

Revision of FY2010 Financial Estimates and Progress on Key Measures

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

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TOKYO ELECTRON

Business Environment



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**

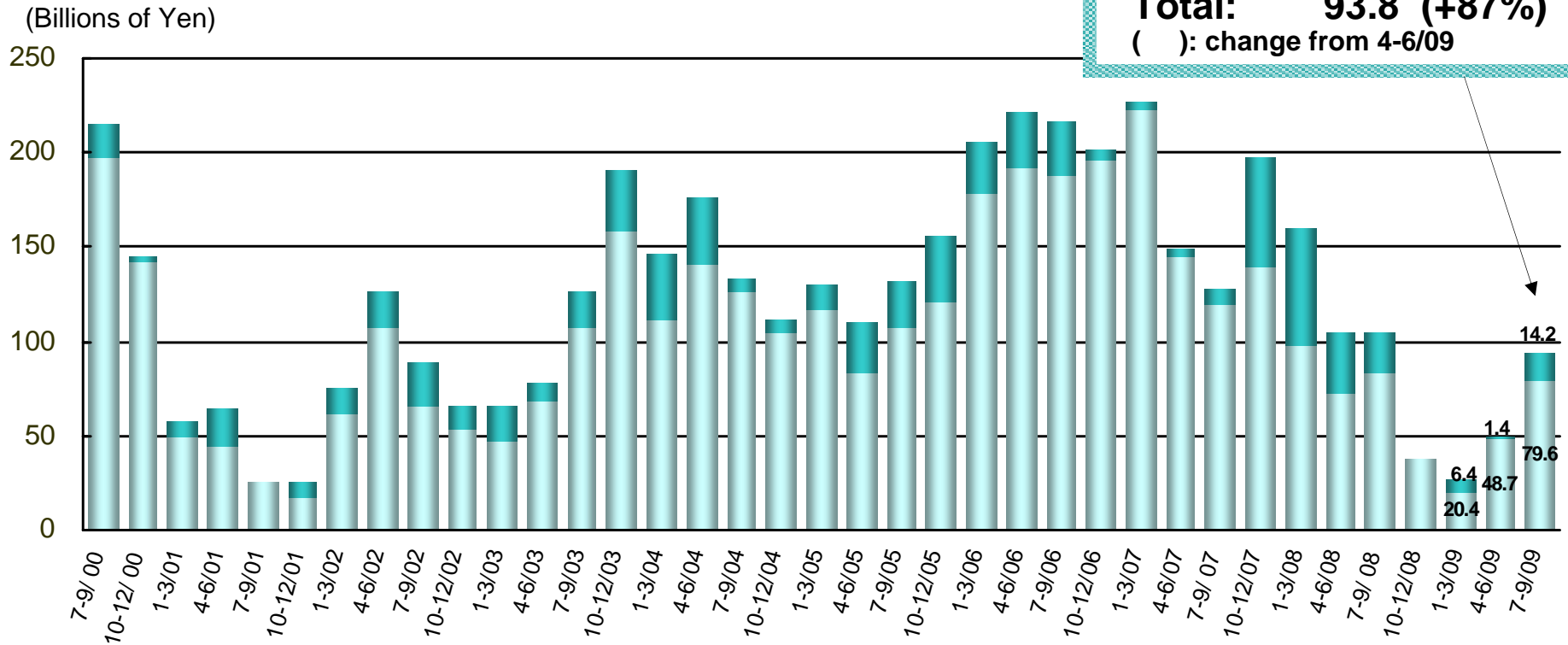
Investment slowing down due to global economic downturn, but there are many inquiries and we expect gradual recovery of capex



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.

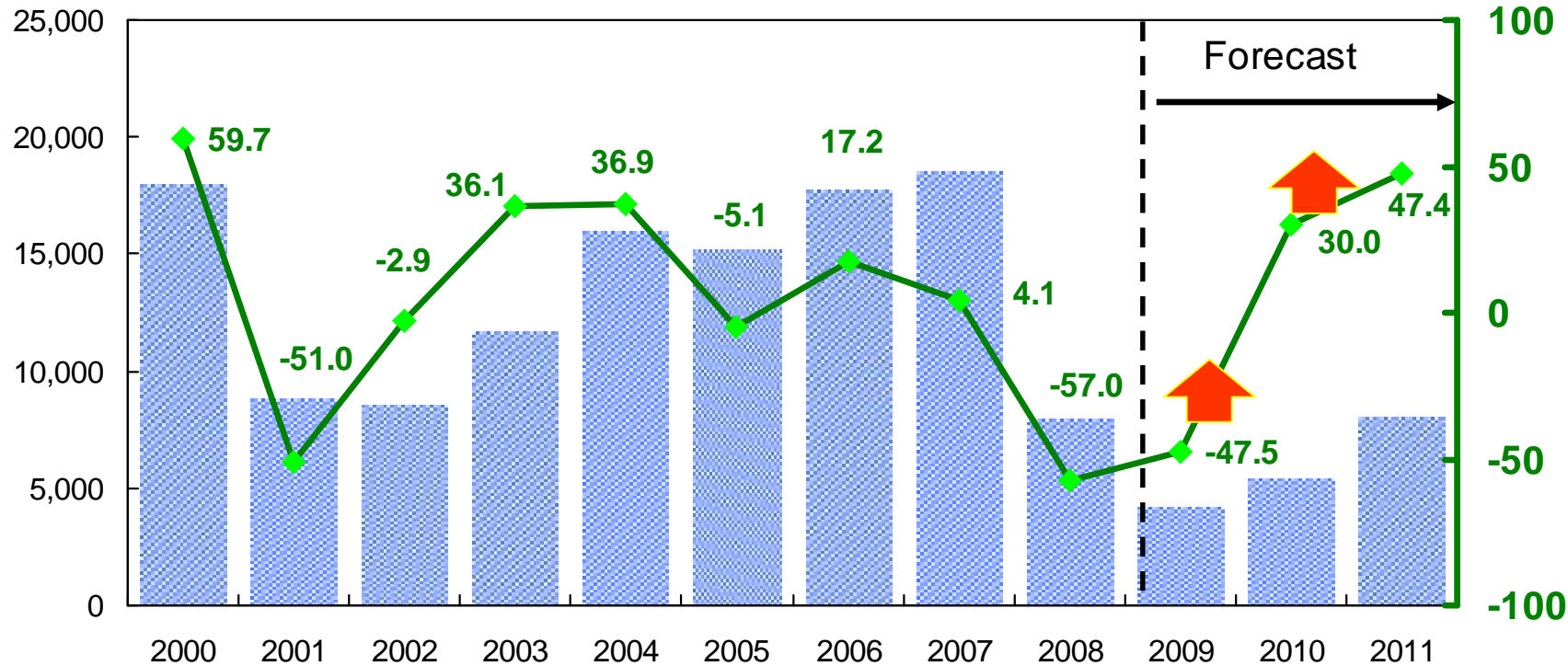


SPE Market Forecast

- Japanese Equipment -

Sales (\$M)

Growth (% YoY)



Source: SEAJ 2009.7

Expected to exceed July forecast



Revision of FY2010 Financial Estimates

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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)

	FY2009	FY2010E (revised)						YoY change
		1H (actual)	Increase/ decrease*	2H (revised)	Increase/ decrease*	Full year (revised)	Increase/ decrease*	
Net sales	508.0	153.8	+9.8	206.2	+32.2	360.0	+42.0	-29%
SPE	325.3	82.1	+5.1	126.9	+22.9	209.0	+28.0	-36%
FPD/PVE	88.1	30.7	+0.2	38.3	+8.8	69.0	+9.0	-22%
EC/CN	94.2	40.7	+4.2	41.1	+0.6	81.8	+4.8	-13%
Others	0.3	0.2	+0.2	0.0	-	0.2	+0.2	-48%
Operating income	14.7 (2.9)	-21.6 (-14.0)	+14.3	-13.4 (-6.5)	+7.6	-35.0 (-9.7)	+22.0	-
Ordinary income	20.5 (4.0)	-19.2 (-12.5)	+15.7	-12.3 (-6.0)	+7.7	-31.5 (-8.8)	+23.5	-
Unusual or infrequent gain/loss	-10.9	-7.0	-1.0	0.0	-	-7.0	-1.0	-
EBIT	9.6 (1.9)	-26.2 (-17.1)	+14.7	-12.3 (-6.0)	+7.7	-38.5 (-10.7)	+22.5	-
Net income	7.5 (1.5)	-16.1 (-10.5)	+9.8	-10.9 (-5.3)	+1.1	-27.0 (-7.5)	+11.0	-

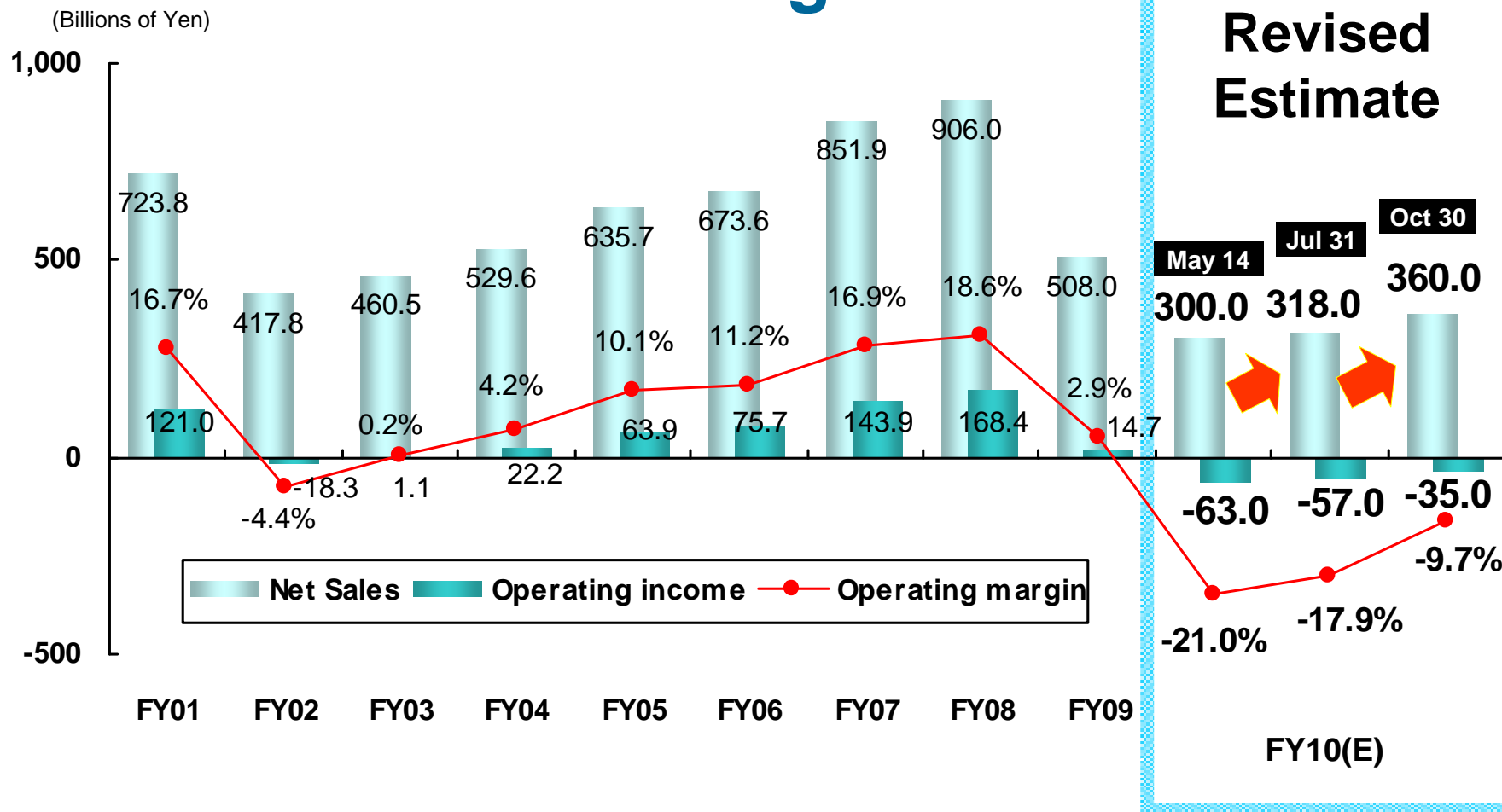
1. SPE: Semiconductor Production Equipment, FPD/PVE: Flat Panel Display and Photovoltaic Cell Production Equipment, EC/CN: Electronic Components and Computer Networks
2. Numbers shown in (): profit ratios
3. YoY changes and profit ratios are calculated using full amounts, before rounding.

* 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



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



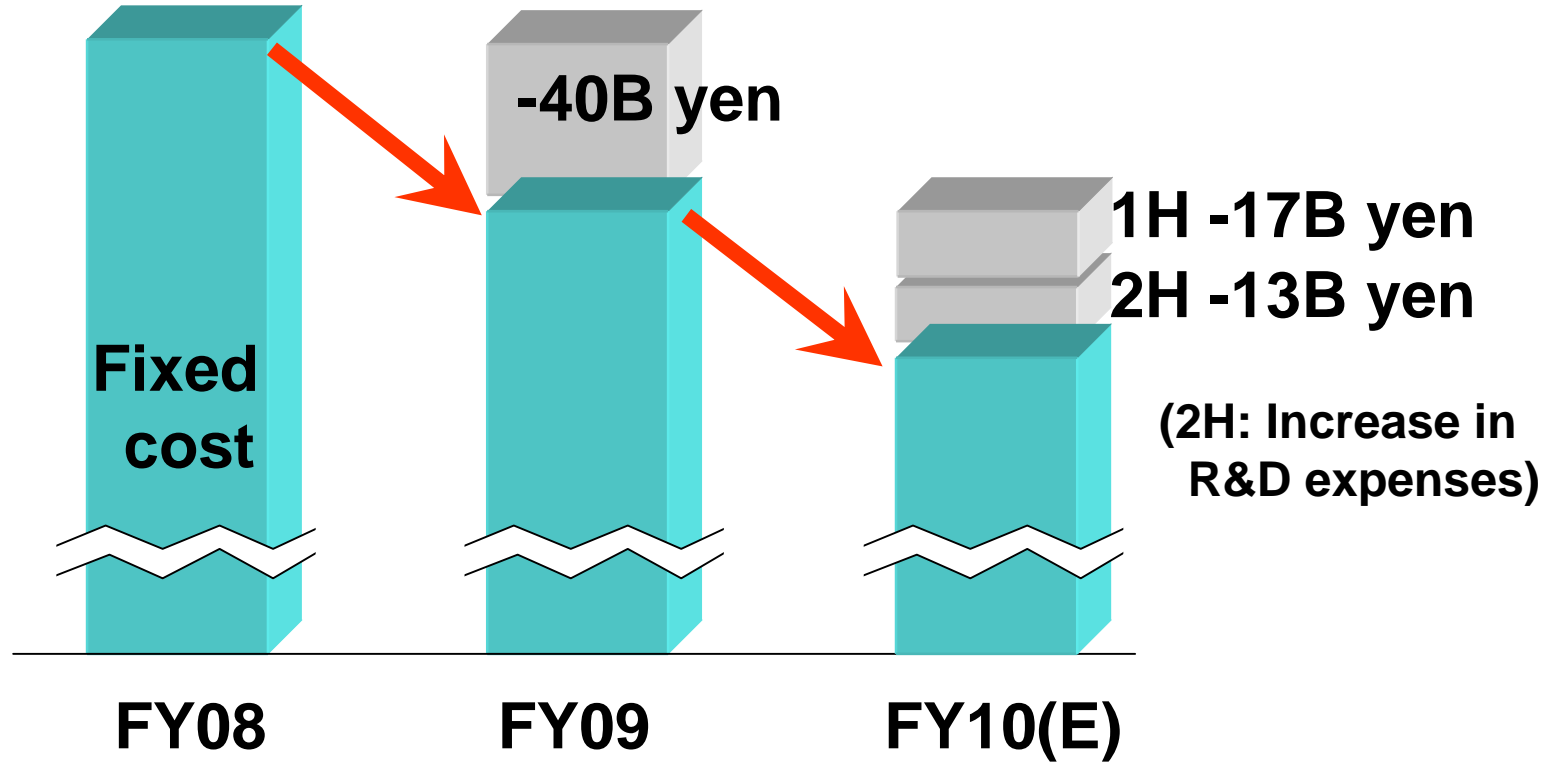
Key Measures for the Current Fiscal Year

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**



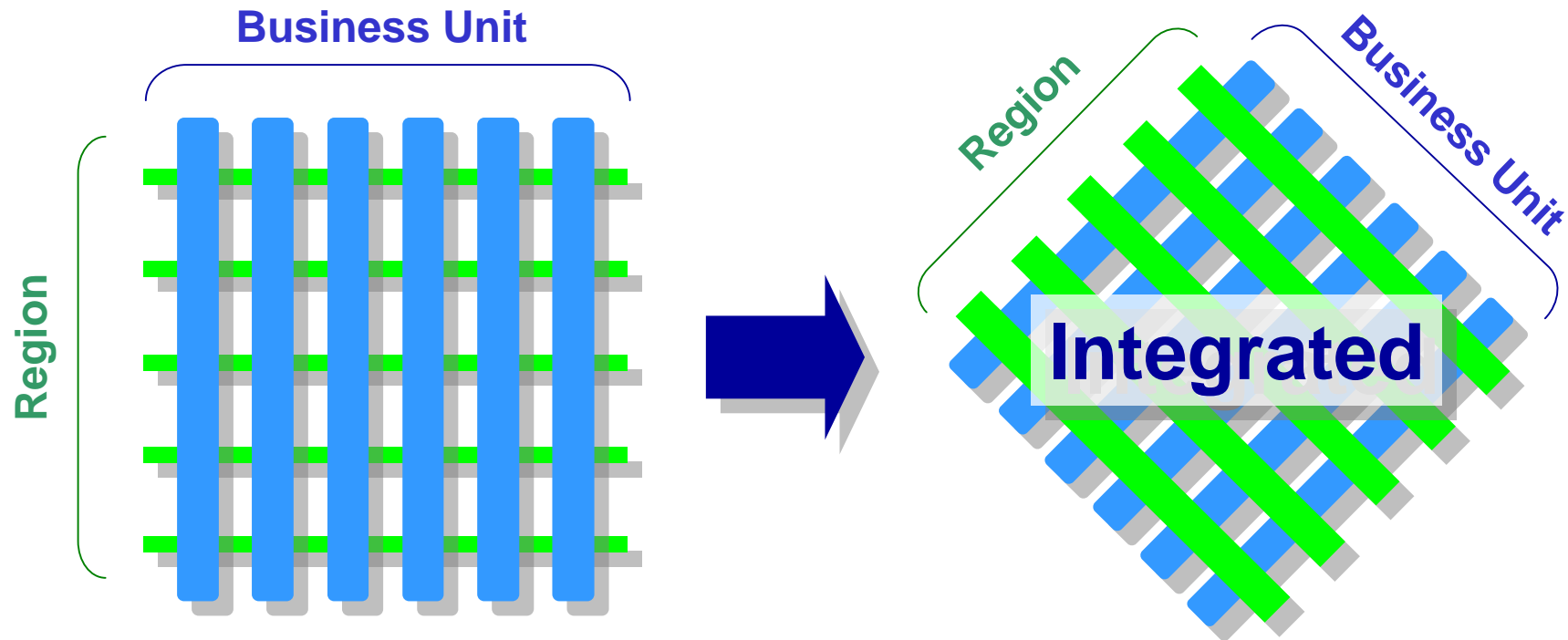
Status of FY2010 Cost-cut Program



30B yen cut in fixed costs on schedule



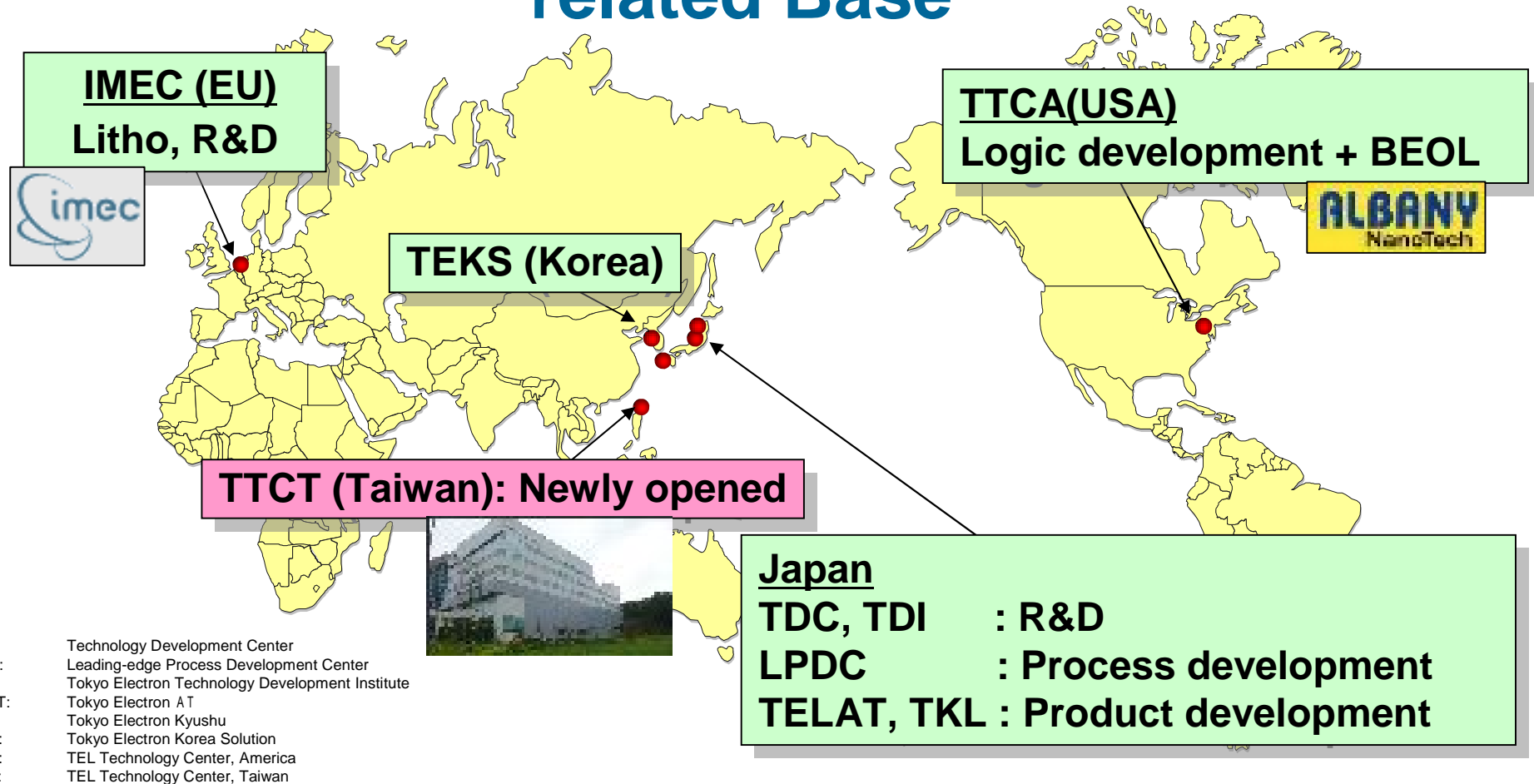
Re-organization of Sales & Marketing



Customer penetration with an integrated team



Strengthen Technology & Development related Base



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)

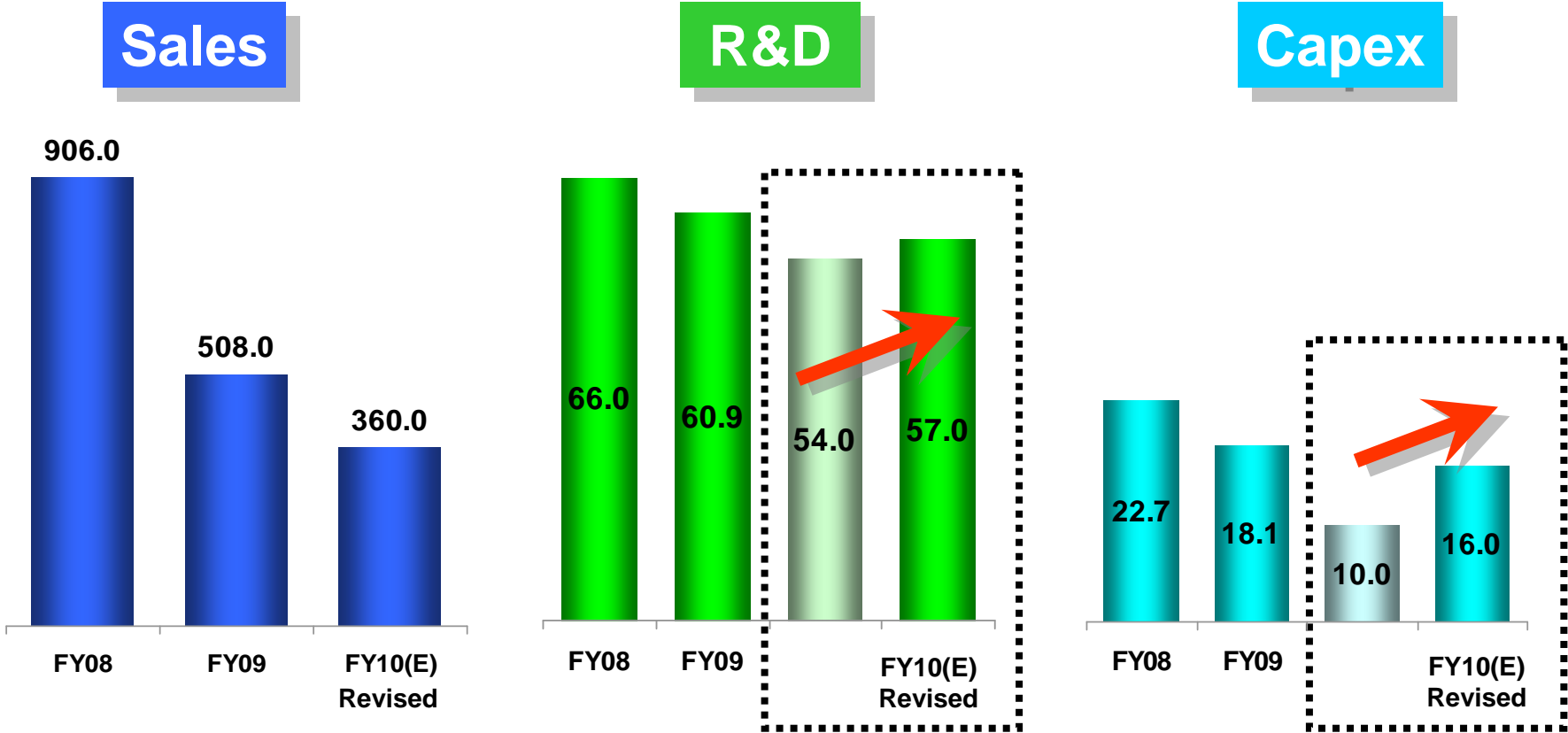
New Business Planning Dept.

(former Marketing Dept.)



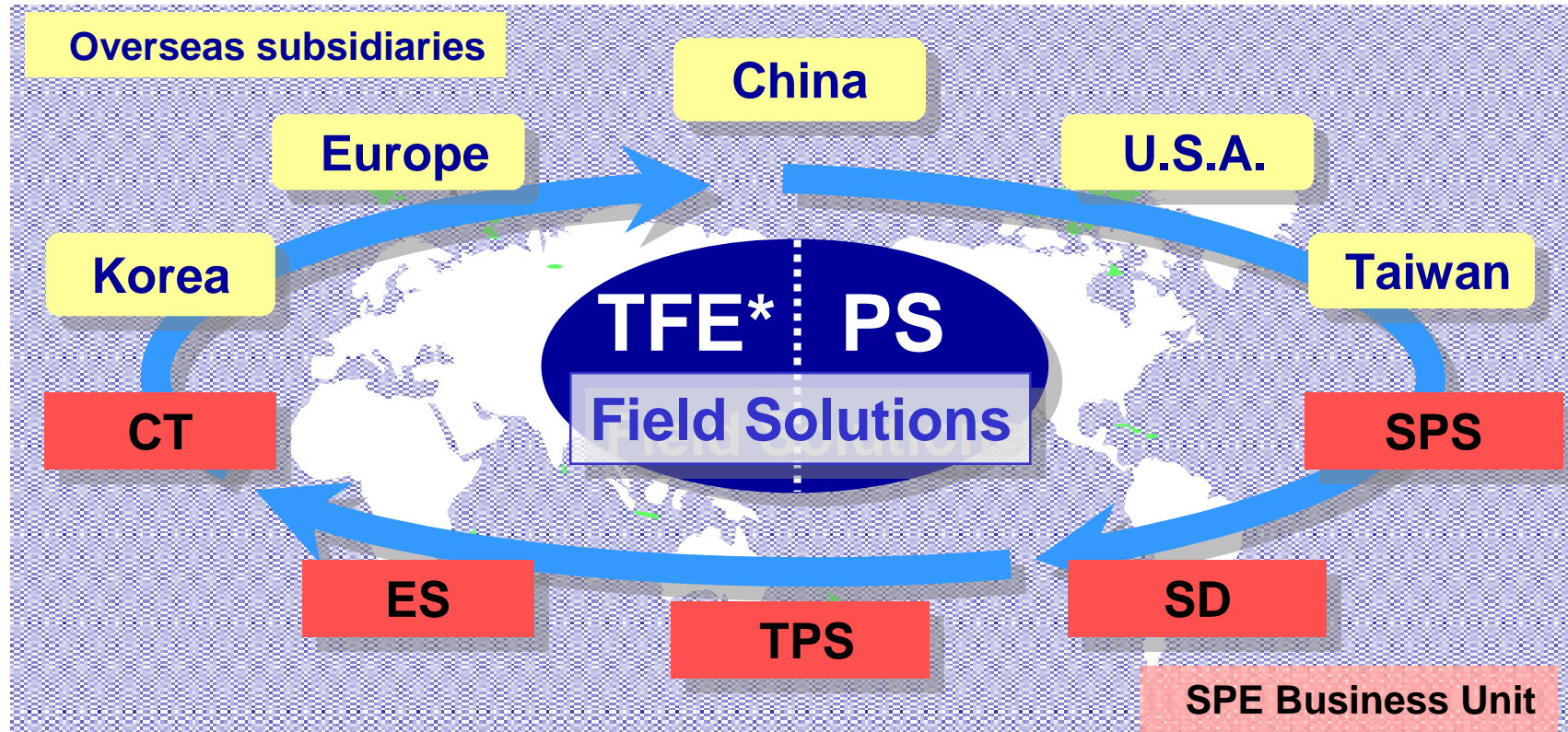
Our Core Strength is to Provide Technology Solutions

(Billion Yen)



Maintain higher level of R&D

From Post Sales (PS) to Field Solutions (FS)



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

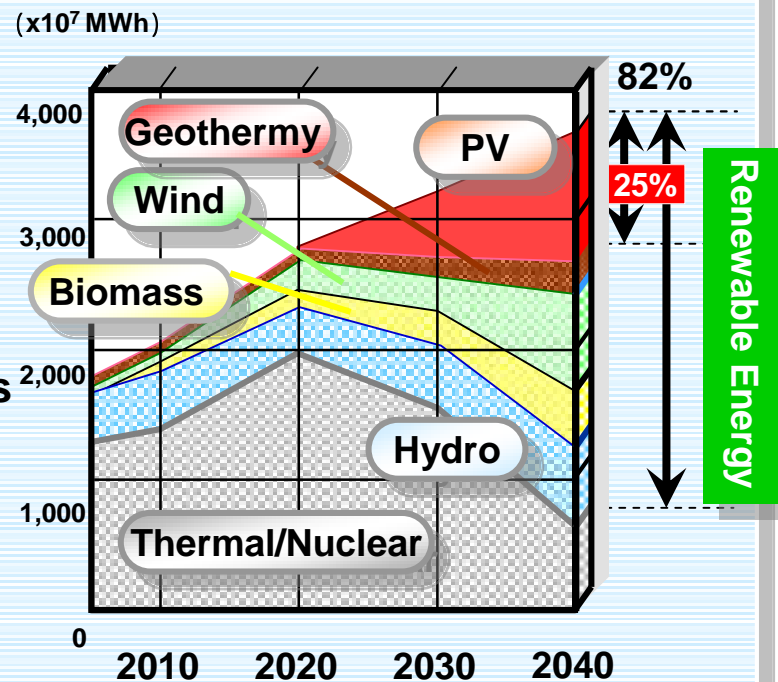


Alliance with Oerlikon Solar

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



Independent development by TEL



Source: European Renewable Council / TEL estimate

Establish optimal business model from medium term standpoint

Addressing Environmental Issues



Enhance energy efficiency of TEL products

Reduce CO₂ emissions by reducing power consumption, chemical usage, etc.

Provide manufacturing equipment for energy-saving devices

SiC epitaxial equipment for power IC
OLED production equipment

Provide manufacturing equipment for clean energy

Photovoltaic cell 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**



