

Revision of FY2011 Financial Estimates and TEL's New Dividend Policy

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TOKYO ELECTRON

Business Environment



Business Environment

▶ **SPE capex**

WFE* investment has almost doubled this year, driven by booming semiconductor demand.

A large number of new lines planned for first half of 2011, expect growth of around 10% in calendar 2011.

▶ **FPD capex**

Continuing investment in new lines (mainly in China) driven by flat panel TV demand.

Also new and additional capacity investment in lines for small/mid-sized FPD due to growth in tablet PCs and smartphones.

▶ **PV capex**

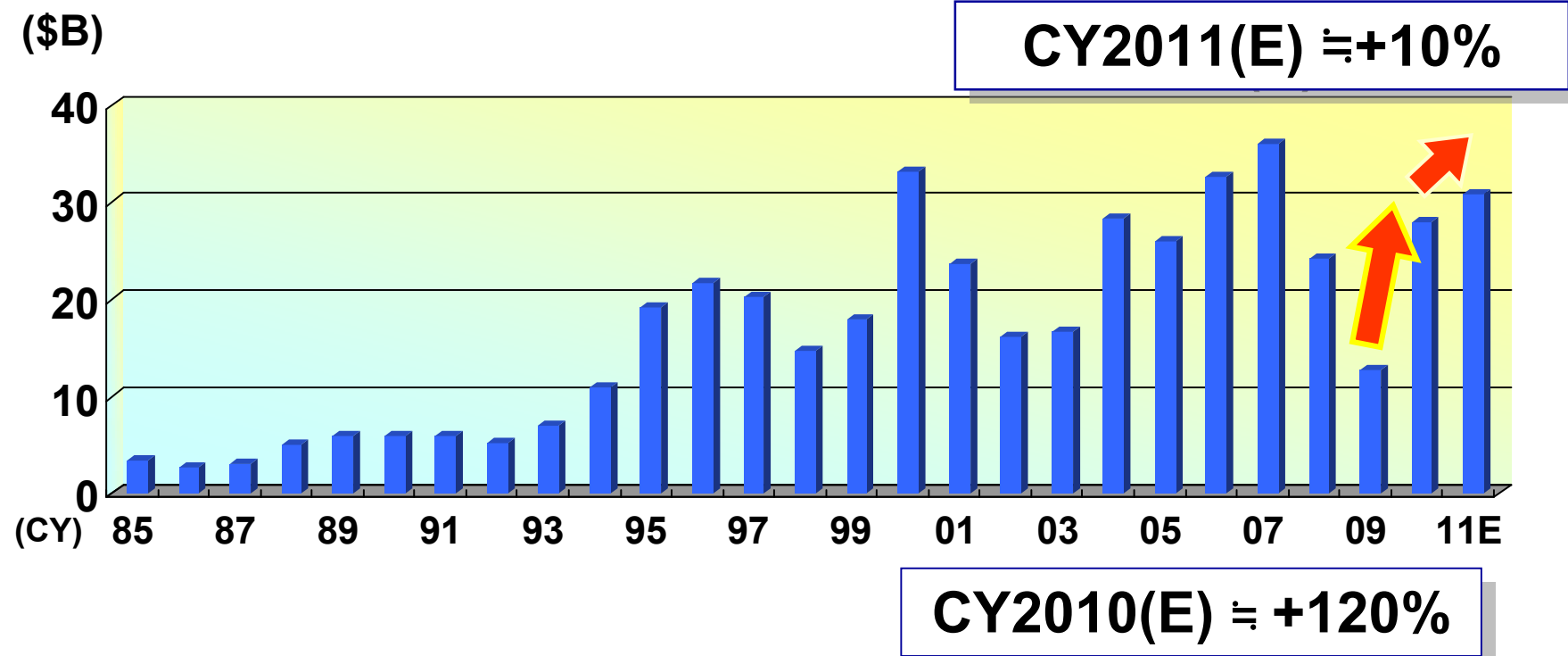
Due to price competitiveness, single crystal silicon and compound type (Cd-Te) strong.

Good medium/long-term growth prospects for thin-film silicon type due to improved conversion efficiency.



WFE*= Wafer Fab. Equipment

Wafer Fab Equipment Market Outlook

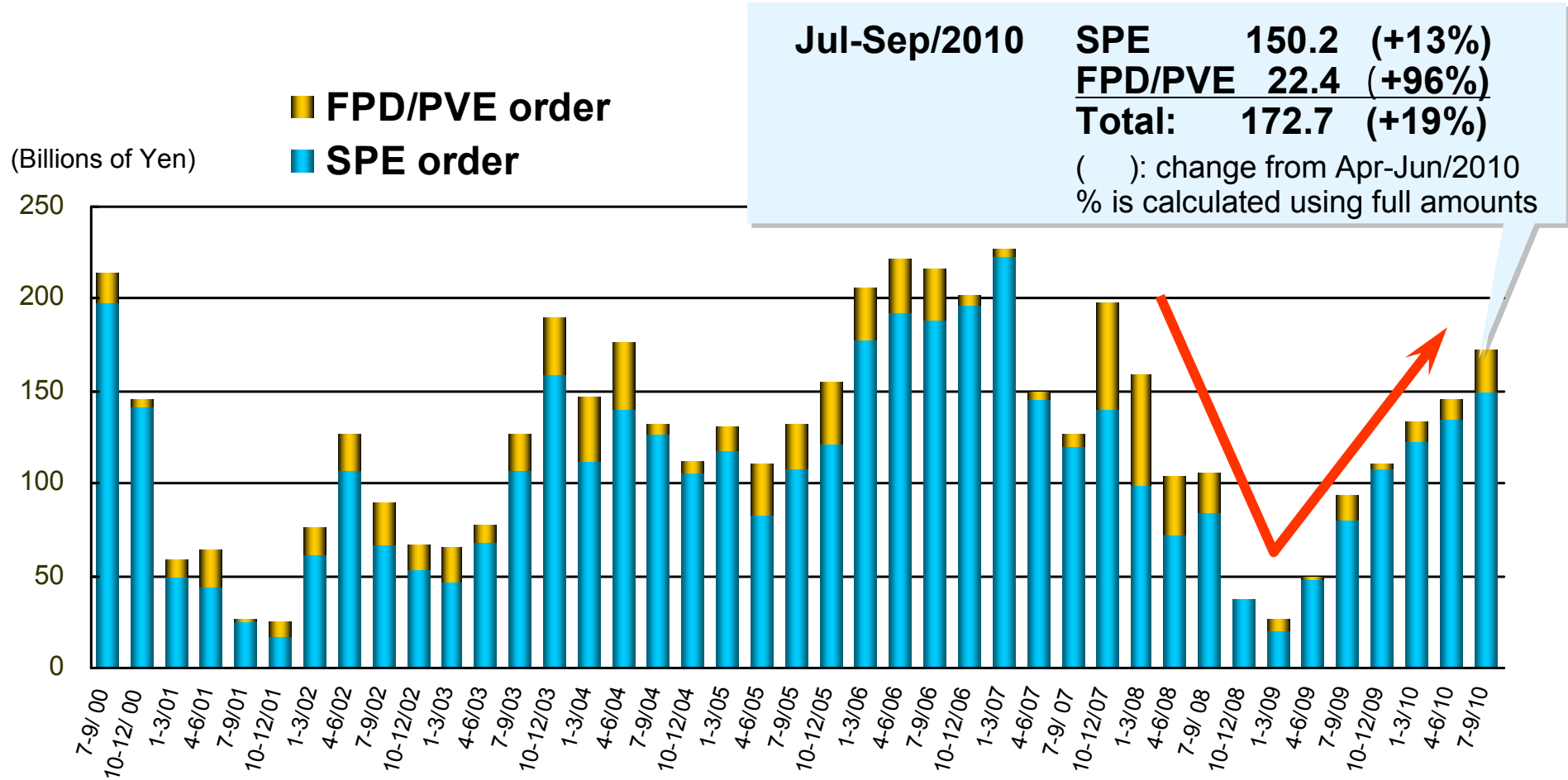


New NAND and Logic lines will drive 2011 WFE market

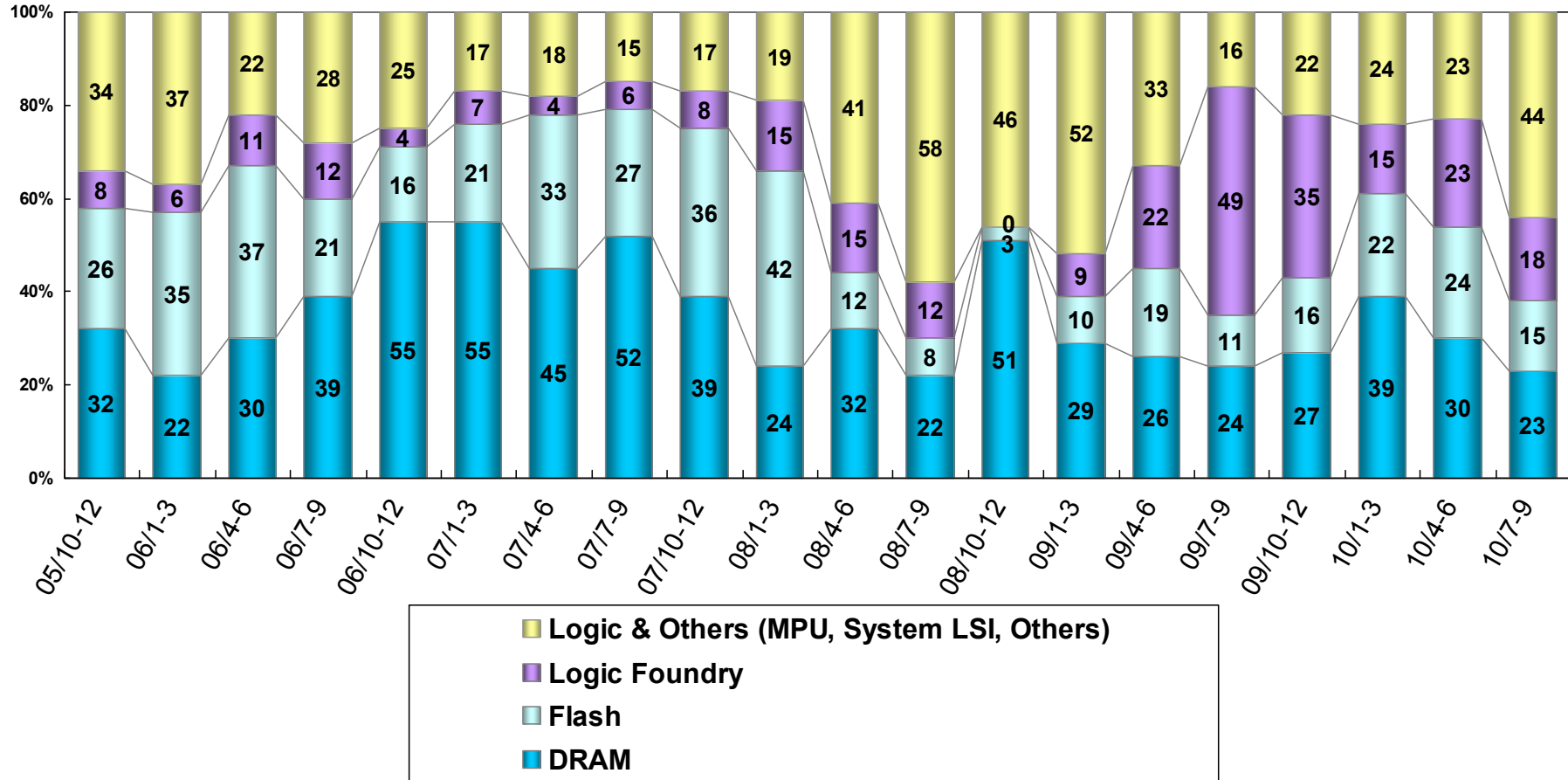
(Source: Gartner Dataquest, TEL Marketing) 28



Quarterly SPE+FPD/PVE Orders



SPE Orders by Application (Equipment only)



(TEL estimate)

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Revision of FY2011 Financial Estimates

(Billions of yen)

	FY2010	FY2011 (E)						
		1H Actual	Increase/decrease*	2H (E) Revised	Increase/decrease*	Full Year (E) Revised	Increase/decrease*	YoY change
Net sales	418.6	318.4	-6.6	356.6	+11.6	675.0	+5.0	+61%
SPE	262.3	240.2	-9.8	277.8	+16.8	518.0	+7.0	+97%
FPD/PVE	71.3	32.8	+0.8	31.7	-5.3	64.5	-4.5	-10%
EC/CN	84.4	45.0	+2.0	47.0	-	92.0	+2.0	+9%
Others	0.4	0.2	+0.2	0.3	+0.3	0.5	+0.5	+22%
Operating income	-2.1 (-0.5)	42.3 (13.3)	+1.8	49.7 (13.9)	+3.7	92.0 (13.6)	+5.5	+94.1
Ordinary income	2.5 (0.6)	45.1 (14.2)	+3.1	49.9 (14.0)	+3.9	95.0 (14.1)	+7.0	+92.5
Income before income tax	-7.7 (-1.9)	45.0 (14.1)	+3.0	48.0 (13.5)	+2.0	93.0 (13.8)	+5.0	+100.7
Net income	-9.0 (-2.2)	33.4 (10.5)	+3.4	32.6 (9.1)	-0.4	66.0 (9.8)	+3.0	+75.0

*Increase/decrease from the previous estimates announced on July 30

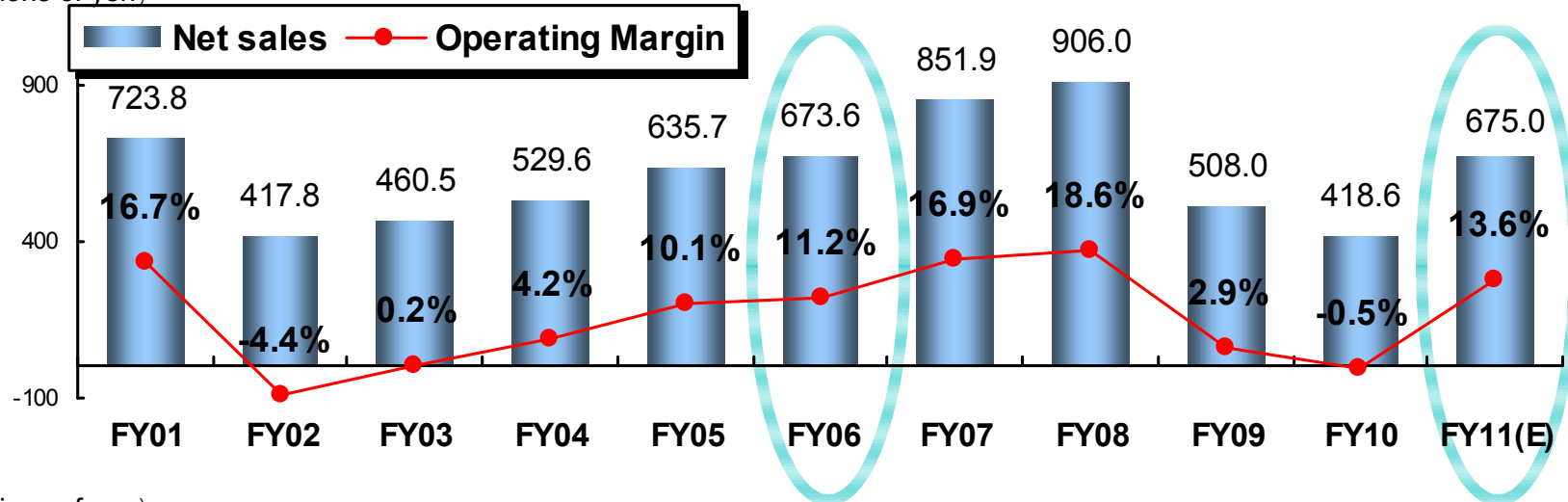
**FY2011 forecast raised, due to higher than expected SPE profitability
R&D budget increased by ¥4 billion to ¥71 billion**

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.

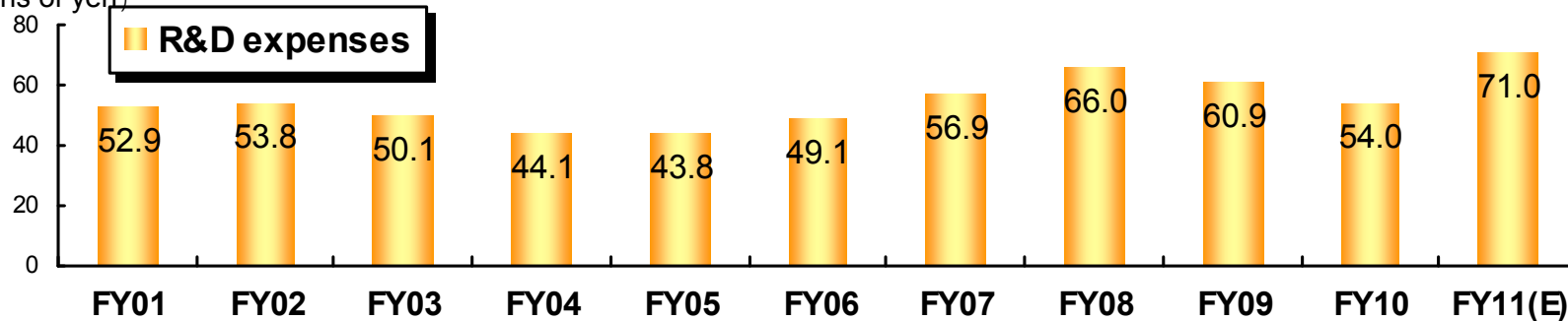


Improving Profitability

(Billions of yen)



(Billions of yen)



Improved operating margin, despite increased R&D investment

Highlights by Business

▶ SPE

- Focusing on winning orders for new POR for etch and cleaning systems
- Accelerating use of our new etch systems Tactras™ RLSA™ Etch in customers' volume production

▶ FPD

- Decided to establish new production site in Kunshan, Jiangsu Province, China

▶ PV cell production equipment

- Oerlikon Solar announced new “ThinFab” production line, breakthrough low cost of ownership (€0.5/wp)

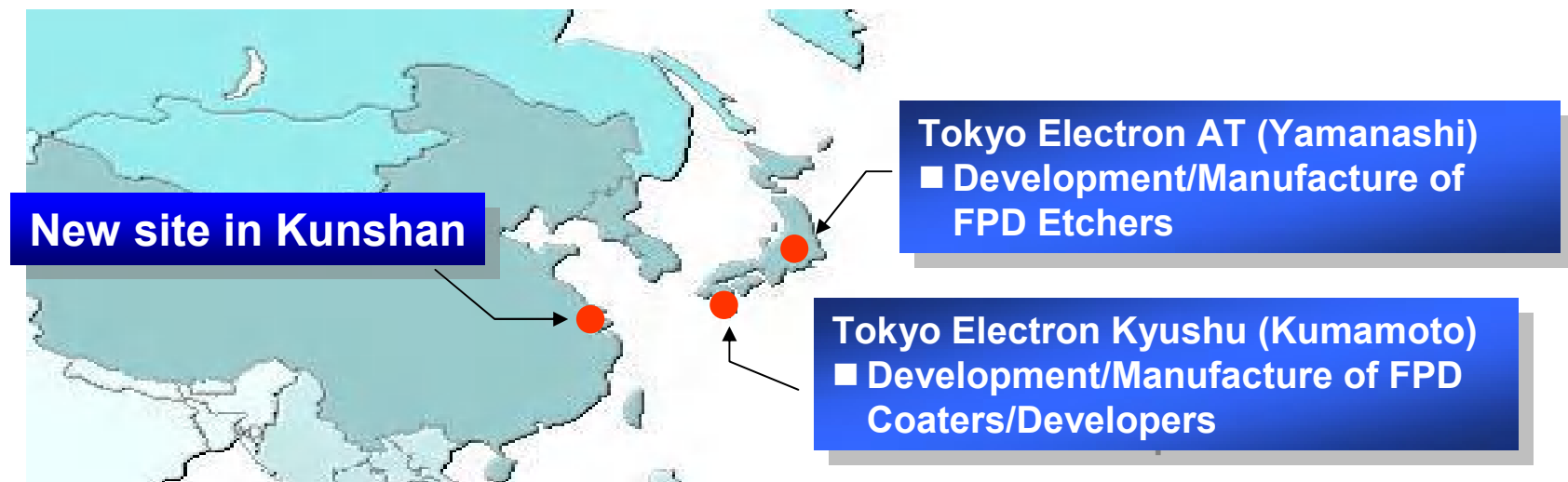
▶ New businesses

- Commenced sales of Probus-SiC™ epitaxial film growth equipment
- Strengthened line up of 3DI (three dimensional integration) equipment



New Production Site in China for FPD

Initially carry out regular maintenance for Chinese FPD customers, progressing on to modification/production of existing FPD production equipment, sharing with Japan sites



- Location: Kunshan City (near Shanghai)
- Area: 352,000m²
- Total investment: 5 Billion Yen
- Schedule: Jan. 2011 Establish Tokyo Electron Kunshan Limited
Mar. 2011 Groundbreaking
Sep. 2011 Complete construction



New Dividend Policy

**Based on medium-term business and financial outlook,
TEL is raising its dividend payout ratio**

New dividend policy

- **Sustained dividend payments linked to business and profit performance**
- **Dividend payout ratio of around 35% of consolidated net income** (previous payout ratio was around 20%)

**No change in our policy of active investment in R&D, facilities,
and human resources: the foundations of future growth**

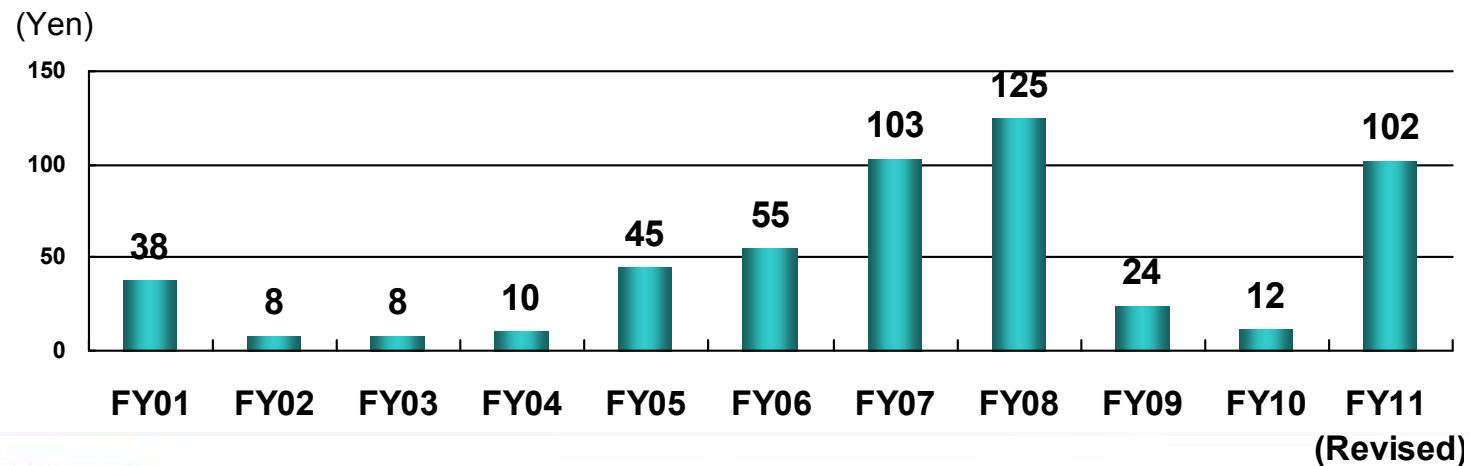
**Grow corporate value through growing profits,
more proactive shareholder returns**



Upward Revision of Dividend Forecast

From this fiscal year-end dividend, raise dividend payout ratio from around 20% to around 35%

	Dividend per share		
	Interim	Year-end	Total
Announced November 2	¥38	¥64	¥ 102
Announced July 30	¥34	¥37	¥71
(Last FY dividends)	¥4	¥8	¥12



■ **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



