

Pursuing Further Growth

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TEL: Achievements in 2006

**In a good business environment marked by strong semiconductor demand (in particular expansion of the memory chips market)
Tokyo Electron:**

- 1. Achieved timely market launch of high productivity new products**
- 2. Controlled increases in fixed costs**
- 3. Increased productivity**
- 4. Strengthened finances**
 - Reduced interest-bearing debt ratio**
 - Maintained positive operating cash flow despite sales expansion**



The Evolving Semiconductor Market

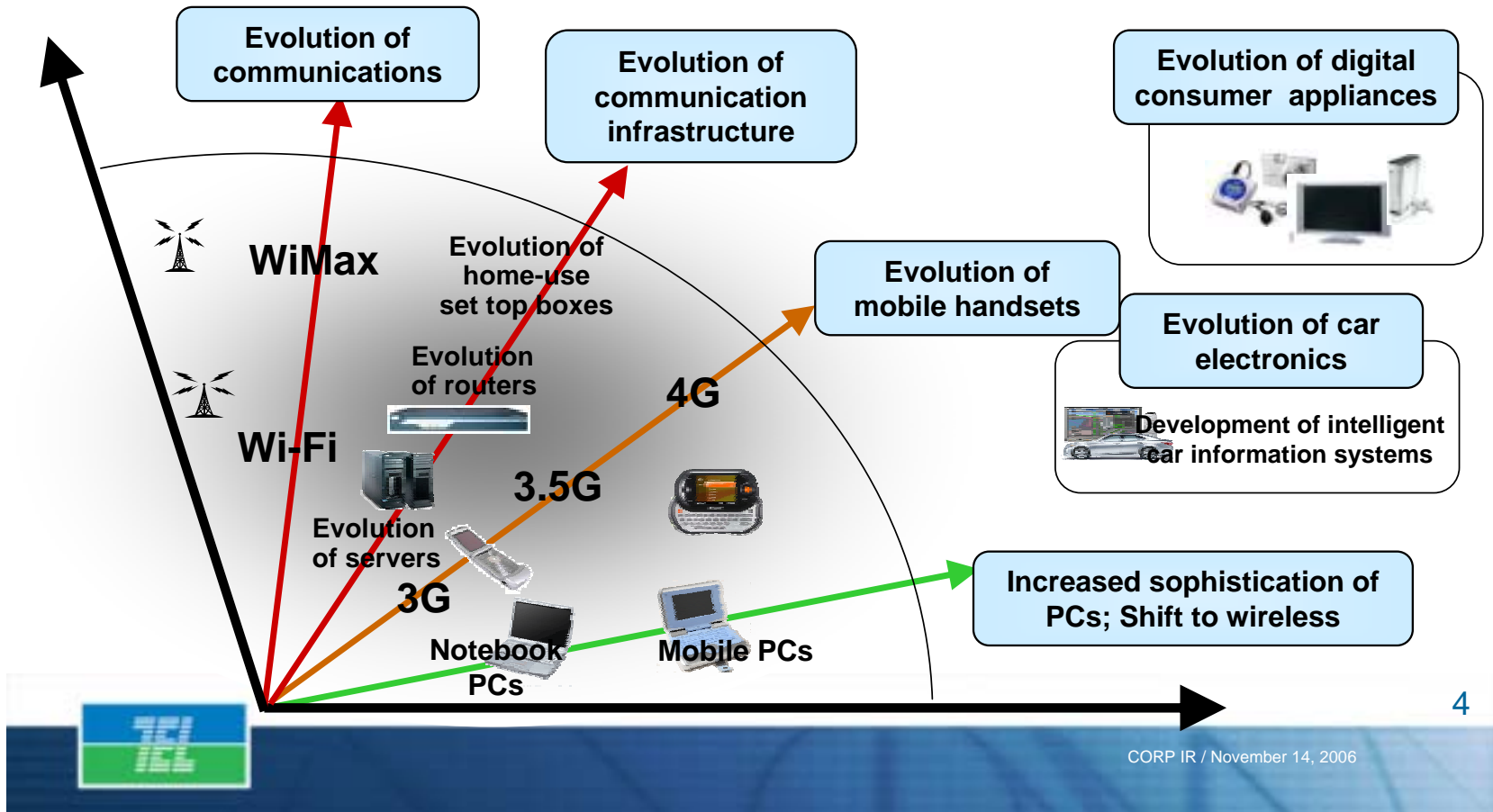
- Change in market drivers
 - Digital consumer products becoming core market driver
- New growth in the memory business
 - Escape from dependence on PCs
 - Digital consumer products now accepted as a memory medium so independent growth possible

These two new trends will stimulate market growth and shorten the silicon cycle

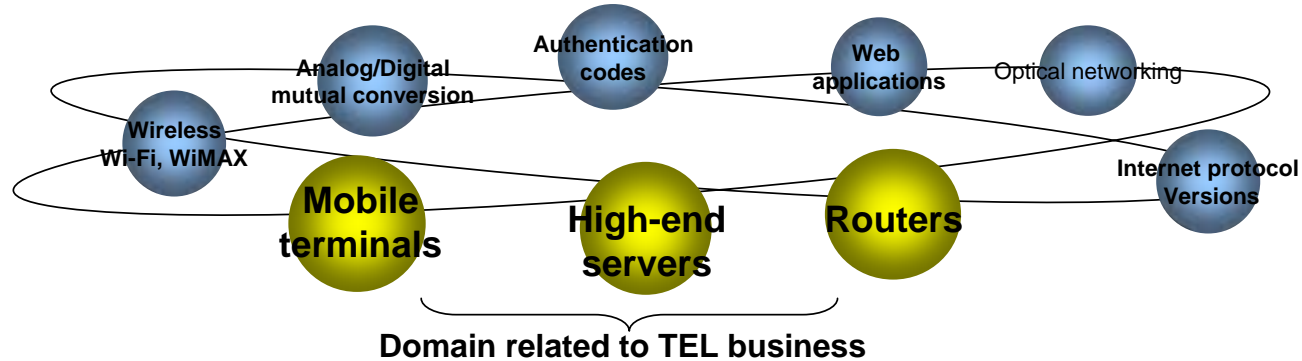


Shift to Wireless Broadband is Creating Major Increase in Semiconductor Demand

Semiconductor industry growth sustained by expansion of demand and technological innovation



Key Technologies in Wireless Broadband Area



Mobile phone

- Processor
- Mobile DRAM
- NAND Flash
- Wireless LAN



PC

- CPU
- DRAM
- NAND Flash
- Wireless LAN



Server

- CPU
- DRAM



Router

- DSP
- Processor

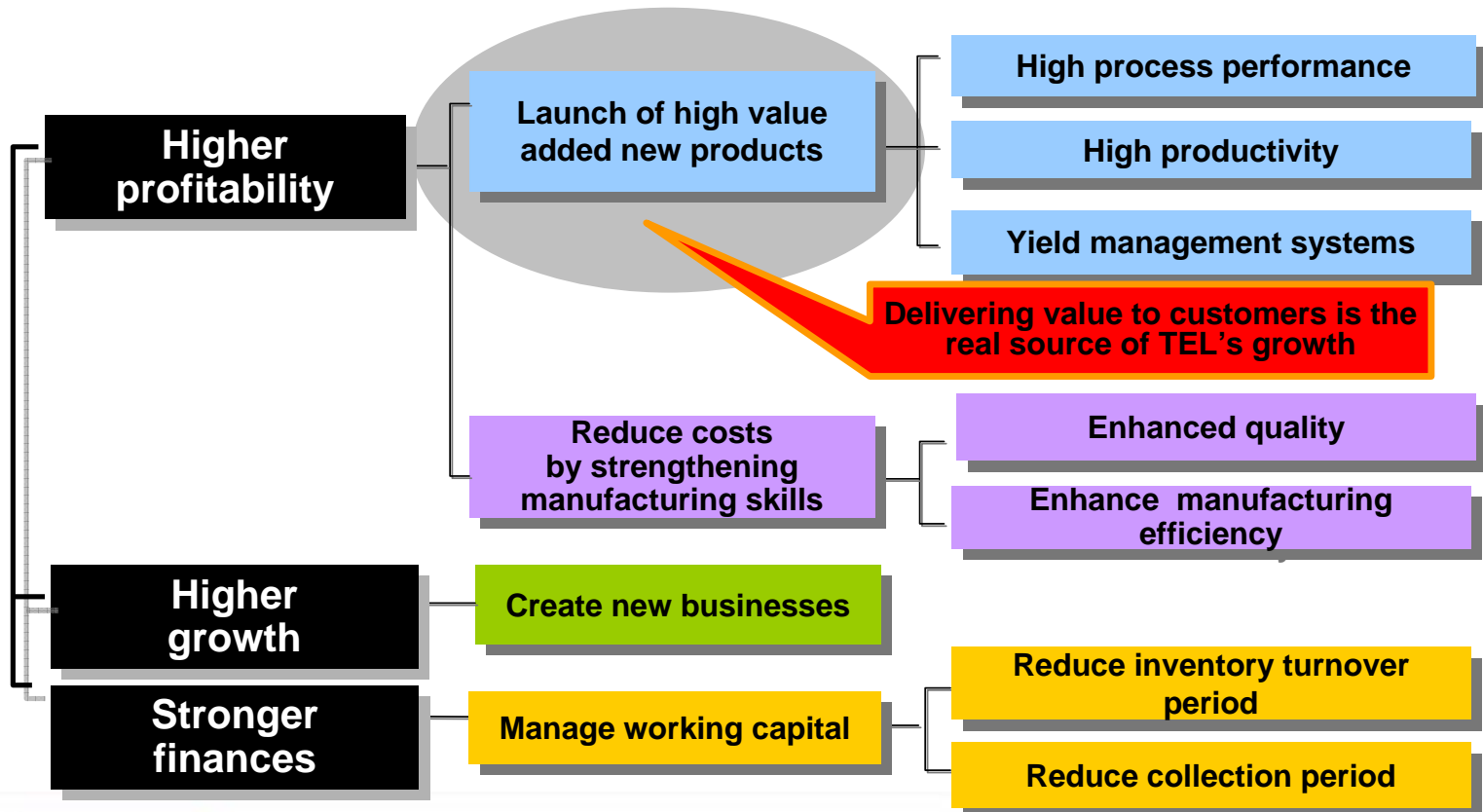
Requirements of semiconductor device:

Further shift to higher capacity, higher speed, lower energy consumption



TEL: Advancing to a New Stage of Growth

Focus on creating higher profitability, higher growth, stronger finances



TEL theme at SEMICON Japan 2006

Plan to release several new products

Innovative Spirit Geared for Growth



Pursuing cutting-edge technology, enhancing and optimizing productivity, introducing a product lineup that meets demand for a diverse array of complex devices



Summary

- Larger market of digital consumers and the memory business to shorten silicon cycle
- Medium- to long-term market growth driven by the shift to broadband wireless
- SPE manufacturers play a major role in growth of semiconductor demand and technological innovation, so sustained growth expected in the SPE market.
- TEL aims to exceed market growth by implementing its strategy for further growth and strong financial performance.

