100.0%</b>	<b>3,809</b>	<b>100.0%</b>	<b>16.5%</b>
Cash & S-T Investments	273	6.2%	205	5.4%	33.2%
Accounts Receivable	1,274	28.7%	1,096	28.8%	16.2%
Inventory	588	13.2%	545	14.3%	7.9%
<b>Total Current Assets</b>	<b>2,213</b>	<b>49.9%</b>	<b>1,920</b>	<b>50.4%</b>	<b>15.3%</b>
<b>Long-Term Investments</b>	<b>856</b>	<b>19.3%</b>	<b>517</b>	<b>13.6%</b>	<b>65.6%</b>
<b>Fixed Assets</b>	<b>1,275</b>	<b>28.7%</b>	<b>1,269</b>	<b>33.3%</b>	<b>0.5%</b>
Accounts Payable	737	16.6%	493	12.9%	49.5%
Short-Term Debt	245	5.5%	433	11.4%	(43.4%)
<b>Total Current Liabilities</b>	<b>1,023</b>	<b>23.1%</b>	<b>962</b>	<b>25.3%</b>	<b>6.3%</b>
<b>Long-Term Debt</b>	<b>410</b>	<b>9.2%</b>	<b>560</b>	<b>14.7%</b>	<b>(26.8%)</b>
<b>Total Liabilities</b>	<b>1,437</b>	<b>32.4%</b>	<b>1,526</b>	<b>40.1%</b>	<b>(5.8%)</b>
<b>Total Equity</b>	<b>3,001</b>	<b>67.6%</b>	<b>2,283</b>	<b>59.9%</b>	<b>31.4%</b>
<b>A/R Turnover Rate</b>	<b>2.88</b>		<b>3.00</b>		
<b>Inventory Turnover Rate</b>	<b>4.45</b>		<b>4.25</b>		
<b>Current Ratio</b>	<b>216.40</b>		<b>199.52</b>		
<b>Debt Ratio</b>	<b>32.38</b>		<b>40.05</b>		

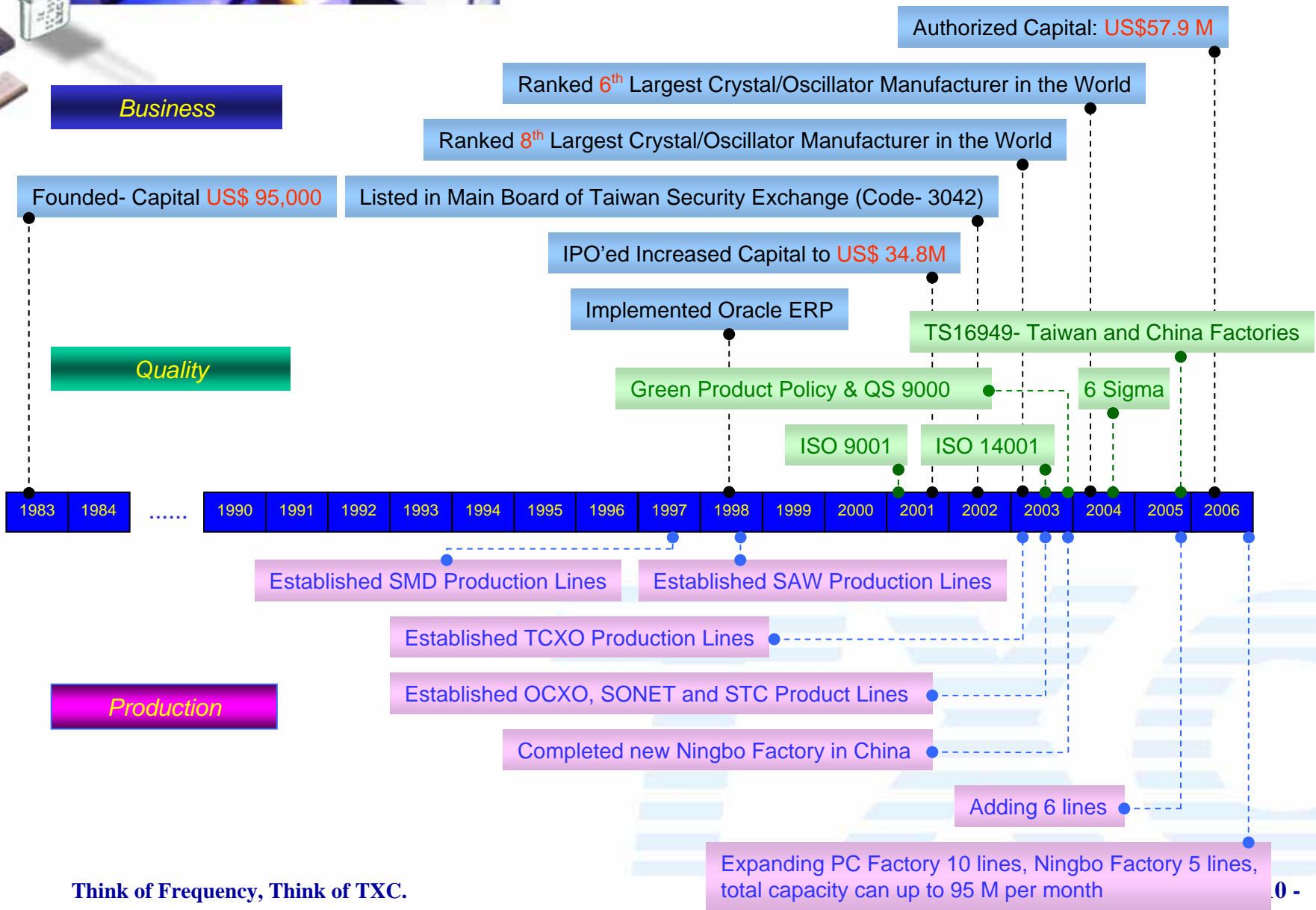


# Cash Flows

Unit: NT\$ in Million

	<u>2005(a)</u>	<u>2004(a)</u>	<u>YOY Change %</u>
-Net Income	480	258	86.0%
-Depreciation & Amortization	234	218	7.3%
-Other Operating Sources/(Uses)	(27)	(314)	(91.4%)
<b>From Operating Activities</b>	<b>687</b>	<b>162</b>	<b>324.1%</b>
-Capital Expenditure	(278)	(277)	0.4%
-Short-Term Investment	(59)	4	-
-Long-Term Investment	(224)	(124)	80.6%
-Other Investing Sources/(Uses)	21	(30)	-
<b>From Investing Activities</b>	<b>(540)</b>	<b>(427)</b>	<b>26.5%</b>
-Cash Dividends (Common Stock)	(82)	(46)	78.3%
-Short-Term Debt	(212)	(157)	35.0%
-Long-Term Debt	127	104	22.1%
-Other Investing Sources/(Uses)	28	16	75.0%
<b>From Financing Activities</b>	<b>(139)</b>	<b>(83)</b>	<b>67.5%</b>
<b>Net Cash Position Change</b>	<b>8</b>	<b>(348)</b>	<b>(102.3%)</b>
<b>Ending Cash Balance</b>	<b>213</b>	<b>205</b>	<b>3.9%</b>

# Milestones



Think of Frequency, Think of TXC.

# Worldwide Locations



**Headquarter -** Taiwan Taipei

**Factories(2) -** Taiwan Ping-Cheng, China Ningbo

**Sales FAEs(8) -** Taiwan Taipei, China Shanghai, Suzhou, Shenzhen, Beijing  
USA LA, San Jose, Boise, Japan Yokohama

**Distributors(12)-** Europe-UK, Germany.....

**Reps(8)-** Korea, India, Singapore, Mexico.....

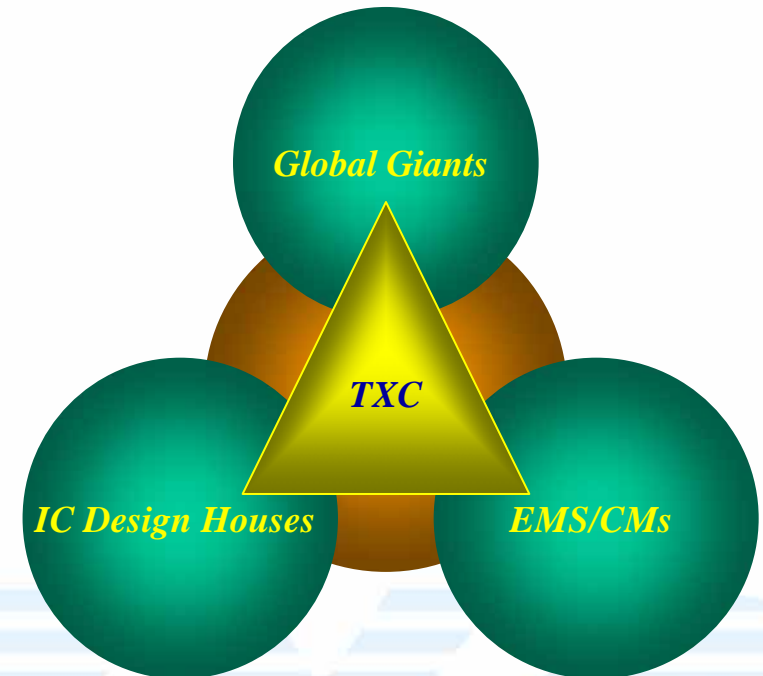


## Some of TXC's Strategic & Key Customers

**Global Giants-** Apple, Intel, LG, Linksys, Logitech, Microsoft, Motorola, Phillips, Samsung, Seagate, Sony, ...

**EMS/CMs-** Celestica, Flextronics, Foxconn, Jabil, Sanmina SCI, Solectron, Quanta, Compal, ...

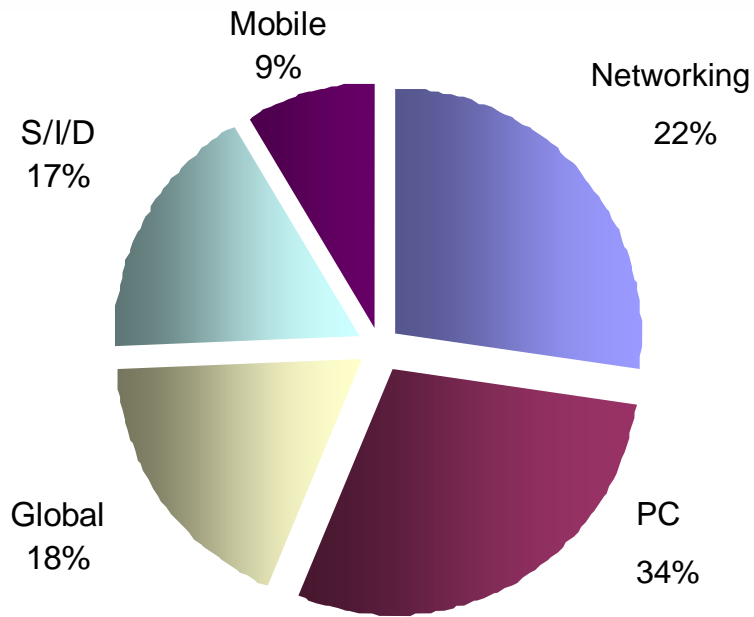
**IC Design Houses-** Broadcom, Conexant, ESS, IDT, MediaTek, nVidia, Realtek, Sandisk, Skyworks, Silicon Labs, TI, ...



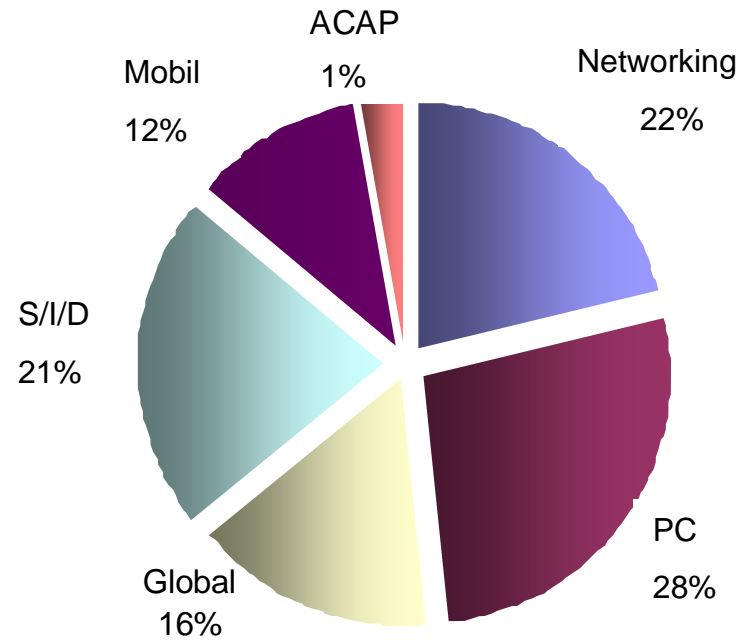
# Sales by Industrial



## 2005



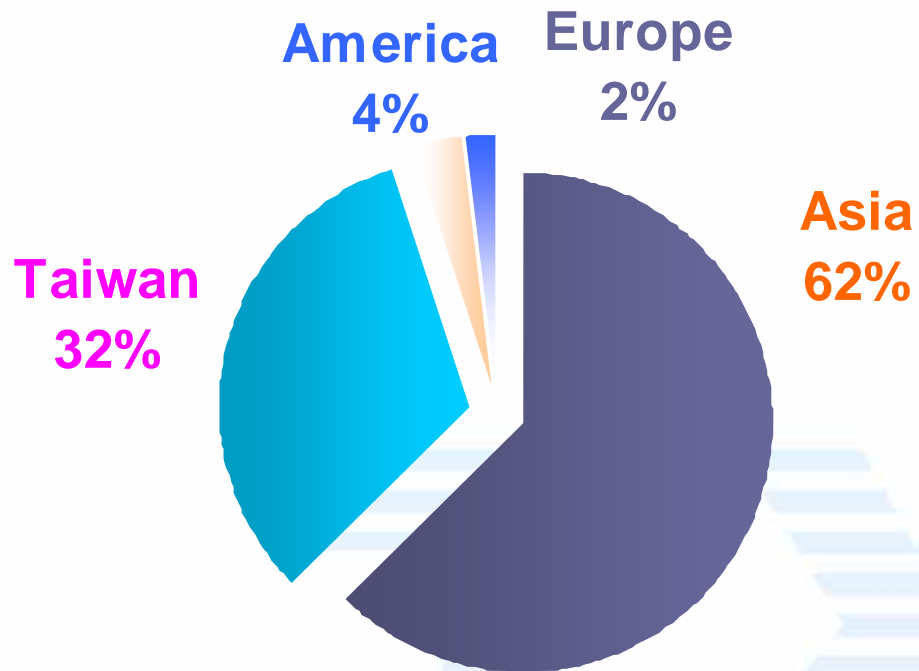
## 2006 forecast





# Sales by Region

2005

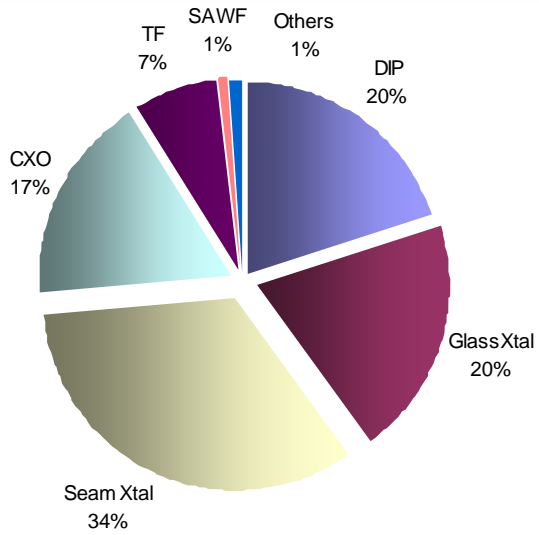


# Sales by Product Category



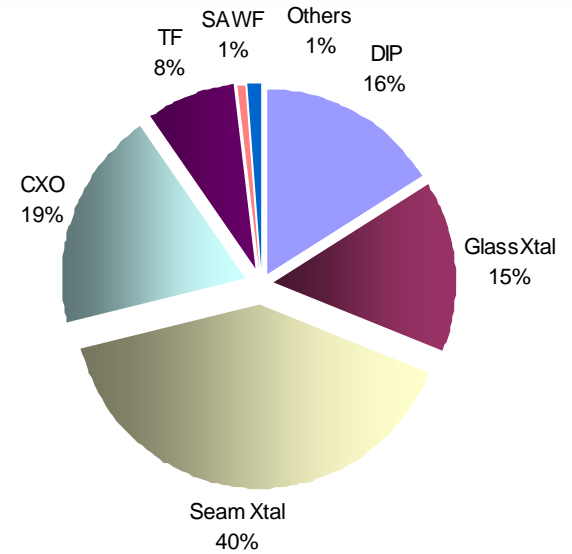
**2005**

**\* Sales Revenue**



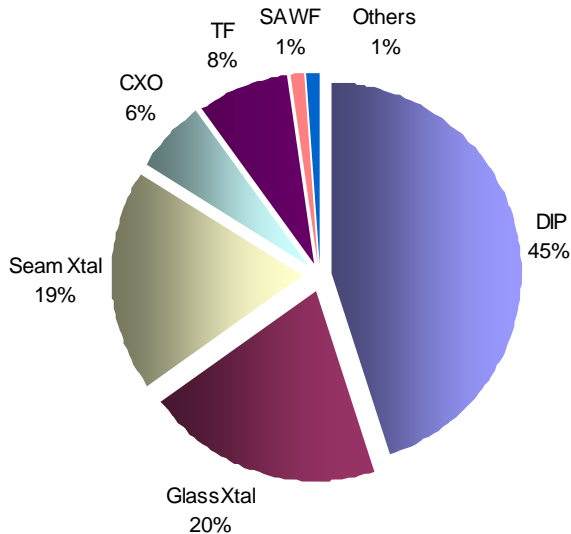
**2006 forecast**

**\* Sales Revenue**



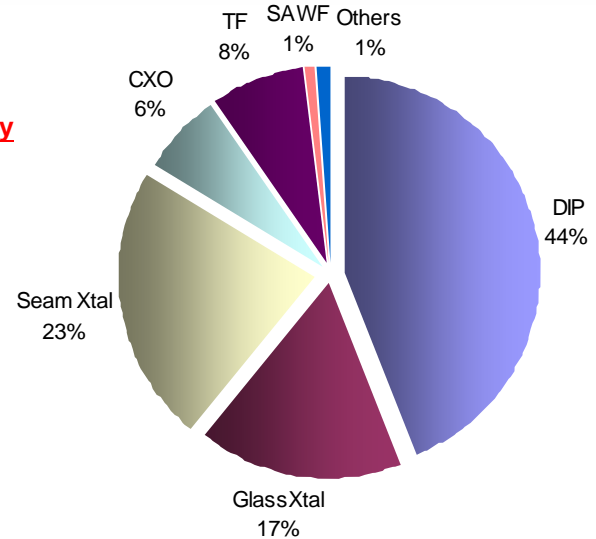
**2005**

**\* Sales Quantity**



**2006 forecast**

**\* Sales Quantity**



# Worldwide Rank



2004

US\$ in million

Rank	Company	Country	2004 Revenue	Percent Change from 2003
1	Epson-Toyocom	Japan	570	N/A
2	NDK	Japan	478	18.3%
3	KED	Japan	334	1.6%
4	KDS	Japan	253	29.2%
5	Vectron (Corning)	USA	183	10.5%
<b>6</b>	<b>TXC</b>	<b>Taiwan</b>	<b>92</b>	<b>38.5%</b>
7	TEW	Japan	85	53.8%
8	River	Japan	60	18.1%
9	Rakon	New Zealand	55	10.0%
10	MicroCrystal	Switzerland	51	15.9%

\* FCI 2004 (Excluding Dedicated IF and RF SAW Companies)

\* 2005 will come out on 5/2006



2006

## Peitou Headquarters

Taipei, Taiwan

1,568 Sq. M.  
(16,900 Sq. Ft.)



## Ping Cheng Factory

Taoyuan, Taiwan

10,800 Sq. M.  
(116,000 Sq. Ft.)



## Ningbo Factory

Zhejiang, China

56,000 Sq. M.  
(603,000 Sq. Ft.)



## Units/Month

Glass Crystal 14 M

Seam Crystal 20 M

SMD CXO 7M

Tuning Fork 6 M

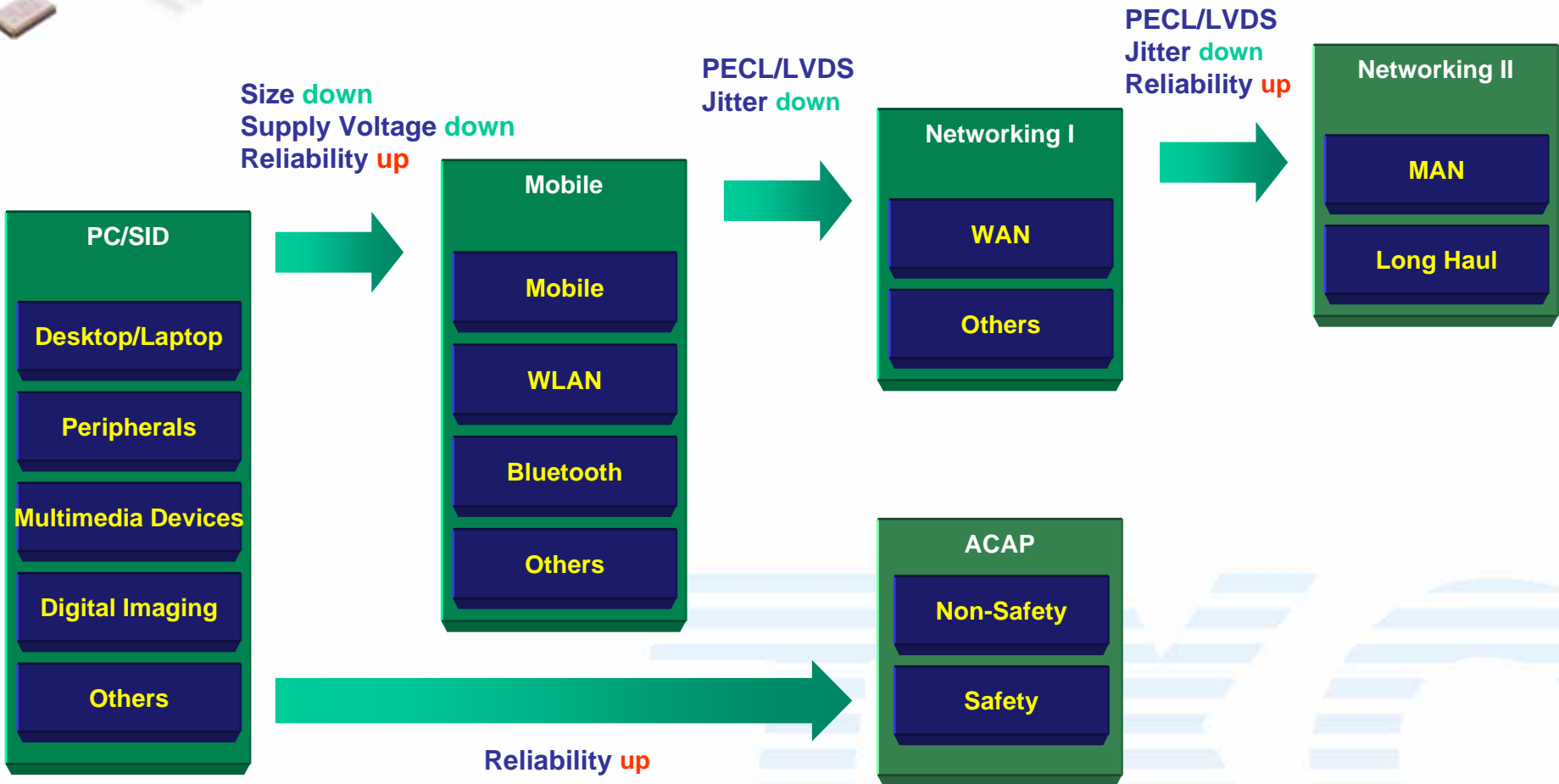
49U Dip 3 M

49S Dip 20 M

49S SMD 10M

**Total 80 M**

# Market Direction





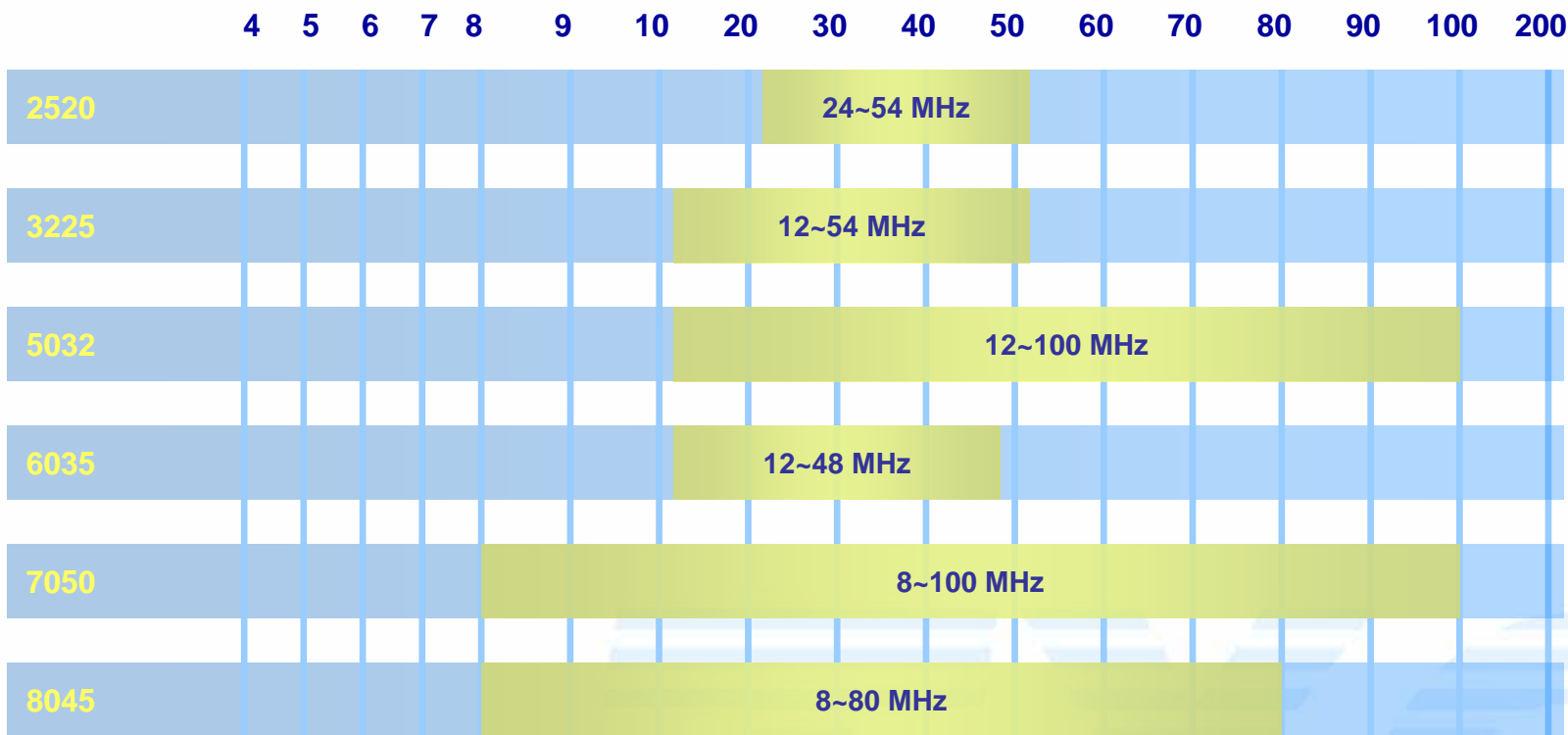
# Package Development Roadmap



	2005	2006	2007
SMD Crystal	7050/5032/3225	2520 2016	1610
SMD CXO	7050/5032/3225	2520	2016
Automotive Crystal	8045/5032/49S	6035	
SMD Tuning Fork	4115		3215
SAWR/SAWF	5050/3838/3030	2520	2016
SMD CXO (PECL/LVDS)	7050	5032	
SMD VCXO (CMOS)	7050	5032	
SMD VCXO (PECL/LVDS)		7050	5032
SMD Programmable CXO	7050	5032	
SMD TCXO	5032	3225	
OCXO		Customized	
Timing Modules		Customized	



# SMD Crystal Common Frequency Range



For specific frequency and products please see [www.txccorp.com](http://www.txccorp.com) or contact sales

- *Manufacturing Center*
- *R&D/PE Centers*
- *Sales/Marketing Center*

*The new plant will be ready for usage around Oct., 2006 and it will be able to accommodate 10 lines.*



- ***Manufacturing Center***

- *Factory expansion*

- 1) *Taiwan/Taoyuan: 8~10KK capacity increase in 006~2007*
- 2) *China/Ningbo\*: 5KK capacity increase in 2006*

- *AT crystal blank capacity expansion*

*New technical processing will be implemented into the current production lines to maximize the capacity and fulfill our need for 2006 expansion.*

- ***Sales/Marketing Center***

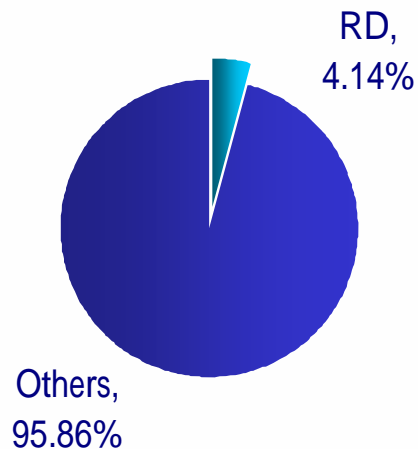
- *Adding New sales offices*

- *Beijing: The key location for the telecommunication industry in Mainland China*
- *San Jose: One of the most important cities for the design-in functions for multifunction enterprises in USA*



## • *R&D / PE Centers*

- *Academic collaborations*
  - *With the leading universities in Taiwan and China*
  - *Recruit ~30 engineers in 2006*
- *Consultants from worldwide*
  - *More Japanese consultants currently- years of experience in crystal blank technology and product miniaturization*



	R&D Expense
2005	USD\$3.68 M
2006	USD\$5.60 M

# Capital Expenditures in 2006

Unit:NT\$ Million

<i>CapEx</i>	<i>Line</i>	<i>Amount\$</i>	<i>Date (F)</i>	<i>Capacity/M</i>	<i>Revenue/M (F)</i>
<i>Ping Cheng factory expansion plant</i>		<i>300</i>			
<i>Seam X'tal (TWN) 3225 / 2520</i>	<i>2</i>	<i>120</i>	<i>2Q</i>	<i>2M</i>	<i>20.0</i>
<i>SMD Tuning Fork (TWN)</i>	<i>3</i>	<i>200</i>	<i>3Q.4Q</i>	<i>3M</i>	<i>24.0</i>
<i>Seam X'tal (NGB) 5032 / 3225</i>	<i>2</i>	<i>100</i>	<i>2Q.3Q</i>	<i>2M</i>	<i>16.0</i>
<i>Seam X'tal (NGB) 5032 / 3225</i>	<i>1</i>	<i>60</i>	<i>4Q</i>	<i>1M</i>	<i>8.0</i>
<b><i>Total</i></b>	<b><i>8</i></b>	<b><i>780</i></b>		<b><i>8.0M</i></b>	<b><i>68.0</i></b>






- ***High growth expected from Mobile industry***

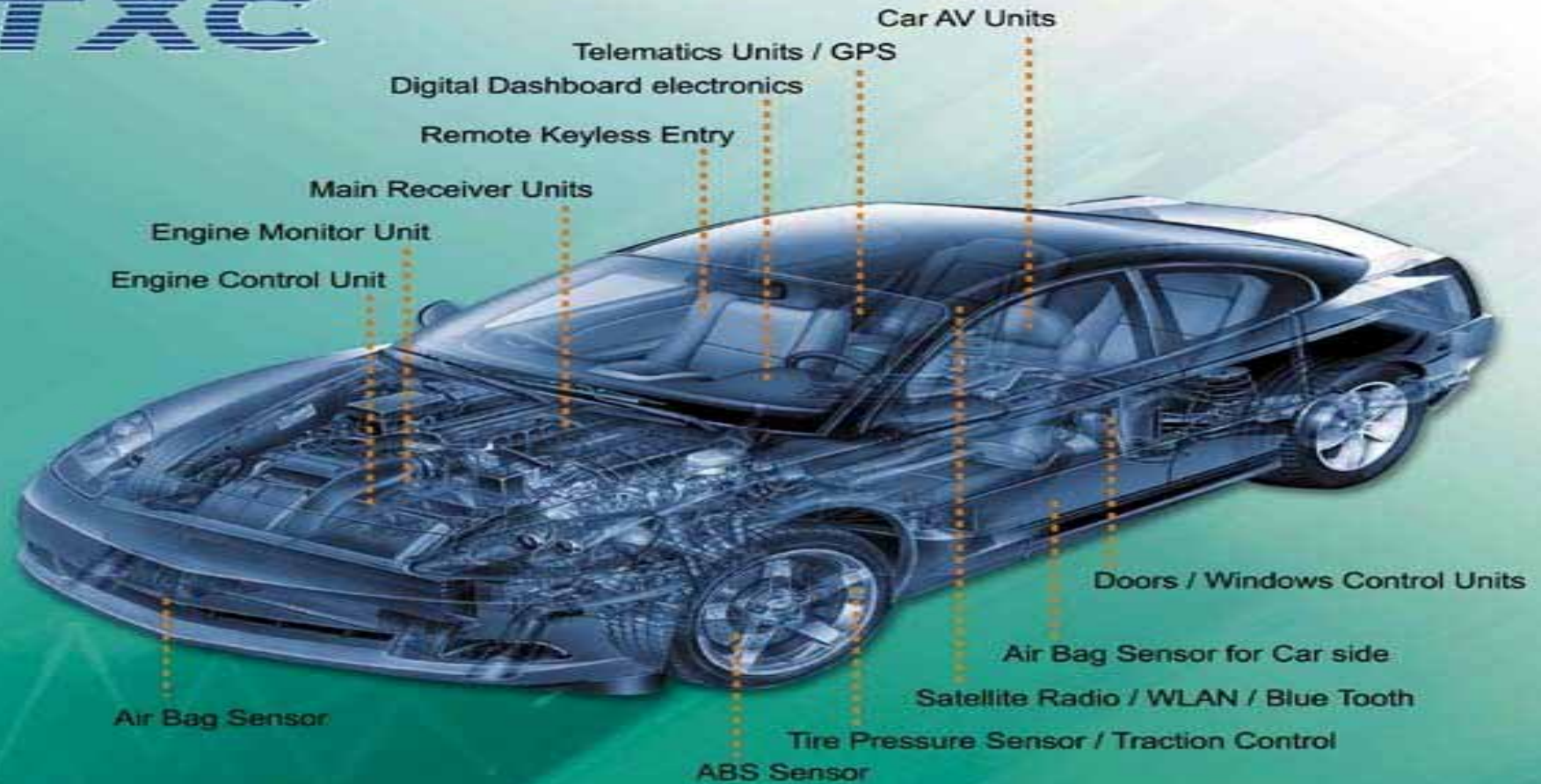
- *TXC now is Moto's major crystal parts supplier, and we will acquire more leading brands shortly.*
- *In mobile-phone market, TXC will take over 6% of the worldwide market share in 2006 and expect to grow up to 10% in 2007.*

- ***Demand increased from Networking market***

- *Market is expected to have around 38% growth in WLAN application. TXC has now been listed as approved vendor in many major buyers particularly for design-in companies such as Broadcom, Intel, and Atheros.*

- 
- ***Storage devices shows strong demand continuously***
    - *With 40% growth rate in pen driver market, M-system and Sandisk take up to 50% of total market share. TXC's products now successfully listed in their BOM list.*
    - *Respond to the design-in requests in Japan, TXC Japan was setup to better penetrate the consumer market.*
    - *TXC is expected to gain in over 50% of the major PMP (Portable Media Player) products in 2006.*
  - ***In the PC industry, TXC is still one of the major players and continues providing around 50% of the total market demands.***
  - ***Certified in 2006Q1 by ISO/TS16949, TXC now formally marches into the automobile industry.***

# TXC



## Frequency Control Products Applied in Automotive Industry

	DIP Type	HC-49U / 6A Series
	DIP Type	HC-49S / 6B Series
	DIP Type	HC-49S SMD / 6C Series
	Resistance Welding Crystal	11.9 x 4.9mm / 6Z Series
	Seam Sealed Crystal	7 x 5mm / 6P Series
	Seam Sealed Crystal	6 x 3.5mm / 6V Series

	Seam Sealed Crystal	5 x 3.2mm / 7B Series
	Seam Sealed Crystal	3.2 x 2.5mm / 7M Series
	Glass Sealed Crystal	8 x 4.5mm / 6X Series
	Glass Sealed Crystal	5 x 3.2mm / 7A Series
	Glass Sealed J-Type	8 x 4.5mm

**Think of Frequency, Think of TXC**



*Thank You- Q&A*



*<http://www.txccorp.com>*

