

FY2011 Financial Forecast and Basic Management Policy

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TOKYO ELECTRON

FY2010 Review



FY2010 Initial Financial Estimates vs. Results

(Billions of yen)

	FY2010		
	Initial estimates (May 14, 2009)	Results	Increase
Net sales	300.0	418.6	+118.6
Operating income	-63.0	-2.1	+60.9
Ordinary income	-61.0	2.5	+63.5
EBIT	-61.0	-7.7	+53.3
Net income	-38.0	-9.0	+29.0



FY2010: Achievements

Short-term response

- ▶ **Response to drastic market changes**
 - Achieved ¥30 billion YoY reduction in fixed costs

Medium-term actions

- ▶ **Maintained high level of R&D investment**
 - R&D expenses ¥54 billion (16% of SPE/FPD/PVE sales)
 - Invested in existing SPE, RLSA, 3DI, SiC Epi, and other new areas
- ▶ **Reorganized and optimized organization and facilities ahead of next stage in growth**
 - Reorganized sales and service structure
 - Consolidated domestic development and manufacturing locations, established and enhanced technology centers in Taiwan and the U.S.
 - Decided to restart plan to construct new Miyagi plant
 - Implemented One-grade up Program for employees



Business Environment



Business Environment

▶ **SPE capex**

- Global economic recovery has led to a strong surge in demand for semiconductors and a rapid recovery in orders
- A large number of new lines are planned in the second half of CY2010 and first half of CY2011
- WFE* investment in CY2010 expected to be up more than 90%

▶ **FPD capex**

Sustained boom in demand for flat screen TVs, mainly in China; continuing investment in new line construction

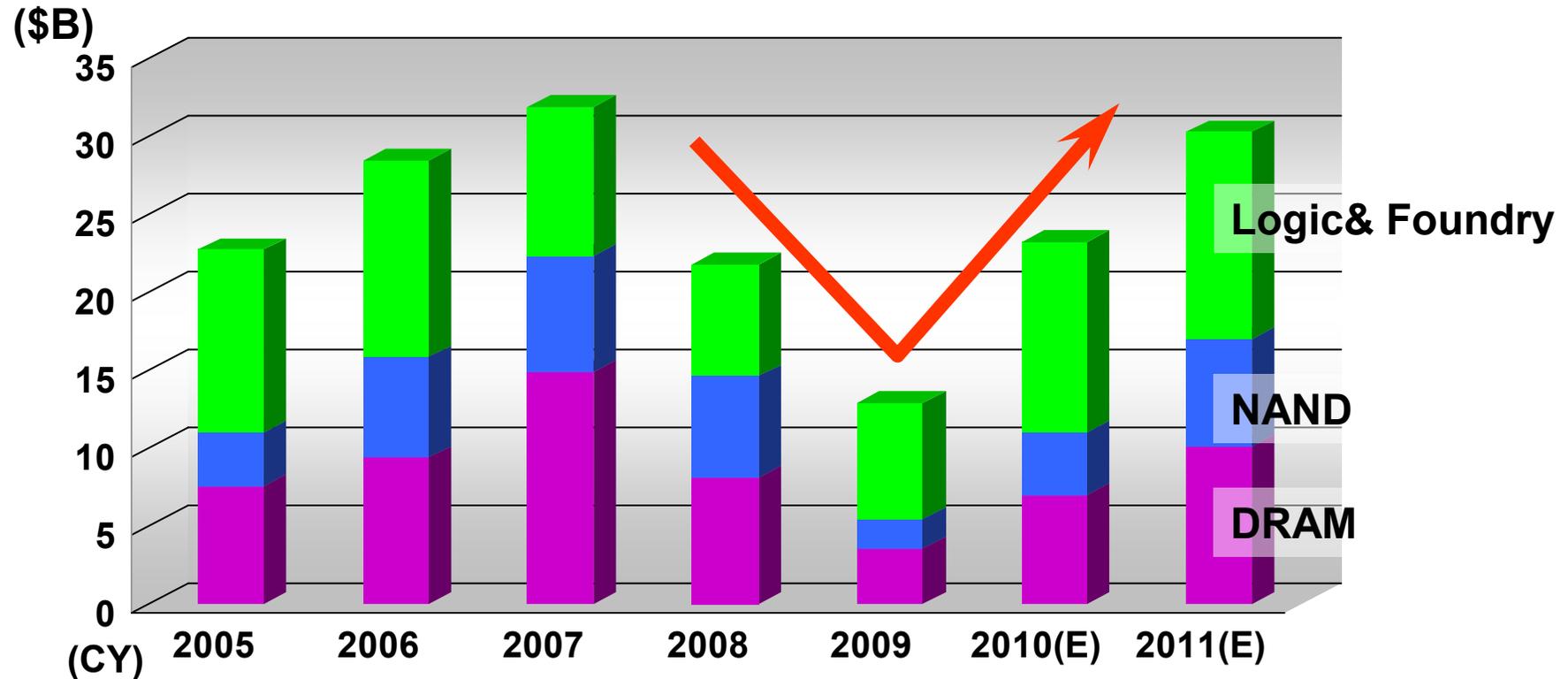
▶ **PV capex**

Crystal silicon and compound (Cd-Te) performing well due to price advantage, thin film silicon sluggish but expected to grow in medium/long term



*Wafer Fab Equipment

SPE WFE* Capex by Segment



2010/2011: Major growth in WFE CAPEX



*Wafer Fab Equipment

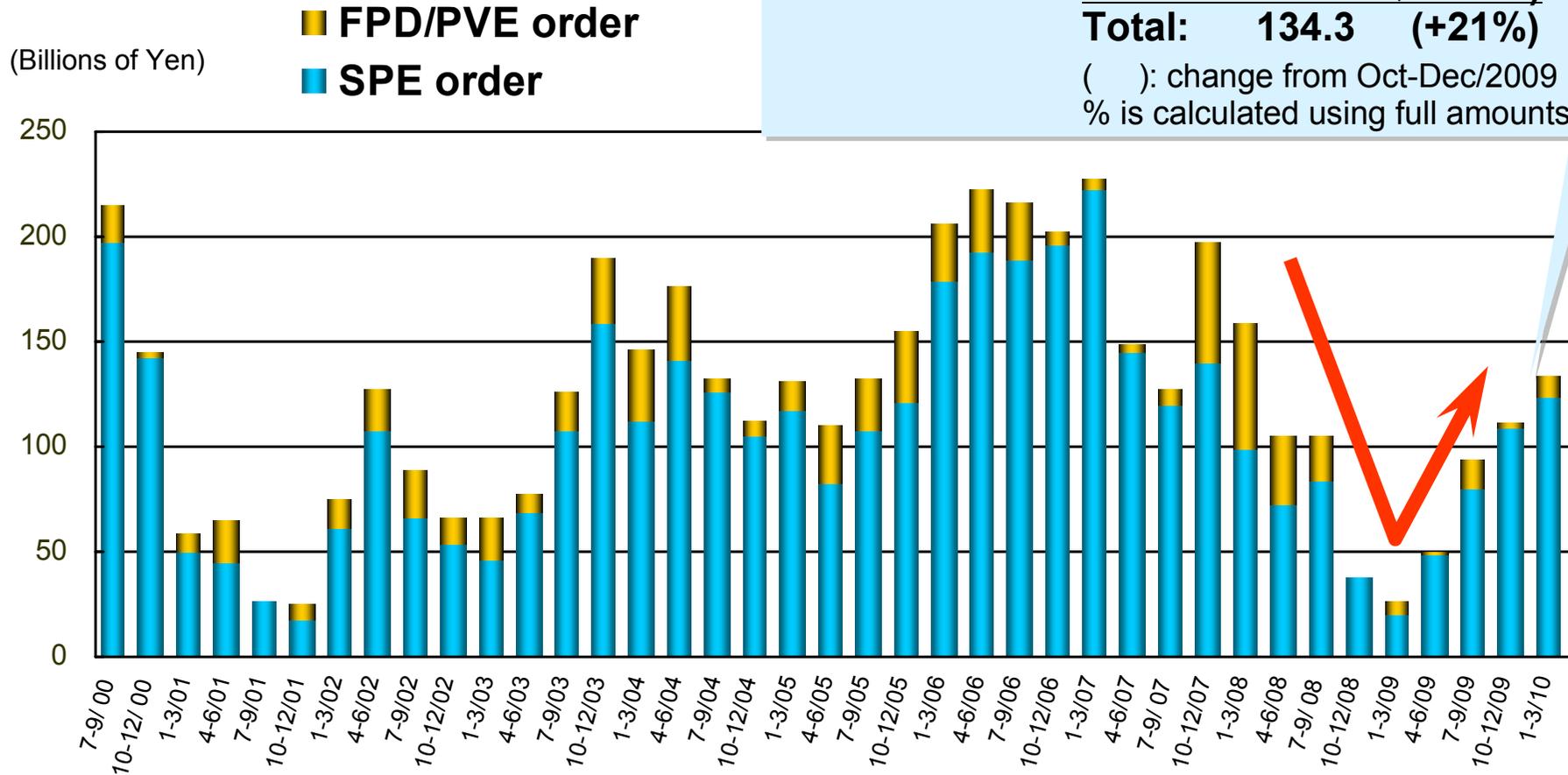
Source: Gartner DataQuest, TEL Marketing 31

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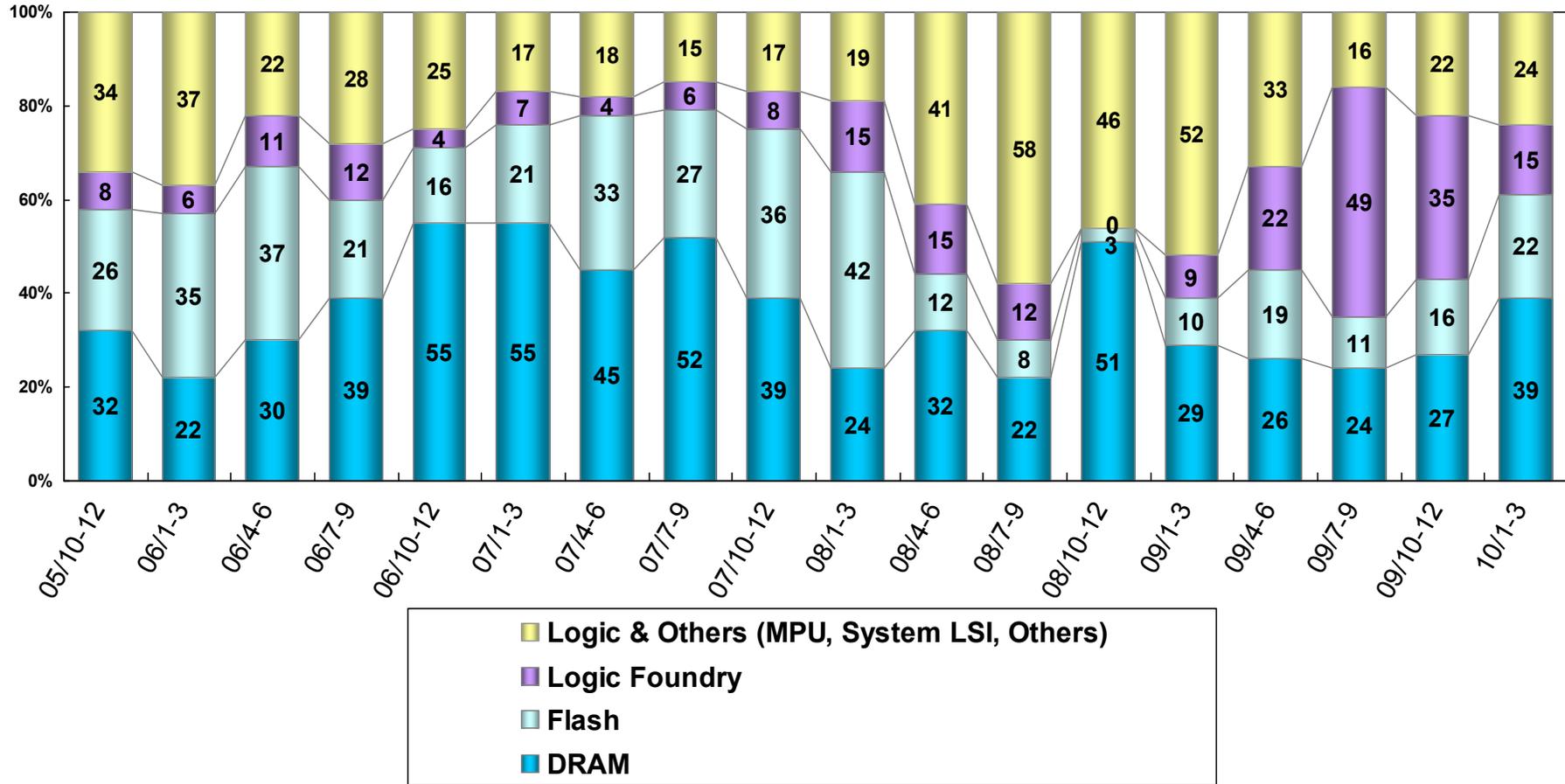
Quarterly SPE+FPD/PVE Orders

Jan-Mar/2010	SPE	123.6	(+14%)
	FPD/PVE	10.6	(+372%)
	Total:	134.3	(+21%)

() : change from Oct-Dec/2009
% is calculated using full amounts



SPE Orders by Application (Equipment only)



(TEL estimate)



FY2011 Financial Estimates



FY2011 Financial Estimates

(Billion yen)

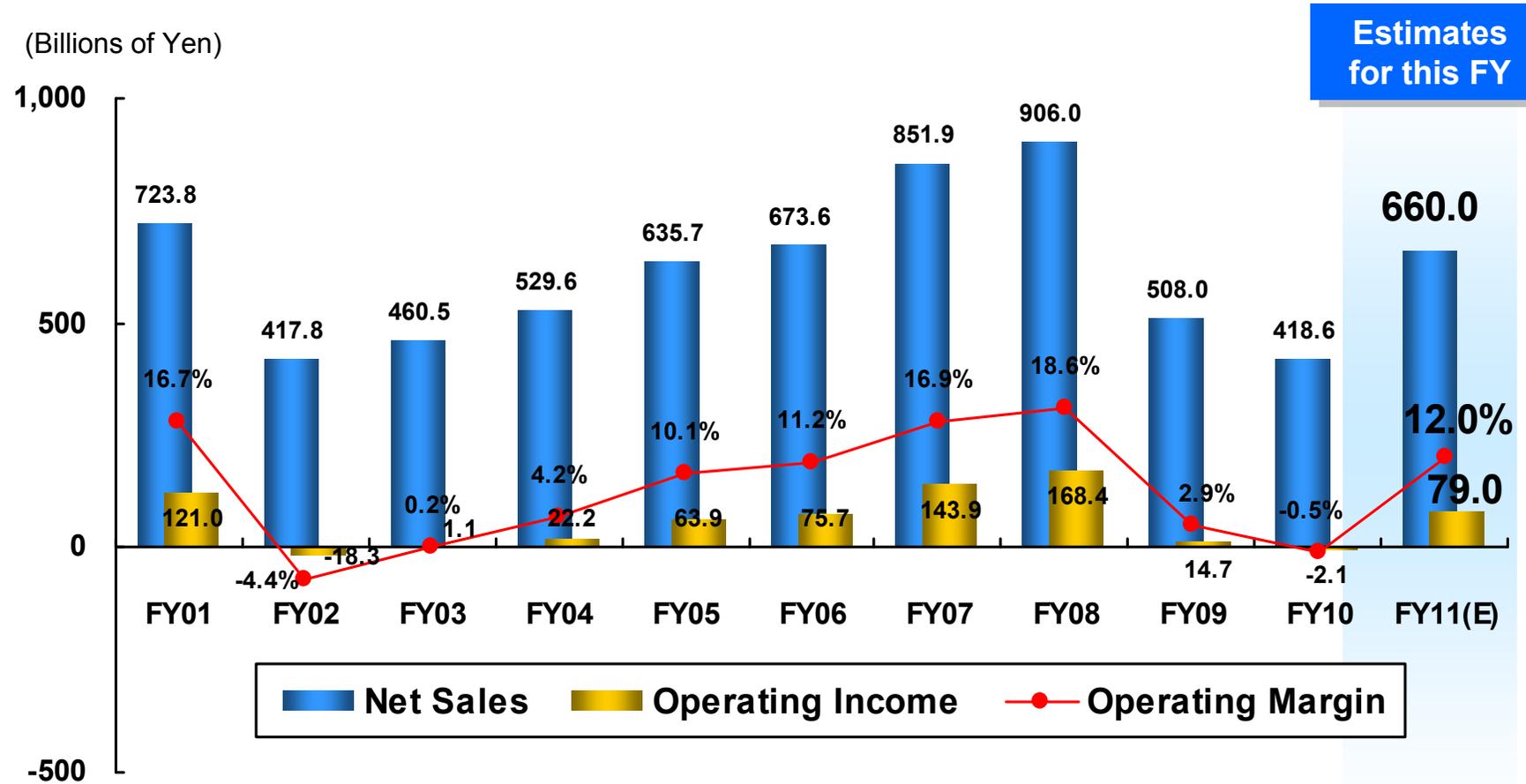
	FY2010		FY2011			
	Full year		1H (E)	2H (E)	Full year (E)	YoY change
Net sales	418.6		315.0	345.0	660.0	+58%
SPE	262.3		240.0	261.0	501.0	+91%
FPD/PVE	71.3		32.0	37.0	69.0	-3%
EC/CN	84.4		43.0	47.0	90.0	+7%
Others	0.3		-	-	-	-
Operating income	-2.1 (-0.5)		33.0 (10.5)	46.0 (13.3)	79.0 (12.0)	+81.1
Ordinary income	2.5 (0.6)		34.0 (10.8)	46.0 (13.3)	80.0 (12.1)	+77.5
EBIT	-7.7 (-1.9)		34.0 (10.8)	46.0 (13.3)	80.0 (12.1)	+87.7
Net income	-9.0 (-2.2)		22.0 (7.0)	33.0 (9.6)	55.0 (8.3)	+64.0
Dividend (yen)	12		25	37	62	

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.

1. SPE: Semiconductor Production Equipment, FPD/PVE: Flat Panel Display and Photovoltaic Cell Production Equipment, EC/CN: Electronic Components and Computer Networks
2. Numbers shown in (): profit ratios
3. YoY changes and profit ratios are calculated using full amounts, before rounding.



Net Sales, Operating Income, Operating Margin



Aiming for New Growth



Corporate Philosophy

As a leader in cutting-edge fields, provide high value technology and services globally to help people realize high quality, sound lifestyles

Help create a society with a vision, and take a strong lead in meeting environmental challenges

Share a sense of mission among all employees, and realize our dreams as a bright and active company full of vitality



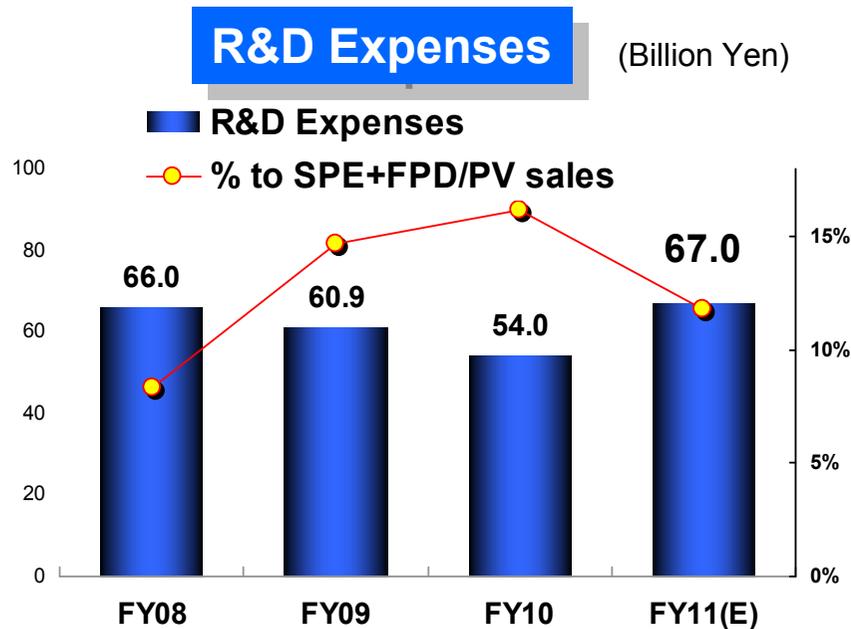
Global R&D and Manufacturing Bases



R&D framework closely linked to cutting-edge technologies

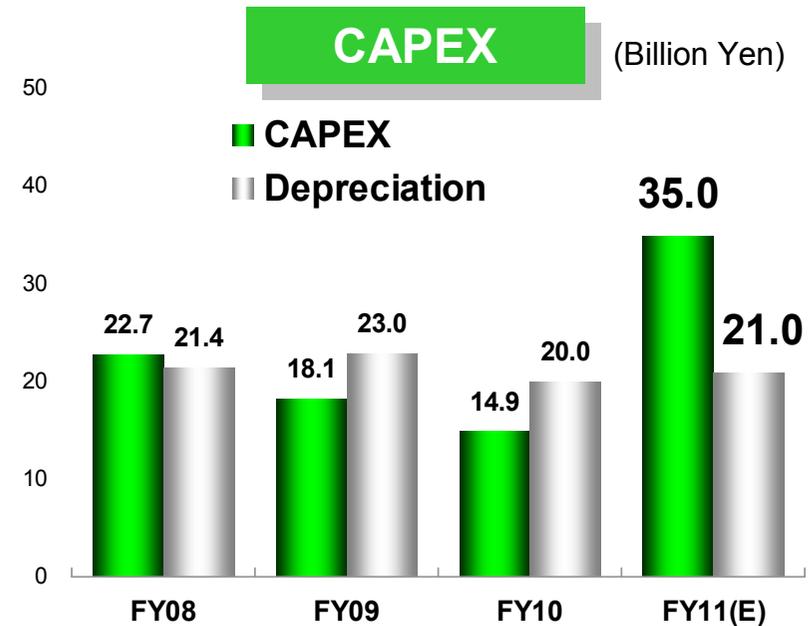


R&D Expenses and CAPEX



Main use:

- ▶ Etch system (Poly Etch, etc.)
- ▶ Single wafer cleaning system
- ▶ RLSA application expansion
- ▶ New area (3DI, FPD, PV, etc.)



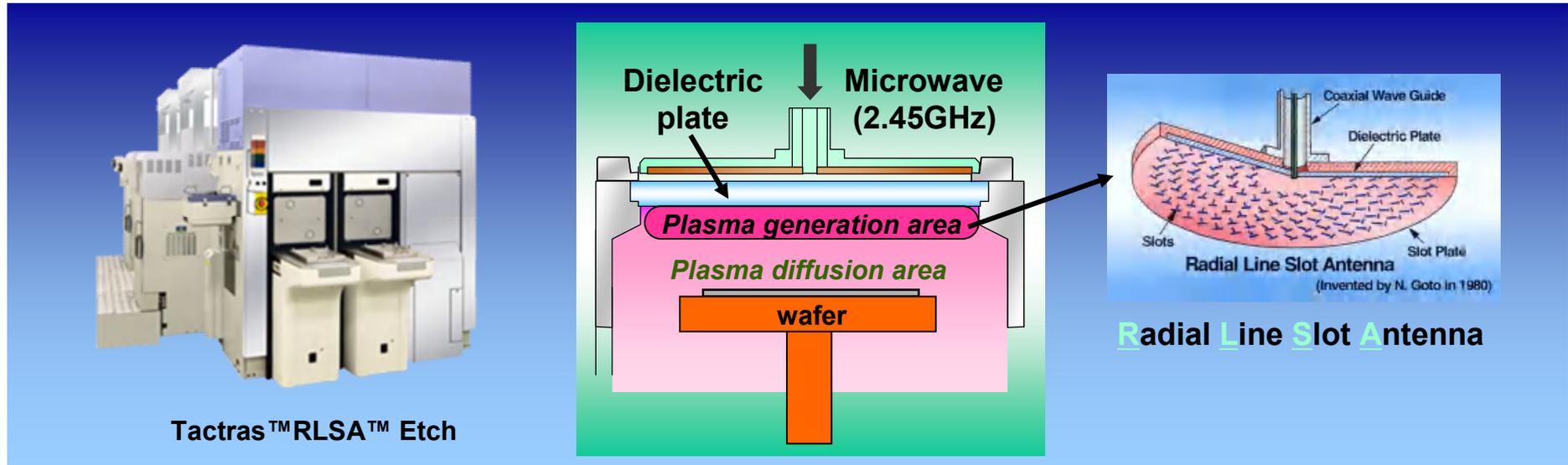
Main use:

- ▶ New Miyagi plant related
- ▶ Evaluation and measuring equipment
- ▶ Environment-related

FY2011 R&D budget is TEL's largest ever



New Product - Tactras™ RLSA™ Etch



RLSA plasma advantage

- Less plasma damage
- High selectivity



Application

- Poly Etch
- Si Etch
- CVD, etc.

RLSA soon be adopted for volume production at a key customer



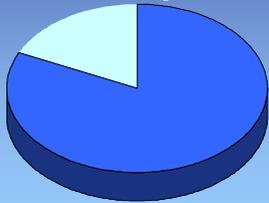
SPE Business: Status and Objectives

SPE business

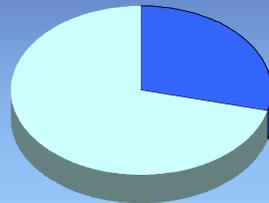
Product Share (FY2010)



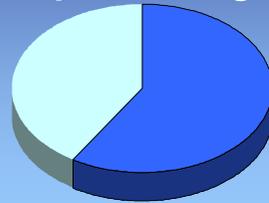
Coater/
Developer



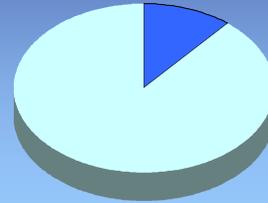
Etching



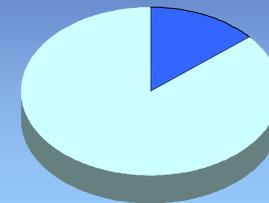
Thermal
processing



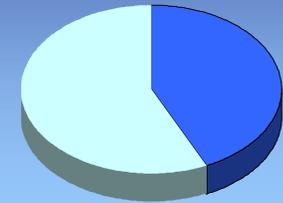
Single wafer
CVD



Cleaning



Prober



(Share: TEL estimates)

Grow share in the poly etch market
→ Promote new models worldwide

Grow share in single wafer cleaning
→ Raise productivity
→ Develop differentiated technology

Focus our efforts particularly on etching and cleaning systems

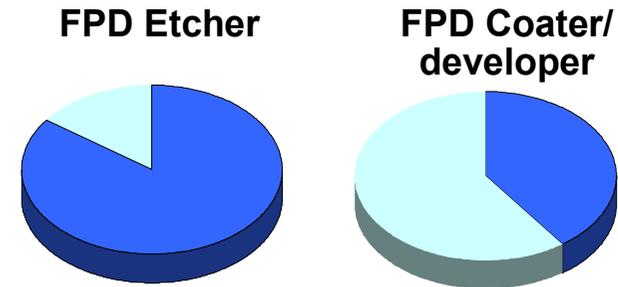


FPD/PV Business: Status and Objectives

FPD business

- ▶ Expand product position
- ▶ Thorough cost reductions
- ▶ Accelerate organic EL and other new technology development

FY2010 Product share



Share: TEL estimates

PV business

- ▶ Collaboration with Sharp; Alliance with Oerlikon
- ▶ From a long term perspective, foster PV based around thin film as a core business

Respond flexibly to environmental changes



Achieving sustained growth: Key medium-term issues

- 1. Exploit growth opportunities in existing businesses**
- 2. Use differentiated technology to create high profit businesses**
- 3. Expand field solutions businesses**
- 4. Further enhance our manufacturing strengths**
- 5. Cultivate new businesses based on core technologies**

