

Advancing to a new stage of growth in the Fiscal Year ending March 2007

Kiyoshi Sato, President & COO

May 12, 2006

Key Achievements in the Fiscal Year ended March 2006



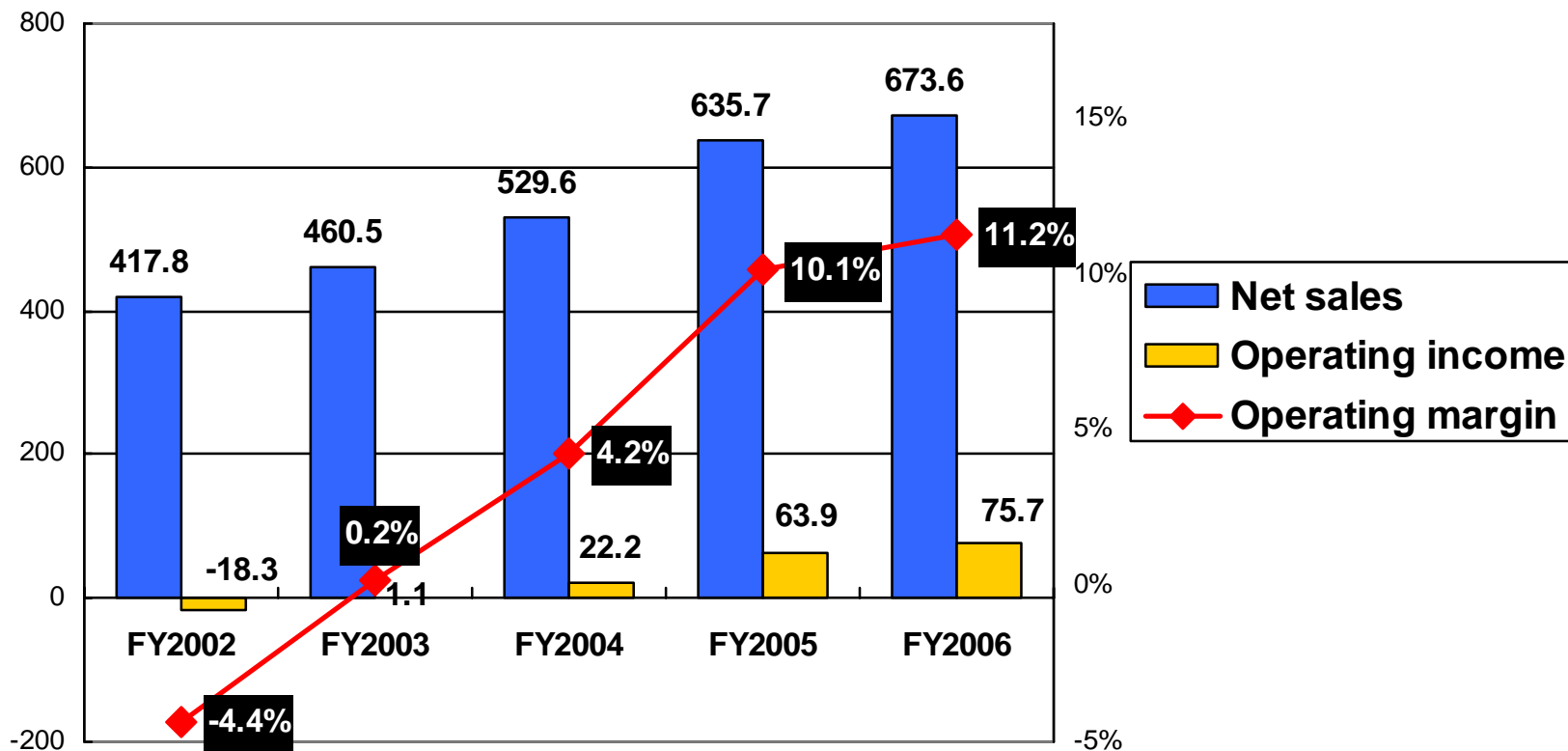
FY2006 Overview

- 1. Improved profits and established a firm financial base**
 - Increased sales, increased profits
 - Reduced debt and lowered debt/equity ratio
 - Sustained generation of free cash flow
 - Record annual dividend of ¥55 per share
- 2. Enhanced competitive strength**
 - Expanded global market share
- 3. Released new core products for the 65nm, 45nm nodes**

FY2006 Key Achievements

Net Sales and Operating Margin

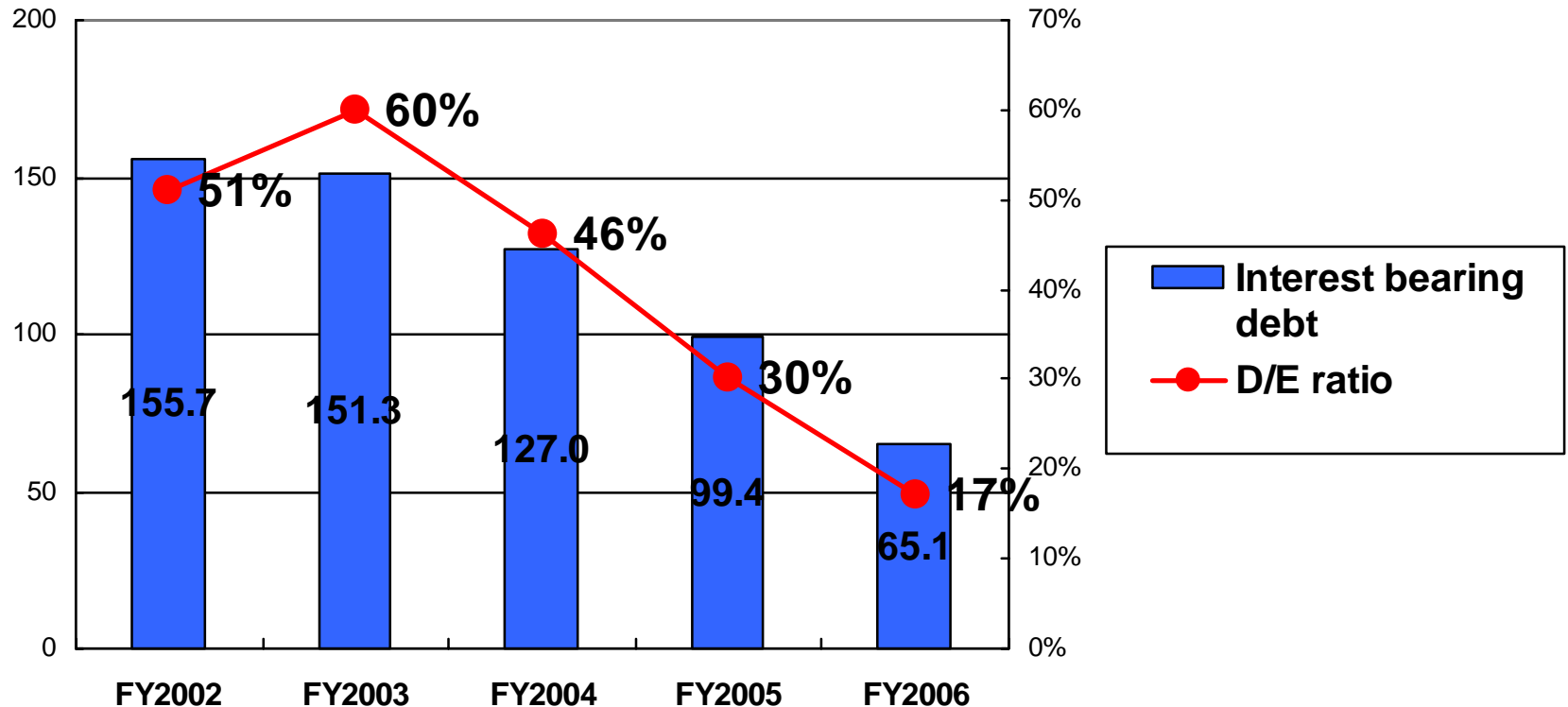
(Billions of Yen)



FY2006 Key Achievements

Interest-Bearing Debt and Debt-to-Equity Ratio

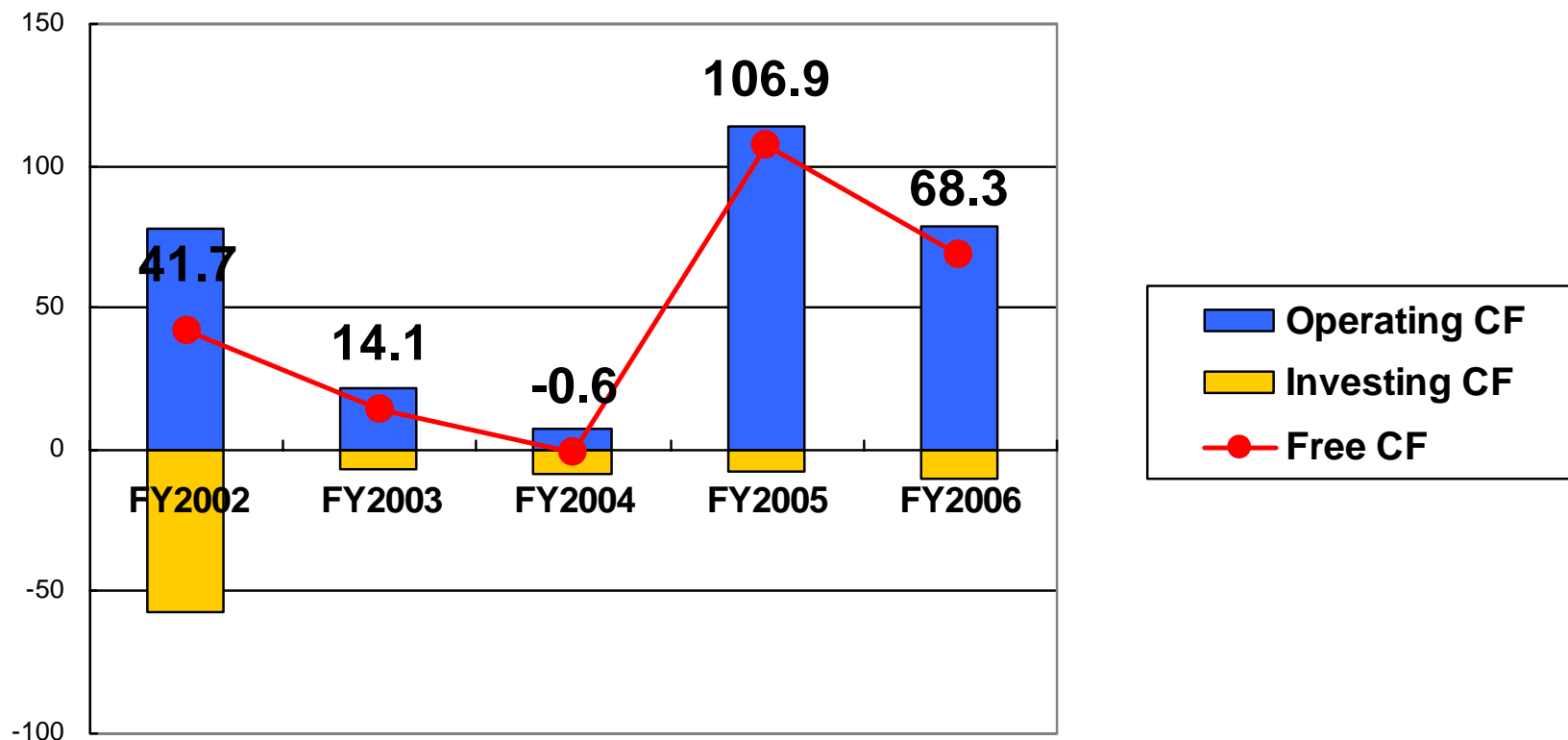
(Billions of Yen)



FY2006 Key Achievements

Free Cash Flow

(Billions of Yen)

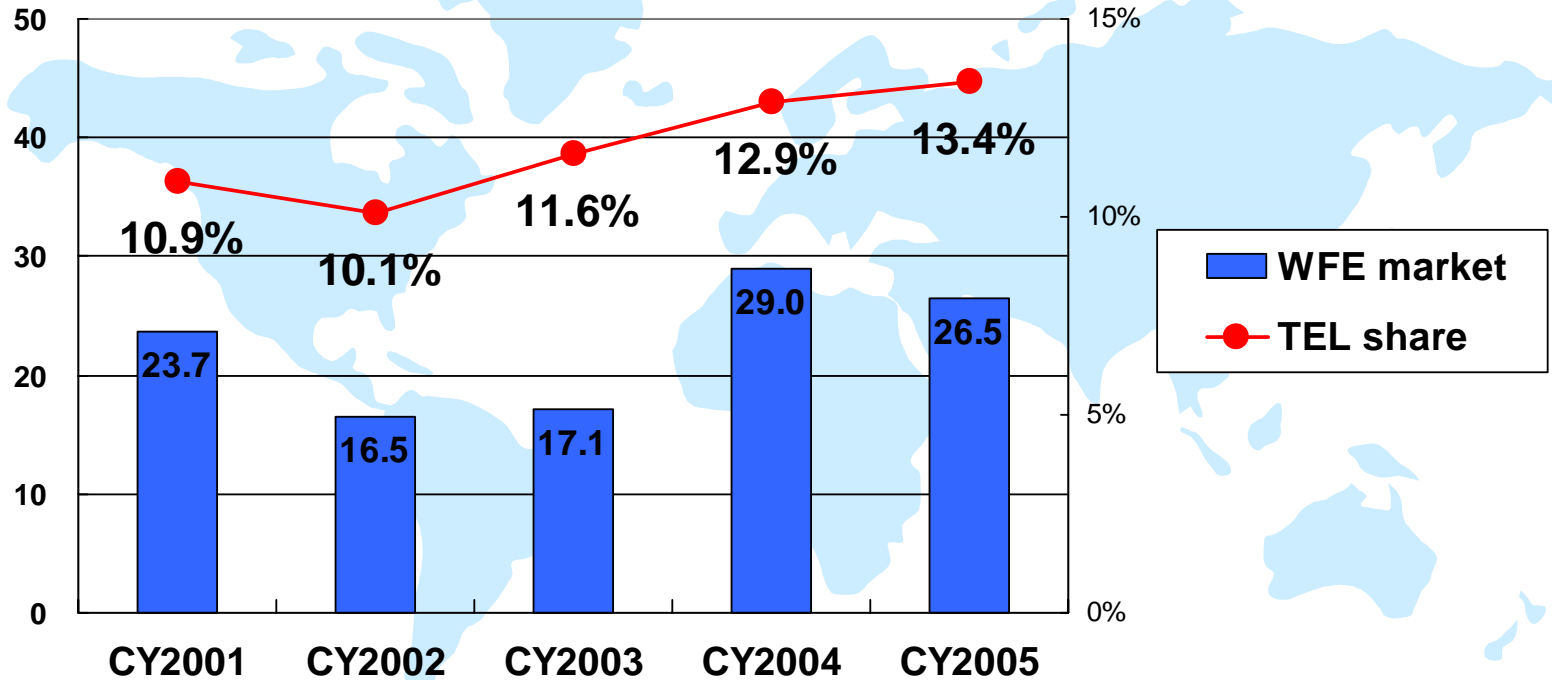


FY2006 Key Achievements

Expansion of Global Market Share

Wafer FAB Equipment Market and TEL Market Share

(Billions of US\$)



Source: Gartner Dataquest (April, 2006)



TOKYO ELECTRON

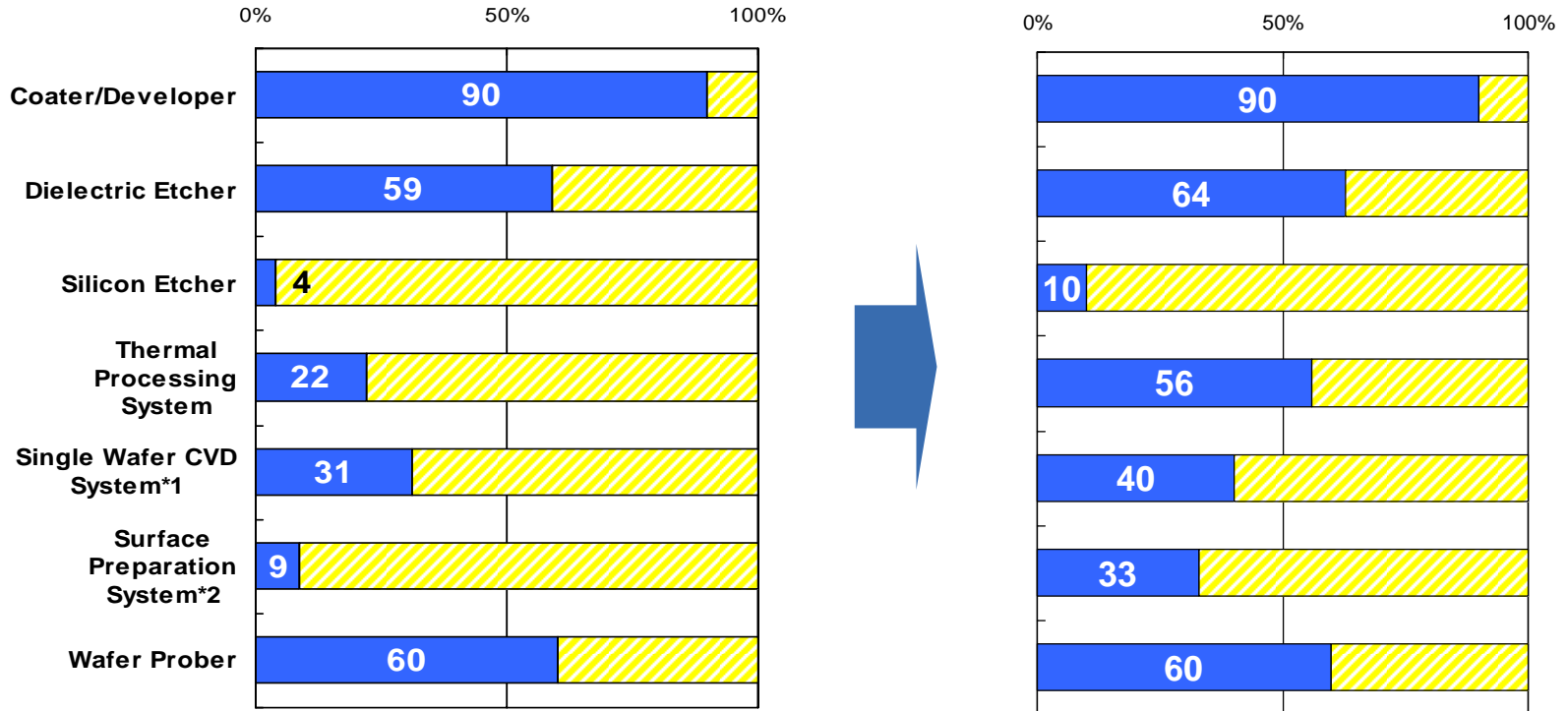


FY2006 Key Achievements

Increase in TEL 300mm Product Share

FY2002

FY2006



TAM

*1 Non-tube LP-CVD (Metal CVD)

*2 Wet bench

TEL estimate



FY2006 Key Achievements

Released New SPE Products for the 65nm, 45nm nodes

Coater/developer

Volume Immersion Technology
CLEANTRACK™ LITHIUS™ i+



Etch System

New Etch Chamber
SCCM™ - JI

Base platform: Telius

New Etch Platform
Tactras™



Thermal Processing System

New Thermal Processing System
TELINDY™



Batch PECVD
TELFORMULA™ IRad

Cleaning System

Single Wafer Cleaning
CELLESTA



Dry Chemical Pre-cleaning
Certas™



Profit contribution from FY2007



TOKYO ELECTRON

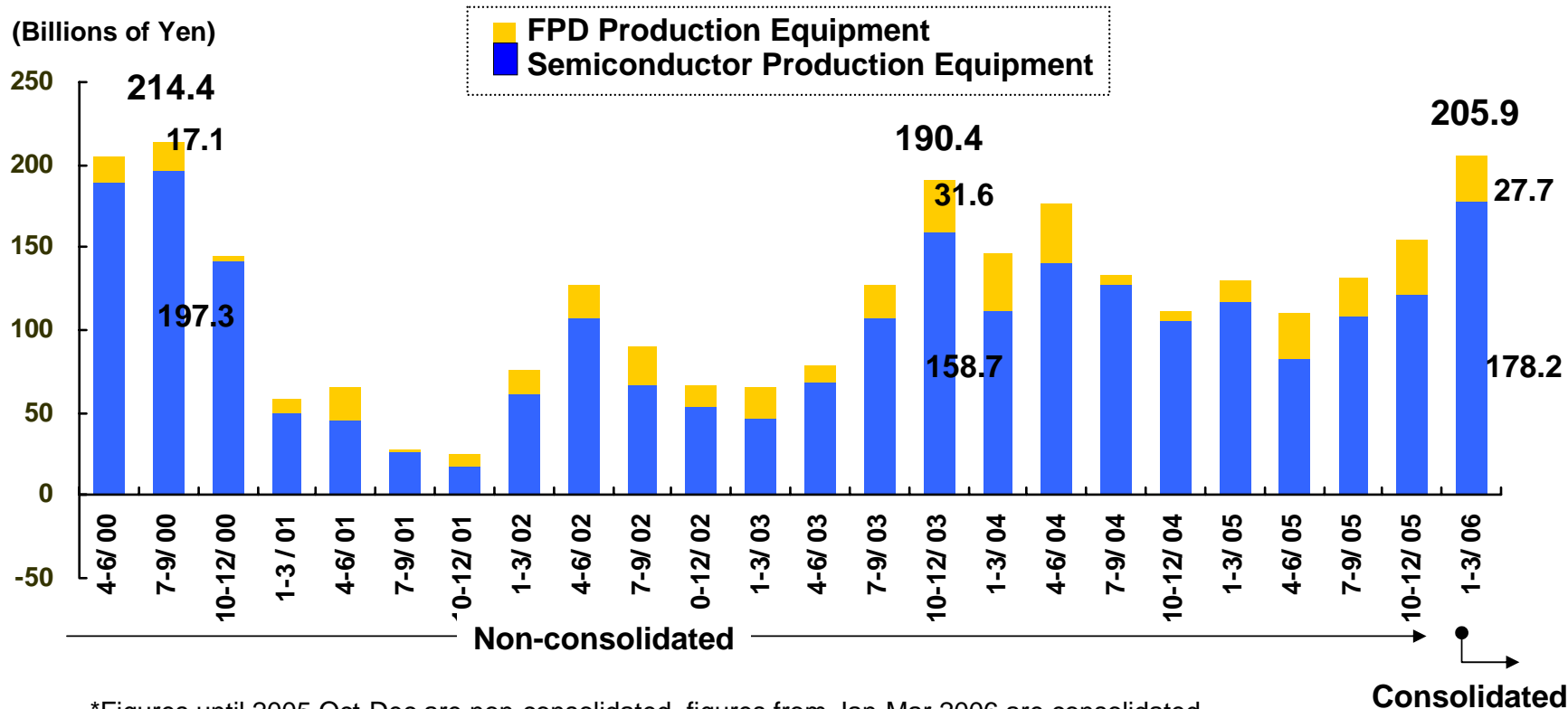


Market Outlook



Quarterly SPE+FPD Order

In Jan-March quarter of 2006 orders received exceeded ¥200bn for the first time since the last cycle peak

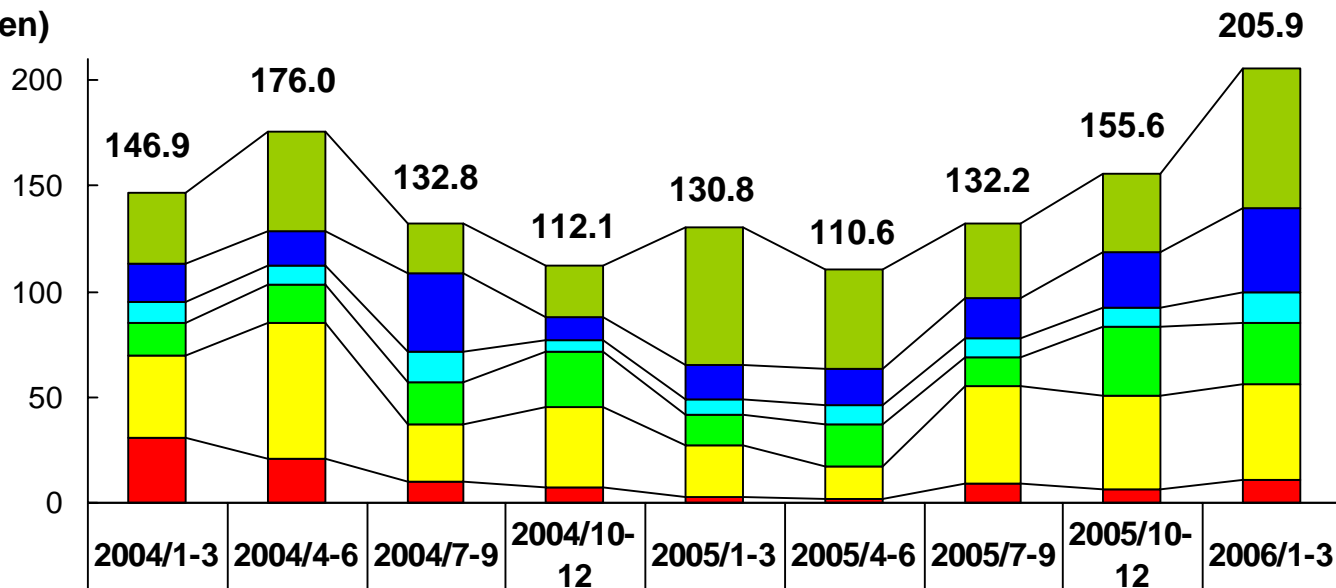


*Figures until 2005 Oct-Dec are non-consolidated, figures from Jan-Mar 2006 are consolidated.

*Main difference between consolidated and non-consolidated: Consolidated figures include post-sales orders at overseas subsidiaries.

Quarterly SPE+FPD Order by Region

(Billions of Yen)



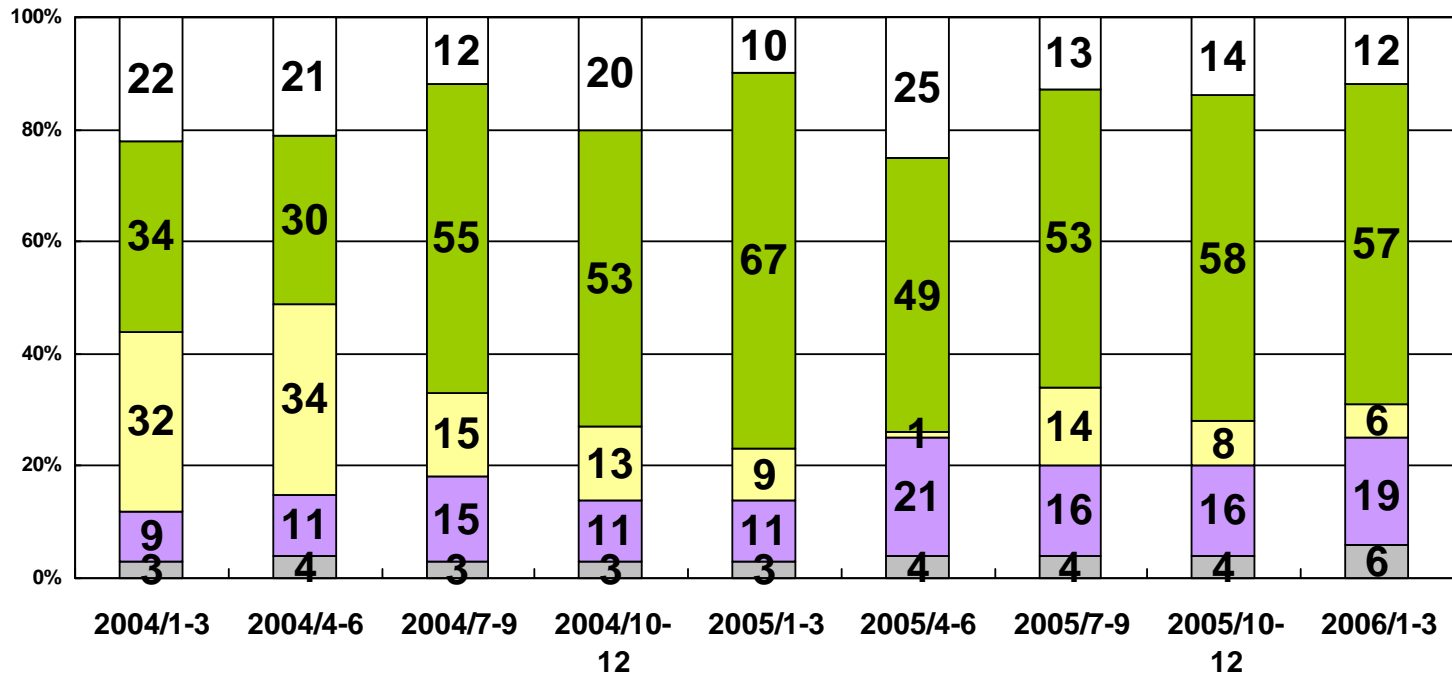
| | 2004/1-3 | 2004/4-6 | 2004/7-9 | 2004/10-12 | 2005/1-3 | 2005/4-6 | 2005/7-9 | 2005/10-12 | 2006/1-3 |
|--------------------------|----------|----------|----------|------------|----------|----------|----------|------------|----------|
| Japan | 33.8 | 47.6 | 24.4 | 23.8 | 65.2 | 47.1 | 35.5 | 36.7 | 66.6 |
| U.S. | 18.1 | 15.6 | 37.1 | 11.2 | 16.3 | 16.9 | 18.8 | 26.4 | 39.9 |
| Europe | 9.9 | 9.0 | 14.5 | 5.3 | 7.6 | 8.9 | 9.3 | 9.1 | 13.9 |
| Korea | 15.1 | 18.9 | 19.3 | 26.5 | 13.8 | 20.0 | 12.9 | 32.4 | 29.0 |
| Taiwan | 39.4 | 64.1 | 27.5 | 38.0 | 24.5 | 16.0 | 46.8 | 44.5 | 45.7 |
| China, S.E. Asia, others | 30.4 | 20.6 | 9.8 | 7.0 | 3.1 | 1.5 | 8.7 | 6.2 | 10.6 |

Order numbers are on a consolidated basis from 2006/1-3 quarter.



SPE Quarterly Order by Application





(Non-consolidated, system only)



- System LSI for digital consumer products
- DRAM, Flash memory
- Foundry
- MPU, High-end logic
- Others

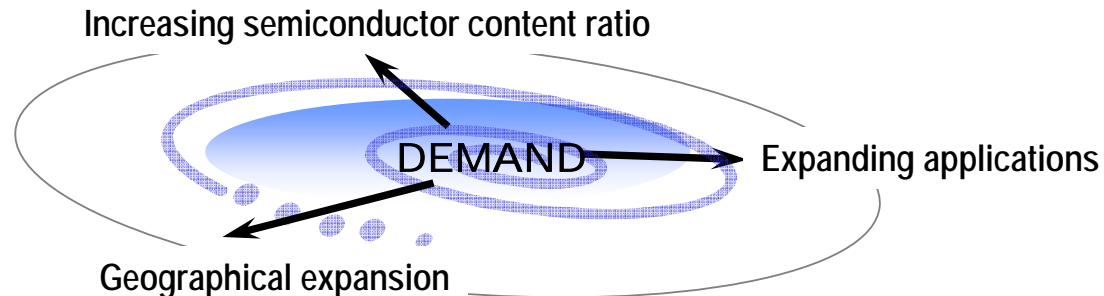


Immense Latent Potential in the Semiconductor Market

| | 2006 | 2007 | 2008 | |
|--|---|--|---|--|
| |  ★ FIFA World Cup | |  ★ Beijing Olympics | |
| |  ★ PS3 (Nov' 06) |  ★ New OS (Jan' 07) & PC replacement ★ NAND PC | | |
| <i>Mobile phones with multiple functions</i> <i>FPD & Digital TVs</i> | | | | |

The driving force of semiconductor demand is not just limited to the above events.

Far-reaching product concepts of the electronic equipment makers on the global stage imply boundless potential for semiconductors.



Further Enhancing Profitability in the Fiscal Year ending March 2007



Enhancing Profitability

1. Release high value-added new products

- Develop and release next-generation equipment
- Develop and release of higher productivity equipment

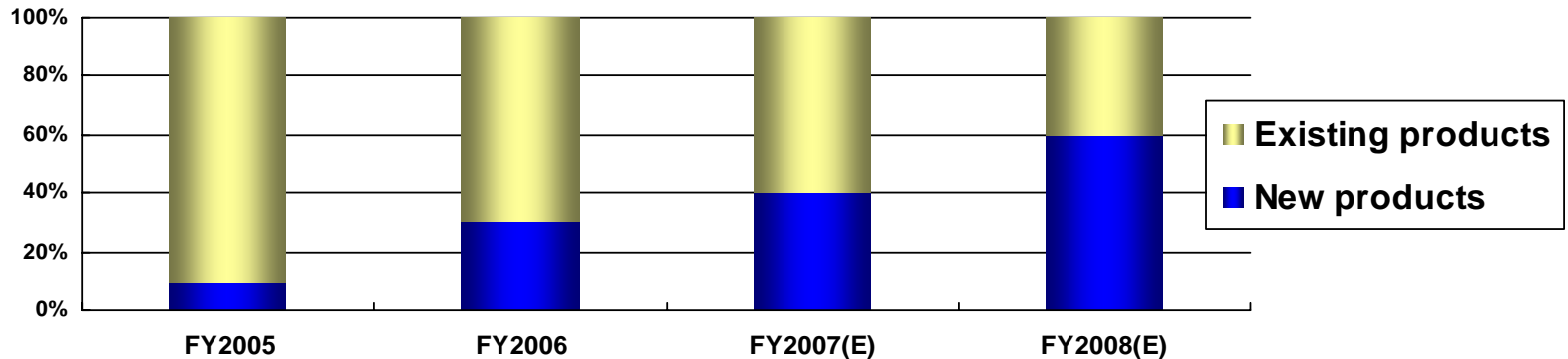
2. Improve manufacturing capabilities

- Promote cost reductions from the design stage
- Improve quality; Reduce manufacturing cycle time;
Reduce costs

3. Expand Post-sales business

Target of New Product* Sales (Proportion)

*New model in existing area



FY2007 New products

- **Exceliner (G8 FPD Coater/developer)**
- **Impressio (G8 FPD Etcher/asher)**

FY2006 New Products

- **TELINDY (Thermal processing)**
- **Tactras (Etch)**
- **CELLESTA (Single wafer cleaning)**
- **Certas (Dry chemical pre-cleaning)**

- **LITHIUS (Coater/developer)** shipment began in Jan. 2004
- **EXPEDIUS (Wet bench)** shipment began in Oct. 2004

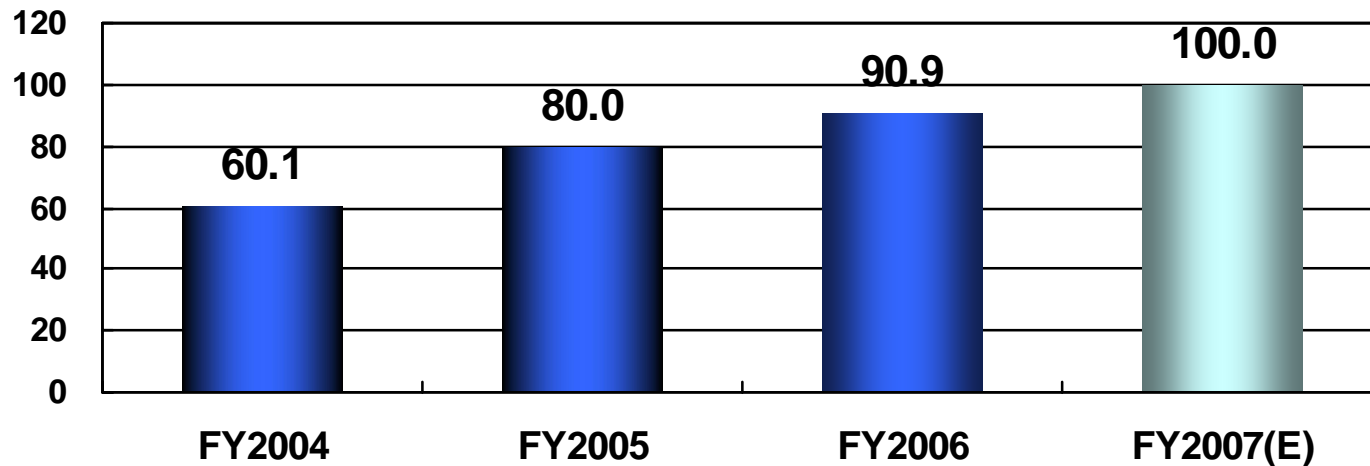


Expand Post-sales Business

FY2007 target: 100.0 billion yen

Post-sales: Refurbishment, Relocation, Contracted services, Parts Sales

(Billions of Yen)



- Established post sales division for strengthening post-sales business (April 2006)
- Established Tokyo Electron Korea Solution Limited for strengthening post-sales in Korea (February 2006)

FY2007 Financial Estimates

(April 1, 2006 – March 31, 2007)



FY2007 Financial Estimates

FY2007 Consolidated Financial Forecast

(Billions of Yen)

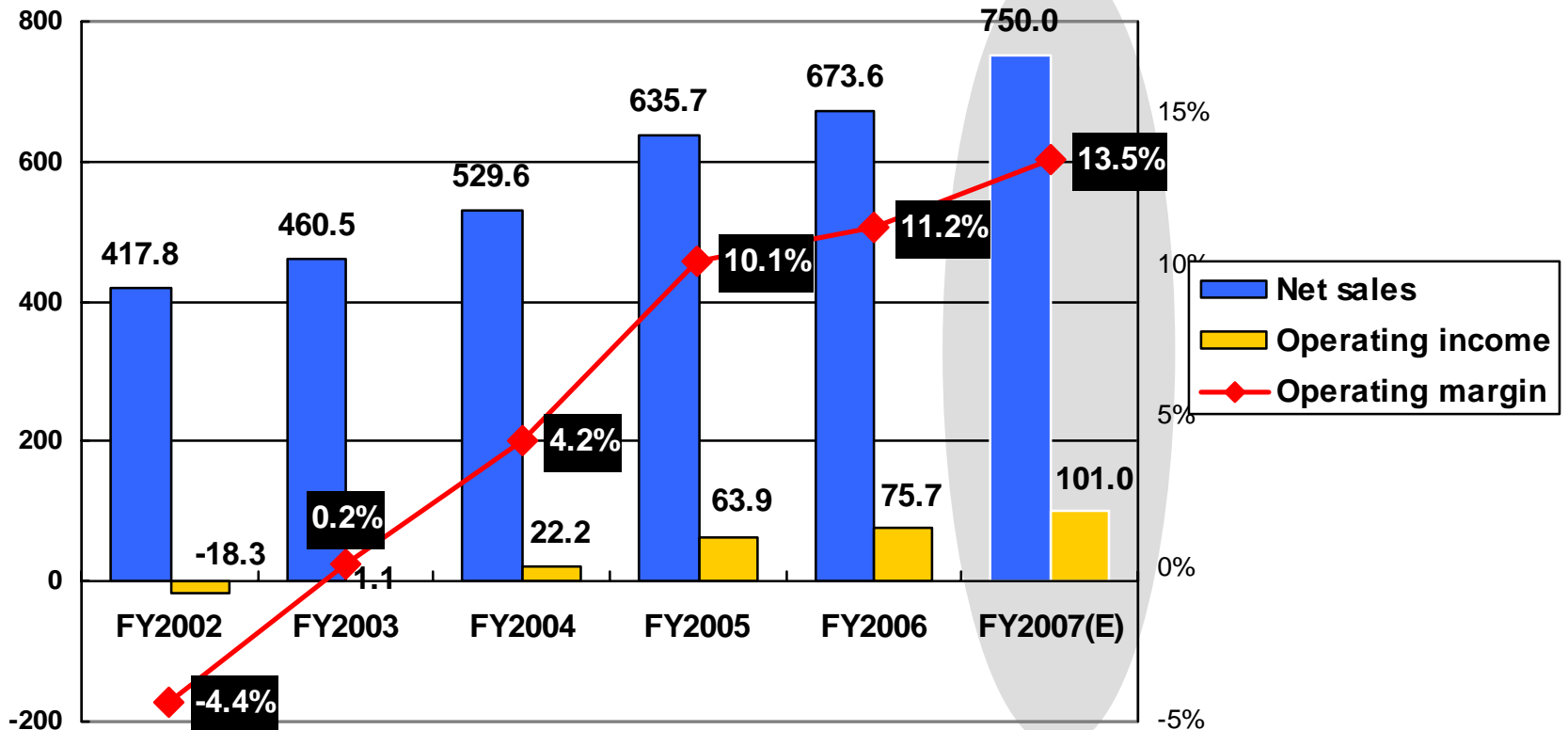
| | FY2006 | FY2007 (E) | | | |
|-------------------------|---------------------|---------------------|---------------------|----------------------|-------------|
| | Full Year | 1H (E) | 2H (E) | Full Year (E) | YoY change |
| Net Sales | 673.6 | 363.0 | 387.0 | 750.0 | +11% |
| SPE | 486.8 | 260.0 | 282.0 | 542.0 | +11% |
| FPD | 81.1 | 50.0 | 50.0 | 100.0 | +23% |
| CN | 17.4 | 8.5 | 8.5 | 17.0 | -3% |
| EC | 86.8 | 44.0 | 46.0 | 90.0 | +4% |
| Others | 1.2 | 0.5 | 0.5 | 1.0 | -20% |
| Operating income | 75.7 (11.2%) | 45.0 (12.4%) | 56.0 (14.5%) | 101.0 (13.5%) | +33% |
| Ordinary income | 75.9 (11.3%) | 46.0 (12.7%) | 57.0 (14.7%) | 103.0 (13.7%) | +36% |
| EBIT | 75.3 (11.2%) | 46.0 (12.7%) | 57.0 (14.7%) | 103.0 (13.7%) | +37% |
| Net income | 48.0 (7.1%) | 28.0 (7.7%) | 35.0 (9.0%) | 63.0 (8.4%) | +31% |



FY2007 Financial Estimates

Projected Net Sales and Operating Margin

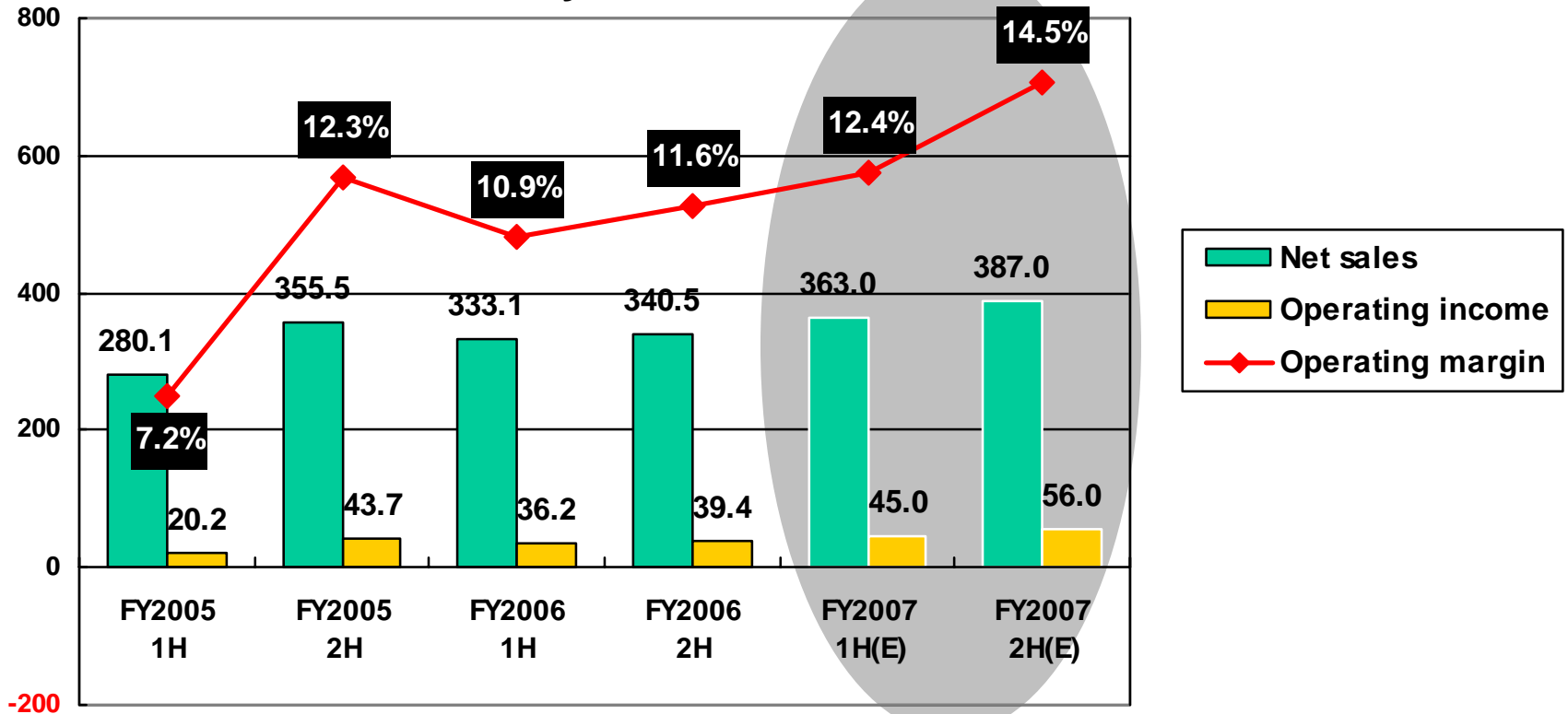
(Billions of Yen)



Projected Net Sales and Operating Margin

(Billions of Yen)

On a half -year basis



FY2007 Financial Estimates

Projected Net Sales by Division



SPE Division

(Semiconductor Production Equipment)

FPD Division

(FPD Production Equipment)

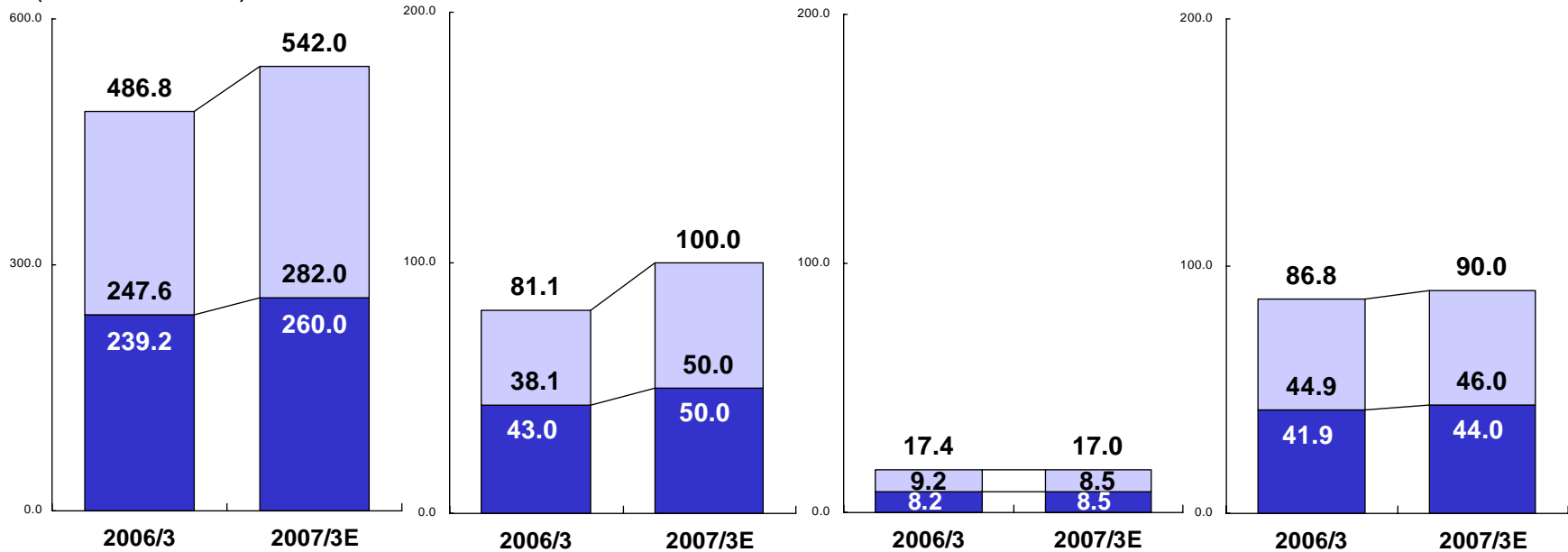
CN Division

(Computer Network)

EC Division

(Electronic Components)

(Billions of Yen)



YoY change +11%

+23%

-3%

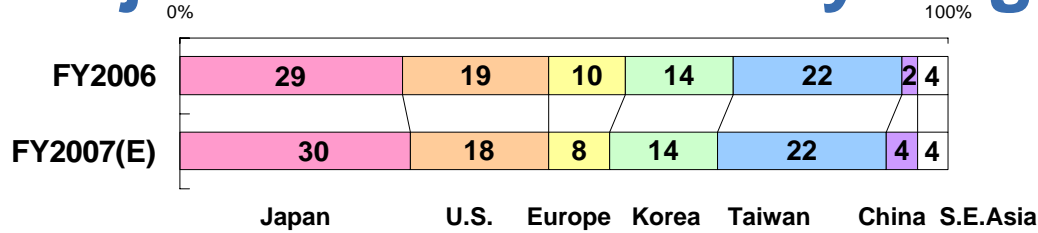
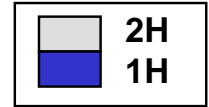
+4%

In addition to the above 4 divisions, there is "Others" division. (2006/3: ¥1.2bn, 2007/3E: ¥1.0bn)



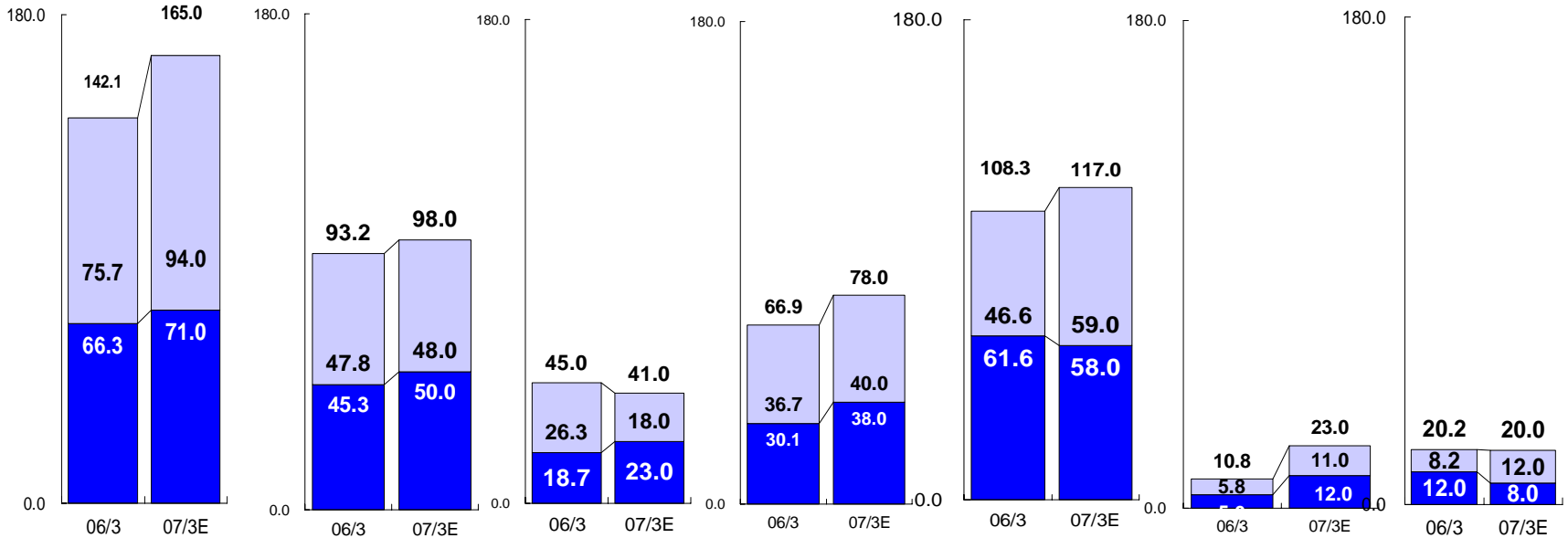
FY2007 Financial Estimates

Projected SPE Sales by Region



FY2006 486.8 bn
FY2007(E) 542.0 bn

(Billions of Yen)

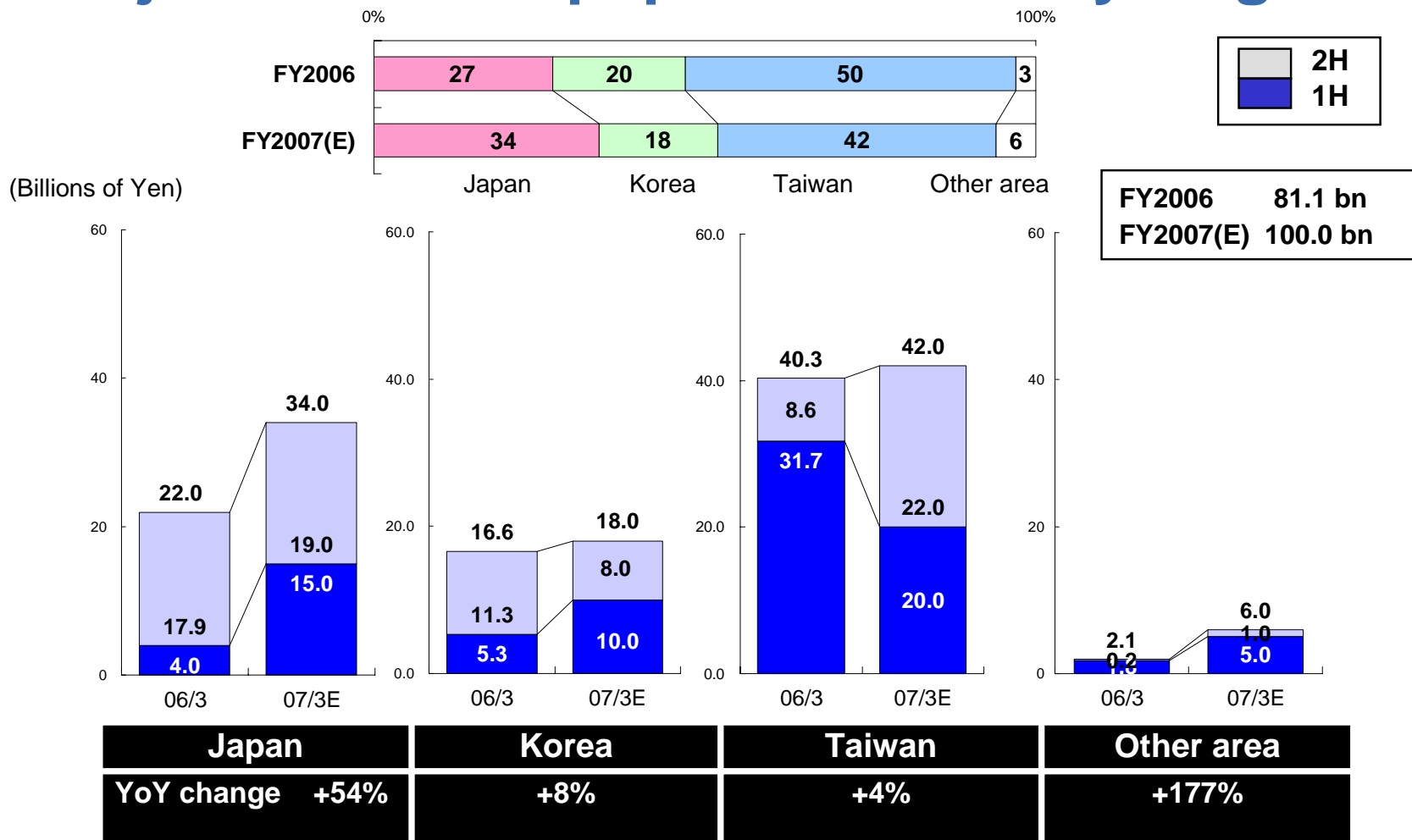


| Japan | U.S. | Europe | Korea | Taiwan | China | S.E.Asia |
|-----------------|------|--------|-------|--------|-------|----------|
| YoY change +16% | +5% | -9% | +17% | +8% | +112% | - 1% |



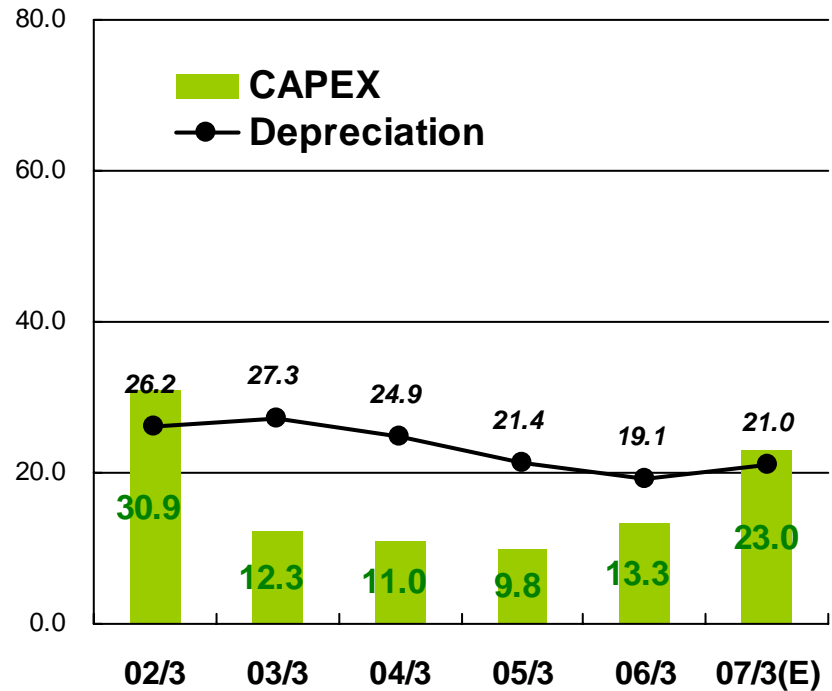
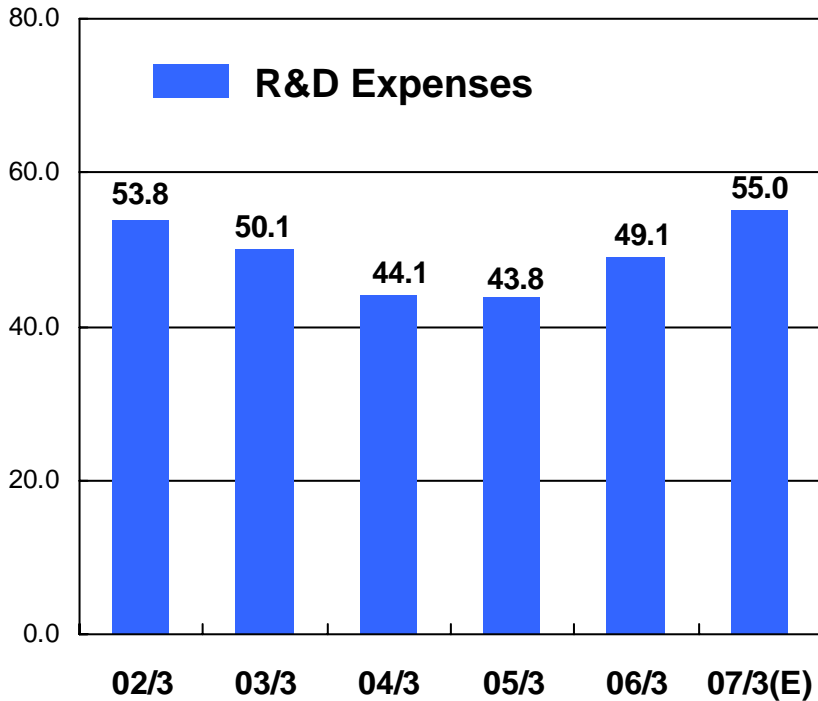
FY2007 Financial Estimates

Projected FPD Equipment Sales by Region



Projected R&D Expenses and Capital Expenditures

(Billions of Yen)



Building the Foundations of the Future: New Companies and Organizational Reform

1. New Post-sales company in Korea

Company name: Tokyo Electron Korea Solution Limited

Established: February 2006

Purpose: Strengthen Post-sales in Korea

2. New U.S. venture capital company

Company name: TEL Venture Capital, Inc.

Established: July 2006 (planned)

Purpose: Discover, evaluate and activate promising new technologies

3. Transfer computer network business to Tokyo Electron Device

Date: October 2006 (Planned)

Purpose: Raise operational efficiency by integrating trading company
type businesses



Fiscal Year ending March 2007



Targeting record sales and record net income



Accelerate new product development, target further growth