
Revision of FY2012 Financial Estimates and Progress on Key Measures

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October 28, 2011



TOKYO ELECTRON

CORP IR/October 28, 2011

Business Environment Outlook as of Oct. 2011

▶ SPE capex

Due to a slowing world economy, recovery in the semiconductor market is being delayed and the scale of semiconductor capex is forecast to decline by around 10% this fiscal year in contrast to the forecast of 10% growth made at the start of the fiscal year. However, in 2012 uptake of cutting-edge 32/28nm process for new model Smartphones and tablets, and recovery of investment mainly by logic foundries is expected.

▶ FPD capex

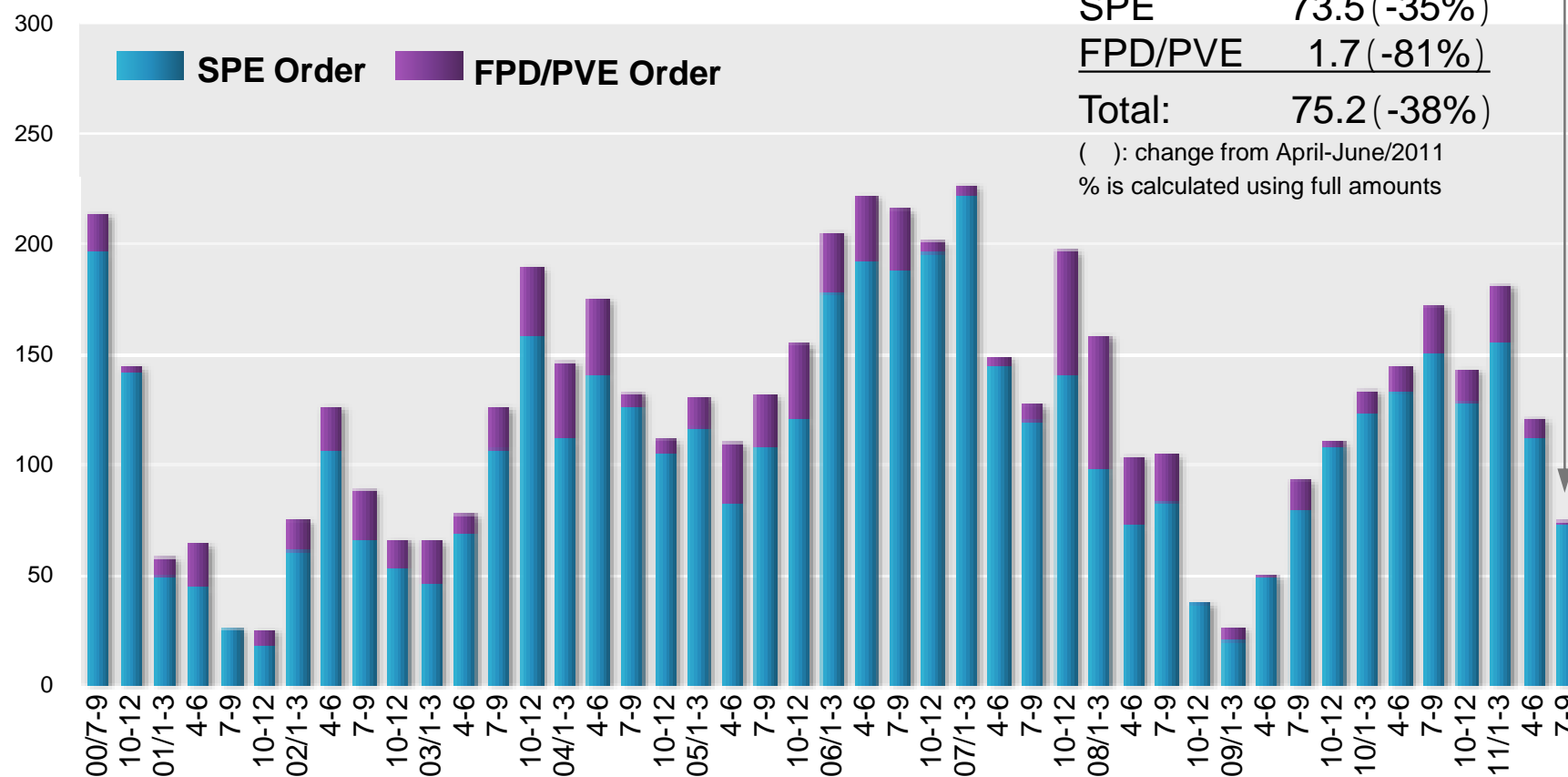
Large panel capex remains sluggish and although there is some expectation for growth in small- and medium-sized panel investment this will not be enough to raise overall FPD capex.

▶ PV capex

The market environment in solar energy is tough due to the downturn in the European economy which accounts for 70% of demand, and price competition from Chinese firms. In the medium-term growth expectations for thin film silicon are high but further cost and functionality improvements are necessary.

Quarterly Orders

(Billions of Yen)



July-September/2011

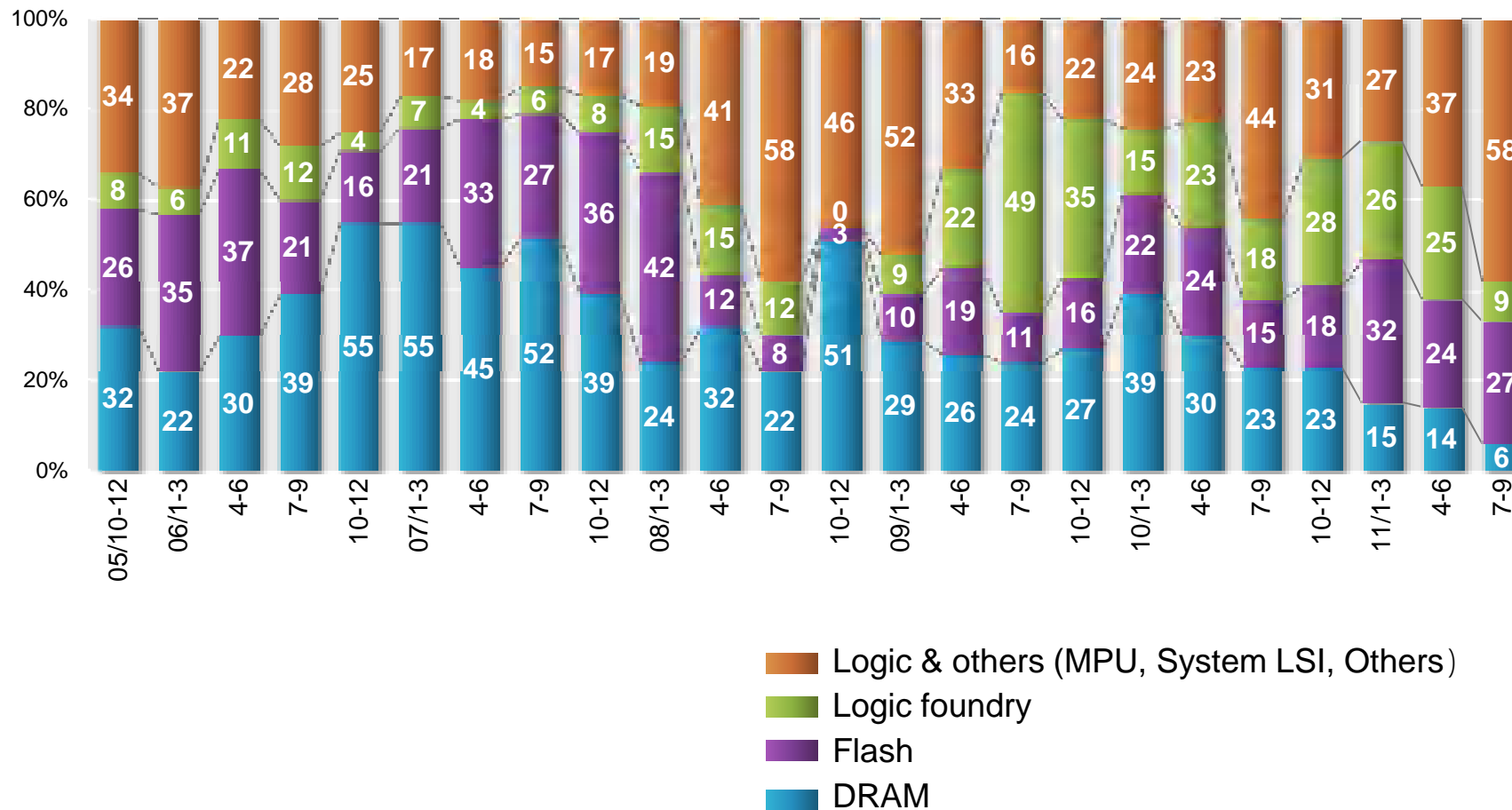
SPE 73.5 (-35%)

FPD/PVE 1.7 (-81%)

Total: 75.2 (-38%)

(): change from April-June/2011
% is calculated using full amounts

SPE Orders by Application: Equipment only



Revision of FY2012 Financial Estimates

(Billions of Yen)

	FY2011	FY2012					Change (b) - (a)
		1 st Half Estimates As of 5/13	2 nd Half		Full Year		
			Estimates as of 8/1	Revised	Estimates as of 8/1 (a)	Revised (b)	
Net Sales	668.7	326.3	305.0	303.7	640.0	630.0	-10.0
SPE	511.3	248.3	217.0	221.7	470.0	470.0	-
FPD/PVE	66.7	36.6	37.0	34.9	75.0	71.5	-3.5
EC/CN	90.2	41.0	51.0	47.0	95.0	88.0	-7.0
Others	0.4	0.2	-	0.3	-	0.5	+0.5
Operating income	97.8	36.8	15.0	20.2	50.0	57.0	+7.0
	14.6%	11.3%	4.9%	6.7%	7.8%	9.0%	+1.2pts
Income before income taxes	99.5	39.2	16.0	20.8	52.0	60.0	+8.0
Net income	71.9	26.6	11.0	13.4	34.0	40.0	+6.0
Dividends per share (Yen)	114	53	22	27	67	80	+13

SPE: Semiconductor Production Equipment

FPD/PVE: Flat Panel Display and Photovoltaic Cell Production Equipment

EC/CN: Electronic Components and Computer Networks

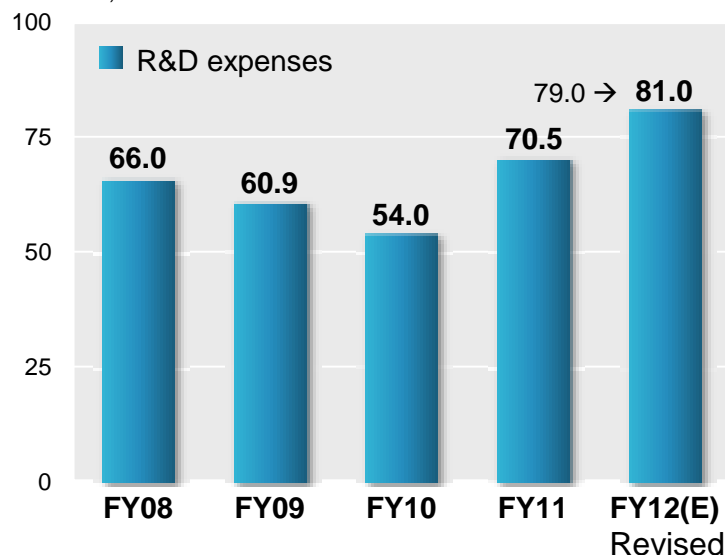
Sales affected by FPD market slowdown, but consolidated profit forecast revised up

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R&D Expenses and CAPEX

R&D Expenses

(Billions of Yen)

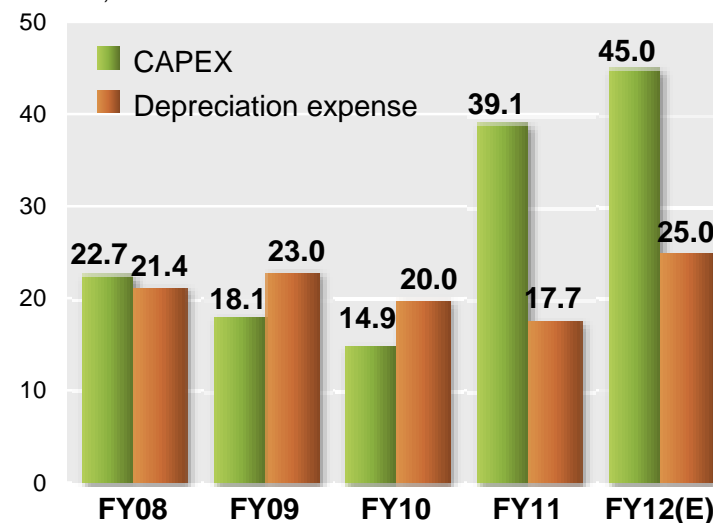


FY12(E) R&D details

- Existing business: around 60%
- New business field: around 40%
(RLSA application expansion, 3DI, OLED, Test, PV, etc)

CAPEX

(Billions of Yen)



FY12(E) CAPEX details

- New Miyagi plant
- New Kunshan (China) plant
- Process Technology Center (Korea)
- TEL Technology Center Tsukuba
- Equipment and measurement tools

Despite the tough environment, maintain a high level of investment for growth

Highlights

Etching systems

- Maintained dielectric etch share at high level, full-scale entry into poly silicon etch market
- Unified the Etching Systems and RLSA business units to provide best solutions to customers
- Miyagi Plant operation started from October 11
Enhanced product competitiveness through a unified framework from development to production

Cleaning systems

- Three new product launches (CELLESTA™-i, EXPEDIUS™-i, NS300+HT)
- Increased demand for dry cleaning system (Certas WING)

Single wafer deposition systems

- Our High-k metal gate CVD system has been selected for high volume production

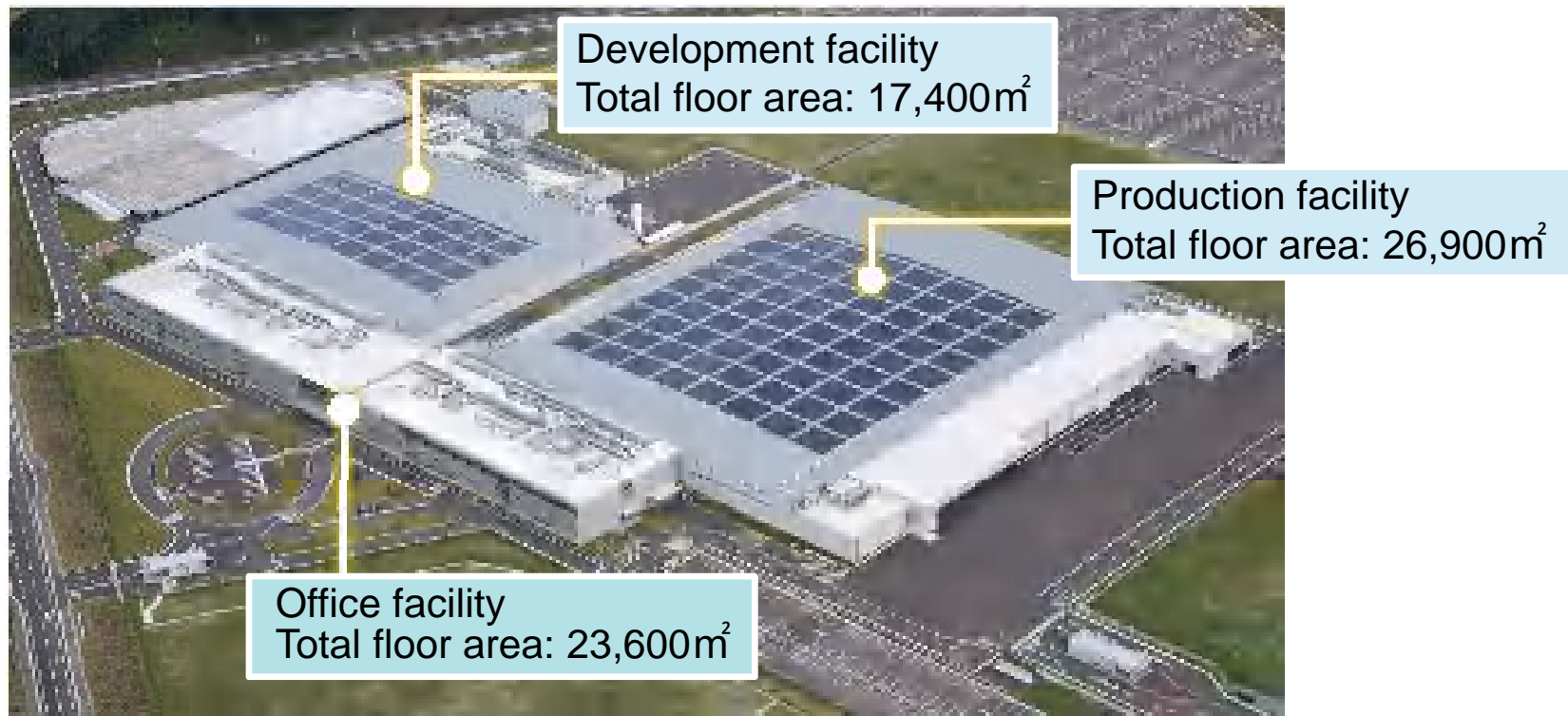
OLED production systems

- Constructing demo lines of evaporation and inkjet systems
Aim to realize high performance for use in mass production

Production Start at New Miyagi Plant for Etch Systems

Integrate development and mass production functions aiming for timely delivery of high quality products

- Operation start: October 11, 2011
- Production lead time: Less than 2 months
- Production capacity: More than double former level



Summary

1. First half results: Sales slightly below forecast, profits above forecast
2. Due to worsening market environment SPE orders are currently in an adjustment phase, but signs of a recovery in cutting-edge logic investment are seen
3. Full year sales affected by FPD market slowdown but consolidated profit forecast revised up
4. Share of strategic products improving and customer evaluation in new businesses started in line with the mid-term growth strategies.
5. Despite the tough environment we will maintain a high level of investment for 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/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 cell 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