

Approach to the second half of FY2008

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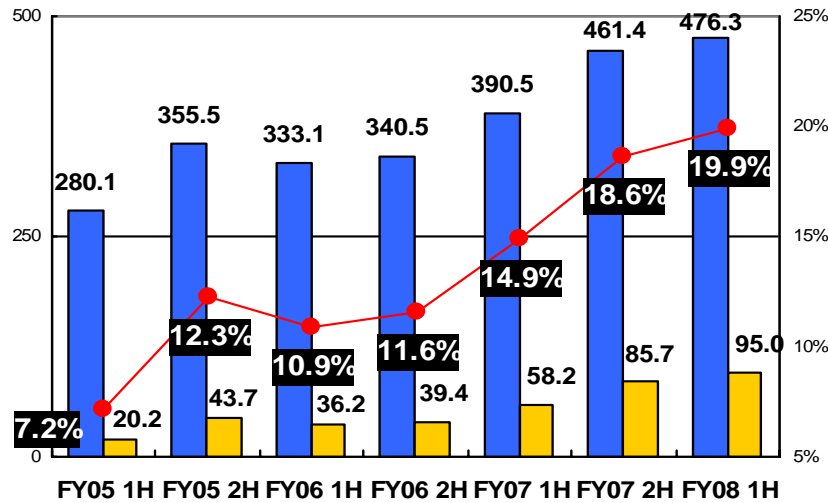
November 13, 2007

FY2008 First half results

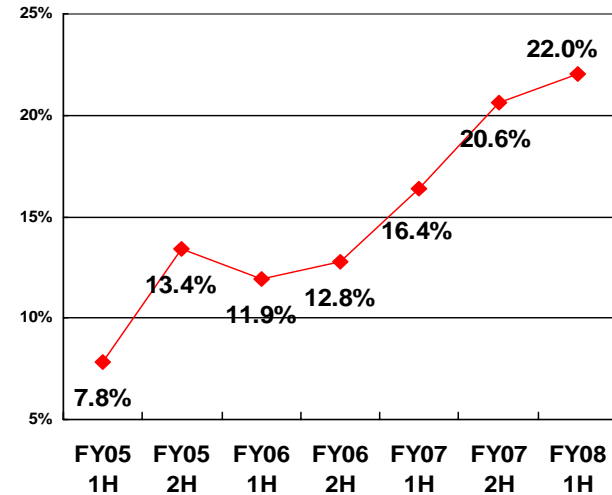
▶▶ Record interim sales and profit

(Billions of Yen)

Consolidated



Industrial electronic equipment segment



■ Net sales ■ Operating income ● Operating margin

Improved profitability in the SPE Division

1. Benefits of new products
2. Quality improvements

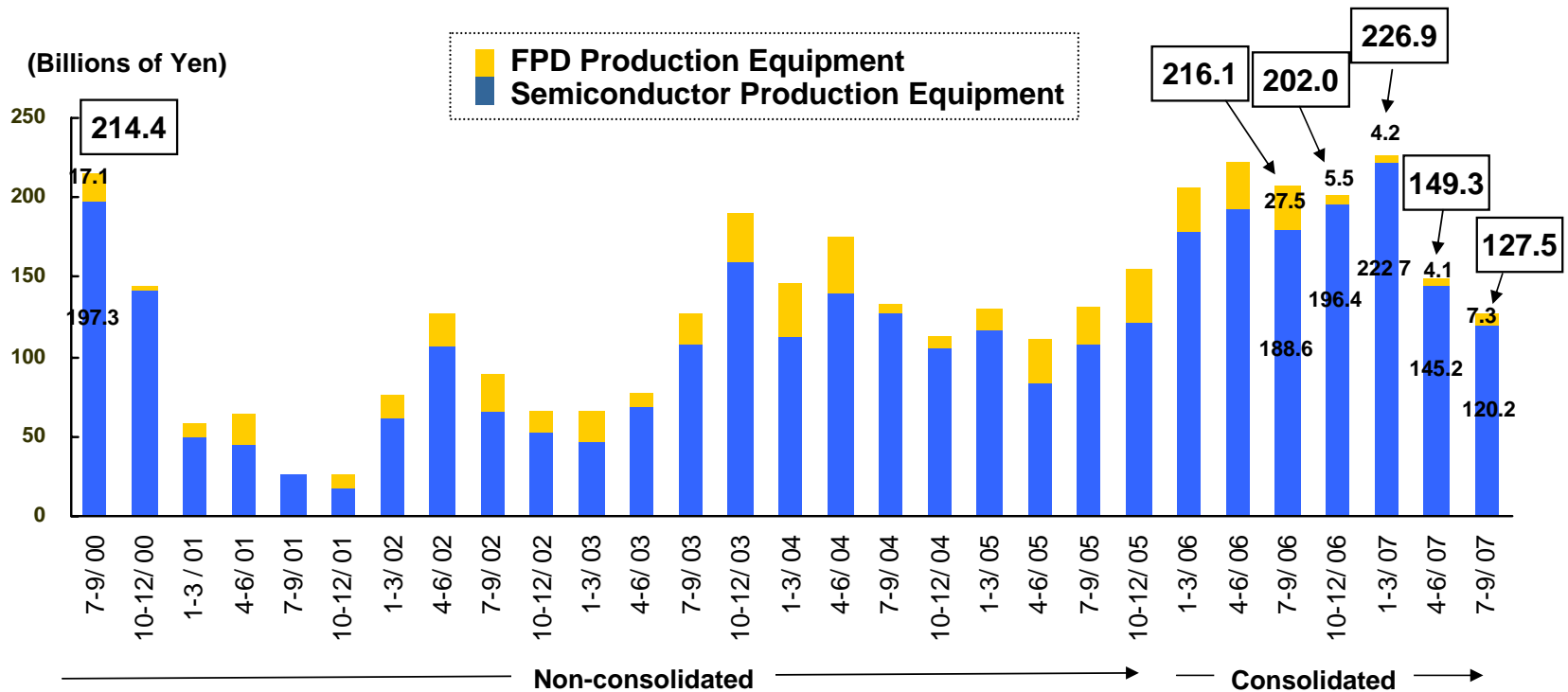


Business Environment



Quarterly SPE+FPD Order

► Orders entered short-term adjustment phase following period of strength



*Figures until 2005 Oct-Dec are non-consolidated, figures from Jan-Mar 2006 are consolidated.

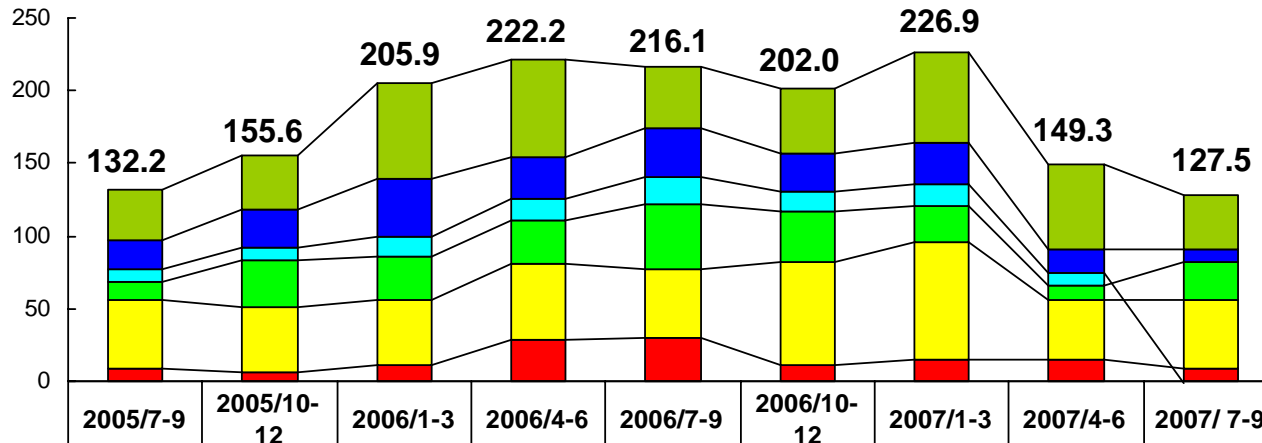
*Main difference between consolidated and non-consolidated: Consolidated figures include post-sales orders at overseas subsidiaries.



Quarterly SPE+FPD Order by Region

► Jul-Sep: Investment increased in Korea & Taiwan

(Billions of Yen)

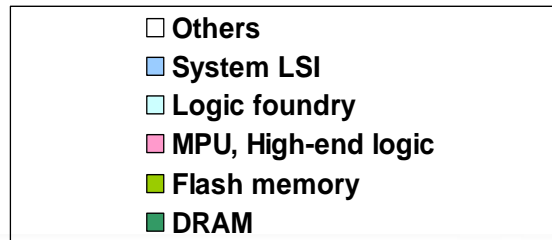
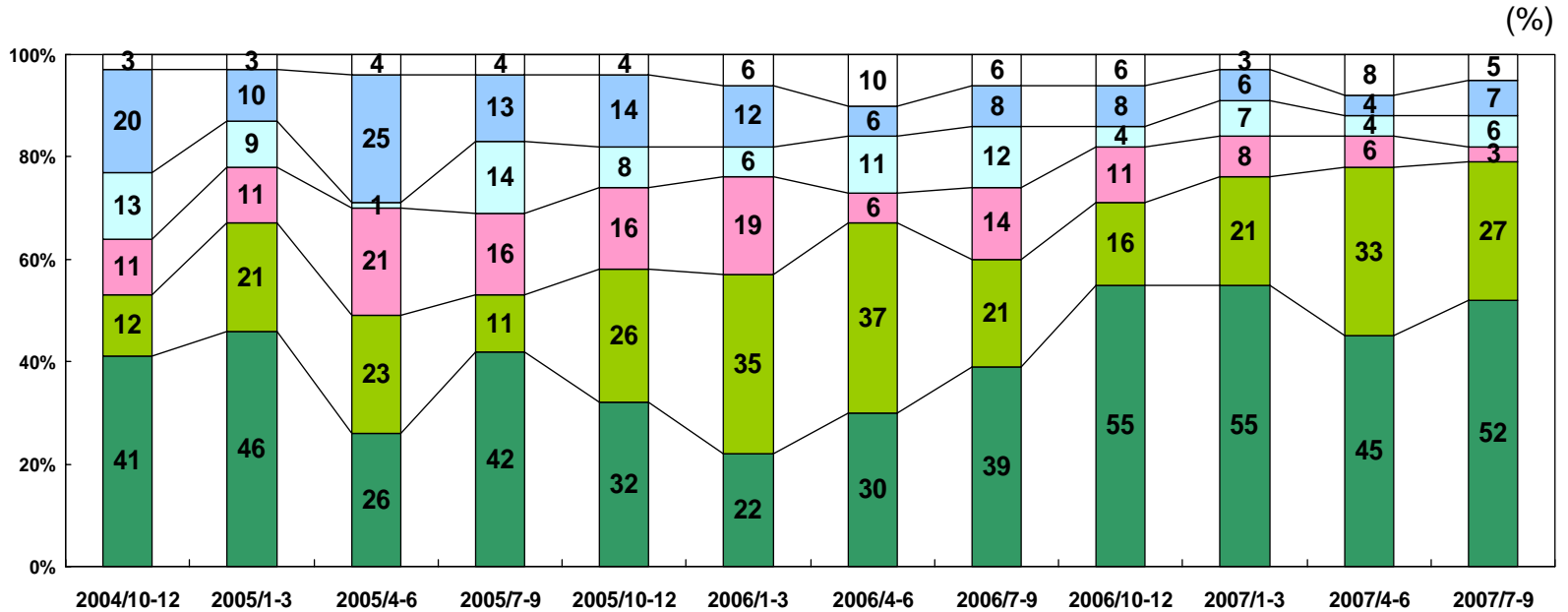


Region	2005/7-9	2005/10-12	2006/1-3	2006/4-6	2006/7-9	2006/10-12	2007/1-3	2007/4-6	2007/7-9
Japan	35.5	36.7	66.6	67.7	41.4	45.1	62.4	57.8	37.8
U.S.	18.8	26.4	39.9	28.5	34.4	26.4	28.3	17.2	8.1
Europe	9.3	9.1	13.9	14.5	17.5	13.0	14.9	8.6	-0.8
Korea	12.9	32.4	29.0	30.1	45.6	35.3	25.7	9.9	26.8
Taiwan	46.8	44.5	45.7	52.9	47.6	71.0	80.4	40.9	47.0
China, S.E. Asia, others	8.7	6.2	10.6	28.2	29.3	10.9	15.0	14.7	8.6

Order numbers are on a consolidated basis from 2006/1-3 quarter.



SPE Quarterly Order by Application (Equipment only)



(TEL estimation included in memory portion) 32



CY2008: Business Environment Outlook

▶ Semiconductor CAPEX

- **DRAM:** Investment continuing for design shrinkage to reduce chip costs. However, investment timing changes are possible due to impact of price declines.
- **NAND:** Investment continuing steadily at our major customers, supported by strong demand.
- **LOGIC/Foundry:** Increase in cutting-edge investment to start ahead of expanding demand for digital electronics in 2008.

➡ **Expecting flat to 5% Semiconductor CAPEX growth in 2008**

▶ FPD CAPEX

- **2007 will be a trough year for investment, however orders to start to recover in anticipation of demand for digital TVs from 2008 onwards.**



FY2008 Financial Forecast

(April 1, 2007 – March 31, 2008)



Record Performance to Continue in FY2008

- ▶ Only SPE and FPD sales forecasts have been changed. Consolidated sales and income forecasts unchanged from initial forecasts, record-setting performance expected

(Billions of Yen)

	FY2007	FY2008 (E)			
	Full year	H1	H2 (E)	Full year (E)	YoY change
Net sales	851.9	476.3	423.7	900.0	+5.6%
SPE	642.6	379.2	342.8	722.0	+12.4%
FPD	100.7	43.6	24.4	68.0	- 32.5%
EC/CN	107.4	53.2	55.8	109.0	+1.4%
Others	1.1	0.2	0.8	1.0	- 10.8%
Operating income	143.9 (16.9)	95.0 (19.9)	65.0 (15.3)	160.0 (17.8)	+11.1%
Ordinary income	143.9 (16.9)	95.7 (20.1)	68.3 (16.1)	164.0 (18.2)	+13.9%
EBIT	144.4 (17.0)	98.2 (20.6)	65.8 (15.5)	164.0 (18.2)	+13.6%
Net income	91.2 (10.7)	62.4 (13.1)	41.6 (9.8)	104.0 (11.6)	+14.0%

() Profit ratio%

Initial forecast: SPE 730.0, FPD 60.0

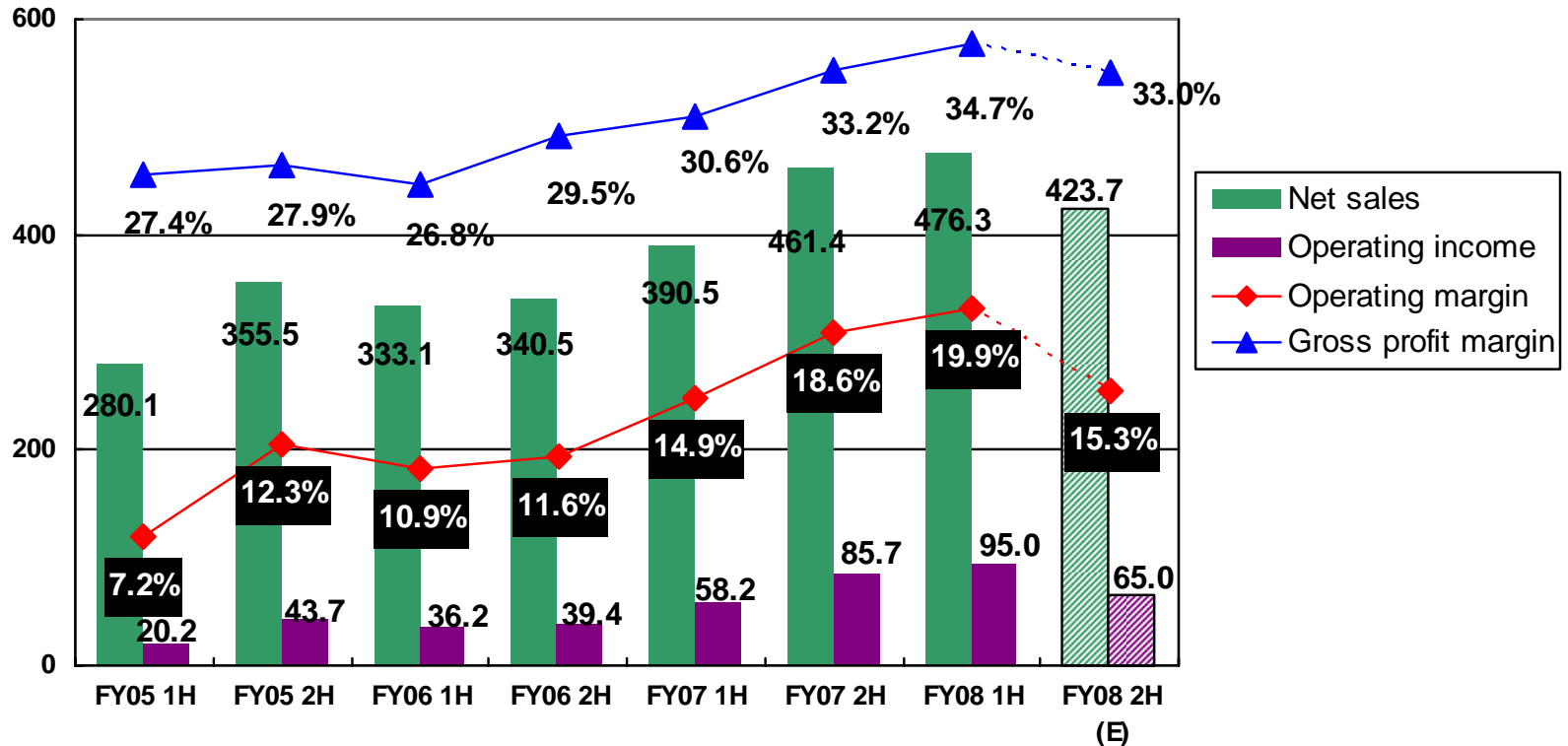
SPE: Semiconductor Production Equipment, FPD: FPD Production Equipment,
EC: Electronic Components, CN: Computer Network



Net Sales and Operating Margin

(On a half-year basis)

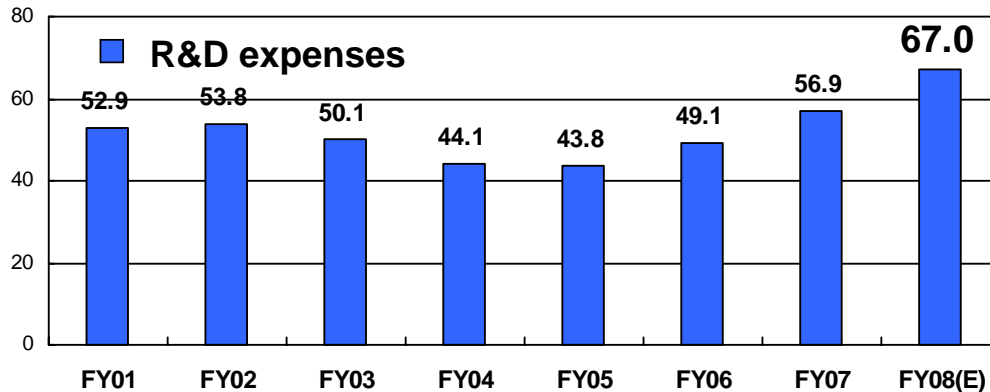
(Billions of Yen)



R&D expenses/CAPEX

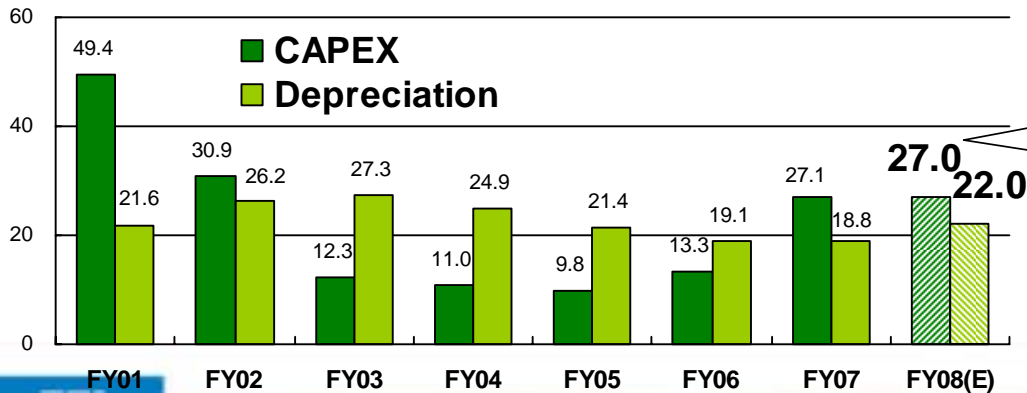
▶ R&D investment sustained at high levels

(Billions of yen)



Up 5B yen from initial forecasts

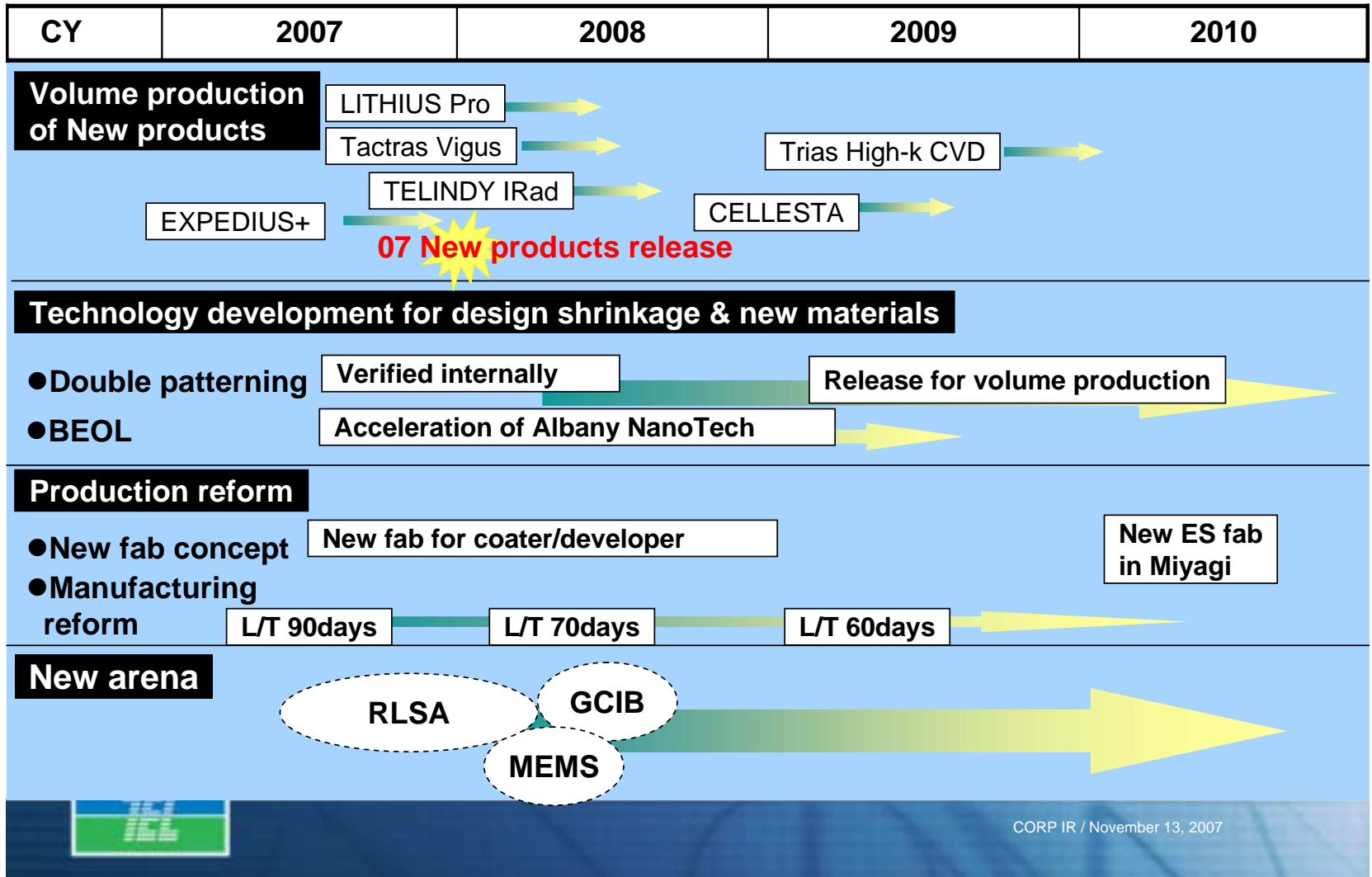
(Billions of yen)



CAPEX up 5B yen from initial forecasts (Machinery, etc.)



Roadmap for TEL business growth



New fab for coater/developer operational

Tokyo Electron Kyushu “Koshi fab3” completed



CLEAN TRACK™ LITHIUS Pro™

**Shipment of 250-300 units planned
for FY2009**



CLEAN TRACK™ LITHIUS Pro™



TEL 2007 SEMICON Japan

Inspiration, Innovation

Leading technology and high production efficiency

**Introducing TEL's keenly awaited new technology initiatives.
Also plan to launch a number of new products of leading-edge
technology and high productivity**



Summary

- ◆ **No major change to full-year business forecasts despite slight weakening of sales in 2nd half. Record-setting performance expected.**
- ◆ **SPE business environment: Entering an adjustment period, but DRAM and NAND Flash miniaturization investment continuing steadily at our major customers. Recovery expected from 2nd half of 2008.**
- ◆ **FPD business environment: Orders to recover from Q3, with positive growth in CAPEX from next fiscal year.**
- ◆ **TEL targeting even greater growth at peak of next cycle. Entering adjustment period provides good opportunity to take next leap forward, and is a key preparation period. Strategic commitment to continue R&D investment, and investment to reform production.**
 - **Semiconductor miniaturization and shift to new materials are major business opportunities.**
 - **Focus strongly on new business development; create the next hit products.**
 - **A preparation period for establishing ideal production systems at new plants.**



