

Business Environment and Revision of Financial Estimates

Hiroshi Takenaka, President

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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**

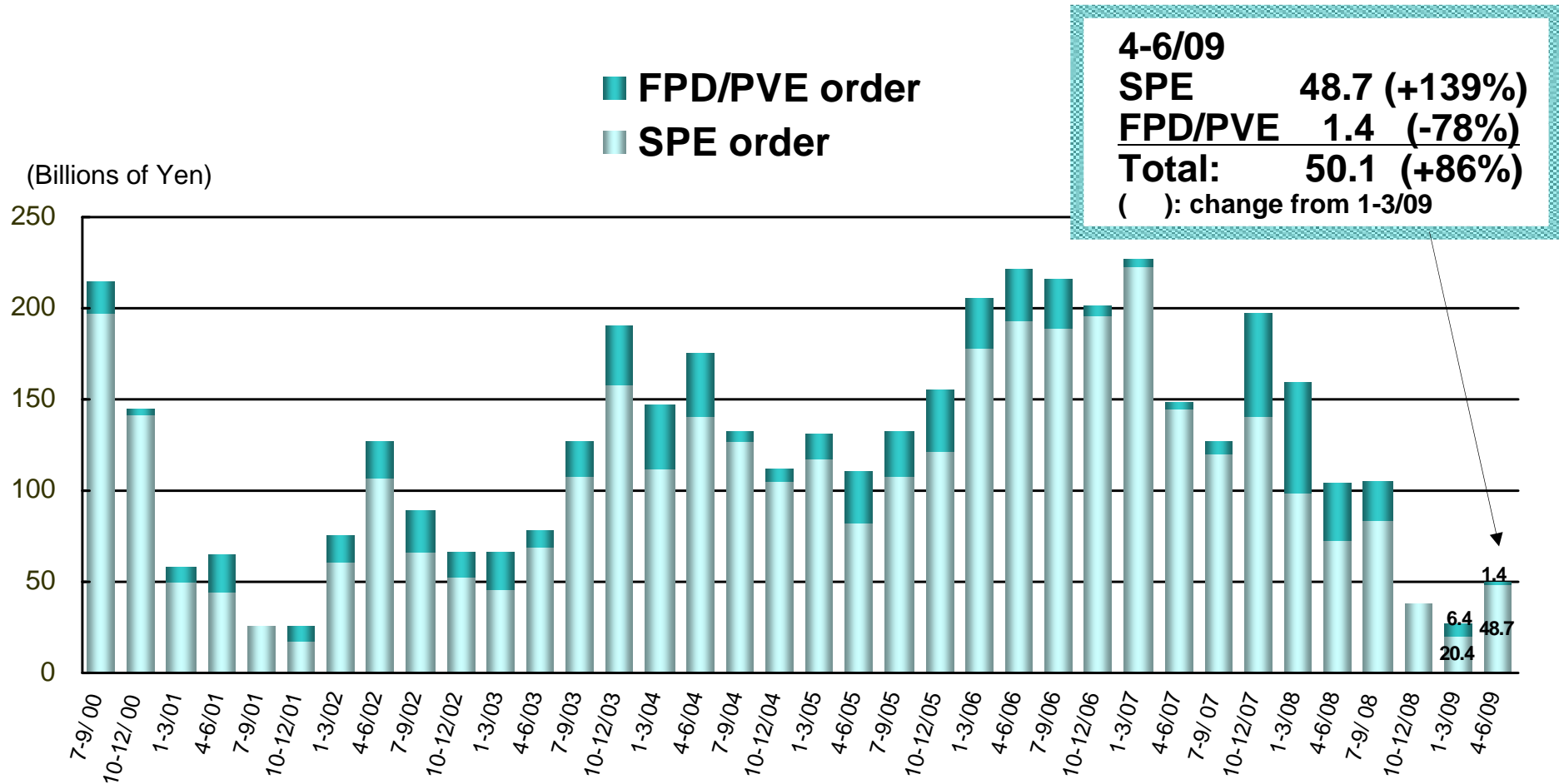
Factory utilization rates rapidly recovering mainly due to robust demand for TVs in China

▶ **PV capex**

Trend to postpone investment due to the effects of the financial crisis but large growth potential in the medium/long term



Quarterly SPE+FPD/PVE Orders



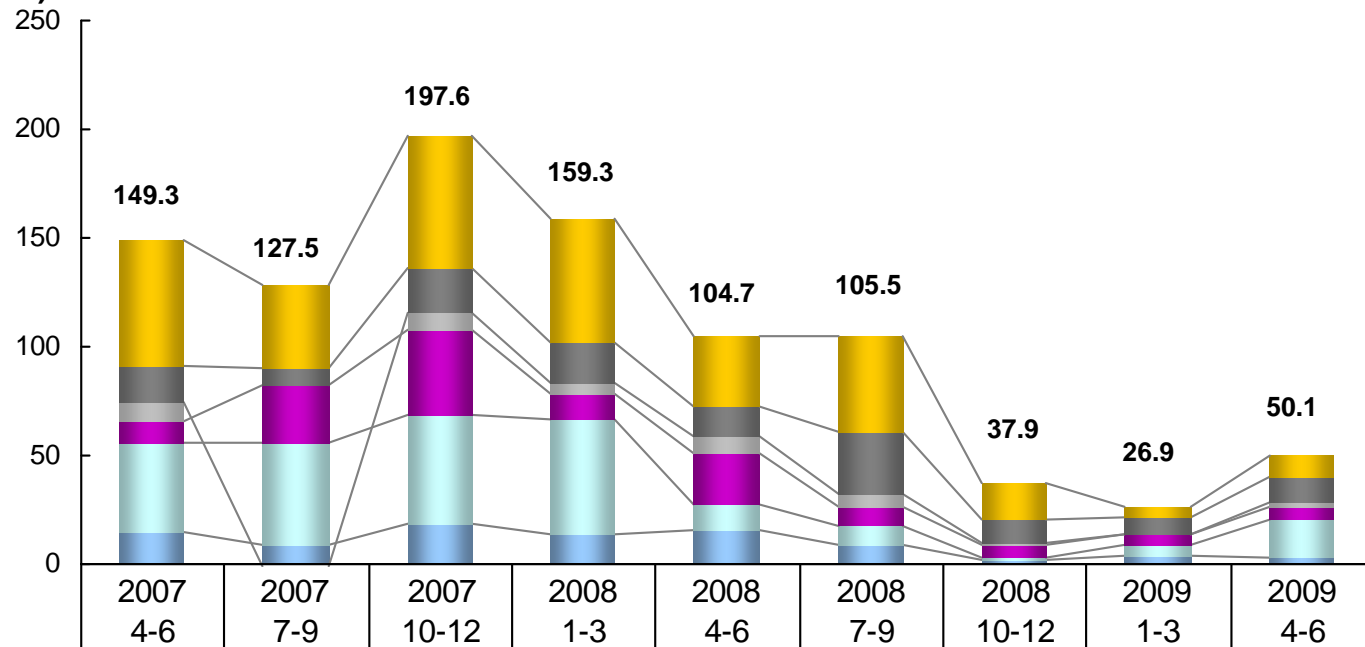
* Figures until 10-12/05 are non-consolidated, figures from Jan-Mar 2006 are consolidated.

* Main difference between consolidated and non-consolidated: Consolidated figures include post-sales orders at overseas subsidiaries.



SPE+FPD/PVE Orders by Region

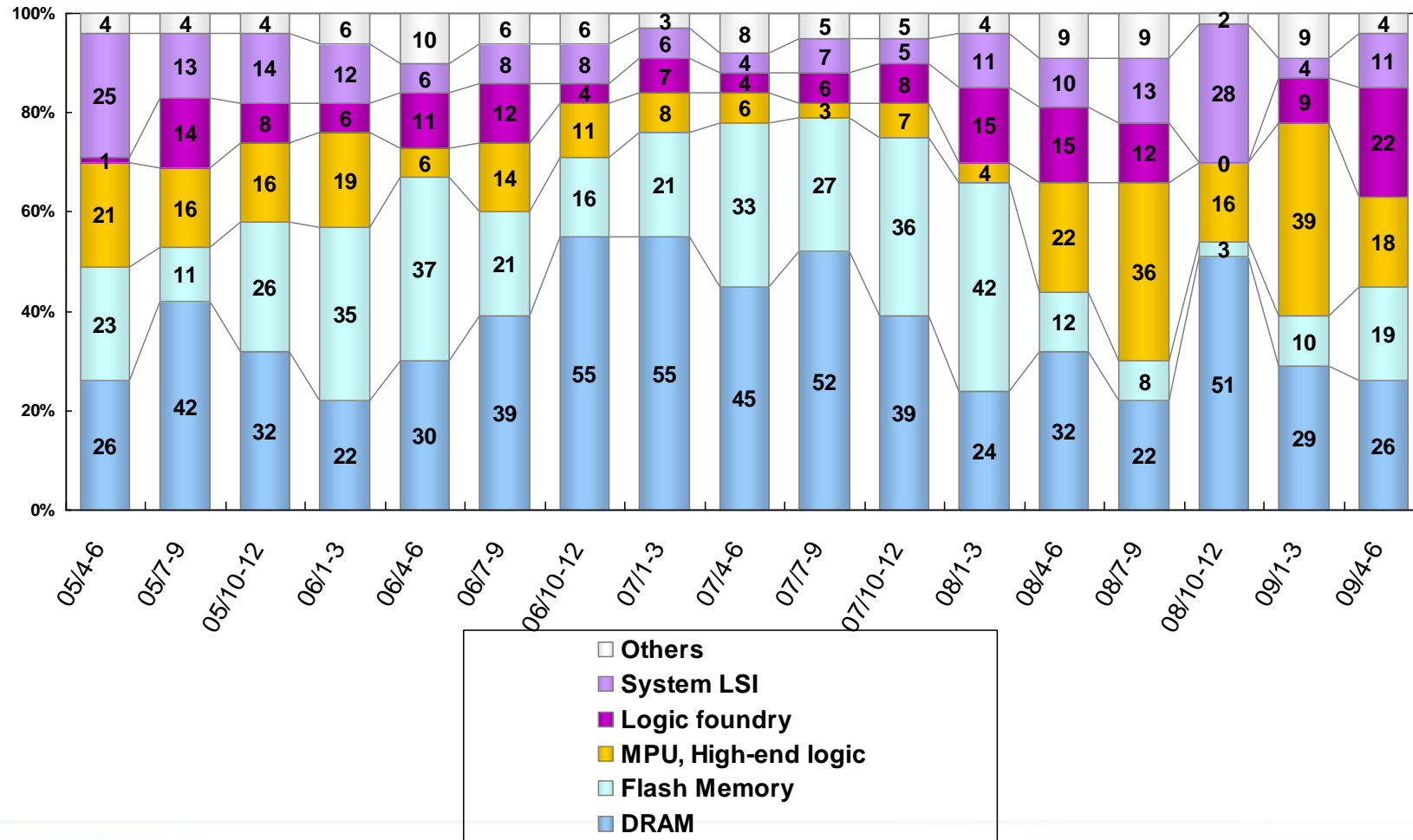
(Billions of Yen)



	2007 4-6	2007 7-9	2007 10-12	2008 1-3	2008 4-6	2008 7-9	2008 10-12	2009 1-3	2009 4-6
■ Japan	57.8	37.8	61.5	57.4	31.8	44.4	17.3	4.6	10.1
■ U.S.	17.2	8.1	20.4	18.4	14.3	28.1	10.4	8.2	11.8
■ Europe	8.6	-0.8	7.3	4.9	7.9	5.9	1.5	0.1	1.9
■ Korea	9.9	26.8	39.9	11.3	22.8	9.0	5.6	5.1	5.6
■ Taiwan	40.9	47.0	49.8	53.4	12.1	8.8	1.2	4.5	17.5
■ China, Southeast Asia & Others	14.7	8.6	18.5	13.6	15.6	9.1	1.7	4.1	3.0



SPE Orders by Application (Equipment only)



(TEL Estimation included in memory portion) 6



Revision of FY2010 Financial Estimates

[FY2010: April 1, 2009 – March 31, 2010]



Revision of FY2010 Financial Estimates

Revised 1H and full year estimates

(Billions of yen)

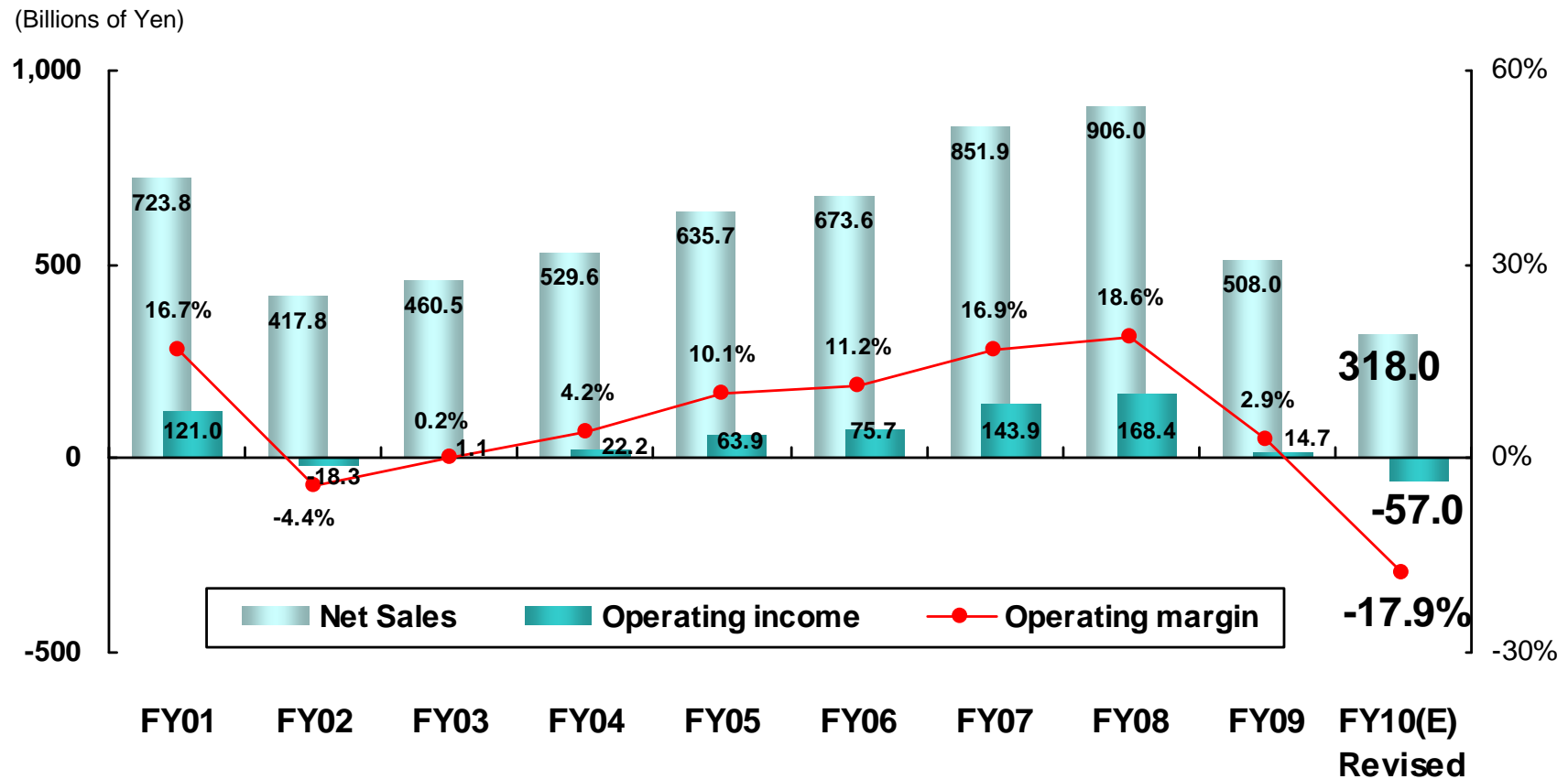
	FY2009	FY2010E (revised)					
		1H (revised)	Increase/ decrease*	2H (unchanged)	Full year (revised)	Increase/ decrease*	YoY change
Net sales	508.0	144.0	+18.0	174.0	318.0	+18.0	-37%
SPE	325.3	77.0	+17.0	104.0	181.0	+17.0	-44%
FPD/PVE	88.1	30.5	+1.0	29.5	60.0	+1.0	-32%
EC/CN	94.2	36.5	/	40.5	77.0	/	-18%
Others	0.3	0.0	/	0.0	0.0	/	-100%
Operating income	14.7 (2.9)	-36.0 (-25.0)	+6.0	-21.0 (-12.1)	-57.0 (-17.9)	+6.0	-
Ordinary income	20.5 (4.0)	-35.0 (-24.3)	+6.0	-20.0 (-11.5)	-55.0 (-17.3)	+6.0	-
Unusual or infrequent gain/loss	-10.9	-6.0	-6.0	0.0	-6.0	-6.0	-
EBIT	9.6 (1.9)	-41.0 (-28.5)	/	-20.0 (-11.5)	-61.0 (-19.2)	/	-
Net income	7.5 (1.5)	-26.0 (-18.1)	/	-12.0 (-6.9)	-38.0 (-11.9)	/	-

* increase or decrease from the initial estimates announced on May 14

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



Consolidate Domestic Production/Development Platform

**Strengthen and raise efficiency of production/development
from a medium-term perspective**

Facilities to be closed	Planned date	To be integrated with:
Sagami Office* ¹ (Post sales, New technology development)	March 2010	Fuchu Technology Center Yamanashi Plant* ²
Saga Plant* ³ (Cleaning system)	March 2010	Koshi Plant* ⁴
Kansai Technology Center* ⁵ (New technology development)	December 2010	Yamanashi Plant* ² Sendai Office* ⁶

Expect to record an extraordinary loss of 6.0 billion yen in the first half due to impairment losses, etc. (Of which 4.3 billion yen already recorded in Q1)



*1 Sagamihara city *2 Nirasaki city *3 Tosu city *4 Koshi city *5 Amagasaki city *6 Sendai city

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Summary

1. SPE orders have passed their worst phase, entered a path of gentle recovery
2. FPD orders have increasing potential to recovery rapidly in CY2009
3. SPE sales in first half expected to exceed initial forecasts, TEL has raised sales and operating income forecasts
4. Decided to close/integrate three domestic facilities for strengthening and raising efficiency of production/development
5. Will continue to make the investments in R&D required for growth and strengthen investment in human resources



