

Non-consolidated Financial Review for the Year Ended March 31, 2006

| | |
|-----------------------------------|--|
| Company name: |  TOKYO ELECTRON LIMITED |
| Headquarters address: | 3-6 Akasaka 5-chome, Minato-ku, Tokyo 107-8481 Japan |
| Telephone number: | (03) 5561-7000 |
| URL: | http://www.tel.com |
| Stock exchange listing: | Tokyo Stock Exchange 1st Section |
| Code number: | 8035 |
| Representative: | Kiyoshi Sato, President & COO |
| Person-in-charge: | Yukio Saeki, Director, Accounting Department |
| Board of Directors Meeting: | May 12, 2006 |
| General Shareholders Meeting: | June 23, 2006 |
| Declaration of interim dividends: | Yes |
| Date of interim dividend payment: | June 26, 2006 |
| Number of shares per unit: | 100 shares |

For reference only: The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.

1. Financial highlights for the year ended March 31, 2006 (4/1/05 - 3/31/06)

Note: All figures are rounded down to the nearest million yen.

(1) Operating results

| | Net sales | | Operating income | | Ordinary income | |
|--------------------|-----------------|------|------------------|------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Year ended 3/31/06 | 572,019 | 6.6 | 37,861 | 34.6 | 44,836 | 34.9 |
| Year ended 3/31/05 | 536,711 | 23.7 | 28,118 | - | 33,227 | 300.6 |

| | Net income | | Net income per share | Fully diluted net income per share | Return on equity | Ordinary income to total assets | Ordinary income to net sales |
|--------------------|-----------------|--------|----------------------|------------------------------------|------------------|---------------------------------|------------------------------|
| | Millions of yen | % | Yen | Yen | % | % | % |
| Year ended 3/31/06 | 29,256 | (13.5) | 163.02 | 162.84 | 10.7 | 8.2 | 7.8 |
| Year ended 3/31/05 | 33,805 | 794.8 | 188.51 | 188.46 | 13.6 | 6.3 | 6.2 |

Notes:

- Average number of shares of common stock issued:
 - Year ended 3/31/06: 178,145,523 shares
 - Year ended 3/31/05: 178,252,161 shares
- Changes in accounting methods: None
- Percentages for net sales, operating income, ordinary income and net income indicated changes from the previous term.

(2) Cash dividends

| | Annual dividends per share | | | Total dividends paid | Payout ratio | Annual dividends to shareholders' equity |
|--------------------|----------------------------|----------|-------------|----------------------|--------------|--|
| | Interim | F.Y. end | (Full year) | | | |
| | Yen | Yen | Yen | Millions of yen | % | % |
| Year ended 3/31/06 | 55.00 | 25.00 | 30.00 | 9,801 | 33.7 | 3.4 |
| Year ended 3/31/05 | 45.00 | 15.00 | 30.00 | 8,013 | 23.9 | 3.0 |

(3) Financial position

| | Total assets | Shareholders' equity | Equity ratio | Shareholders' equity per share |
|--------------------|-----------------|----------------------|--------------|--------------------------------|
| | Millions of yen | Millions of yen | % | Yen |
| Year ended 3/31/06 | 543,082 | 285,357 | 52.5 | 1,599.46 |
| Year ended 3/31/05 | 555,987 | 262,814 | 47.3 | 1,474.67 |

Notes:

1. Number of shares of common stock issued as of:

| | |
|----------------|--------------------|
| March 31, 2006 | 178,274,436 shares |
| March 31, 2005 | 178,081,239 shares |

2. Number of shares of treasury stock as of:

| | |
|----------------|------------------|
| March 31, 2006 | 2,336,475 shares |
| March 31, 2005 | 2,529,672 shares |

2. Corporate estimates for the year ending March 31, 2007 (4/1/06 - 3/31/07)

| | Net sales | Ordinary income | Net income | Annual cash dividends per share | | |
|---------------------------|-----------------|-----------------|-----------------|---------------------------------|----------|-------|
| | | | | Interim | F.Y. end | |
| | Millions of yen | Millions of yen | Millions of yen | Yen | Yen | Yen |
| Six months ending 9/30/06 | 304,000 | 24,000 | 15,000 | 32.00 | - | - |
| Year ending 3/31/07 | 630,000 | 54,000 | 34,000 | - | 40.00 | 72.00 |

For reference: Estimate of net income per share for the year ending March 31, 2007: 190.72 yen

Note:

The performance forecasts and estimates stated in this financial review are based on certain assumptions judged to be reasonable at the present time in light of information currently available concerning economic conditions in Japan and overseas, fluctuations in foreign exchange rates, and other factors that may have an impact on performance.

They are therefore susceptible to the impact of many uncertainties, including market conditions, competition, the launching of new products and their success or failure, and global conditions in the semiconductor production equipment business. Consequently, actual sales and profits may differ substantially from the projections stated in this financial review.

Non-consolidated Balance Sheet

(Millions of yen)

| | As of March 31, 2006 | | As of March 31, 2005 | | Increase (decrease) | |
|-------------------------------------|-------------------------|----------------------|-------------------------|----------------------|------------------------|-------|
| | Amount | Compo- sition (%) | Amount | Compo- sition (%) | Amount | (%) |
| (Assets) | | | | | | |
| Current Assets | 450,711 | 83.0 | 463,014 | 83.3 | (12,303) | (2.7) |
| Cash and cash equivalents | 126,436 | | 101,434 | | 25,001 | |
| Trade notes | 689 | | 1,527 | | (838) | |
| Accounts receivable - trade | 143,683 | | 148,275 | | (4,591) | |
| Inventories | 74,370 | | 89,551 | | (15,180) | |
| Supplies | 86 | | 93 | | (6) | |
| Advances paid | 470 | | 420 | | 50 | |
| Prepaid expenses | 2,386 | | 4,397 | | (2,011) | |
| Deferred income taxes | 9,390 | | 10,013 | | (623) | |
| Short-term loans | 67,191 | | 83,463 | | (16,272) | |
| Accounts receivable - others | 11,125 | | 3,641 | | 7,484 | |
| Prepaid consumption taxes | 11,196 | | 15,247 | | (4,051) | |
| Others | 3,751 | | 5,010 | | (1,259) | |
| Allowance for doubtful accounts | (69) | | (63) | | (6) | |
| Long-term Assets | 92,371 | 17.0 | 92,972 | 16.7 | (600) | (0.6) |
| Tangible fixed assets | 28,800 | 5.3 | 29,714 | 5.3 | (914) | (3.1) |
| Buildings | 8,935 | | 9,379 | | (443) | |
| Structures | 162 | | 182 | | (20) | |
| Machinery and equipment | 2,848 | | 3,672 | | (823) | |
| Vehicles and carriers | 15 | | 8 | | 7 | |
| Tools, furniture and fixtures | 2,221 | | 1,486 | | 734 | |
| Land | 14,496 | | 14,842 | | (345) | |
| Construction in progress | 121 | | 143 | | (22) | |
| Intangible fixed assets | 6,717 | 1.2 | 6,760 | 1.2 | (42) | (0.6) |
| Patent rights | 3,134 | | 2,873 | | 260 | |
| Software | 3,079 | | 3,686 | | (606) | |
| Telephone rights and others | 53 | | 53 | | - | |
| Others | 449 | | 146 | | 303 | |
| Investments and other assets | 56,853 | 10.5 | 56,497 | 10.2 | 355 | 0.6 |
| Investment securities | 11,188 | | 7,440 | | 3,747 | |
| Investments in subsidiaries | 39,235 | | 39,994 | | (759) | |
| Long-term loans to subsidiaries | 224 | | 721 | | (497) | |
| Long-term prepaid expenses | 559 | | 643 | | (84) | |
| Deferred income taxes | 2,439 | | 4,023 | | (1,583) | |
| Long-term deposits | 1,981 | | 2,069 | | (88) | |
| Others | 1,591 | | 1,962 | | (370) | |
| Allowance for doubtful accounts | (365) | | (358) | | (7) | |
| Total Assets | 543,082 | 100.0 | 555,987 | 100.0 | (12,904) | (2.3) |

Non-consolidated Balance Sheet

(Millions of yen)

| | As of March 31, 2006 | | As of March 31, 2005 | | Increase (decrease) | |
|---|-------------------------|----------------------|-------------------------|----------------------|------------------------|---------------|
| | Amount | Compo- sition (%) | Amount | Compo- sition (%) | Amount | (%) |
| (Liabilities) | | | | | | |
| Current liabilities | 204,250 | 37.6 | 215,129 | 38.7 | (10,879) | (5.1) |
| Accounts payable - trade | 93,817 | | 92,346 | | 1,471 | |
| Short-term borrowings | - | | 394 | | (394) | |
| Bonds due within 1 year | 24,500 | | 30,000 | | (5,500) | |
| Accounts payable - other | 19,565 | | 22,709 | | (3,144) | |
| Accrued expenses | 311 | | 398 | | (86) | |
| Income taxes payable | 18,032 | | 870 | | 17,162 | |
| Customer advances | 24,661 | | 42,814 | | (18,152) | |
| Deposits received | 7,652 | | 6,812 | | 839 | |
| Accrued employees' bonuses | 1,983 | | 1,561 | | 422 | |
| Accrued warranty expenses | 12,015 | | 15,505 | | (3,490) | |
| Provision for loss resulting from lawsuits | - | | 73 | | (73) | |
| Stock purchase warrant | 1,013 | | 1,043 | | (29) | |
| Others | 696 | | 601 | | 94 | |
| Long-term liabilities | 53,475 | 9.9 | 78,043 | 14.0 | (24,568) | (31.5) |
| Straight bonds | 35,500 | | 60,000 | | (24,500) | |
| Accrued pension and severance benefits | 10,772 | | 9,972 | | 799 | |
| Accrued pension and severance benefits for directors | 457 | | 465 | | (7) | |
| Allowance for losses on investments in subsidiaries | 6,303 | | 7,604 | | (1,300) | |
| Deposits received for guarantees | 0 | | 0 | | - | |
| Other long-term liabilities | 440 | | - | | 440 | |
| Total Liabilities | 257,725 | 47.5 | 293,172 | 52.7 | (35,447) | (12.1) |
| (Shareholders' equity) | | | | | | |
| Common stock | 54,961 | 10.1 | 54,961 | 9.9 | - | - |
| Capital surplus | 78,078 | 14.4 | 78,023 | 14.0 | 55 | 0.1 |
| Additional paid in capital | 78,023 | | 78,023 | | - | |
| Other capital surplus | 55 | | - | | 55 | |
| Gain on treasury stock disposition | 55 | | - | | 55 | |
| Retained earnings | 163,237 | 30.0 | 143,980 | 25.9 | 19,256 | 13.4 |
| Legal reserve | 5,660 | | 5,660 | | - | |
| Voluntary reserves | 125,962 | | 105,752 | | 20,209 | |
| Reserve for special depreciation | 1,462 | | 1,252 | | 209 | |
| Other retained earnings | 124,500 | | 104,500 | | 20,000 | |
| Unappropriated retained profits (losses) | 31,614 | | 32,568 | | (953) | |
| Revaluation of investment in securities | 4,197 | 0.8 | 1,891 | 0.4 | 2,305 | 121.9 |
| Treasury stock, at cost | (15,116) | (2.8) | (16,042) | (2.9) | 925 | (5.8) |
| Total shareholders' equity | 285,357 | 52.5 | 262,814 | 47.3 | 22,543 | 8.6 |
| Total liabilities and shareholders' equity | 543,082 | 100.0 | 555,987 | 100.0 | (12,904) | (2.3) |

Non-consolidated Statement of Income

(Millions of yen)

| | Year ended March 31, 2006 | | Year ended March 31, 2005 | | Increase (decrease) | |
|---|------------------------------|-----------------------|------------------------------|-----------------------|------------------------|--------|
| | Amount | Ratio to net sales | Amount | Ratio to net sales | Amount | (%) |
| Net sales | 572,019 | 100.0 | 536,711 | 100.0 | 35,308 | 6.6 |
| Cost of sales | 488,641 | 85.4 | 462,631 | 86.2 | 26,010 | 5.6 |
| Gross profit | 83,378 | 14.6 | 74,080 | 13.8 | 9,297 | 12.6 |
| Selling, general & administrative expenses | 45,516 | 8.0 | 45,961 | 8.6 | (444) | (1.0) |
| Operating income | 37,861 | 6.6 | 28,118 | 5.2 | 9,742 | 34.6 |
| Non-operating income | | | | | | |
| Interest income | 804 | | 590 | | | |
| Dividend income | 5,862 | | 3,299 | | | |
| Rent revenue | 1,596 | | 2,594 | | | |
| Miscellaneous income | 1,121 | | 1,600 | | | |
| Non-operating expenses | | | | | | |
| Interest expenses | 27 | | 68 | | | |
| Bond interest | 567 | | 894 | | | |
| Rent expenses | 896 | | 1,485 | | | |
| Foreign currency translation loss | 839 | | 364 | | | |
| Miscellaneous expenses | 78 | | 162 | | | |
| Ordinary income | 44,836 | 7.8 | 33,227 | 6.2 | 11,609 | 34.9 |
| Unusual or infrequent profit | | | | | | |
| Gain on prior year adjustment | 855 | | - | | | |
| Reversal of allowance for doubtful accounts | 1 | | 1,417 | | | |
| Reversal of losses on investments in subsidiaries | 773 | | - | | | |
| Gain on sale of fixed assets | 81 | | 151 | | | |
| Gain on sale of investment in subsidiary | 94 | | - | | | |
| Gain on return of substitutional portion of employees' pension fund | - | | 2,026 | | | |
| Unusual or infrequent loss | | | | | | |
| Provision for allowance for doubtful accounts | 16 | | 28 | | | |
| Loss on proceeds or disposal of fixed assets | 156 | | 653 | | | |
| Loss on impairment | 418 | | - | | | |
| Devaluation of investment in subsidiary | 402 | | - | | | |
| Loss on correction of prior period contracts | 286 | | - | | | |
| Loss on restructuring operations | 214 | | 228 | | | |
| Devaluation of investment securities | 94 | | 572 | | | |
| Accrued warranty expenses for previous fiscal years | - | | 11,608 | | | |
| Provision to reserve for losses on investments in subsidiaries | - | | 2,471 | | | |
| Loss on discontinued operations | - | | 2,454 | | | |
| Others | 12 | | 8 | | | |
| Income before income taxes | 45,040 | 7.9 | 18,796 | 3.5 | 26,243 | 139.6 |
| Provision for income taxes and enterprise taxes | 15,158 | 2.7 | 1,185 | 0.2 | 13,973 | - |
| Deferred income taxes | 624 | 0.1 | (16,194) | (3.0) | 16,819 | - |
| Net income | 29,256 | 5.1 | 33,805 | 6.3 | (4,549) | (13.5) |
| Profit carried forward | 6,811 | | 1,433 | | | |
| Interim dividends | 4,453 | | 2,671 | | | |
| Unappropriated retained earnings | 31,614 | | 32,568 | | | |

Proposal for Appropriation of Surplus

(Millions of yen)

| | Year ended March 31, 2006 | Year ended March 31, 2005 | Increase (decrease) |
|--|------------------------------|------------------------------|------------------------|
| | Amount | Amount | Amount |
| Unappropriated retained earnings | 31,614 | 32,568 | (953) |
| Reversal of voluntary retained earnings | | | |
| Reserve for special depreciation | 523 | 344 | 179 |
| Total | 32,138 | 32,912 | (774) |
| Appropriations | | | |
| Cash dividends | 5,348 | 5,342 | 5 |
| | [30 yen per share] | [30 yen per share] | |
| Bonuses to board members | 215 | 204 | 11 |
| Voluntary retained earnings | | | |
| Reserve for special depreciation | 396 | 554 | (157) |
| Other retained earnings | 18,000 | 20,000 | (2,000) |
| Retained earnings to be carried forward | 8,178 | 6,811 | 1,366 |

Notes:

- Interim cash dividends of 4,453 million yen (25 yen per share) were implemented on December 7, 2005.