FY2010 Business Environment and Financial Estimates

〔 FY2010: April 1, 2009 – March 31, 2010 〕

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May 14, 2009

TOKYO ELECTRON

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**

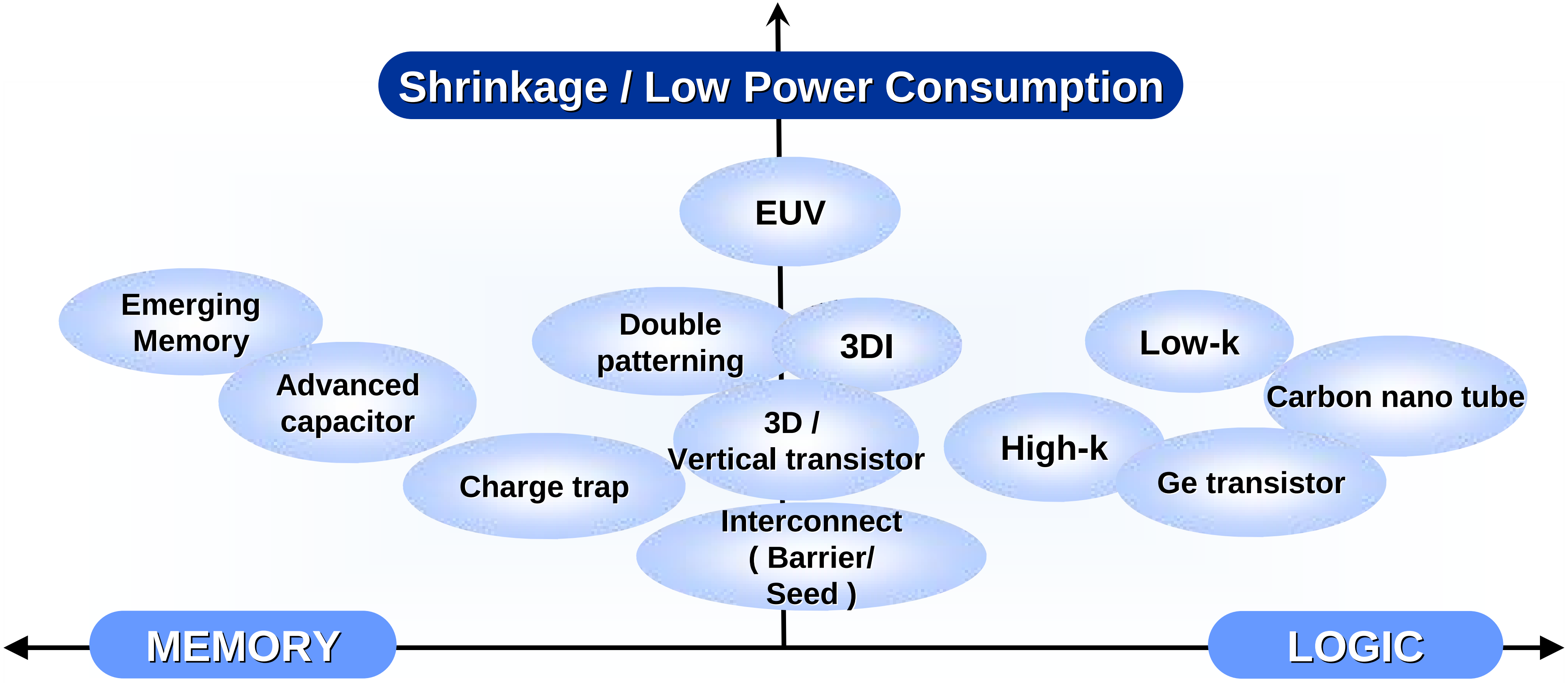
Over nearly half a century in the production equipment business, TEL has built absolute trust with customers through its pre-eminent technology development capability.
We will continue to leverage these comprehensive strengths to grow our business.

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

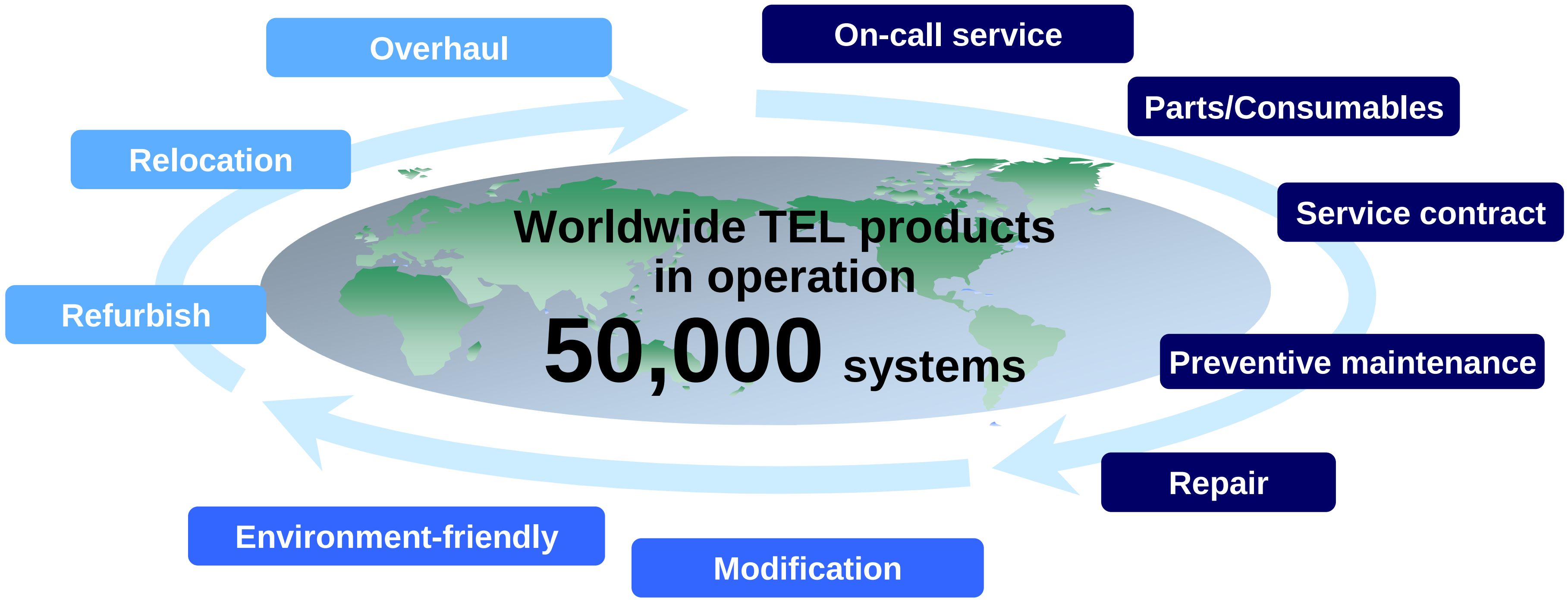
Identifying market changes to enhance our position

SPE technological innovation will continue



Intense pursuit of scaling and lower power consumption

Strengthening post sales operations



Discover new business opportunities, respond to demand for long-life equipment

Strengthening PV Production Equipment business

TEL PVE business program:

SHARP

Joint development with SHARP

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

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Alliance with Oerlikon Solar

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

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Independent development by TEL

PVE business to form our third pillar alongside SPE and FPD

PV: Photovoltaic

FY2009 Overview

FY2009: April 1, 2008 – March 31, 2009

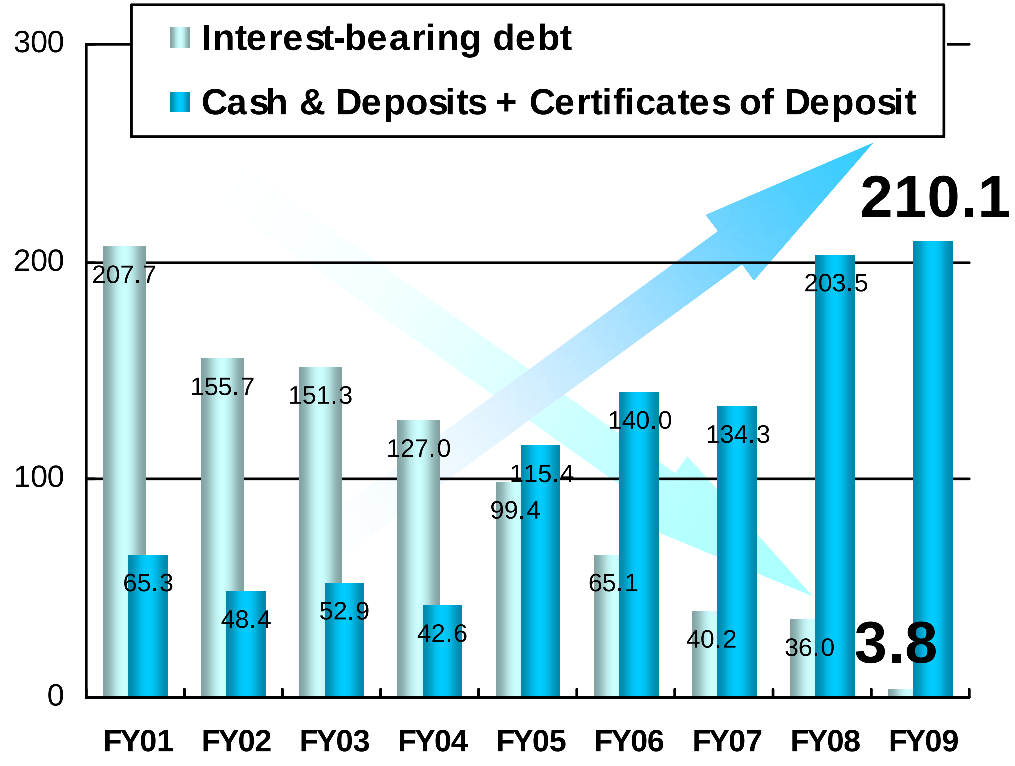
FY2009 overview

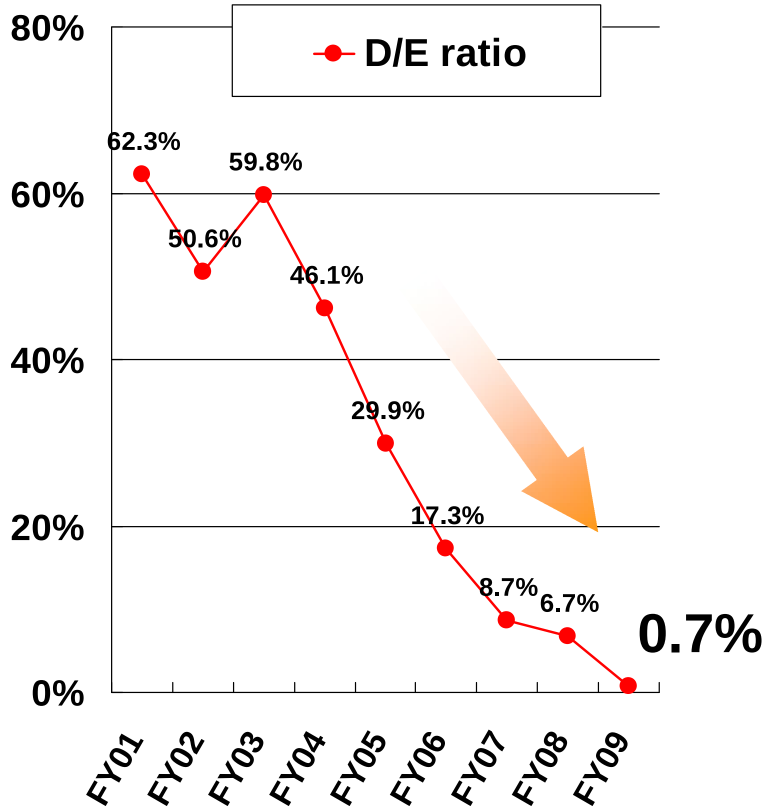
- **Stayed profitable by rapidly responding to violent market changes**
  - Year-on-year fixed-cost cuts of 40 billion yen
- **Maintained a strong balance sheet**
  - Operating cash flow: 81 billion yen
  - Year end cash* position 210.1 billion yen; D/E ratio 0.7%
- **Sustained R&D investment and new product creation**
  - R&D expenses: 60.9 billion yen
  - Launched new model SPE and 10th gen. FPD production equipment
  - Established double patterning technology for volume production
- **Progressed PVE business**
  - Formed strategic alliance with Oerlikon Solar

* Cash = Cash & Deposits + certificates of deposit (short-term securities)

Maintained a strong balance sheet

(Billion of Yen)



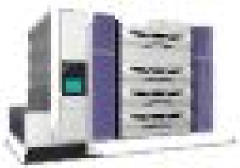


Net debt 107.3 billion yen

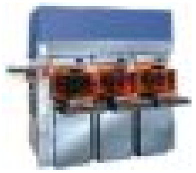
Net cash 206.3 billion yen

FY2009 new products

Coater / Developer
CLEAN TRACK™ LITHIUS Pro™ V



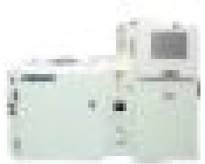
Single Wafer Deposition System
Trias™ SPA*i*



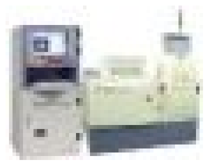
Scrubber System
NS300+

Wafer Prober
Precio octo™

Wafer Prober
WDF™12DP



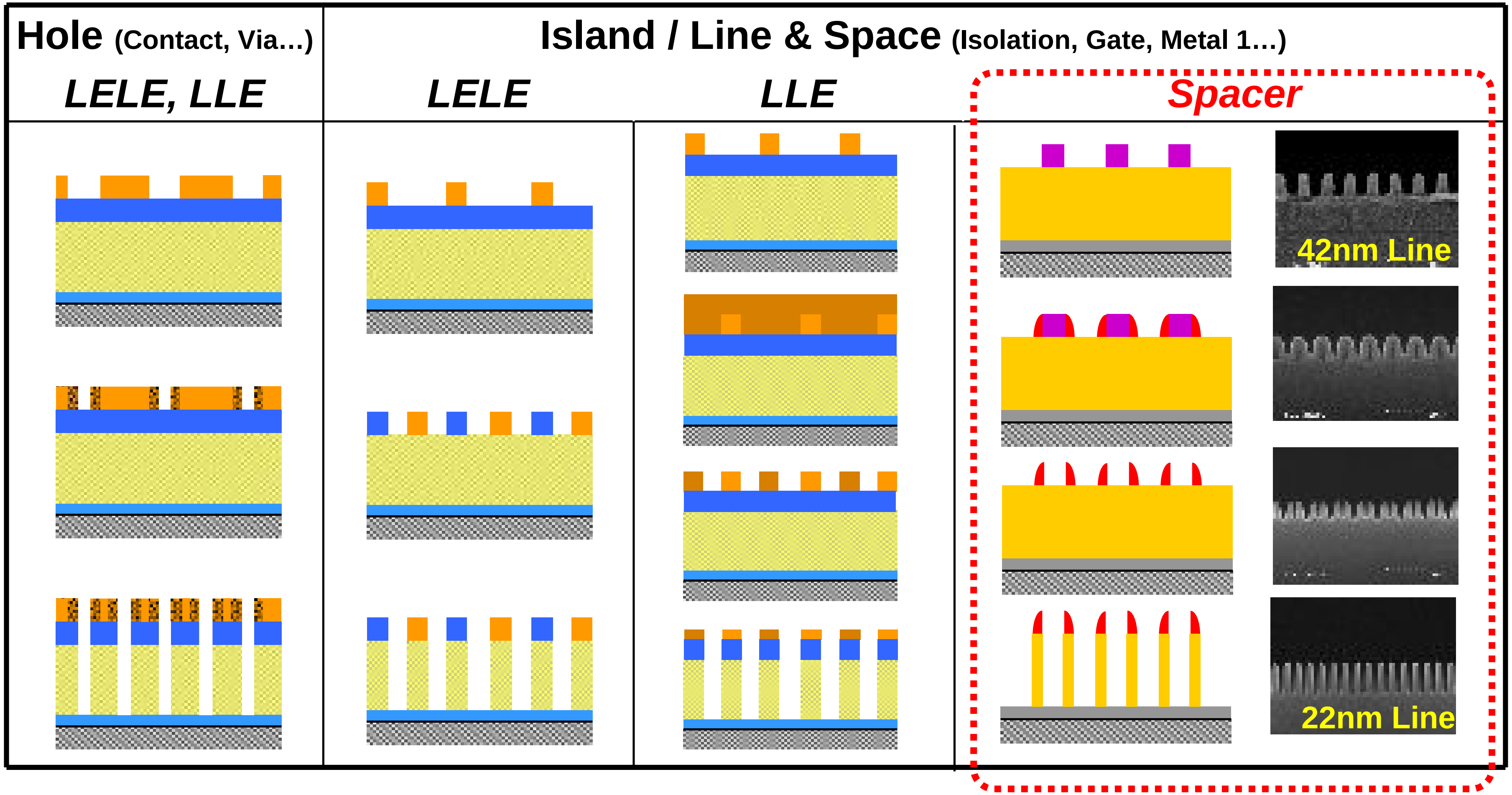
MEMS Tester
TEMEON™-C



PFC Abatement System
PA-01T

Aiming for higher productivity and environmental friendliness

Established double patterning technology



Strategic alliance with Oerlikon Solar

TEL as the exclusive representative (sales, start-up and customer support) for end-to-end thin-film silicon PV solutions

Territory: Asia including Japan and Oceania

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World No. 1 in cumulative shipments of E2E thin-film silicon PV systems

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Superior technology, and trusted customer support + sales capability

Expand business in the high growth Asian market

Business Environment

Calendar 2009 business environment

▸ SPE capex

Tough environment for orders will continue, but a number of customers' investment projects for shrinkage coming up

- NAND: Due to active smart-phone demand, commencing 30nm investment
- DRAM: All the major players will commence 50nm investment for shrinkage
- LOGIC/Foundries: Inventory adjustment progressing, 45nm/32nm investment restarting

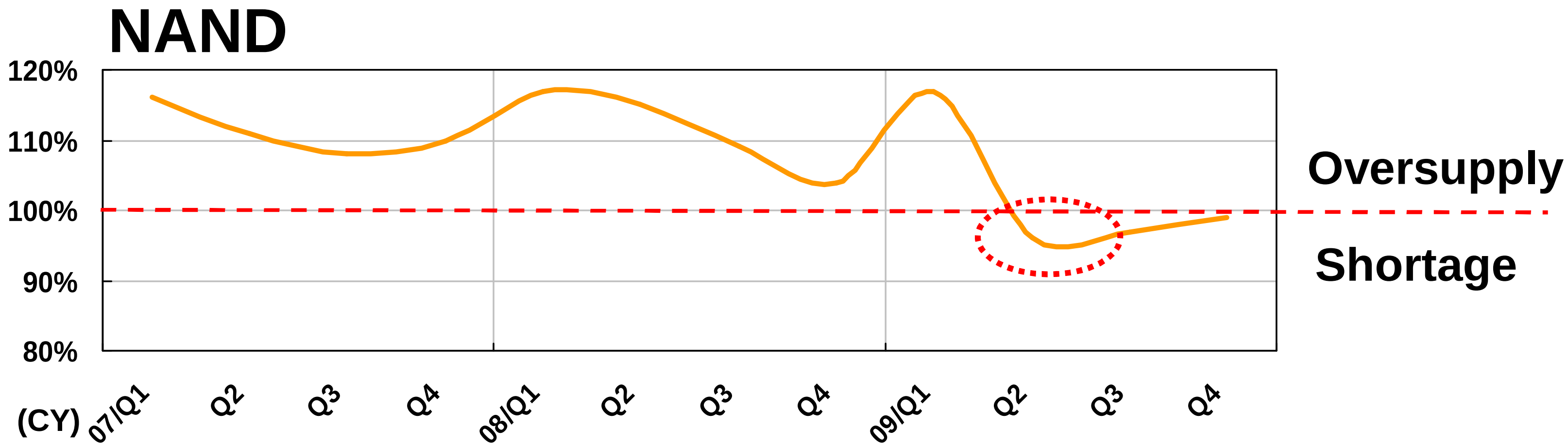
▸ FPD capex

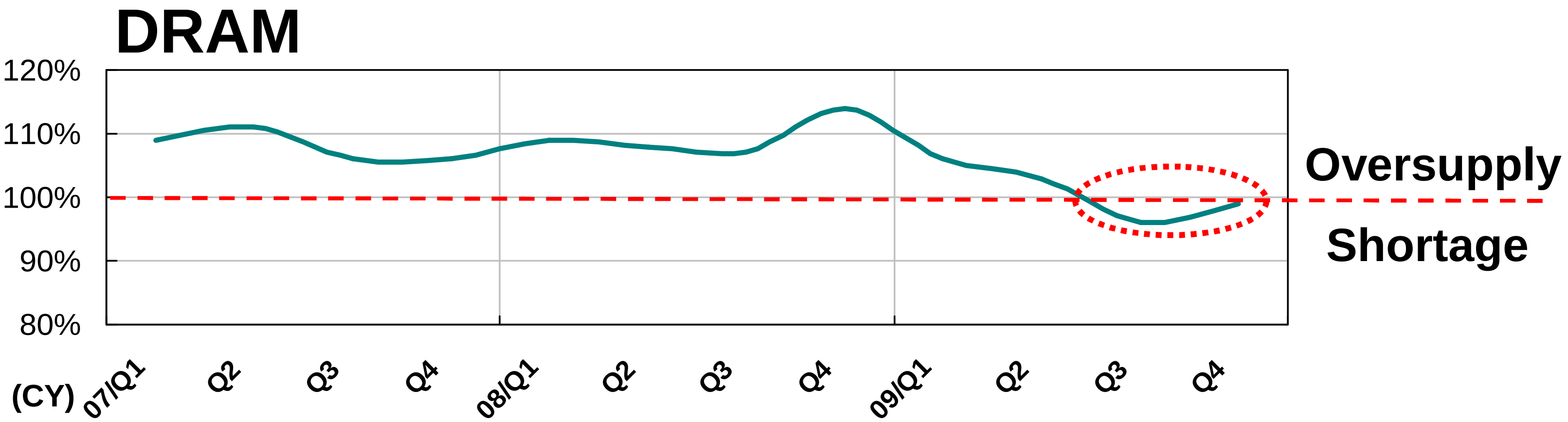
Production is bottoming out due to TV demand from China, recovery is expected, but slow

▸ PV capex

Slight slowdown due to worsening worldwide economy and toning down of government support measures, but major expectations for future growth

Memory supply/demand balance

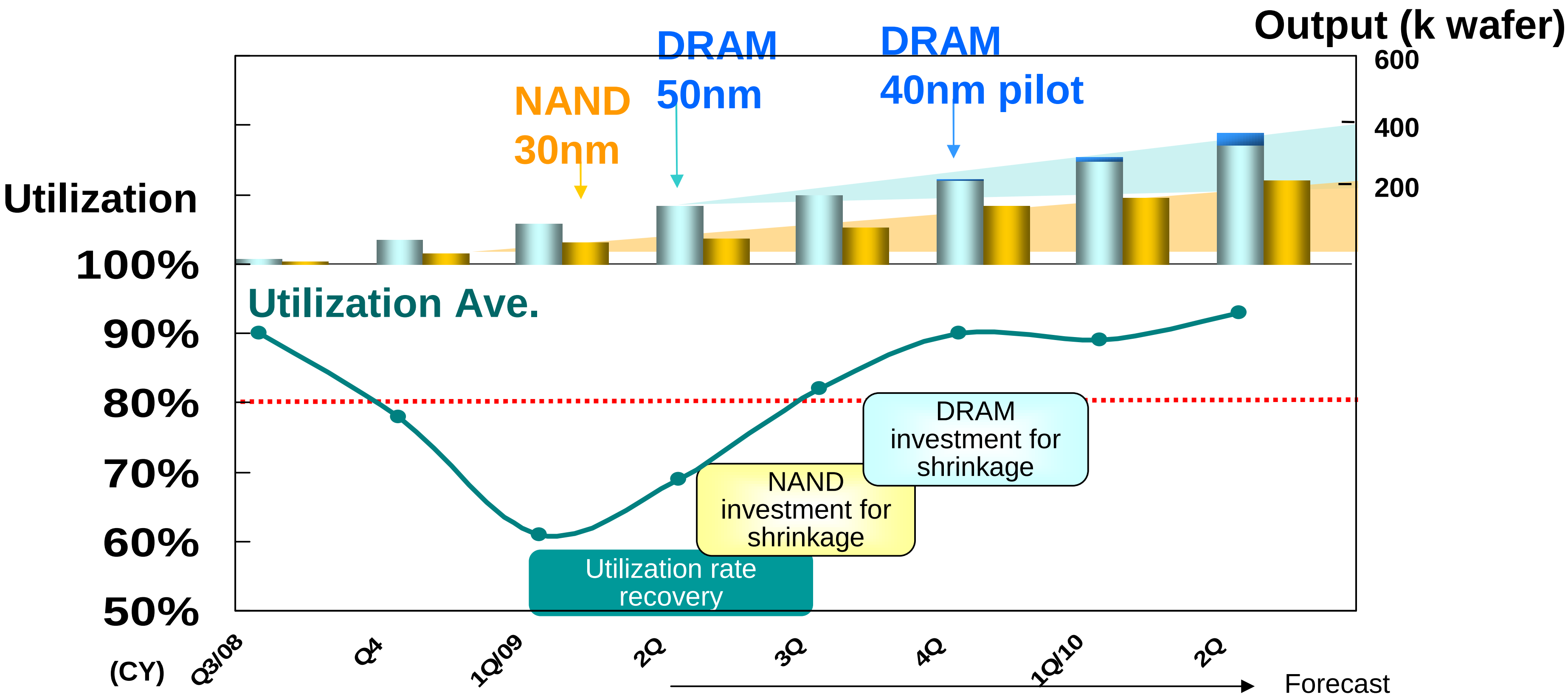




Supply shortages (NAND in 09/Q2, DRAM in 09/Q3) are creating large appetite for investment

Source: TEL Marketing estimates

Fab utilization and investment for memory

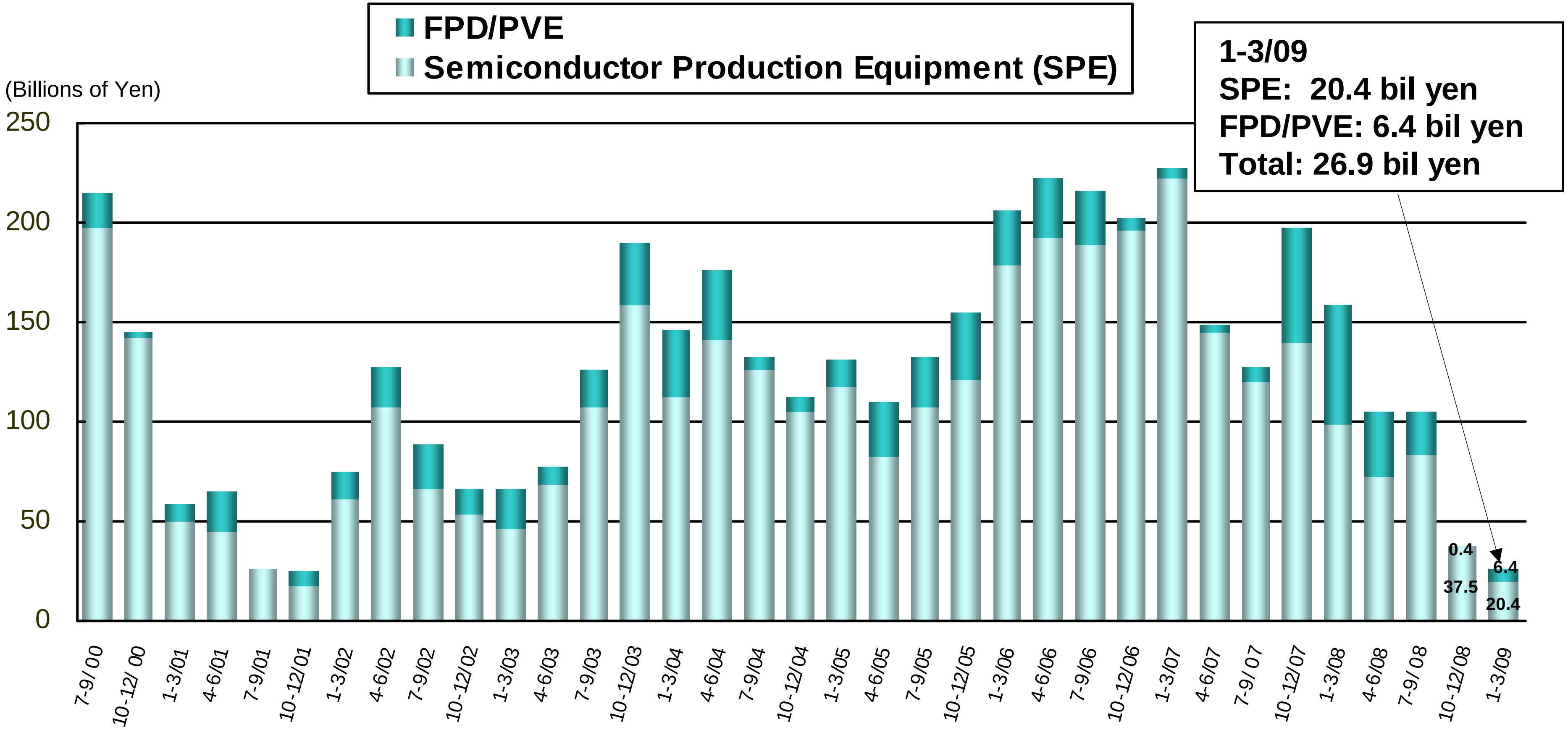


Following the recovery of foundry capacity utilization, NAND and DRAM will see active investment for shrinkage

Source: TEL marketing estimates

FY2010 Financial Estimates

Quarterly SPE+FPD/PVE Orders



* 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.

FY2010 Financial Estimates

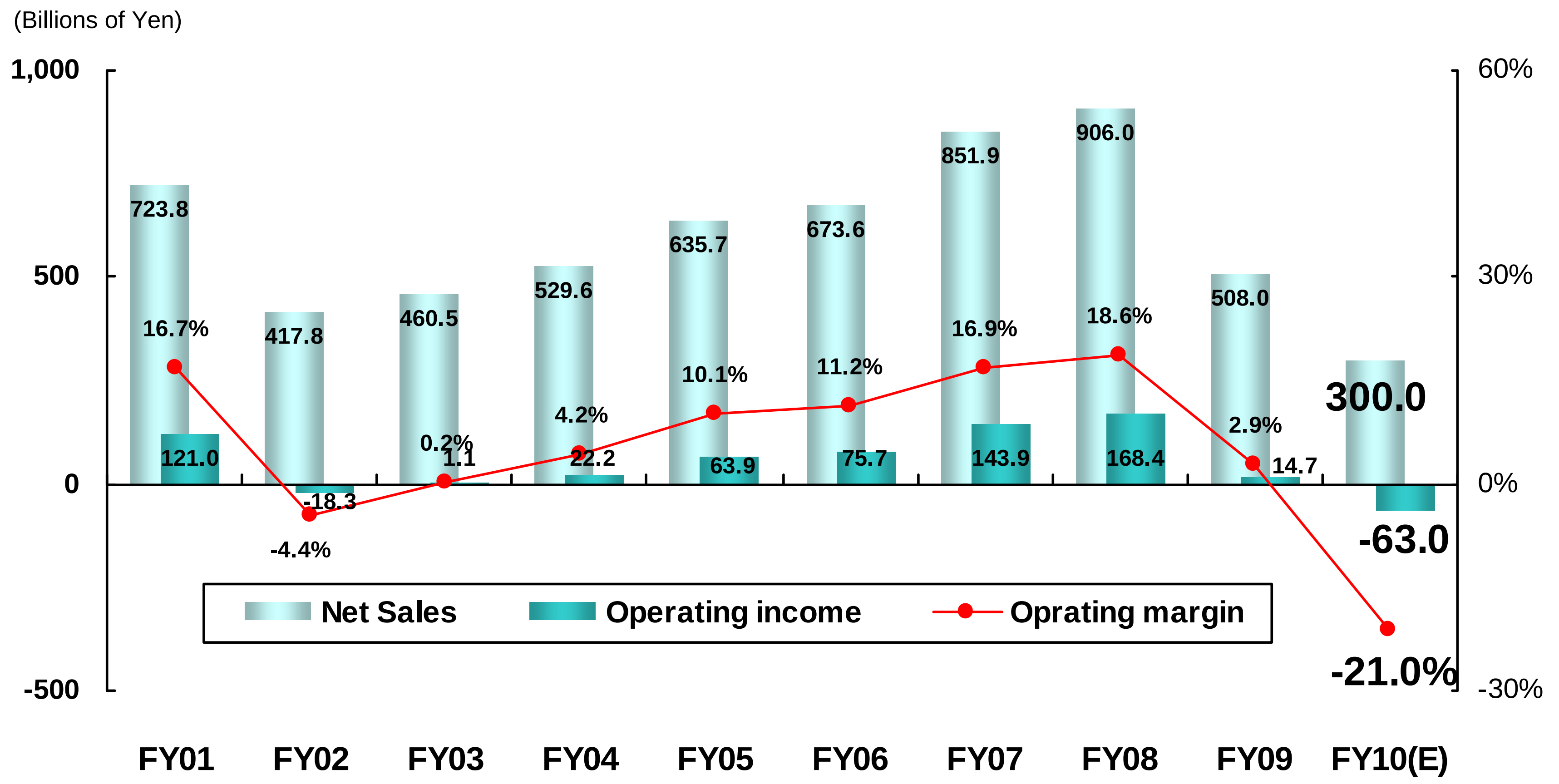
(Billions of yen)

	FY2009	FY2010(E)			
	Full year	1H	2H	Full year	YoY change
Net Sales	508.0	126.0	174.0	300.0	-41%
SPE	325.3	60.0	104.0	164.0	-50%
FPD/PVE	88.1	29.5	29.5	59.0	-33%
EC/CN	94.2	36.5	40.5	77.0	-18%
Others	0.3	0.0	0.0	0.0	-100%
Operating Income	14.7 (2.9)	-42.0 (-33.3)	-21.0 (-12.1)	-63.0 (-21.0)	-
Ordinary income	20.5 (4.0)	-41.0 (-32.5)	-20.0 (-11.5)	-61.0 (-20.3)	-
EBIT	9.6 (1.9)	-41.0 (-32.5)	-20.0 (-11.5)	-61.0 (-20.3)	-
Net income	7.5 (1.5)	-26.0 (-20.6)	-12.0 (-6.9)	-38.0 (-12.7)	-

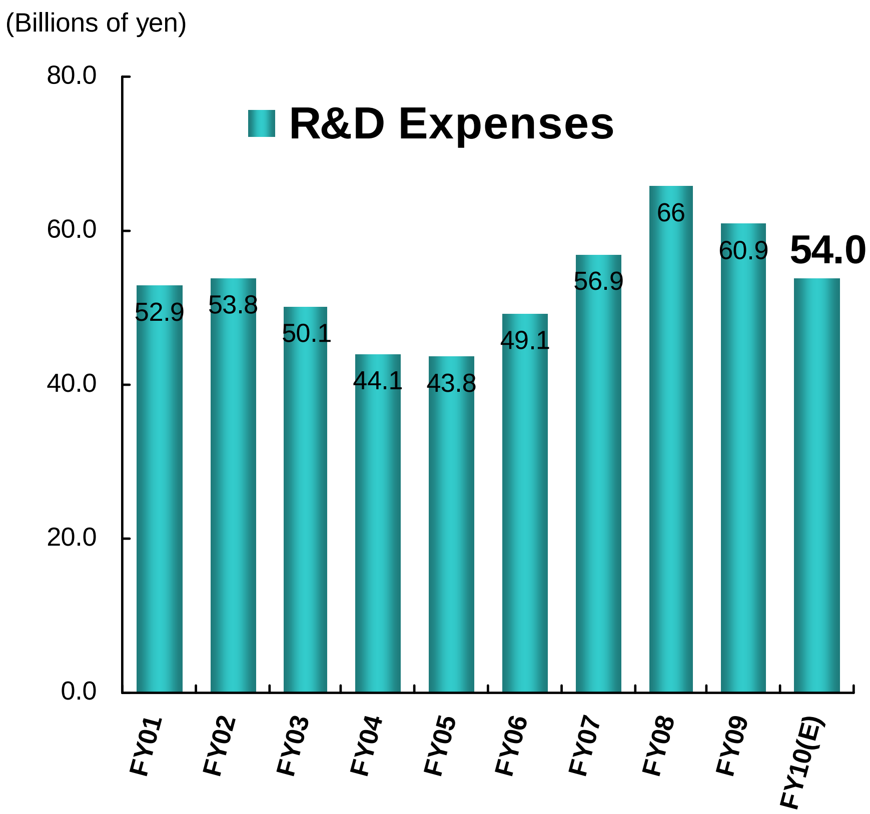
Cash dividends per share (yen)	24	4	4	8

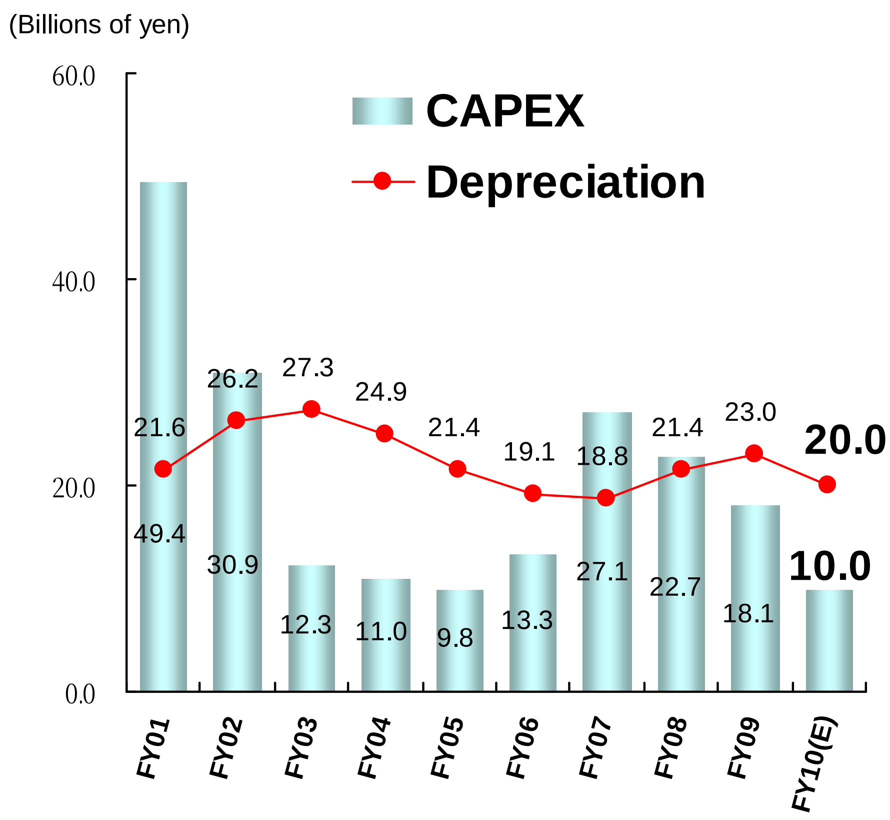
- SPE: Semiconductor Production Equipment, FPD/PVE: Flat Panel Display and Photovoltaic Cell Production Equipment, EC/CN: Electronic Components and Computer Networks
- ( ): Profit ratio

Net Sales, Operating Income, Operating Margin



R&D Expenses and CAPEX





Active investment in selected areas of R&D; Capex, minimum required

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

Summary

1. SPE orders are showings signs of recovery but this will be reflected in TEL's revenues from FY2011 and beyond, so TEL's results will continue to be severely affected this fiscal year
2. Continuing from last fiscal year, we will implement large cost cuts and lower our break-even point
3. We see the changes in the market as opportunities and in the next upturn we will aim to outperform the market growth rate
4. We will strengthen our investment in the R&D and human resources required for growth

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