

Current Business Environment

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November 9, 2005



Consolidated Financial Forecast

On a basis of new accounting policy

(Billions of Yen)

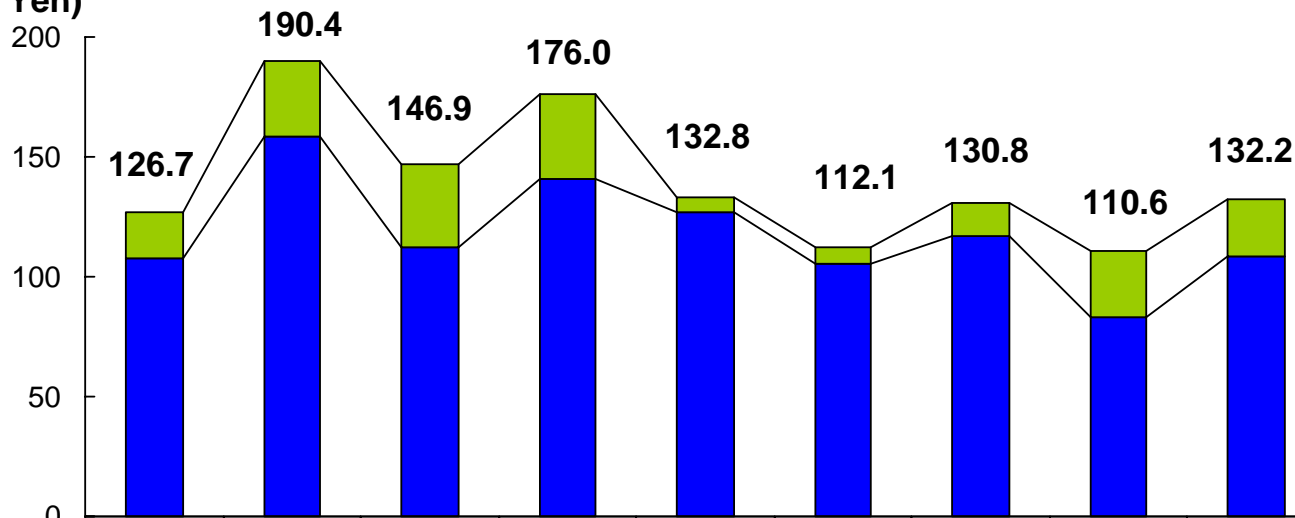
	FY2005	FY2006 (E)			
	Full year	1H (E)	2H (E)	Full year (E)	YoY change
Net sales	635.7	333.1	316.8	650.0	2.2%
SPE	457.1	239.2	227.7	467.0	2.1%
FPD	75.0	43.0	36.9	80.0	6.6%
CN	15.9	8.2	8.7	17.0	6.5%
EC	86.2	41.9	43.0	85.0	-1.4%
Other	1.2	0.6	0.3	1.0	-21.0%
Operating income	63.9 (10.1%)	36.2 (10.9%)	31.7 (10.0%)	68.0 (10.5%)	6.3%
Ordinary income	65.6 (10.3%)	36.7 (11.0%)	32.2 (10.2%)	69.0 (10.6%)	5.1%
EBIT	55.7 (8.8%)	36.5 (11.0%)	32.2 (10.2%)	68.8 (10.6%)	23.4%
Net income	61.6 (9.7%)	23.9 (7.2%)	20.0 (6.3%)	44.0 (6.8%)	-28.6%



Quarterly SPE+FPD Order

Net, Non-consolidated Basis

(Billions of Yen)



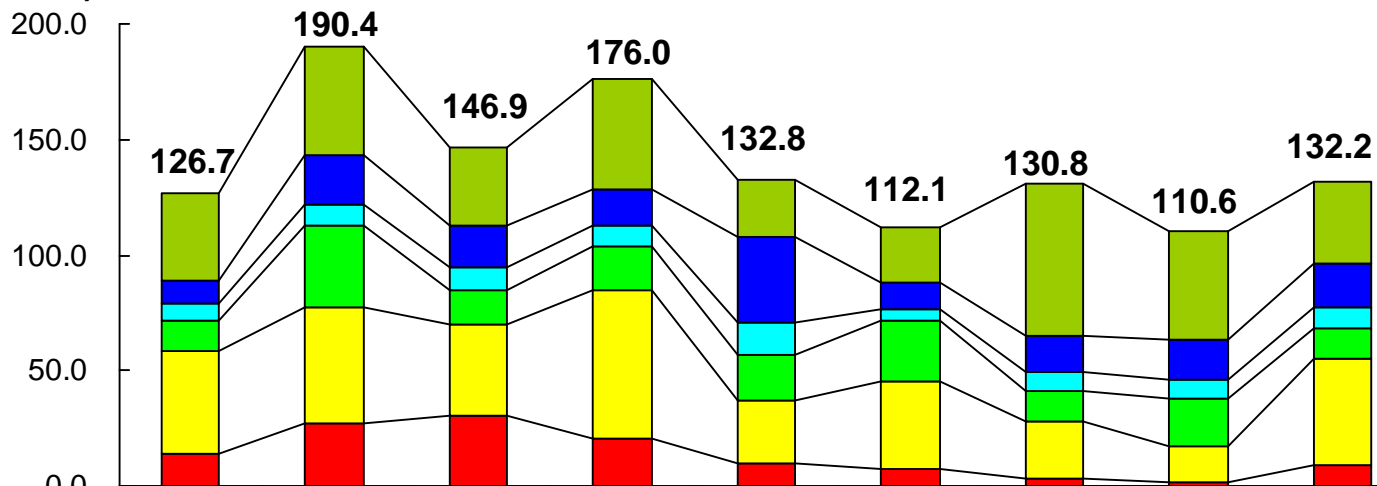
	2003/7-9	2003/10-12	2004/1-3	2004/4-6	2004/7-9	2004/10-12	2005/1-3	2005/4-6	2005/7-9
■ FPD Production Equipment	19.2	31.6	34.7	34.9	6.0	6.6	13.6	27.6	24.0
■ Semiconductor Production Equipment	107.5	158.7	112.1	141.0	126.8	105.4	117.2	82.9	108.1



Quarterly SPE+FPD Order by Region

Net, Non-consolidated Basis

(Billions of Yen)



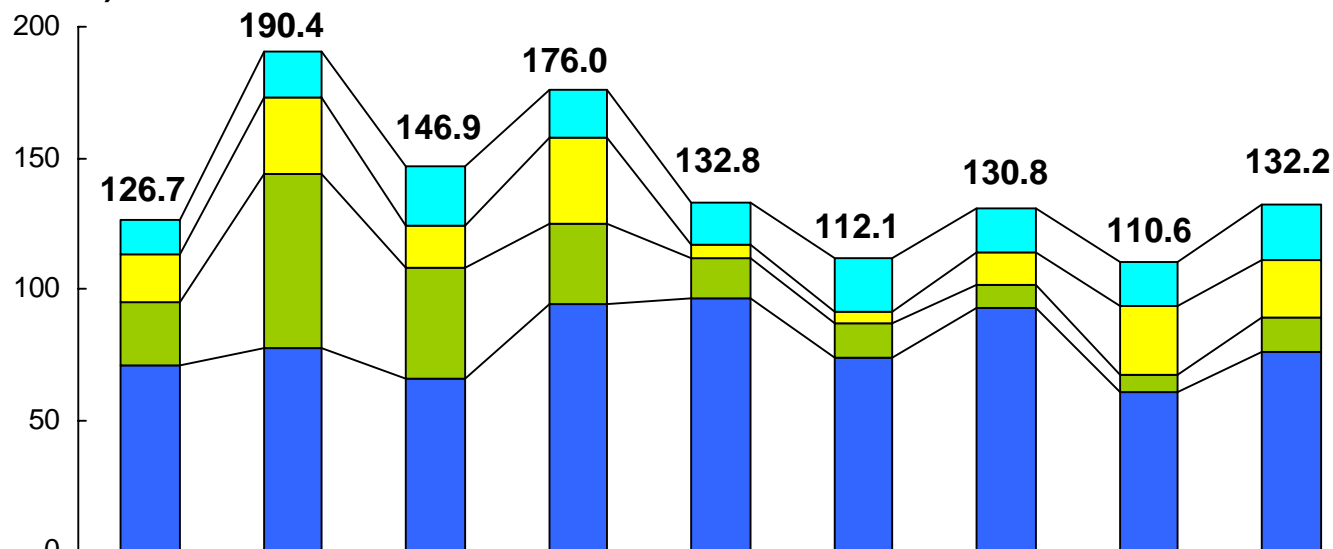
	2003/7-9	2003/10-12	2004/1-3	2004/4-6	2004/7-9	2004/10-12	2005/1-3	2005/4-6	2005/7-9
■ Japan	37.4	46.8	33.8	47.6	24.4	23.8	65.2	47.1	35.5
■ U.S.	9.8	21.4	18.1	15.6	37.1	11.2	16.3	16.9	18.8
■ Europe	7.6	9.2	9.9	9.0	14.5	5.3	7.6	8.9	9.3
■ Korea	13.0	35.0	15.1	18.9	19.3	26.5	13.8	20.0	12.9
■ Taiwan	45.0	50.2	39.4	64.1	27.5	38.0	24.5	16.0	46.8
■ China, S.E. Asia, others	13.7	27.5	30.4	20.6	9.8	7.0	3.1	1.5	8.7



Quarterly SPE+FPD Order

Net, Non-consolidated Basis

(Billions of Yen)

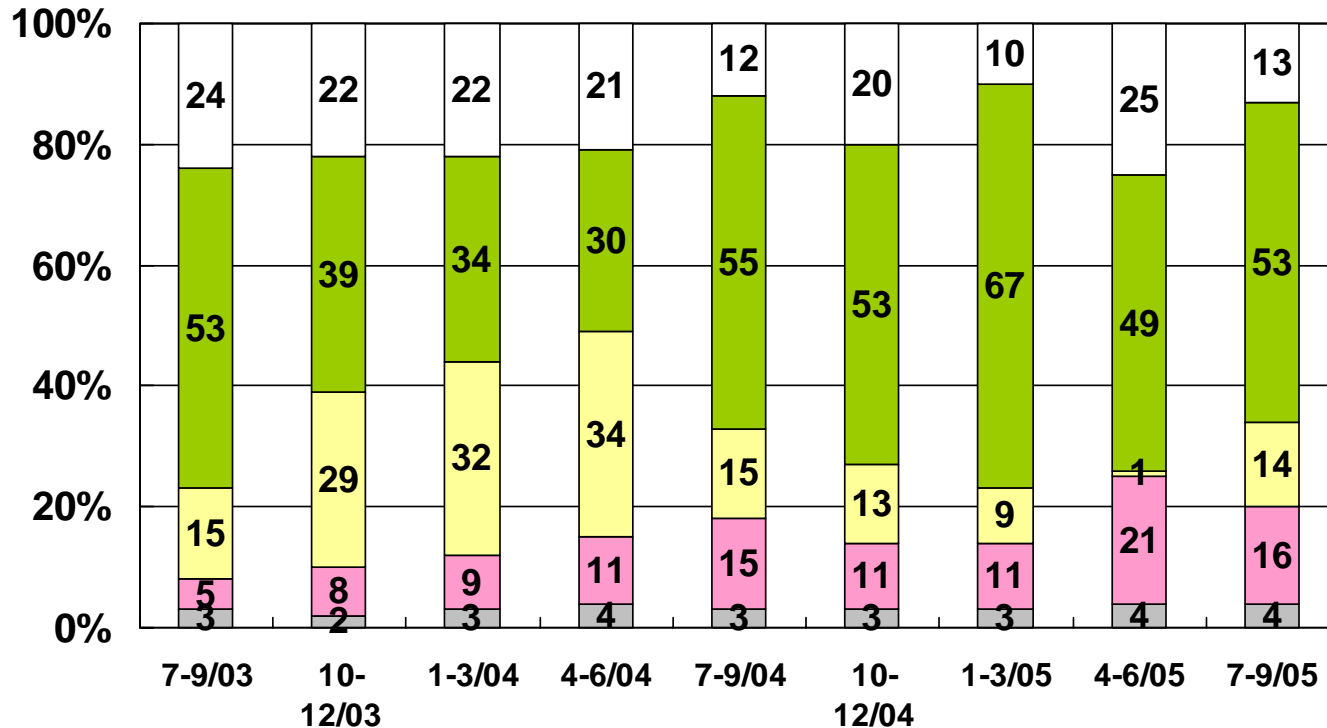


	2003/7-9	2003/10-12	2004/1-3	2004/4-6	2004/7-9	2004/10-12	2005/1-3	2005/4-6	2005/7-9
Parts	13.2	16.9	22.8	18.2	16.1	20.9	16.8	17.2	21.3
FPD Prod. System	18.2	29.8	15.9	33.0	5.1	4.5	12.5	26.1	22.1
SPE 200mm System	24.4	66.0	42.6	30.6	14.9	13.1	8.6	6.9	13.1
SPE 300mm System	70.8	77.5	65.5	94.0	96.6	73.5	92.7	60.3	75.6
Ratio of 300mm equipment	74%	54%	61%	75%	86%	85%	91%	90%	85%



SPE Quarterly Order by Application

(Equipment only, Non-consolidated basis)



Current Business Environment

Semiconductor Production Equipment

PC, Cellphone, Portable music player and next-generation games device markets all strong

Japan: Ongoing investment mainly in NAND and certain logic chips

South Korea: Active investment in NAND, DRAM

Taiwan: Continued active investment in DRAM
Recovering trend in foundries' investment in cutting edge production lines

Europe: MPU investment firm

FPD production equipment

Ongoing interest in large panel production equipment from all regions



Priority Issues in This Second Half

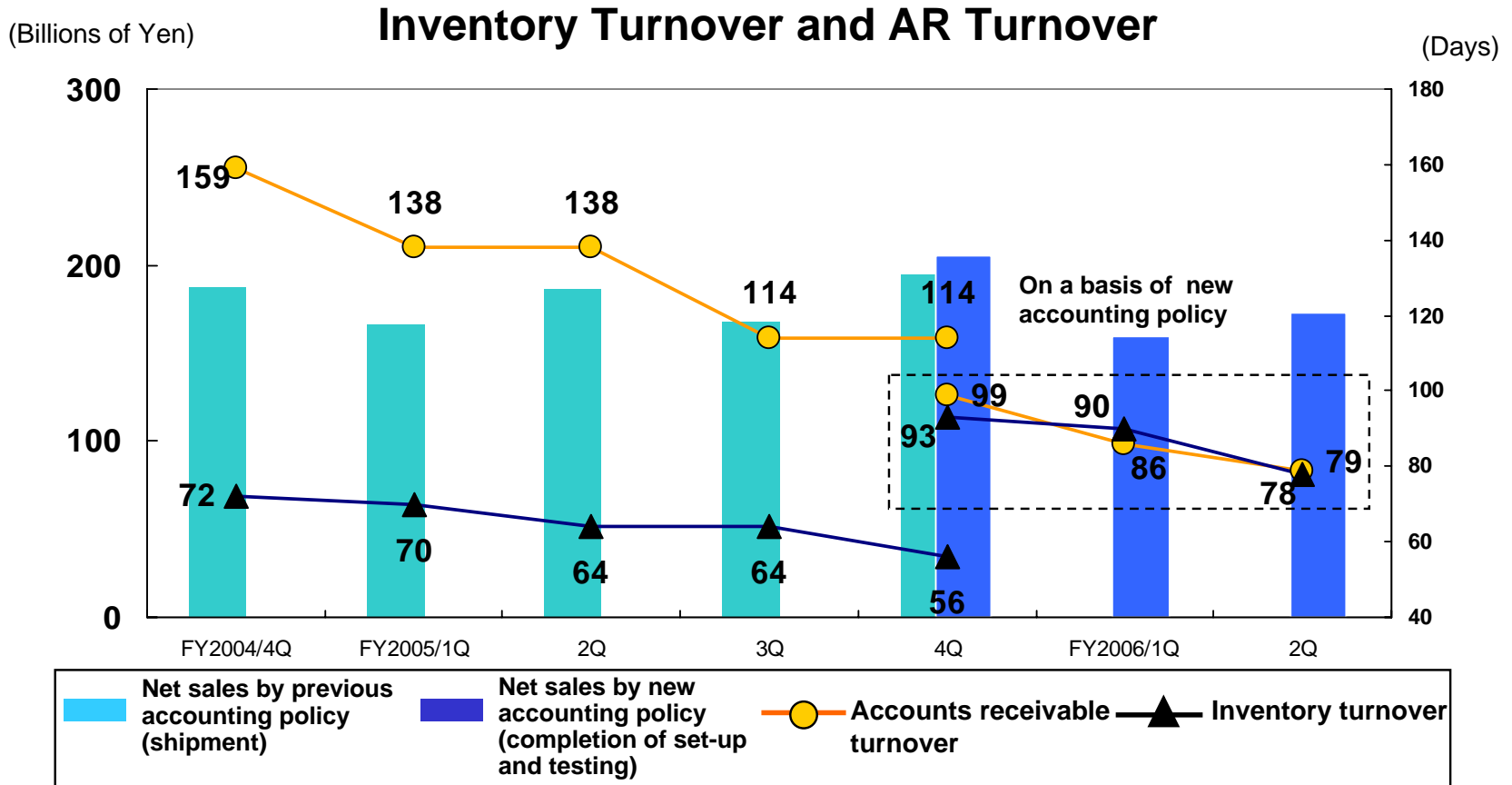
- **Strengthen product development capability**
Increase over 100 head counts and 4 billion Yen R&D expenses in this second half
- **Launch and expand sales of high value-added new products**
- **Strengthen our creative skills, raise quality**
- **Control account receivables and inventories to improve cash flow**

New Products Released

- **New etching chamber: Development code “JIN”**
- **Coater/developer for immersion technology**
: “CLEAN TRACK™ LITHIUS™ i+”
- **Plasma enhanced batch CVD : “TELFORMULA IRad”**
- **Single wafer process equipment for FeRAM**
: “Trias™ PZT”

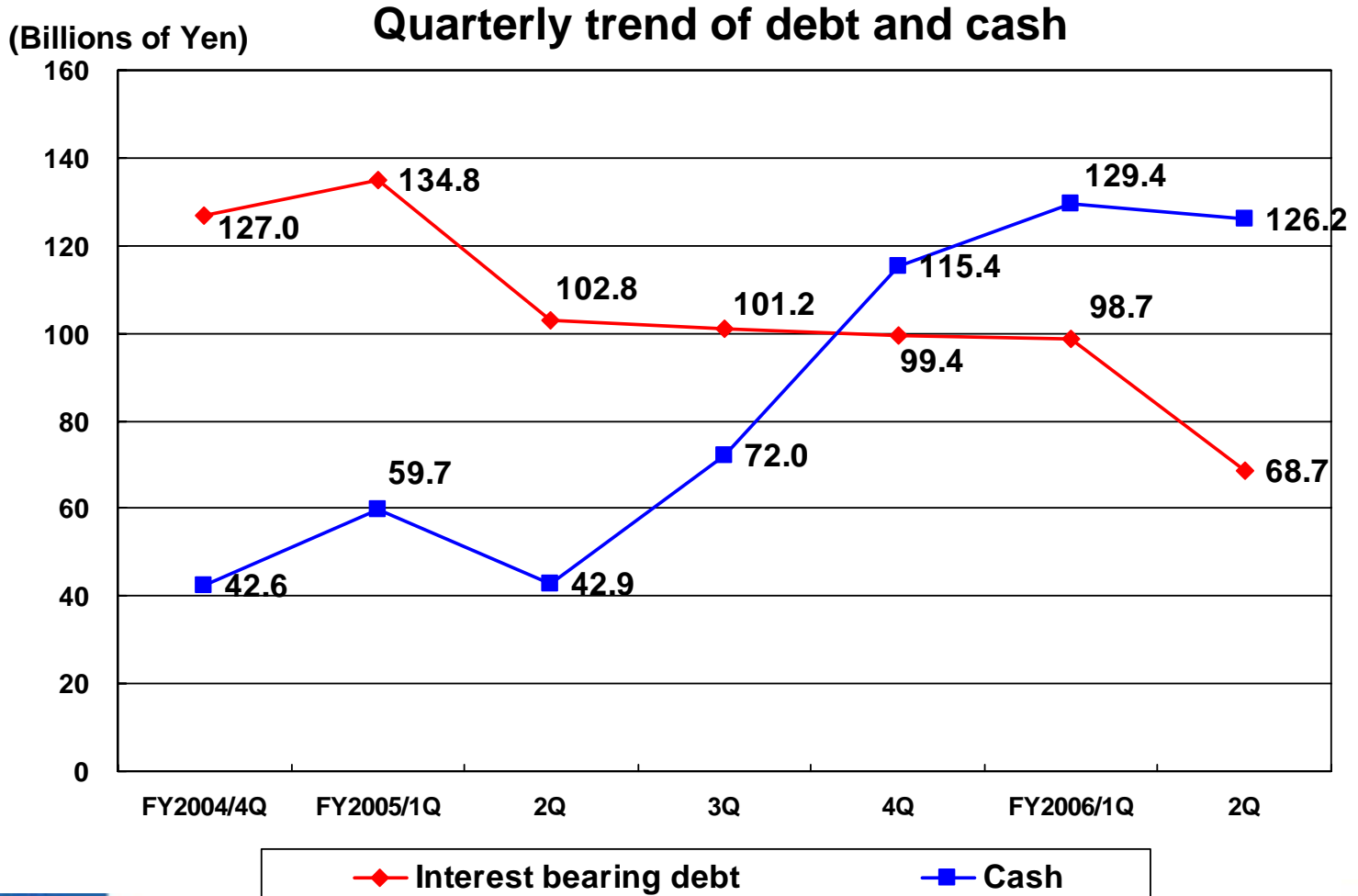
Plan to announce new products in several domains prior to and during the Semicon Japan 2005 exposition

Enhances Cash Flow Management



- Turnover days = Inventory or AR at the end of each quarter / 12-month moving-average sales x 365
- For calculating turnovers for 1Q/FY2006, "6 months sales (1H/FY2005) on a basis of new accounting policy x 1/2" is used as a figure for 2Q/FY2005 sales.

Further Improvement of the Financial Position



Tokyo Electron is moving ahead to the next stage of growth





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.