

3Q FY2014 (April 1, 2013 – December 31, 2013)

Financial Announcement

Agenda:

- 3Q FY2014 Consolidated Financial Summary

Yoshiteru Harada, Corporate Director, Executive Officer

- Business Plan Review and FY2014 Financial Estimates

Tetsuro Higashi, Chairman, President & CEO

January 30, 2014



TOKYO ELECTRON

CORP IR/January 30, 2014



3Q FY2014 Consolidated Financial Summary

3Q FY2014: October 1, 2013 - December 31, 2013
FY2014 : April 1, 2013 - March 31, 2014

Yoshiteru Harada
Corporate Director, Executive Officer

January 30, 2014

Profit and Loss

(Billion Yen)

| | FY2014 | | | 1Q-3Q | | |
|-------------------------------|--------|-------|-------|-------|-------|-------------|
| | 1Q | 2Q | 3Q | FY14 | FY13 | YoY change |
| Net sales | 103.4 | 151.0 | 138.4 | 392.9 | 358.5 | +10% |
| Gross profit | 29.9 | 50.1 | 50.3 | 130.3 | 113.8 | +14% |
| Gross profit margin | 28.9% | 33.2% | 36.4% | 33.2% | 31.8% | |
| SG&A expenses | 39.5 | 42.3 | 41.2 | 123.1 | 108.5 | +13% |
| Operating income | -9.6 | 7.8 | 9.0 | 7.2 | 5.3 | +36% |
| Operating margin | -9.3% | 5.2% | 6.6% | 1.8% | 1.5% | |
| Income before income taxes | -9.8 | 9.5 | -37.2 | -37.5 | 9.3 | -46.8 B Yen |
| Net income | -2.9 | 5.4 | -38.0 | -35.6 | -0.9 | -34.6 B Yen |
| R&D expenses | 17.9 | 20.4 | 18.9 | 57.3 | 54.8 | +5% |
| Capital expenditures | 4.7 | 1.9 | 1.4 | 8.2 | 18.8 | -56% |
| Depreciation and amortization | 6.3 | 6.4 | 5.8 | 18.6 | 18.4 | +1% |

Recorded extraordinary loss of 45.7 billion yen in 3Q due to asset impairment

| | |
|----------------------------|---|
| (1) PVE business | Impairment loss to all of goodwill and fixed assets 32.6B yen |
| (2) TEL NEXX business | Impairment loss to goodwill and intangible assets 5.0B yen (asset value at 3Q end: 14.2B yen) |
| (3) Facility restructuring | Impairment loss to fixed assets 8.0B yen |

1. In principle, export sales of Tokyo Electron's mainstay semiconductor and FPD production equipment are denominated in yen. While some settlements are denominated in dollars, exchange risk is hedged as forward exchange contracts are made individually at the time of booking.

2. Profit ratios are calculated using full amounts, before rounding.

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Sales by Division

(Billion Yen)

| | FY2014 | | | | | | 1Q-3Q | | | | |
|--------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|------------|
| | 1Q | | 2Q | | 3Q | | FY14 | | FY13 | | YoY change |
| | Sales | Compo- sition | Sales | Compo- sition | Sales | Compo- sition | Sales | Compo- sition | Sales | Compo- sition | |
| SPE | 74.9 | 72% | 119.8 | 79% | 102.2 | 74% | 297.0 | 76% | 282.7 | 79% | +5% |
| FPD | 4.9 | 5% | 4.4 | 3% | 8.8 | 6% | 18.2 | 5% | 13.8 | 4% | +32% |
| PVE | 2.0 | 2% | 1.2 | 1% | 1.1 | 1% | 4.4 | 1% | 0.0 | 0% | --- |
| EC/CN | 21.4 | 21% | 25.3 | 17% | 26.0 | 19% | 72.8 | 18% | 61.5 | 17% | +18% |
| Others | 0.1 | 0% | 0.1 | 0% | 0.0 | 0% | 0.3 | 0% | 0.3 | 0% | +10% |
| Total | 103.4 | 100% | 151.0 | 100% | 138.4 | 100% | 392.9 | 100% | 358.5 | 100% | +10% |

SPE
(Semiconductor Production Equipment)

Continued healthy business environment. 3Q sales driven by memory.

FPD
(Flat Panel Display Production Equipment)

Led by sales to China. From 3Q signs of a recovery in sales of 8th generation equipment for large panels.

PVE
(Photovoltaic Panel Production Equipment)

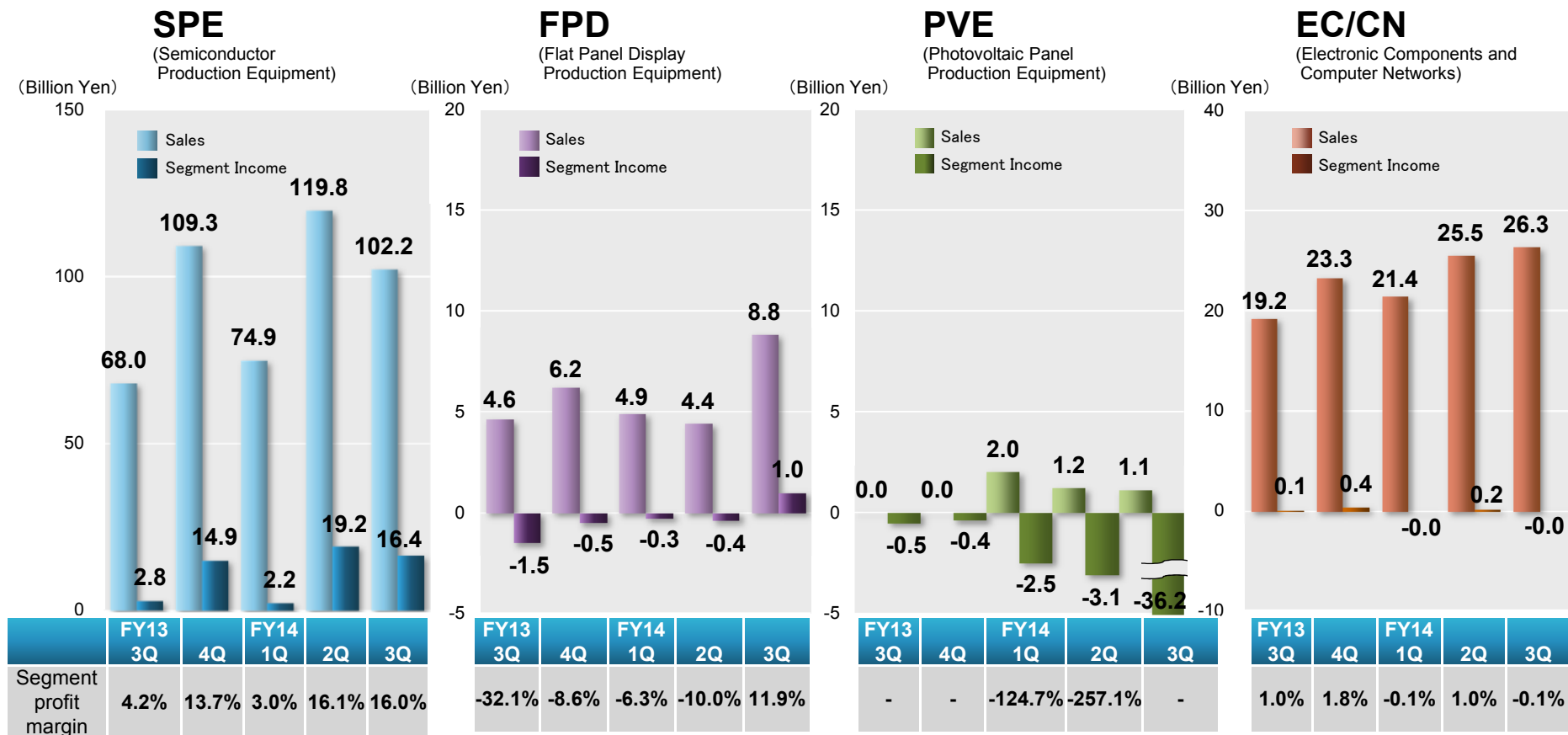
Continued tough business environment.

EC/CN
(Electronic Components and Computer Networks)

Increased sales mainly of general purpose ICs due to improved industrial equipment market.

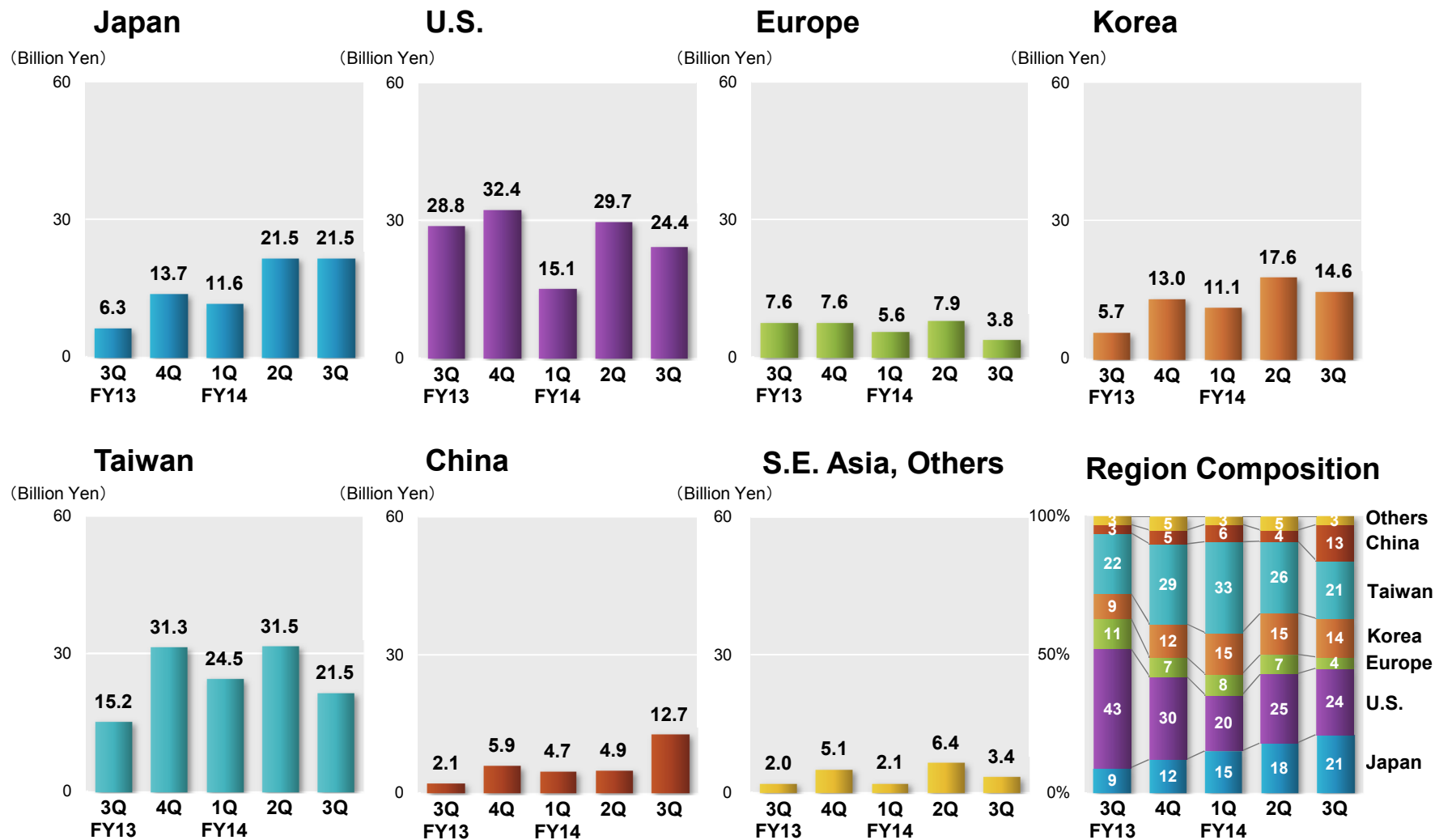
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Segment Information



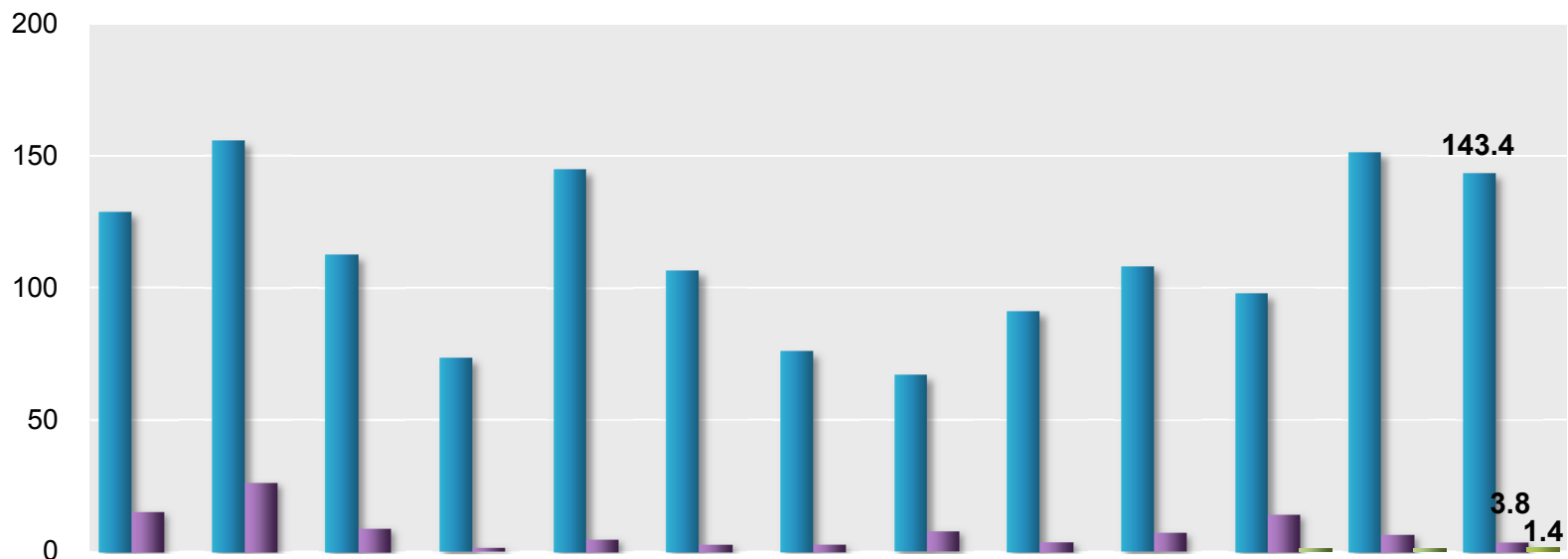
1. Formerly the FPD/PVE segment, FPD and PVE are disclosed separately from FY14/1Q. FY2013 figures have been retroactively reclassified.
2. Segment income is based on income before income taxes.
3. R&D expenses such as fundamental research and element research are not included in above reportable segments.

SPE Sales by Region



Orders, Order Backlog

(Billion Yen)

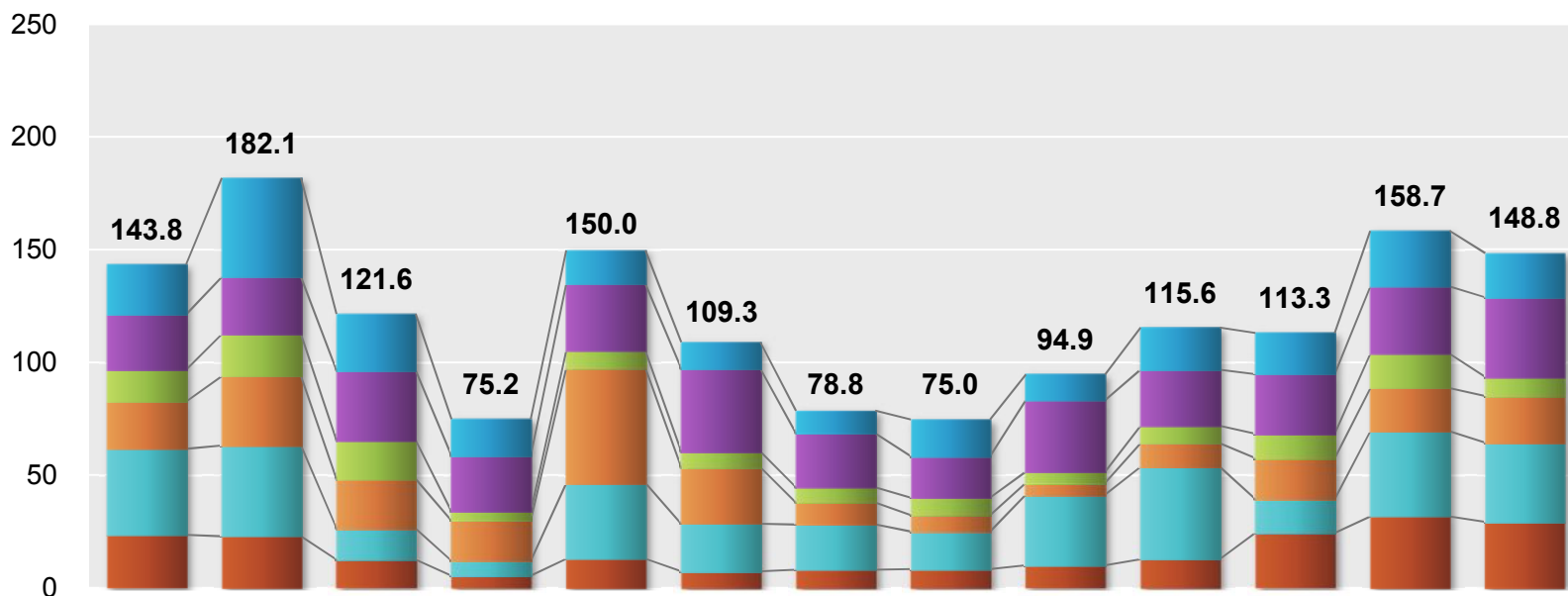


| | FY11 3Q | FY11 4Q | FY12 1Q | FY12 2Q | FY12 3Q | FY12 4Q | FY13 1Q | FY13 2Q | FY13 3Q | FY13 4Q | FY14 1Q | FY14 2Q | FY14 3Q |
|-------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| SPE Orders | 128.6 | 155.8 | 112.6 | 73.5 | 144.9 | 106.4 | 76.0 | 66.9 | 91.3 | 108.2 | 97.7 | 151.3 | 143.4 |
| FPD Orders | 15.2 | 26.3 | 8.9 | 1.7 | 5.0 | 2.8 | 2.7 | 8.0 | 3.6 | 7.3 | 14.4 | 6.3 | 3.8 |
| PVE Orders | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 1.1 | 1.1 | 1.4 |
| SPE Order backlog | 228.8 | 228.9 | 220.7 | 166.7 | 220.1 | 188.6 | 157.7 | 118.7 | 142.6 | 141.6 | 164.5 | 196.0 | 237.2 |
| FPD Order backlog | 51.0 | 65.4 | 61.8 | 39.4 | 27.8 | 14.2 | 12.2 | 15.8 | 14.8 | 16.0 | 25.5 | 27.4 | 22.5 |
| PVE Order backlog | | | | | | | 0.0 | - | 8.4 | 8.4 | 7.6 | 7.4 | 7.7 |

PVE orders and order backlog for and before FY12/4Q are shown together with FPD.

Orders by Region: SPE+FPD+PVE

(Billion Yen)

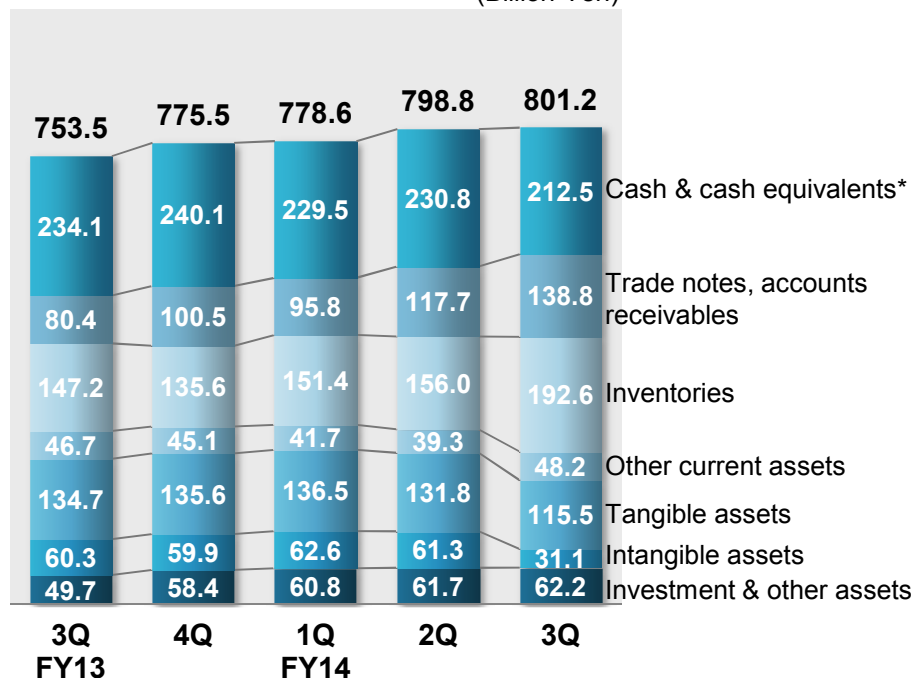


| | FY11 3Q | 4Q | FY12 1Q | 2Q | 3Q | 4Q | FY13 1Q | 2Q | 3Q | 4Q | FY14 1Q | 2Q | 3Q |
|-----------------------------|------------|------|------------|------|------|------|------------|------|------|------|------------|------|------|
| Japan | 22.2 | 43.9 | 25.0 | 16.3 | 14.9 | 11.7 | 10.0 | 16.3 | 11.5 | 18.7 | 18.3 | 24.7 | 19.6 |
| U.S. | 24.5 | 25.4 | 31.1 | 24.8 | 29.7 | 36.8 | 24.0 | 18.4 | 31.7 | 24.9 | 26.4 | 29.8 | 35.3 |
| Europe | 14.1 | 18.6 | 17.2 | 3.9 | 7.6 | 7.0 | 6.8 | 7.7 | 5.0 | 7.7 | 10.9 | 15.3 | 8.5 |
| Korea | 21.0 | 30.7 | 21.9 | 17.9 | 51.1 | 25.1 | 9.7 | 7.3 | 5.2 | 10.5 | 18.2 | 19.1 | 20.6 |
| Taiwan | 38.2 | 40.3 | 13.7 | 6.6 | 33.5 | 21.0 | 20.0 | 16.7 | 31.3 | 41.0 | 14.9 | 37.8 | 35.2 |
| China, S.E. Asia, Others | 23.5 | 22.9 | 12.5 | 5.4 | 12.9 | 7.4 | 8.1 | 8.3 | 10.0 | 12.7 | 24.4 | 31.7 | 29.3 |

Balance Sheet

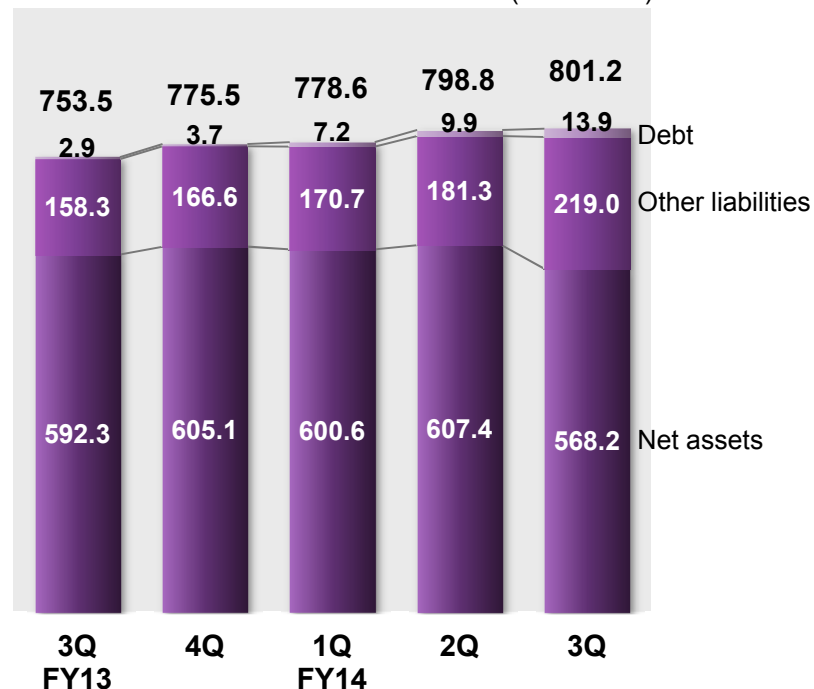
Assets

(Billion Yen)



Liabilities & Net Assets

(Billion Yen)



Primary changes from 2Q

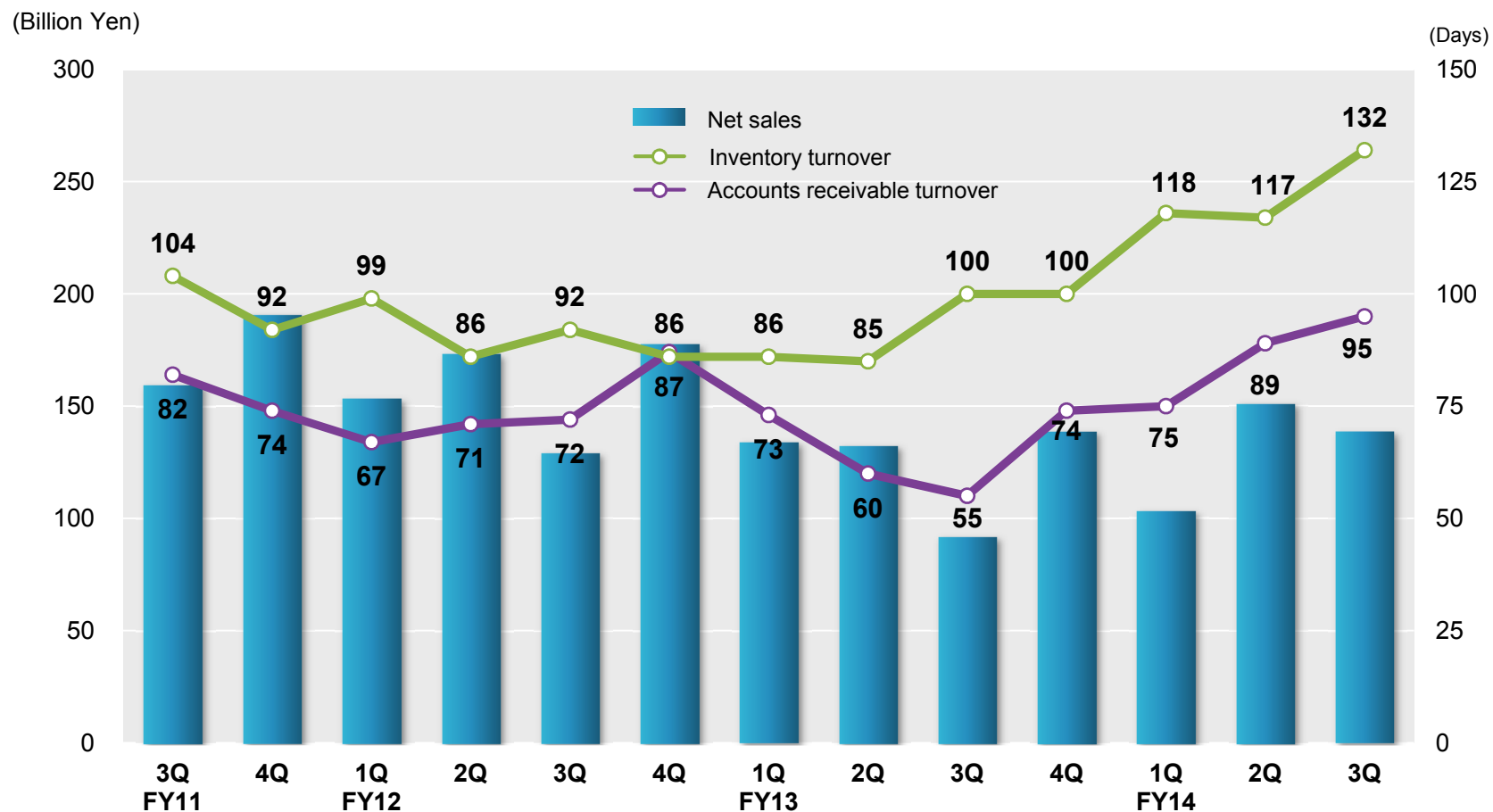
(Billion Yen)

| | | Change | Primary factors |
|-------------|-------------------|--------|--|
| Assets | Inventories | +36.6 | Increase in equipment shipped but set up/test not yet complete |
| | Tangible assets | -16.2 | Impairment loss: Facility restructuring -8.0, PVE -0.9 Depreciation -5.8 |
| | Intangible assets | -30.2 | Impairment loss: PVE -31.6, NEXX -5.0 |
| Liabilities | Other liabilities | +37.6 | Increase in customer advances +19.8 |
| | Net assets | -39.2 | Net loss -38.0, Interim dividend -4.4, Foreign currency translation adjustments +2.9 |

*Cash and cash equivalents: Cash and deposits + Short-term investments, etc. (Securities in B/S).

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Inventory Turnover and AR Turnover



Turnover days = Inventory or AR at the end of each quarter / last 12 months sales x 365

Cash Flow

| | FY2013 1Q-3Q | FY2014 1Q-3Q | (Billion Yen) |
|---|-----------------|-----------------|---------------|
| Cash flow from operating activities | 71.6 | -12.1 | |
| Income before income taxes | 9.3 | -37.5 | |
| Depreciation and amortization | 18.4 | 18.6 | |
| Impairment loss | 0.0 | 46.5 | |
| Increase/decrease in accounts receivable | 75.9 | -34.7 | |
| Increase/decrease in inventories | 6.8 | -53.3 | |
| Increase/decrease in accounts payable | -20.2 | 12.5 | |
| Income taxes paid | -5.2 | -0.5 | |
| Others | -13.4 | 36.3 | |
| Cash flow from investing activities | -150.4 | 16.7 | |
| Capital expenditures | -15.5 | -6.9 | |
| Cash paid for acquisitions | -56.1 | - | |
| Term deposits over 3 months | -80.0 | 25.4 | |
| Others | 1.3 | -1.6 | |
| Cash flow from financing activities | -11.3 | 0.2 | |
| Dividends paid | -9.3 | -9.1 | |
| Others | -2.0 | 9.3 | |
| Cash and cash equivalents at end of term | 65.3 | 83.1 | |
| Term deposits over 3 months at end of term (short-term investments, etc. included) | 168.8 | 129.3 | |
| Cash and deposits at end of term (short-term investments, etc. included) | 234.1 | 212.5 | |



Business Plan Review and FY2014 Financial Estimates

Tetsuro Higashi
Chairman, President & CEO

January 30, 2014

Business Environment

Business Environment

▶ SPE capex

CY2014 WFE market is forecast to rise 10% YoY.

Smartphone and tablet demand remains firm, and both memory and logic capex are expected to increase.

- DRAM: Strong demand for smartphones and tablets will continue to drive capex
- NAND: Increased investment for mobile devices and SSD
- Logic/Foundry: Increased investment in cutting edge 20/16nm logic

▶ FPD capex

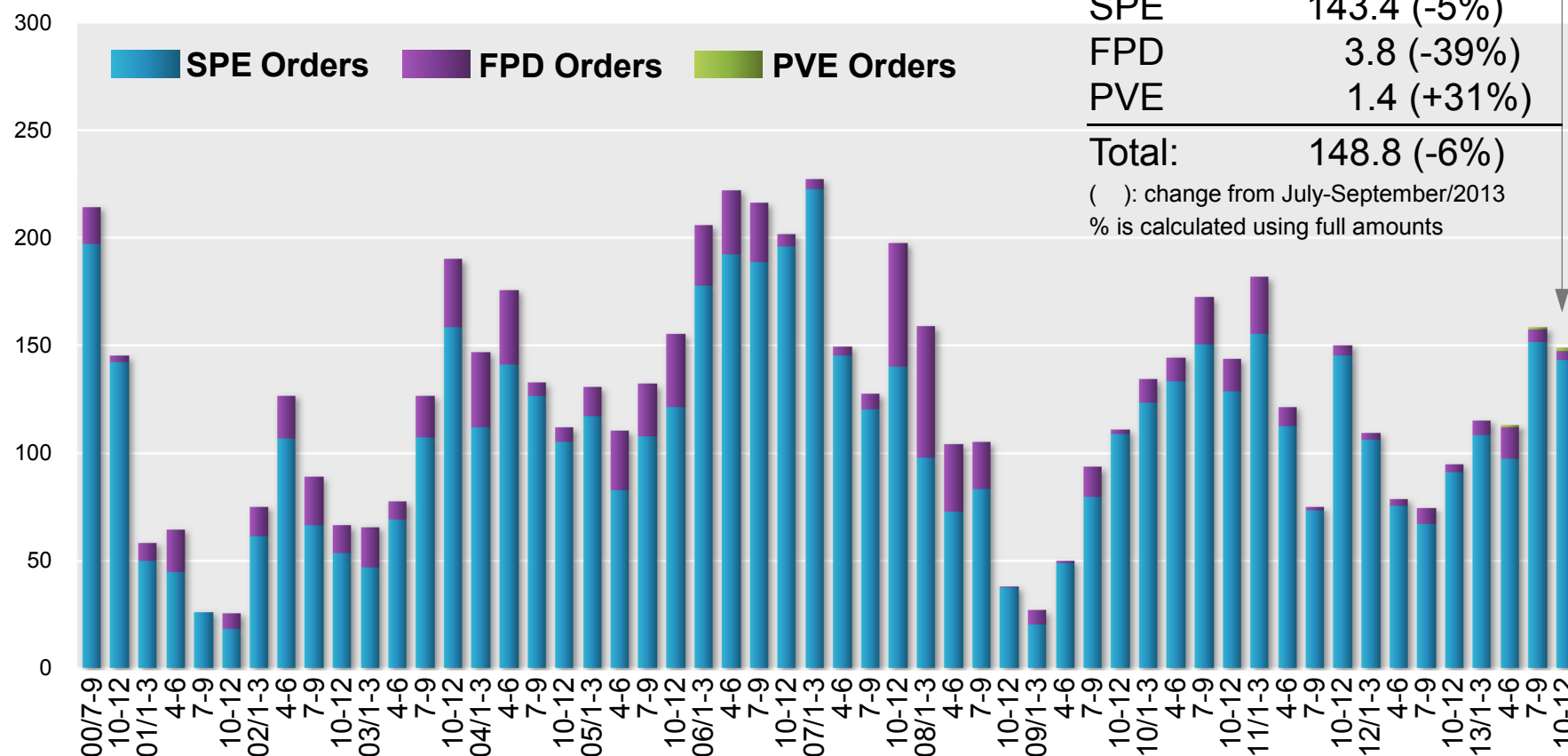
CY2014 equipment demand for LCD panels expected to increase by 20%+ in China, but overall demand broadly flat YoY. Also, OLED TV market expected to ramp up from 2016.

(Outlook as of January 2014)

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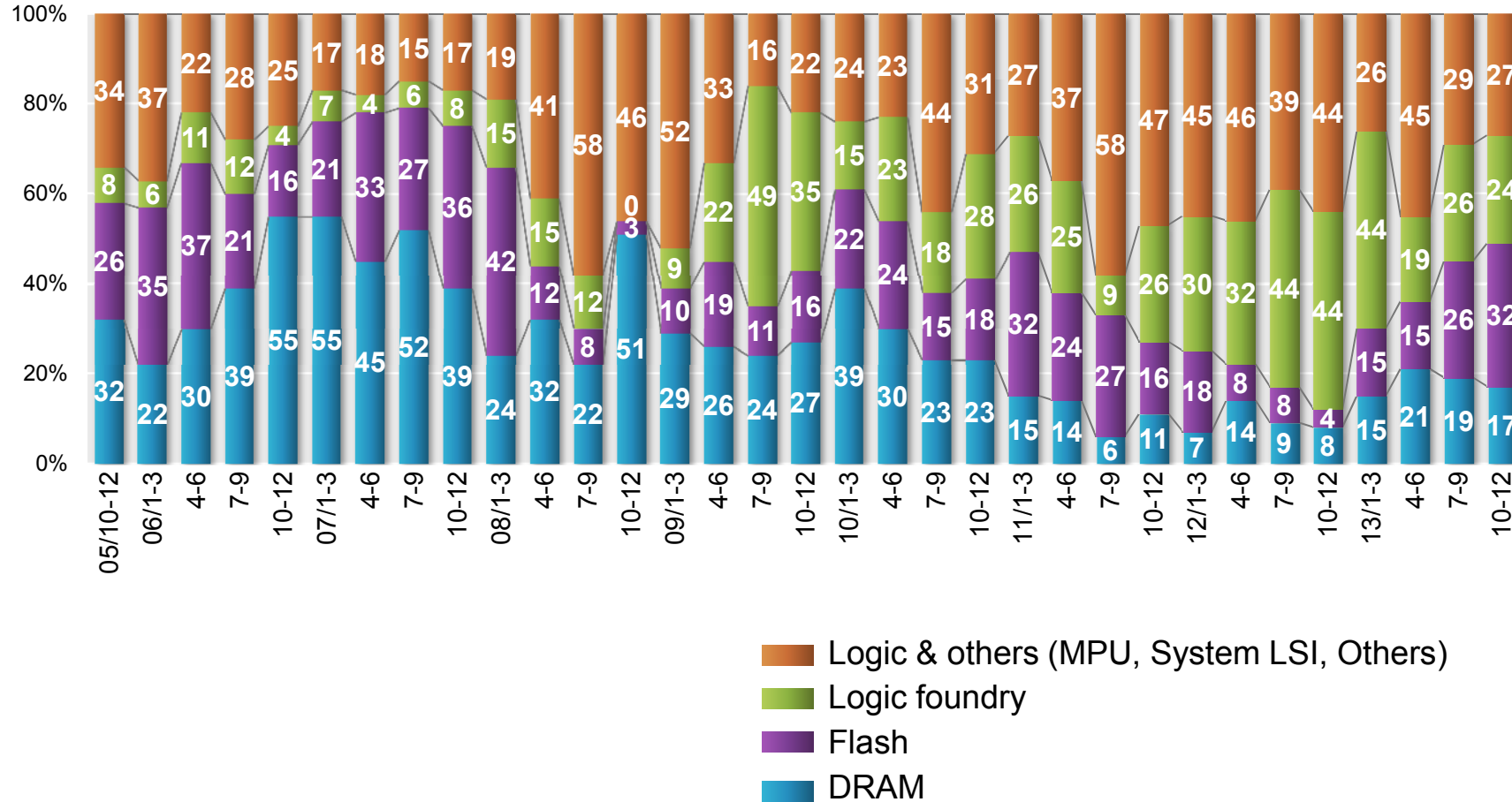
Quarterly Orders

(Billion Yen)



PVE orders for or before 2012/1-3 are included in FPD orders.

SPE Orders by Application: Equipment only



FY2014 Financial Estimates

(FY2014 : April 1, 2013 - March 31, 2014)



TOKYO ELECTRON

CORP IR/January 30, 2014



FY2014 Financial Estimates

(Unchanged from the estimates announced on December 18, 2013)

(Billion Yen)

| | FY2013 | FY2014 (E) | | | | | |
|----------------------------|--------|----------------------|----------------------|--------------|---------------|--------------|------------|
| | | 1 st half | 2 nd half | | Full year | | YoY change |
| | | Actual | New estimates | Adjustments* | New estimates | Adjustments* | |
| Net sales | 497.2 | 254.5 | 350.5 | - | 605.0 | - | +22% |
| SPE | 392.0 | 194.7 | 280.3 | - | 475.0 | - | +21% |
| FPD | 20.0 | 9.3 | 16.7 | - | 26.0 | - | +30% |
| PVE | 0.0 | 3.2 | 3.8 | - | 7.0 | - | - |
| EC/CN | 84.6 | 46.7 | 49.8 | - | 96.5 | - | +14% |
| Others | 0.4 | 0.2 | 0.3 | - | 0.5 | - | +12% |
| Operating income | 12.5 | -1.8 | 31.8 | - | 30.0 | - | +17.4 |
| Lower line: OP margin | 2.5% | -0.7% | 9.1% | - | 5.0% | - | +2.5pts |
| Income before income taxes | 17.7 | -0.3 | -14.6 | -46.9 | -15.0 | -46.9 | -32.7 |
| Net income | 6.0 | 2.4 | -24.4 | -45.0 | -22.0 | -45.0 | -28.0 |

*Adjustments: changes from the figures announced on October 23, 2013.

SPE: Semiconductor Production Equipment, FPD: Flat Panel Display Production Equipment, PVE: Photovoltaic Panel Production Equipment
EC/CN: Electronic Components and Computer Networks

Profit forecasts reduced due to extraordinary losses in PVE business, etc.

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Key Items of Financial Estimates

1. ¥45.7 billion of extraordinary losses recorded in 3Q
 - ¥32.6 billion of impairment loss to goodwill and fixed assets related to PVE business
 - ¥5.0 billion of impairment loss to goodwill and others related to TEL NEXX business
 - ¥8.0 billion of impairment loss to fixed assets associated with facility restructuring plan
2. Dividend forecast
 - Maintain annual dividend of ¥50 per share (interim ¥25, year-end ¥25)

Expect to reduce amortization and other expenses by approx. ¥6.6 billion (annualized) due to booking of extraordinary losses

Withdrawal from PVE Business

1. Reasons for withdrawal

- Amid a tough business environment we enhanced product competitiveness and reduced costs, but looking ahead cannot foresee adequate return on investment.

2. Outline of withdrawal

- Cease development, production, and sales as of end March 2014. Only continuing business will be support functions for supplied equipment.
- Employees to be reassigned within the group; employees of Swiss subsidiary to be reduced in line with business scale.

3. Effect on net income

- Recorded ¥32.6 billion of goodwill and fixed asset write-downs in 3Q.

Progress on Business Integration with Applied Materials (AMAT)

Progress on Merger with AMAT

1. Launched Integration Management Office (IMO) to rapidly achieve optimal post-merger operations
2. Will submit Form S-4 registration statement to U.S. Securities and Exchange Commission (SEC) regarding the merger
3. Requirements for completion of merger
 - Approval by the antitrust authorities in relevant countries
 - Approval by general meeting of shareholders of each company

Merger completion expected for the mid to the second half of 2014

Summary

1. CY2014 WFE market expected to grow 10% YonY.
Buoyant investment demand from memory and logic customers.
Grow profits by introducing products that meet technology shifts.
2. Decided to withdraw from PVE business. Aim to improve overall group profits.
3. Completion of merger with AMAT expected on schedule for the mid to the second half of 2014.

▶ **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/PV 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. Percentages are calculated using full amounts, before rounding.

▶ **Exchange Risk**

In principle, export sales of Tokyo Electron's mainstay semiconductor and FPD/PV production equipment are denominated in yen. While some settlements are denominated in dollars, exchange risk is hedged as forward exchange contracts are made individually at the time of booking. Accordingly, the effect of exchange rates on profits is negligible.

FPD/PV: Flat panel display/Photovoltaic panel

50 Years