

*Date : April 27, 2009*

## Revision of estimate for FY March, 2009

### 1. Revision of consolidated estimate for the Fiscal Year Ended March 31, 2009

( April 1,2008 ~ March 31,2009 )

*Unit: Yen in millions*

	Net Sales	Operating income	Ordinary income	Net income	Net income per share
Previous estimate (A)	38,000	3,000	2,100	1,100	¥ 50.68
Revised estimate (B)	36,640	2,680	1,950	600	¥ 27.85
Change (B) - (A)	1,360	320	150	500	
Percentage change (%)	3.6	10.7	7.1	45.5	
Previous fiscal year (Ended March 31, 2008)	36,625	3,057	2,414	1,903	¥ 99.25

### 2. Revision of Non-consolidated estimate for the Fiscal Year Ended March 31, 2009

( April 1,2008 ~ March 31,2009 )

*Unit: Yen in millions*

	Net Sales	Operating income	Ordinary income	Net income	Net income per share
Previous estimate (A)	18,500	260	1,000	600	¥ 28.30
Revised estimate (B)	13,800	30	1,150	370	¥ 17.17
Change (B) - (A)	4,700	290	150	230	
Percentage change (%)	25.4		15.0	38.3	
Previous fiscal year (Ended March 31, 2008)	18,035	113	1,051	648	¥ 33.82

### 3. Reasons for consolidated forecast revision

The U.S. financial crisis that began with the subprime loan problem has become a global economic downturn. The crisis has also caused extreme foreign exchange rate volatility. In Japan, the economy weakened rapidly as the yen quickly gained strength following the Lehman Brothers failure in the fall of 2008. Many companies in Japan have been forced to cut their workforces and even go out of business.

Ferrotec is engaged primarily in the electronics business. In the electronics industry, and particularly the semiconductor and flat-panel display (FPD) sectors, companies have suspended capital expenditures and reduced output. These events created a fourth-quarter operating environment that was even more challenging than we had been expected.

Our previous sales forecast revision assumed that sales in China in the photovoltaic cell-related business would be lower due to the foreign exchange rate at the end of the fiscal year. This outlook was generally on target. However, the forecast for total consolidated sales has been reduced to 36,640 million yen because of lower than expected non-consolidated sales. The primary causes are

weakness in the semiconductor and FPD markets and declines in automobile production and sales, mainly in the United States.

Earnings were impacted by higher expenses along with the decline in sales. Selling, general and administrative expenses increased mainly because of goodwill amortization and higher personnel expenses associated with the consolidation of a ceramics company in the third quarter. In addition, Ferrotec plans to post an extraordinary loss of 660 million yen that represents primarily structural reform expenses, including a workforce reduction to cut fixed expenses, and asset impairment charges on a non-consolidated basis. Nevertheless, Ferrotec forecasts positive consolidated net income for the fiscal year.

#### 4. Reasons for non-consolidated forecast revision

The U.S. financial crisis has sparked an economic downturn in Japan that is more severe than was expected. In the electronics industry, which accounts for the majority of Ferrotec's sales, manufacturers of electronic components are making increasingly greater cuts in their production volumes. Falling capacity utilization at these important Ferrotec customers is causing a steep drop in orders for all Ferrotec products associated with semiconductors. A big decline in sales is anticipated as a result. In addition, the recession is causing a rapid decline in orders for products used in the automobile industry as automobile production and sales weaken. Due to these trends, the non-consolidated sales forecast is 13,800 million yen.

In response to these difficult market conditions, Ferrotec has taken numerous actions to cut costs. We have temporarily suspended operations at factories in Japan, cut directors' remuneration and personnel expenses, and reduced other expenses. However, since these measures are insufficient to offset the drop in sales, the operating income forecast is now a loss of 30 million yen.

Non-consolidated ordinary income is expected to be 150 million yen higher than in the previous forecast because of dividends from an overseas subsidiary engaged in the photovoltaic cell-related business, which is performing well. We believe that net income will be held down by an extraordinary loss of 700 million yen that includes write-downs of investments in subsidiaries in Japan and other countries and higher severance payments for employees participating in the voluntary retirement program. Although Ferrotec anticipates a decrease in non-consolidated net income, a net loss is not expected.

As was previously announced, Ferrotec plans to pay an ordinary dividend of 12 yen per share applicable to the fiscal year.

#### 5. Extraordinary loss

Ferrotec plans to post an extraordinary loss of 700 million yen. There will be a 560 million yen write-down of stock held in subsidiaries in Japan and other countries where the value of Ferrotec's interest in net assets is 50% or less than the acquisition price. This loss also includes a 140 million yen expense for the higher severance payments made to employees who voluntarily retired.

#### \*Proper use of forecasts and other precautions

These forecasts are based on information that was available when these revisions were announced. Actual results may differ from these forecasts for a number of reasons.