Revision of FY2010 Financial Estimates and Progress on Key Measures

(FY2010: April 1, 2009 – March 31, 2010)

Hiroshi Takenaka, President

October 30, 2009
Business Environment
As disclosed at May 2009 Results Meeting

Business Environment in this FY2010

► SPE capex
Tough environment for orders will continue but some new mobile-related product plans will be realized and investment for advanced nodes will commence
- NAND: Robust smartphone–related demand, 3xnm scaling investment
- DRAM: Scaling investment in 5x/4xnm by each major customer
- Logic/Foundry: Capacity utilization increasing, investment in 45nm/32nm

► FPD capex
Factory utilization rates rapidly recovering mainly due to robust demand for TVs in China

► PV capex
Trend to postpone investment due to the effects of the financial crisis but large growth potential in the medium/long term
Business Environment in this FY2010
- Revised on Oct. 30 -

► SPE capex
Investment climate is turning up due to higher capacity utilization
Expecting further investment in capacity increases
- NAND: Solid smartphone–related demand, 3xnm scaling investment continues
- DRAM: Major customers have started scaling investment in 4xnm
- Logic/Foundry: Capacity utilization increasing, investment in 65nm/40nm

► FPD capex
New investment for new fab lines driven by steady demand for TVs in China

► PV capex
Investment slowing down due to global economic downturn, but there are many inquiries and we expect gradual recovery of capex
Quarterly SPE+FPD/PVE Orders

**FPD/PVE order**

**SPE order**

7-9/09
SPE  79.6 (+63%)
FPD/PVE  14.2 (+896%)
Total:  93.8 (+87%)

( ): change from 4-6/09

* Figures until 10-12/05 are non-consolidated, figures from Jan-Mar 2006 are consolidated.
* Main difference between consolidated and non-consolidated: Consolidated figures include post-sales orders at overseas subsidiaries.
SPE Market Forecast
- Japanese Equipment -

Source: SEAJ 2009.7

Expected to exceed July forecast
Revision of FY2010 Financial Estimates

( FY2010: April 1, 2009 – March 31, 2010 )
FY2010 Highlights

- **SPE**: Sales forecast revised up due to strong rise in equipment demand for logic foundry and memory customers, particularly etch systems
- **FPD**: Sales forecast revised up due to restart of investment and accelerated deliveries
- **PV**: Delivering systems
- **R&D**: Adding 3B yen to original plan, to 57B yen
- **Cost cuts of 30B yen in process as scheduled**
- **Loss expected to be smaller than initial forecast**
Revised up FY2010 Financial Estimates

(Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2009</th>
<th>1H (actual)</th>
<th>1H Increase/ decrease*</th>
<th>2H (revised)</th>
<th>2H Increase/decrease*</th>
<th>Full year (revised)</th>
<th>Full year Increase/decrease*</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>508.0</td>
<td>153.8</td>
<td>+9.8</td>
<td>206.2</td>
<td>+32.2</td>
<td>360.0</td>
<td>+42.0</td>
<td>-29%</td>
</tr>
<tr>
<td>SPE</td>
<td>325.3</td>
<td>82.1</td>
<td>+5.1</td>
<td>126.9</td>
<td>+22.9</td>
<td>209.0</td>
<td>+280</td>
<td>-36%</td>
</tr>
<tr>
<td>FPD/PVE</td>
<td>88.1</td>
<td>30.7</td>
<td>+0.2</td>
<td>38.3</td>
<td>+8.8</td>
<td>69.0</td>
<td>+9.0</td>
<td>-22%</td>
</tr>
<tr>
<td>EC/CN</td>
<td>94.2</td>
<td>40.7</td>
<td>+4.2</td>
<td>41.1</td>
<td>+0.6</td>
<td>81.8</td>
<td>+4.8</td>
<td>-13%</td>
</tr>
<tr>
<td>Others</td>
<td>0.3</td>
<td>0.2</td>
<td>+0.2</td>
<td>0.0</td>
<td>-</td>
<td>0.2</td>
<td>+0.2</td>
<td>-48%</td>
</tr>
<tr>
<td>Operating income</td>
<td>14.7</td>
<td>(2.9)</td>
<td>-21.6 (-14.0)</td>
<td>+14.3</td>
<td>-13.4 (-6.5)</td>
<td>+7.6</td>
<td>-35.0 (-9.7)</td>
<td>+22.0</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>20.5</td>
<td>(4.0)</td>
<td>-19.2 (-12.5)</td>
<td>+15.7</td>
<td>-12.3 (-6.0)</td>
<td>+7.7</td>
<td>-31.5 (-8.8)</td>
<td>+23.5</td>
</tr>
<tr>
<td>Unusual or infrequent gain/loss</td>
<td>-10.9</td>
<td>-7.0</td>
<td>-1.0</td>
<td>0.0</td>
<td>-</td>
<td>-7.0</td>
<td>-1.0</td>
<td>-</td>
</tr>
<tr>
<td>EBIT</td>
<td>9.6</td>
<td>(1.9)</td>
<td>-26.2 (-17.1)</td>
<td>+14.7</td>
<td>-12.3 (-6.0)</td>
<td>+7.7</td>
<td>-38.5 (-10.7)</td>
<td>+22.5</td>
</tr>
<tr>
<td>Net income</td>
<td>7.5</td>
<td>(1.5)</td>
<td>-16.1 (-10.5)</td>
<td>+9.8</td>
<td>-10.9 (-5.3)</td>
<td>+1.1</td>
<td>-27.0 (-7.5)</td>
<td>+11.0</td>
</tr>
</tbody>
</table>

2. Numbers shown in (    ): profit ratios
3. YoY changes and profit ratios are calculated using full amounts, before rounding.

* increase/decrease from the previous estimates announced on July 31.

Revised up forecast, due to better SPE business environment
Net Sales, Operating Income, Operating Margin

(Billions of Yen)

Net Sales  Operating income  Operating margin

FY01  FY02  FY03  FY04  FY05  FY06  FY07  FY08  FY09

Net Sales:
- FY01: 723.8
- FY02: 417.8
- FY03: 460.5
- FY04: 529.6
- FY05: 635.7
- FY06: 673.6
- FY07: 851.9
- FY08: 906.0
- FY09: 508.0

Operating Income:
- FY01: 121.0
- FY02: 18.3
- FY03: 4.2
- FY04: 10.1
- FY05: 11.2
- FY06: 16.9
- FY07: 18.6
- FY08: 2.9
- FY09: 14.7

Operating Margin:
- FY01: 16.7%
- FY02: 0.2%
- FY03: 22.2
- FY04: 4.2%
- FY05: 63.9
- FY06: 75.7
- FY07: 143.9
- FY08: 168.4
- FY09: 11.2%

FY10(E):
- May 14: 300.0
- Jul 31: 318.0
- Oct 30: 360.0

Revised Estimate:
- May 14: -63.0
- Jul 31: -57.0
- Oct 30: -35.0

Changes:
- FY01: -4.4%
- FY02: 18.3%
- FY03: 1.1
- FY04: 4.2%
- FY05: 10.1%
- FY06: 11.2%
- FY07: 16.9%
- FY08: 18.6%
- FY09: 2.9%

Corporation IR / October 30, 2009
Progress on Key Measures for FY2010

(FY2010: April 1, 2009 – March 31, 2010)
Overview

- The semiconductor and FPD markets will continue to expand in three dimensions:
  - **Regions:** Shift from developed countries to high population Asia, emerging countries
  - **Applications:** Shift from mobile devices to medical, communications and other social infrastructure
  - **Performance:** Faster devices with larger memory, lower energy consumption

- A production equipment industry that supports technological innovation of electronics will make this expansion a reality, and our industry will continue to grow with cyclical peaks and troughs.

Over nearly half a century in the production equipment business, TEL has built absolute trust with customers through its pre-eminent technology development capability. We will continue to leverage these comprehensive strengths to grow our business.
Changing SPE environment

- **Process technology:** Shrinkage; Shift to low power consumption
- **Customers:** Accelerated oligopoly
- **SPE market:** Shift to Asia
- **Equipment:** Pursuit of higher productivity, environment-friendly equipment
- **Post sales:** Shift to longer life cycles of equipment

Identifying market changes to enhance our position
Key Measures for the Current Fiscal Year

1. **Cost cuts of 30 billion yen**
   (to give cumulative 2 year total of 70 billion yen)
   - Further reduction in general expenses
   - Restrain capex
   - Effects from reduced outsources

2. **Maximize potential of existing business**
   - Actively strengthen existing business areas

3. **Sustained investment in R&D to achieve growth**
   - Selective, active investment in high growth areas

4. **Flexible response to market changes**
   - New framework for post-sales business
   - Strengthen PV business
   - Greater environmental awareness

Maintain a medium-term perspective while responding to short-term issues
Status of FY2010 Cost-cut Program

<table>
<thead>
<tr>
<th>Year</th>
<th>Fixed Cost Reduction</th>
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</thead>
<tbody>
<tr>
<td>FY08</td>
<td>-40B yen</td>
</tr>
<tr>
<td>FY09</td>
<td>-13B yen 2H / -17B yen 1H</td>
</tr>
<tr>
<td>FY10(E)</td>
<td>1H -17B yen 2H -13B yen</td>
</tr>
</tbody>
</table>

(2H: Increase in R&D expenses)

30B yen cut in fixed costs on schedule
Re-organization of Sales & Marketing

Customer penetration with an integrated team
Strengthen Technology & Development related Base

IMEC (EU)  
Litho, R&D

TTCA(USA)  
Logic development + BEOL

TEKS (Korea)

TTCT (Taiwan): Newly opened

Japan  
TDC, TDI : R&D  
LPDC : Process development  
TELAT, TKL : Product development

Development with leading edge technology
Optimizing Global Facilities

Japan
- R&D, Manufacturing sites: Closure of Sagami, Saga, Amagasaki plant, and integrated with others
- FE site*: Consolidating from 14 sites to 8

Overseas
- Pursuing optimization matched to the business environment

FE: Field Engineering
Challenge towards Further Growth

Existing business
- Execute measures to realize No.1 position

New Business
- Reorganize and reinforce our operation
  - Corporate Business Strategy Division
    (former SPE Business Strategy Division)
    New Business Planning Dept.  
    (former Marketing Dept.)
Our Core Strength is to Provide Technology Solutions

(Billion Yen)

Sales

FY08 FY09 FY10(E)
906.0 508.0 360.0

R&D

FY08 FY09 FY10(E)
66.0 60.9 54.0 Revised
57.0

Capex

FY08 FY09 FY10(E)
22.7 18.1 Revised
10.0 16.0

Maintain higher level of R&D
From Post Sales (PS) to Field Solutions (FS)

Overseas subsidiaries

China

U.S.A.

Europe

Korea

Taiwan

CT

ES

TPS

SD

SPS

SPE Business Unit

Provide solutions for our 50,000 units in operation

TFE: Tokyo Electron FE
Strengthening PV Cell Production Equipment Business

Joint development with SHARP
- Plasma CVD system for thin-film silicon PV
- TEL: joint development, manufacturing and sales

Alliance with Oerlikon Solar
- End-to-end thin-film silicon PV solutions
- TEL: representative in Asia & Oceania

Independent development by TEL

Establish optimal business model from medium term standpoint

Source: European Renewable Council / TEL estimate
Addressing Environmental Issues

Enhance energy efficiency of TEL products
- Reduce CO₂ emissions by reducing power consumption, chemical usage, etc.

Provide manufacturing equipment for clean energy
- Photovoltaic cell production equipment

Provide manufacturing equipment for energy-saving devices
- SiC epitaxial equipment for power IC
- OLED production equipment

TEL plant & office initiatives for environment
- Reducing energy consumption in logistics and production

Reduce environmental burden by half by 2015
Strengthen Financial and Business Position

Enhancing manufacturing capability
- Enhance core technology and production technology
- Further improvement of quality
- Promote strategic corporate procurement

Human resource development
- Cultivate personnel ability and build vibrant organization, through “One grade up” training program

Realize dynamic growth with continuing measures
Summary

- Revise up our original forecast and lower loss estimates, due to better business environment and good progress on cost cuts program

- Optimizing our organization to achieve the next stage of growth. Maintain higher level of investment in technology development

- Continuous operation of human resource cultivation in medium-to-long term standpoint