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May 31, 2012

NOTICE OF FISCAL YEAR 2012 (the 49th FY) ANNUAL GENERAL MEETING OF SHAREHOLDERS

To Our Shareholders:

We are pleased to announce that the 49th Annual General Meeting of Shareholders (the "AGM") of Tokyo Electron Limited ("TEL") will be held on Friday, June 22, 2012, at 10:00 a.m. Japan standard time, at the Hotel Okura Tokyo, located at 10-4 Toranomom 2-chome, Minato-ku, Tokyo. Shareholders will also be asked to vote upon the following Agenda:

- 1: Election of Fourteen Corporate Directors**
- 2: Election of Two Statutory Auditors**
- 3: Payment of Bonuses to Corporate Directors for the 49th Fiscal Year**
- 4: Issuance of Share Subscription Rights as Stock-Based Compensation to Corporate Directors**
- 5: Issuance of Share Subscription Rights as Stock-Based Compensation to Executives of the Company and its Subsidiaries**

As part of our ongoing effort to improve the quality of communications with our foreign investors and to increase the participation of those investors at the AGM, **Tokyo Electron Limited** has appointed IR Japan, Inc. as our Global Information Agent in connection with the shareholder meeting. We realize that many shareholders do not vote at Japanese Shareholders Meeting due to the volume of meetings and timing concerns. Therefore, we attach special importance to your vote, and hope that you will continue to distinguish yourselves from many institutions, who, unfortunately, do not participate.

Should you have any questions, please contact IR Japan, Inc.'s New York Branch at (1) -646-495-5059 or Tokyo Head Quarters at (81) -3-3796-1185, or bna@irjapan.net. The English language proxy material is available on Tokyo Electron's website at "<http://www.tel.com/eng/>", for your reference and convenience.

IT IS IMPORTANT THAT YOU PARTICIPATE AT THE 2012 AGM, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. IF YOU ARE UNABLE TO ATTEND THE AGM, PLEASE CONTACT YOUR BROKER OR CUSTODIAN WITH YOUR VOTING INSTRUCTIONS AS SOON AS POSSIBLE.

**NOTE: A shareholder is entitled to vote per unit of shares, with each unit consisting of one hundred (100) shares.*

Sincerely,

Hiroshi Takenaka
President & CEO
Tokyo Electron Limited

This is a summary translation of a notice in Japanese language distributed to Japanese shareholders and provided for the convenience of foreign shareholders. The Japanese version is the official, legal document. Please vote by voting form or Internet websites etc. by 5:30 p.m. on June 21, 2012 (Japan standard time).

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Information Relating to Annual General Meeting of Shareholders

Proposal and information

Items to be reported:

1. Report on the business report, the consolidated financial statements for FY2012 (the 49th FY; from April 1, 2011 to March 31, 2012), and the reports of Accounting Auditors and the Board of Statutory Auditors on the results of audits for consolidated financial statements.
2. Report on the financial statements for FY2012 (the 49th FY; from April 1, 2011 to March 31, 2012).

Proposal 1: Election of Fourteen Corporate Directors

At the conclusion of the Annual General Meeting of Shareholders, the term of office for all 15 Corporate Directors will expire. Therefore, we ask you to agree to elect 14 Corporate Directors (including two outside Directors).

The candidates for Corporate Directors are as follows.

No.	Name (Date of birth)	Brief Personal History (Position in the Company and significant concurrent posts)	Number of the Company's shares owned by candidate
1	Tetsuro Higashi (August 28, 1949)	<u>April 1977</u> Joined Tokyo Electron Limited <u>December 1990</u> Corporate Director, Tokyo Electron Limited <u>April 1994</u> Senior Vice President, Tokyo Electron Limited <u>June 1996</u> President & CEO, Tokyo Electron Limited <u>June 2003</u> Chairman of the Board, Tokyo Electron Limited (Present position) (Position in the Company) Corporate Director, Chairman of the Board	54,228



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No.	Name (Date of birth)	Brief Personal History (Position in the Company and significant concurrent posts)	Number of the Company's shares owned by candidate
2	Tetsuo Tsuneishi (November 24, 1952)	<p><u>April 1976</u> Joined Tokyo Electron Limited</p> <p><u>June 1992</u> Corporate Director, Tokyo Electron Limited</p> <p><u>June 1996</u> Corporate Director, Executive Vice President, Tokyo Electron Limited</p> <p><u>June 2003</u> Vice Chairman of the Board, Tokyo Electron Limited (Present position)</p> <p>(Position in the Company) Corporate Director, Vice Chairman of the Board, Legal / Intellectual Property / IR</p> <p>(Significant concurrent posts) Outside Director, Media Lario International S.A.</p>	11,158
3	Hiroshi Takenaka (February 5, 1961)	<p><u>April 1984</u> Joined Tokyo Electron Limited</p> <p><u>April 2002</u> General Manager, Single Wafer Deposition Business Unit, Tokyo Electron Limited</p> <p><u>April 2003</u> Vice President & General Manager, Tokyo Electron Limited</p> <p><u>April 2005</u> Vice President & General Manager, Thermal Processing Systems Business Unit, Tokyo Electron Limited</p> <p><u>April 2006</u> Vice President & Deputy General Manager, SPE-3 Division, Tokyo Electron Limited</p> <p><u>June 2007</u> Corporate Director, Tokyo Electron Limited</p> <p><u>April 2009</u> President, Tokyo Electron Limited</p> <p><u>April 2010</u> President & CEO, Tokyo Electron Limited (Present position)</p> <p>(Position in the Company) Representative Director, President & CEO</p> <p>(Significant concurrent posts) Chairman, Tokyo Electron U.S. Holdings, Inc.</p>	9,500



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No.	Name (Date of birth)	Brief Personal History (Position in the Company and significant concurrent posts)	Number of the Company's shares owned by candidate
4	Hirofumi Kitayama (March 28, 1954)	<p><u>December 1983</u> Joined TEL-Thermco Engineering Co., Ltd.</p> <p><u>July 1995</u> Corporate Director, Tokyo Electron Tohoku Limited</p> <p><u>March 1999</u> Corporate Director, Tokyo Electron Yamanashi Limited</p> <p><u>February 2005</u> President, Tokyo Electron AT Limited</p> <p><u>April 2006</u> President, Tokyo Electron Tohoku Limited</p> <p>Vice President & General Manager, Tokyo Electron Limited</p> <p><u>June 2007</u> Corporate Director, Tokyo Electron Limited (Present position)</p> <p><u>April 2009</u> Executive Vice President, Tokyo Electron Limited (Present position)</p> <p>(Position in the Company) Representative Director, Executive Vice President</p> <p>(Significant concurrent posts) Chairman of the Board, Tokyo Electron Tohoku Limited Chairman, Tokyo Electron (Kunshan) Limited</p>	5,900
5	Kiyoshi Sato (April 2, 1956)	<p><u>April 1979</u> Joined Tokyo Electron Limited</p> <p><u>December 2001</u> General Manager, Clean Track Business Unit, Tokyo Electron Limited</p> <p><u>April 2003</u> Senior Executive Officer, President Office, Tokyo Electron Limited</p> <p><u>June 2003</u> President & CEO, Tokyo Electron Limited</p> <p><u>April 2009</u> Vice Chairman of the Board, Tokyo Electron Limited</p> <p><u>June 2011</u> Corporate Director, Tokyo Electron Limited (Present position)</p> <p>(Position in the company) Corporate Director</p> <p>(Significant concurrent posts) Chairman, Tokyo Electron America, Inc. Chairman, Tokyo Electron Europe Limited</p>	10,000



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6	Kenji Washino (June 7, 1961)	<p><u>April 1984</u> Joined Tokyo Electron Limited</p> <p><u>April 2003</u> Vice President & General Manager, Cleaning Systems Business Unit, Tokyo Electron Limited</p> <p><u>April 2005</u> Vice President & General Manager, Single Wafer Deposition Business Unit, Tokyo Electron Limited</p> <p><u>April 2006</u> Vice President & Deputy General Manager, SPE-2 Division, Tokyo Electron Limited</p> <p><u>June 2007</u> Corporate Director, Tokyo Electron Limited (Present position)</p> <p><u>April 2009</u> Executive Vice President, Tokyo Electron Limited (Present position)</p> <p>(Position in the Company) Corporate Director, Executive Vice President</p> <p>(Significant concurrent posts) Chairman, TEL Venture Capital, Inc. Chairman, TEL Epion Inc. Chairman, TEL NEXX, Inc.</p>	9,800
7	Hikaru Ito (August 30, 1961)	<p><u>April 1984</u> Joined Tokyo Electron Limited</p> <p><u>April 2003</u> Vice President & General Manager, Clean Track Business Unit, Tokyo Electron Limited</p> <p><u>April 2006</u> Vice President & Deputy General Manager, SPE-1 Division, Tokyo Electron Limited</p> <p><u>June 2007</u> Corporate Director, Tokyo Electron Limited (Present position)</p> <p><u>April 2009</u> Executive Vice President, Tokyo Electron Limited (Present position)</p> <p>(Position in the Company) Corporate Director, Executive Vice President</p> <p>(Significant concurrent posts) Chairman, Timbre Technologies, Inc.</p>	10,600



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8	Takashi Nakamura (October 6, 1954)	<p><u>April 1979</u> Joined Tokyo Electron Limited</p> <p><u>October 1997</u> Corporate Director, Tokyo Electron Yamanashi Limited</p> <p><u>April 2003</u> President, Tokyo Electron Logistics Limited</p> <p><u>October 2004</u> Executive Vice President, Tokyo Electron Kyushu Limited</p> <p><u>April 2008</u> Executive Vice President, Tokyo Electron AT Limited</p> <p><u>April 2009</u> Senior Vice President & General Manager, Tokyo Electron Limited (Present position)</p> <p><u>June 2009</u> Corporate Director, Tokyo Electron Limited (Present position)</p> <p>(Position in the Company) Corporate Director, Senior Vice President, Business Ethics / Internal Control</p>	7,900
9	Takaaki Matsuoka (February 11, 1951)	<p><u>April 1975</u> Joined Tokyo Electron Limited</p> <p><u>April 2001</u> General Manager, Corporate Marketing, Tokyo Electron Limited</p> <p><u>June 2007</u> President, Tokyo Electron Technology Development Institute, Inc.</p> <p><u>October 2010</u> Chairman of the Board, Tokyo Electron Technology Development Institute, Inc. (Present position)</p> <p><u>June 2011</u> Corporate Director, Tokyo Electron Limited (Present position)</p> <p>(Position in the Company) Corporate Director, Technology and Development</p> <p>(Significant concurrent posts) Chairman of the Board, Tokyo Electron Technology Development Institute, Inc.</p>	2,500



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10	Masami Akimoto (February 4, 1958)	<p><u>March 1984</u> Joined Tokyo Electron Limited</p> <p><u>April 2001</u> Senior Director, Clean Track Business Unit, Tokyo Electron Kyushu Limited</p> <p><u>April 2003</u> Vice President, Tokyo Electron Limited Vice President, Tokyo Electron Kyushu Limited</p> <p><u>June 2004</u> Senior Vice President, Tokyo Electron Kyushu Limited</p> <p><u>June 2007</u> Senior Vice President, Tokyo Electron Limited (Present position)</p> <p><u>October 2008</u> President, Tokyo Electron Kyushu Limited (Present position)</p> <p><u>June 2011</u> Corporate Director, Tokyo Electron Limited (Present position)</p> <p>(Position in the Company) Corporate Director, Senior Vice President, Technology and Development</p> <p>(Significant concurrent posts) President, Tokyo Electron Kyushu Limited</p>	3,600
11	Yoshiteru Harada (April 12, 1958)	<p><u>April 1983</u> Joined Tokyo Electron Limited</p> <p><u>April 2003</u> Vice President, Tokyo Electron Limited</p> <p><u>April 2005</u> Vice President & General Manager, Corporate Administration, Tokyo Electron Limited</p> <p><u>April 2009</u> Senior Vice President, Tokyo Electron Kyushu Limited</p> <p><u>July 2010</u> Vice President, Tokyo Electron Limited (Present position)</p> <p><u>June 2011</u> Corporate Director, Tokyo Electron Limited (Present position)</p> <p>(Position in the Company) Corporate Director, Vice President</p>	2,000



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12	Hideyuki Tsutsumi (August 6, 1960)	<p><u>April 1984</u> Joined Tokyo Electron Limited</p> <p><u>June 2007</u> Vice President, Tokyo Electron Limited (Present position) General Manager, Sales & Services, Japan, Tokyo Electron Limited</p> <p><u>October 2008</u> Vice President & General Manager, Etching Systems Business Unit, Tokyo Electron Limited (Present position)</p> <p><u>June 2011</u> Corporate Director, Tokyo Electron Limited (Present position)</p> <p>(Position in the Company) Corporate Director, Vice President</p>	3,600
13	[Outside Director] Hiroshi Inoue (January 5, 1940)	<p><u>April 1963</u> Joined Tokyo Broadcasting System, Inc.</p> <p><u>June 1993</u> Corporate Director, Tokyo Broadcasting System, Inc.</p> <p><u>June 1996</u> Managing Director, Tokyo Broadcasting System, Inc.</p> <p><u>June 1997</u> Senior Managing Director, Tokyo Broadcasting System, Inc.</p> <p><u>June 2001</u> Executive Vice President, Tokyo Broadcasting System, Inc.</p> <p><u>June 2002</u> President, Tokyo Broadcasting System, Inc.</p> <p><u>June 2006</u> Corporate Director, Tokyo Electron Limited (Present position)</p> <p><u>April 2009</u> Chairman of the Board, Tokyo Broadcasting System Holdings, Inc. (Present position)</p> <p>(Position in the Company) Corporate Director</p> <p>(Significant concurrent posts) Chairman of the Board, Tokyo Broadcasting System Holdings, Inc. Chairman of the Board, Tokyo Broadcasting System Television, Inc. President, The Japan Commercial Broadcasters Association Outside Director, Mainichi Broadcasting System, Inc. Outside Auditor, RKB Mainichi Broadcasting Corporation</p>	0

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No.	Name (Date of birth)	Brief Personal History (Position in the Company and significant concurrent posts)	Number of the Company's shares owned by candidate
14	[Outside Director] Masahiro Sakane (January 7, 1941)	<p><u>April 1963</u> Joined Komatsu Limited</p> <p><u>June 1989</u> Corporate Director, Komatsu Limited</p> <p><u>June 1994</u> Managing Director, Komatsu Limited</p> <p><u>June 1997</u> Executive Managing Director, Komatsu Limited</p> <p><u>June 1999</u> Executive Vice President, Komatsu Limited</p> <p><u>June 2001</u> President, Komatsu Limited</p> <p><u>June 2003</u> President and Chief Executive Officer, Komatsu Limited</p> <p><u>June 2007</u> Chairman of the Board, Komatsu Limited (Present position)</p> <p><u>June 2008</u> Corporate Director, Tokyo Electron Limited (Present position)</p> <p>(Position in the Company) Corporate Director</p> <p>(Significant concurrent posts) Chairman of the Board, Komatsu Limited Outside Director, Nomura Holdings, Inc. Outside Director, Nomura Securities Co., Ltd. Outside Director, Asahi Glass Co., Ltd.</p>	0

(Notes)

1. The candidates have no special interests in the Company.
2. The candidates for outside Directors are described below.
 - (1) Hiroshi Inoue and Masahiro Sakane are candidates for outside Directors.
 - (2) TEL appointed Directors Hiroshi Inoue and Masahiro Sakane as independent directors pursuant to the regulations of Tokyo Stock Exchange Inc. and provided notice to Tokyo Stock Exchange Inc.
 - (3) Hiroshi Inoue is Chairman of the Board, Tokyo Broadcasting System Holdings, Inc., has a wealth of experience and knowledge as a corporate executive. Mr. Inoue is a candidate for outside Director so that his experience and knowledge can be utilized to provide advice for the Company's overall management from the perspective of objectively ensuring the effectiveness of decision-making by the Board of Directors. Mr. Inoue has been an outside Director of the Company since June 2006.
 - (4) Masahiro Sakane, Chairman of the Board at Komatsu Ltd., has a wealth of experience and knowledge as a corporate executive. Mr. Sakane is a candidate for outside Director so that his experience and knowledge can be utilized to provide advice for the Company's overall management from the perspective of objectively ensuring the effectiveness of decision-making by the Board of Directors. Mr. Sakane has been an outside Director of the Company since June 2008.
 - (5) In April 2009, Hiroshi Inoue took office as Chairman of the Board, Tokyo Broadcasting System Television, Inc., which received a severe reprimand from the Ministry of Internal Affairs and Communications in respect of forms of expression and other elements contained in a part of the programming broadcast in April 2009. Tokyo Broadcasting System Television, Inc., investigated the causes of this problem and has taken measures to prevent a recurrence.

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(6) At the 43rd General Meeting of Shareholders held on June 23, 2006, the Company revised its Articles of Incorporation to include a provision concerning the conclusion of liability limiting contracts with outside Directors. In accordance with its Articles of Incorporation, the Company has concluded liability-limiting contracts specified by Article 423, Paragraph 1 of the Companies Act with Hiroshi Inoue and Masahiro Sakane. The liability limitation under these agreements is the maximum amount specified in Article 425, Paragraph 1 of the Companies Act, provided that the outside Directors perform their duties in good faith without gross negligence.

Proposal 2: Election of Two Statutory Auditors

At the conclusion of the Annual General Meeting of Shareholders, the term of office of Statutory Auditors Mamoru Hara and Hiroshi Maeda will expire. Therefore, we ask you to agree to elect two Statutory Auditors.

The candidates for Statutory Auditors are as follows.

No.	Name (Date of birth)	Brief Personal History (Position in the Company and Significant concurrent posts)	Number of the Company's shares owned by candidate
1	<Newly candidate> Shojiro Mori (May 23, 1954)	<u>February 1985</u> Joined Tokyo Electron Limited <u>April 1996</u> Director, Accounting Dept., Tokyo Electron Limited <u>October 1997</u> Director, General Affairs Dept., Tokyo Electron Limited <u>April 2001</u> Corporate Director, Tokyo Electron AT Limited <u>April 2003</u> Senior Vice President, Tokyo Electron AT Limited <u>April 2006</u> Executive Vice President, Tokyo Electron TS Limited <u>October 2007</u> Senior Vice President, Tokyo Electron AT Limited <u>April 2010</u> President, Tokyo Electron BP Limited <u>February 2012</u> Chairman of the Board, Tokyo Electron BP Limited (Present position)	6,300
2	<Newly candidate> [Outside Auditor] Ryuji Sakai (August 7, 1957)	<u>April 1985</u> Attorney-at-Law (admitted in Japan) Joined "Nagashima & Ohno" (currently "Nagashima Ohno & Tsunematsu") <u>September 1990</u> Took office at "Wilson Sonsini Goodrich & Rosati" in the U.S. <u>August 1992</u> Took office at "Nagashima & Ohno" (currently "Nagashima Ohno & Tsunematsu") <u>January 1995</u> Partner, "Nagashima & Ohno" (currently "Nagashima Ohno & Tsunematsu") (Present position) (Significant concurrent posts) Attorney-at-Law Outside Auditor, Kobayashi Pharmaceutical Co. Ltd.	0

(Notes)

- The candidates have no special interests in the Company.
- The Board of Auditors has consented to this proposal.
- Shojiro Mori plans to retire as Corporate Director of Tokyo Electron BP Limited, at the scheduled General Meeting of Shareholders on June 20, 2012, as his term of office expires.
- Shojiro Mori has experience as the Director of the Accounting Department and as Vice President & General Manager of corporate administration for the Company's subsidiaries and has a commensurate amount of knowledge of financial affairs and accounting.

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5. The candidate for outside Auditor is described below.

(1) Ryuji Sakai is candidate for outside Auditor.

(2) Ryuji Sakai is an attorney-at-law at Nagashima Ohno & Tsunematsu, and has a vast amount of legal experience and expertise. Mr. Sakai can put his experience and expertise to excellent use, and has been appointed as an outside auditor because he can objectively ensure the fairness of audits. Mr. Sakai has no other involvement in corporate management other than as an outside auditor, but based on the noted reasons we consider him able to perform appropriately in that role.

(3) Kobayashi Pharmaceutical Co. Ltd., where Ryuji Sakai took office as an outside auditor from June 2005, violated the Act against Unjustifiable Premiums and Misleading Representations in displays on products containing silver, and was ordered to withdraw from the Japan Fair Trade Commission in June 2008. Mr. Sakai regularly provided his considered advice on the importance of respect for the law, and of commitment to it, to the company's Board of Directors and Board of Auditors. After the violation emerged, Mr. Sakai presented his opinion on measures taken by the company to actively check the facts and to thoroughly investigate the causes of the violation and how to prevent it from reoccurring. Additionally, in October 2010, it was discovered that at a subsidiary of the company, the person in charge of the development of products manufactured by that company and targeted for medical institutions, entered data in a section of the approval application that differed from the actual test data. Mr. Sakai had given his considered advice on the importance of respect for the law, and of commitment to it, to the company's Board of Directors and Board of Auditors, but had not yet become aware of this fact by the time he became involved in the report. After the fact of the different data became known, Mr. Sakai appealed strongly for measures to be put in place to prevent a reoccurrence, and, as well as conducting hearings with the subsidiary's Board of Investigation to investigate the causes, he is now actively advising the company on measures it can take.

(4) At the 43rd General Meeting of Shareholders held on June 23, 2006, the Company revised its Articles of Incorporation to include a provision concerning the conclusion of liability limiting contracts with outside Auditors. In accordance with its Articles of Incorporation, the Company will conclude liability-limiting contracts specified by Article 423, Paragraph 1 of the Companies Act with Ryuji Sakai after this proposal is approved. The liability limitation under these agreements will be the maximum amount specified in Article 425, Paragraph 1 of the Companies Act, provided that the outside Auditors perform their duties in good faith without gross negligence.

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<Regarding Proposals 3 to 5>

Because Proposals 3 to 5 concern compensation, this section gives an overview of the relation between those three proposals and performance-linked compensation under the TEL Group's executive compensation system (see page 39, "Policies Concerning Determination of Methods of Calculating Compensation for Corporate Directors and Statutory Auditors").

The Company has adopted the following executive compensation system with the intention of tying compensation more closely to financial results and shareholder value, raising corporate competitiveness, and enhancing management transparency. Corporate Director compensation consists of a monthly fixed remuneration and performance-linked compensation. Statutory Auditor compensation consists only of a monthly fixed remuneration to maintain independence from management. Payment of retirement allowances, which constituted a significant portion of fixed compensation to Corporate Directors and Statutory Auditors, was abolished in and after the 43rd fiscal year (ended March 2006).

The Compensation Committee, which is made up of external and internal Directors, compared compensation levels at representative technology firms in Japan and overseas and made proposals to the Board of Directors concerning the content of the system of executive compensation for Corporate Directors and the amount of compensation for representative Directors.

The performance-linked compensation system for Corporate Directors is designed to align compensation more clearly with financial results and increases in shareholder value. It takes into account consolidated return on equity (ROE) and consolidated net income, two performance indicators of consolidated business results. Necessary adjustments are then made when there are special factors that should be taken into account, such as principal performance indicators for the term under review, including profits and losses, and so on. Performance-linked compensation comprises cash bonuses and stock-based compensation. The ratio of cash bonuses to stock-based compensation has generally been one to one. Stock-based compensation will consist of granting share subscription rights with a set strike price of one yen per share and setting unexercisable period for three years. Performance-linked compensation is limited to five times of fixed compensation.

The performance-linked compensation system for TEL executive officers and subsidiary Directors and executive officers is designed pursuant to the system for TEL Directors, but in light of the difference in work duties with TEL Directors, the ratio of cash bonuses to stock-based compensation has generally been two to one.

1. The amount of annual performance-linked compensation

Based on the above-mentioned approach linking compensation to business performance, we propose payment of cash bonuses of no more than 225 million yen and stock-based compensation of no more than 210 million yen as annual performance-linked compensation for TEL Directors. Stock-based compensation is not paid to the outside Directors.

2. Relation between bonuses in cash and Proposal 3

The payment for the portion of the bonuses in cash paid to TEL Directors will be brought before the General Meeting of Shareholders as Proposal 3 in accordance with the provisions of the Corporation Law. The Company does not separately pay employee bonuses to Corporate Directors who also serve as executive officers, because performance as an executive officer has been reflected in the Corporate Director's bonuses as before.

3. Relation between stock-based compensation and Proposals 4 and 5

Since stock-based compensation involves the issuance of subscription rights, it will be submitted to the General Meeting of Shareholders as Proposals 4 and 5 in accordance with the provisions of the Corporation Law.

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Proposal 3: Payment of Bonuses to Corporate Directors for the 49th Fiscal Year

Based on the TEL's executive compensation system, consolidated net income and consolidated ROE for the 49th fiscal year, the Company seeks shareholder approval to pay 225 million yen (including 6 million yen for outside Directors) as the cash bonus portion of annual performance-linked compensation to 15 Corporate Directors in office (including two outside Directors) at the end of the 49th fiscal year.

Proposal 4: Issuance of Share Subscription Rights as Stock-Based Compensation to Corporate Directors

Based on the TEL's executive compensation system, consolidated net income and consolidated ROE for the 49th fiscal year, the Company seeks shareholder approval to authorize the Board of Directors to make decisions related to solicitation of applications for the share subscription right to be issued in accordance with the provisions of Articles 236, 238 and 239 of the Corporation Law, with the objective of granting share subscription rights as the stock-based compensation portion of performance-linked compensation to Corporate Directors.

Cash bonuses for Corporate Directors will be brought before the General Meeting of Shareholders as Proposal 3. Since stock-based compensation (i.e., granting share subscription rights) to Corporate Directors corresponds to "non-monetary compensation" specified in Article 361, Paragraph 1, Item 3 of the Corporation Law, the Company seeks shareholder approval to grant subscription rights as the stock-based compensation portion of performance-linked compensation of no more than 210 million yen annually to Corporate Directors (excluding outside Directors), in addition to Proposal 3. If Proposal 1 is approved as proposed, there will be 12 Corporate Directors (excluding two outside Directors) covered by this Proposal.

The amount of stock-based compensation actually issued is the fair value on one option, calculated using the share price on the date of allocation of the options, the strike price, and the future predicted dividend, etc., based on past performance and multiplied by the total number of options allocated.

1. Reason for granting share subscription rights to non-shareholders under particularly favorable Conditions

In the past, the Company and its subsidiaries have actively introduced incentive systems such as compensation that is linked to business performance and share subscription rights. The Company has implemented its executive compensation system to link executive compensation more closely to its stock prices, consolidated net income and shareholder value, while tying that compensation to efforts to enhance the transparency of management and corporate competitiveness.

The TEL Group's executive compensation system is as described in "Regarding Proposals 3 to 5" on page 13 and in "Policies Concerning Determination of Methods of Calculating Compensation for Corporate Directors and Statutory Auditors" on page 39. The system combines monthly fixed compensation with performance-linked compensation. In addition, the TEL Group has turned part of executive compensation into performance-linked compensation and has clearly correlated it to its consolidated net income and consolidated ROE, thus increasing the compensation's linkage to consolidated financial results and stock prices.

Approximately one-half of the performance-linked compensation is non-monetary (stock-based compensation) in order for executives to have incentive for share prices to rise through better business performance and to share the risks of share price fluctuations with shareholders. We will issue share subscription rights with a set strike price of one yen per share based on the financial results in the fiscal year ended March 2012, which will have the same effect.

2. Outline of the Issuance of Share Subscription Rights (the "Options")

(1) Eligible persons:

The Company's corporate Directors (excluding outside Directors).

(2) Total number and type of shares to be issued or transferred by exercise of Options:

Not more than 53,800 shares of common stock of the Company.

In the event of share splitting or consolidation, the number of shares will be adjusted pursuant to the formula below; provided, however, that this adjustment will be made only with respect to shares not yet exercised at the time of splitting or consolidation. In this calculation, any fraction of a share

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smaller than one share will be disregarded.

Adjusted number of shares= Number of shares before adjustment x Ratio applicable to the splitting or consolidation of shares.

In the event it becomes necessary to adjust the number of shares for any other reason, the Company will make adjustments to the number of shares to a reasonable extent from time to time based on a resolution of a meeting of the Board of Directors of the Company.

(3) Aggregate number of units of Options:

Not more than 538 units.

(100 shares will be equivalent to one Option. The Company will otherwise adjust the number of shares as described in paragraph (2) above.)

(4) Amount paid for Options:

The Company will grant the Options to eligible persons without charge.

(5) Value of assets to be contributed for the exercise of Options:

The value of the assets to be contributed for the exercise of each Option shall be 1 yen per share, multiplied by the number of shares to be issued or transferred for each Option as described in paragraph (3) above.

(6) Exercise period of Options:

The exercise period is to be set by the Board of Directors within twenty years from the allocation date of the Options, including a three-year restriction from the allocation date of the Options.

(7) Matters regarding increase in capital and capital reserve upon issuance of shares by exercise of Options:

a) The amount of capital to be increased upon the issuance of shares by the exercise of the Options shall be one-half of the maximum limit for the increase in capital, etc., computed in accordance with Article 17, paragraph 1 of the Company Calculation Regulations, and any fraction of a yen arising from such calculation shall be rounded up.

b) The amount of capital reserve to be increased upon the issuance of shares by the exercise of the Options shall be the amount obtained by subtracting the amount of capital to be increased as referred to a) from the maximum limit for the increase in capital, etc., as referred to a).

(8) Conditions for exercising Options:

a) Eligible persons for the Options may not exercise a part of an Option by separating their Options.

b) Other conditions related to the exercise of the Options not specified herein shall be set out based on a resolution adopted at a meeting of the Board of Directors of the Company that determines the matters regarding an offer of the Options or in a respective agreement concerning the grant of the Options entered into between each eligible person and the Company in accordance with the board resolution (the "Agreement for Granting Share Subscription Rights").

(9) Acquisition of Options:

The Company may acquire the Options without payment on a date separately designated by the Board of Directors when the Company approves at its meeting of shareholders a (if approval at a meeting of shareholders is unnecessary, then a meeting of the Board of Directors of the Company) (i) proposal for approval of a merger agreement causing the Company to cease to exist, (ii) proposal for approval of a demerger agreement or demerger plan making the Company a demerging company, (iii) proposal for approval of a stock-for-stock exchange agreement making the Company a wholly-owned subsidiary, or a stock-transfer plan.

(10) Restriction of acquisition by way of transfer:

The acquisition of the Options by way of a transfer requires approval being granted at a meeting of the Board of Directors of the Company.

(11) Extinguishment of Options upon organizational restructure and determination policy regarding delivery of New Options of Restructuring Company:

In the event that a merger (only if the Company will extinguish due to the merger), absorption-type demerger or incorporation-type demerger (only if the Company will become the demerging company in each case), stock-for-stock exchange, or stock-transfer (only if the Company becomes the wholly-owned subsidiary in each case)(collectively, "Organizational Restructure") occurs, the share subscription rights (the "New Options") of the joint stock company(ies) (kabushiki kaisha) listed in Article 236, paragraph 1, Items 8 (i) through 8 (ho) of the Companies Act (the "Restructuring Company") may be delivered to eligible persons who are holders of the remaining Options (the "Remaining Options") immediately prior to the effective date of the Organizational Restructure (the

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effective date of the absorption-type merger in the case of an absorption-type merger; the incorporation date of the company incorporated in the case of an incorporation-type merger; the effective date of the absorption-type demerger in the case of an absorption-type demerger; the incorporation date of the company incorporated in the case of an incorporation-type demerger; the effective date of the stock-for-stock exchange in the case of a stock-for-stock exchange; and the incorporation date of the wholly-owning parent company incorporated in the case of a stock-transfer). In the event the New Options of the Restructuring Company are to be delivered, the Remaining Options shall extinguish, and the Restructuring Company shall newly issue New Options. Provided, however that delivery of the New Options of the Restructuring Company is subject to determination of such delivery pursuant to the following conditions in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, stock-for-stock exchange agreement or stock-transfer agreement.

a) Number of New Options to be delivered:

The same number as the number of Remaining Options held by eligible persons shall be delivered respectively. However, this shall not preclude adjustment to appropriate numbers other than the same number based on the number of shares of the reorganized company that are the subject of the share subscription rights specified in c), the number of shares in a single unit of the reorganized company, and other factors.

b) Type of shares of the Restructuring Company to be issued or transferred by exercise of the New Options:

Common stock of the Restructuring Company

c) Number of shares of the Restructuring Company to be issued or transferred by exercise of the New Options:

The determination was made in accordance with (2) above, taking into consideration the conditions of the organizational restructuring and other factors.

d) Value of assets to be contributed for exercise of New Options:

The value of the assets to be contributed for the exercise of each New Options shall be the amount obtained by multiplying the following amount to be paid upon exercise of the New Options after the restructure (1 yen) by the number of shares of Restructuring Company to be issued or transferred for each New Option determined pursuant to c). The amount to be paid upon exercise of the New Options after the restructure shall be 1 yen per share of the Restructuring Company which may be delivered by exercising each New Option.

e) Exercise period of New Options:

The exercise period of the New Options shall be from the later date of the initial date of the Exercise period of the Options as set forth in paragraph (6) above and the effective date of the Organizational Restructure, through the end of the Exercise period of the Options as set forth in paragraph (6).

f) Matters regarding increase in capital and capital reserve upon issuance of shares by exercise of New Options:

Paragraph (7) above shall apply mutatis mutandis.

g) Restriction of acquisition of New Options by way of transfer:

The acquisition of the New Options by way of a transfer requires approval being granted at a meeting of the Board of Directors of the Restructuring Company.

h) Conditions for exercising New Options and acquisition of New Options:

Paragraphs (8) and (9) above shall apply mutatis mutandis.

(12) Entrustment of determination of matters regarding an offer:

In addition to those matters provided above, further matters including those regarding an offer and any details of the Options shall be determined at a meeting of the Board of Directors of the Company scheduled to be held after the Fiscal Year 2012 (the 49th FY) General Meeting of Shareholders.

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Proposal 5: Issuance of Share Subscription Rights as Stock-Based Compensation to Executives of the Company and its Subsidiaries

The Company seeks shareholder approval to authorize the Board of Directors to make decisions related to solicitation of applications for the share subscription right to be issued in accordance with the provisions of Articles 236, 238 and 239 of the Corporation Law, with the objective of granting share subscription rights to TEL executive officers and subsidiary Directors and executive officers .

The amount of stock-based compensation actually issued is the fair value on one option, calculated using the share price on the date of allocation of the options, the strike price, and the future predicted dividend, etc., based on past performance and multiplied by the total number of options allocated.

1. Reason for granting share subscription rights to non-shareholders under particularly favorable conditions

With respect to the system of compensation to TEL executive officers and subsidiary Directors and executive officers pursuant to the system of compensation to Corporate Directors, we have actively introduced incentive systems such as compensation that is linked to business performance and share subscription rights in the past. The Company has implemented its executive compensation system to link executive compensation more closely to its stock prices, consolidated net income and shareholder value, while tying that compensation to efforts to enhance the transparency of management and corporate competitiveness.

Options shall be allocated free of charge as stock-based compensation based on the consolidated performance for the term ended in March 2012, and the number of options allocated shall be calculated in view of the company's pay scale for directors.

2. Outline of the Issuance of Share Subscription Rights (the "Options")

(1) Eligible persons:

- The executive officers of the Company in office as of the end of the 49th fiscal year (excluding those who also serve as Company Directors in office as of the allocation date) and the Director who will resign as of the end of this General Meeting of Shareholders, to whom payment is considered necessary.
- The corporate Directors and executive officers of the Company's domestic subsidiaries, as well as chairmen, presidents, and vice chairman of overseas subsidiaries in office as of the end of the 49th fiscal year, to whom payment is considered necessary (excluding corporate directors and executive officers of Tokyo Electron Device Limited which is a publicly-traded subsidiary).

(2) Total number and type of shares to be issued or transferred by exercise of Options:

Not more than 77,000 shares of common stock of the Company.

In the event of share splitting or consolidation, the number of shares will be adjusted pursuant to the formula below; provided, however, that this adjustment will be made only with respect to shares not yet exercised at the time of splitting or consolidation. In this calculation, any fraction of a share smaller than one share will be disregarded.

Adjusted number of shares= Number of shares before adjustment x Ratio applicable to the splitting or consolidation of shares.

In the event it becomes necessary to adjust the number of shares for any other reason, the Company will make adjustments to the number of shares to a reasonable extent from time to time based on a resolution of a meeting of the Board of Directors of the Company.

(3) Aggregate number of units of Options:

Not more than 770 units.

(100 shares will be equivalent to one Option. The Company will otherwise adjust the number of shares as described in paragraph (2) above.)

(4) Amount paid for Options:

The Company will grant the Options to eligible persons without charge.

(5) Value of assets to be contributed for the exercise of Options:

The value of the assets to be contributed for the exercise of each Option shall be 1 yen per share, multiplied by the number of shares to be issued or transferred for each Option as described in paragraph (3) above.

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(6) Exercise period of Options:

The exercise period is to be set by the Board of Directors within twenty years from the allocation date of the Options, including a three-year restriction from the allocation date of the Options.

(7) Matters regarding increase in capital and capital reserve upon issuance of shares by exercise of Options:

a) The amount of capital to be increased upon the issuance of shares by the exercise of the Options shall be one-half of the maximum limit for the increase in capital, etc., computed in accordance with Article 17, paragraph 1 of the Company Calculation Regulations, and any fraction of a yen arising from such calculation shall be rounded up.

b) The amount of capital reserve to be increased upon the issuance of shares by the exercise of the Options shall be the amount obtained by subtracting the amount of capital to be increased as referred to a) from the maximum limit for the increase in capital, etc., as referred to a).

(8) Conditions for exercising Options:

a) Eligible persons for the Options may not exercise a part of an Option by separating their Options.

b) Other conditions related to the exercise of the Options not specified herein shall be set out based on a resolution adopted at a meeting of the Board of Directors of the Company that determines the matters regarding an offer of the Options or in a respective agreement concerning the grant of the Options entered into between each eligible person and the Company in accordance with the board resolution (the " Agreement for Granting Share Subscription Rights ").

(9) Acquisition of Options:

The Company may acquire the Options without payment on a date separately designated by the Board of Directors when the Company approves at its meeting of shareholders a (if approval at a meeting of shareholders is unnecessary, then a meeting of the Board of Directors of the Company) (i) proposal for approval of a merger agreement causing the Company to cease to exist, (ii) proposal for approval of a demerger agreement or demerger plan making the Company a demerging company, (iii) proposal for approval of a stock-for-stock exchange agreement making the Company a wholly-owned subsidiary, or a stock-transfer plan.

(10) Restriction of acquisition by way of transfer:

The acquisition of the Options by way of a transfer requires approval being granted at a meeting of the Board of Directors of the Company.

(11) Extinguishment of Options upon organizational restructure and determination policy regarding delivery of New Options of Restructuring Company:

In the event that a merger (only if the Company will extinguish due to the merger), absorption-type demerger or incorporation-type demerger (only if the Company will become the demerging company in each case), stock-for-stock exchange, or stock-transfer (only if the Company becomes the wholly-owned subsidiary in each case)(collectively, "Organizational Restructure") occurs, the share subscription rights (the "New Options") of the joint stock company(ies) (kabushiki kaisha) listed in Article 236, paragraph 1, Items 8 (i) through 8 (ho) of the Companies Act (the "Restructuring Company") may be delivered to eligible persons who are holders of the remaining Options (the "Remaining Options") immediately prior to the effective date of the Organizational Restructure (the effective date of the absorption-type merger in the case of an absorption-type merger; the incorporation date of the company incorporated in the case of an incorporation-type merger; the effective date of the absorption-type demerger in the case of an absorption-type demerger; the incorporation date of the company incorporated in the case of an incorporation-type demerger; the effective date of the stock-for-stock exchange in the case of a stock-for-stock exchange; and the incorporation date of the wholly-owning parent company incorporated in the case of a stock-transfer). In the event the New Options of the Restructuring Company are to be delivered, the Remaining Options shall extinguish, and the Restructuring Company shall newly issue New Options. Provided, however that delivery of the New Options of the Restructuring Company is subject to determination of such delivery pursuant to the following conditions in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, stock-for-stock exchange agreement or stock-transfer agreement.

a) Number of New Options to be delivered:

The same number as the number of Remaining Options held by eligible persons shall be delivered respectively. However, this shall not preclude adjustment to appropriate numbers other than the same number based on the number of shares of the reorganized company that are the

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subject of the share subscription rights specified in c), the number of shares in a single unit of the reorganized company, and other factors.

b) Type of shares of the Restructuring Company to be issued or transferred by exercise of the New Options:

Common stock of the Restructuring Company

c) Number of shares of the Restructuring Company to be issued or transferred by exercise of the New Options:

The determination was made in accordance with (2) above, taking into consideration the conditions of the organizational restructuring and other factors.

d) Value of assets to be contributed for exercise of New Options:

The value of the assets to be contributed for the exercise of each New Options shall be the amount obtained by multiplying the following amount to be paid upon exercise of the New Options after the restructure (1 yen) by the number of shares of Restructuring Company to be issued or transferred for each New Option determined pursuant to c). The amount to be paid upon exercise of the New Options after the restructure shall be 1 yen per share of the Restructuring Company which may be delivered by exercising each New Option.

e) Exercise period of New Options:

The exercise period of the New Options shall be from the later date of the initial date of the Exercise period of the Options as set forth in paragraph (6) above and the effective date of the Organizational Restructure, through the end of the Exercise period of the Options as set forth in paragraph (6).

f) Matters regarding increase in capital and capital reserve upon issuance of shares by exercise of New Options:

Paragraph (7) above shall apply mutatis mutandis.

g) Restriction of acquisition of New Options by way of transfer:

The acquisition of the New Options by way of a transfer requires approval being granted at a meeting of the Board of Directors of the Restructuring Company.

h) Conditions for exercising New Options and acquisition of New Options:

Paragraphs (8) and (9) above shall apply mutatis mutandis.

(12) Entrustment of determination of matters regarding an offer:

In addition to those matters provided above, further matters including those regarding an offer and any details of the Options shall be determined at a meeting of the Board of Directors of the Company scheduled to be held after the Fiscal Year 2012 (the 49th FY) General Meeting of Shareholders.

Business Report (From April 1, 2011 to March 31, 2012)

1. Current Status of the TEL Group

(1) Business Developments and Results

General Overview

Economic conditions slowed overall during the fiscal year, especially in developed nations, due to future uncertainty rooted in Europe's financial instability. However, towards the end of the fiscal year, there were signs of the beginning of a gradual recovery, mainly in the United States. In developing countries such as China and India, the rate of growth is slowing, but economic growth continued, led by internal demand. Japan's economy began its recovery from the Great East Japan Earthquake, but the subsequent worldwide economic recession and historically high yen slowed this recovery.

In the electronics industry, the primary area of the Tokyo Electron Group's business activities, smartphones and tablet PC reached high penetration levels, resulting in overall positive performance. However, sales of PCs and televisions continued to be sluggish. Sales of semiconductors and LCD panels that are key components in these products were not sufficient to cover capital investments.

Under these circumstances, profits and losses for the fiscal year were as follows. Consolidated net sales for the fiscal year decreased by 5.3% compared to the previous fiscal year, to 633,091 million yen. Operating income was down 38.2% to 60,443 million yen. Ordinary income was down 37.2% to 64,046 million yen. Net income decreased 48.9% to 36,725 million yen, due in part to posting 1,848 million yen in reserves for possible losses on account receivables in response to customer bankruptcy and due in part to the impact of deferred income tax asset and liability reversals (additional posting of tax expenses) of 3,587 million yen as a result of Japanese tax law changes.

By division

(1) Semiconductor Production Equipment

Sales of logic semiconductors were robust on strong consumer demand for mobile information terminals. However, DRAM manufacturers took production adjustment measures during the fiscal year due to slower sales of PCs amid the economic downturn. Under these market conditions, manufacturers, primarily foundries and logic semiconductor manufacturers, invested in cutting-edge design shrinkage but memory semiconductor manufacturers refrained from investments to increase production capacity. Net sales from external customers for this segment during the fiscal year decreased by 6.5% compared to the previous fiscal year, to 477,873 million yen.

In the fiscal year, the Group launched new cleaning systems, "CELLESTATM-i", "EXPEDIUSTM-i" and "NS300+ HT", along with new tools for 3D integration packaging, "TactrasTM FAVIASTM", "TELINDY PLUSTM VDP" and "SynapseTM" series.

(2) FPD/PV (Flat Panel Display/Photovoltaic Cell) Production Equipment

In the global television market, consumers have nearly completed the switch from cathode-ray tube to LCD televisions. With the additional slump in the PC market, LCD panel prices declined. The demand for high-definition panels used in mobile information terminals increased, but panel manufacturers increased their supply capacity and the Group's sales of production equipment rose slightly. As a result of these developments, net sales from external customers in this segment during the fiscal year were up 4.7% from the previous fiscal year to 69,888 million yen.

(3) Electronic Components and Computer Networks

Sales of electronic components for semiconductor products and other products were sluggish, as a slump in demand for components for televisions and other digital appliances outweighed increasing demand for smartphone-related components. Increased companies' demand for cloud computing and the broader adoption of data centers propelled sales of products for information communications equipment as well as maintenance services. As a result of these developments, net sales from external customers in this segment during the fiscal year under review were down 5.9% from the previous fiscal year to 84,867 million yen.

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(4) Other

Net sales from external customers for this segment during the fiscal year increased by 1.8% compared to the previous fiscal year to 461 million yen.

(2) Capital Investment and Procurement of Funds

The Group acquired a total of 39,541 million yen in tangible fixed assets during the consolidated fiscal year. The main capital investments are as follows.

- A semiconductor production equipment plant was constructed in Taiwa-cho, Kurokawa-gun, Miyagi Prefecture, to strengthen product competitiveness.
- An FPD production equipment plant was constructed in Kunshan, Jiangsu Province, China to respond to expanding demand in the Chinese market.
- A research and development facility was constructed in Tsukuba, Ibaraki Prefecture, to promote basic research and development and accelerate development of PV production equipment.

Also, the Group made capital investments in assessment and other equipment, mainly in areas where high growth is expected, to maintain and improve research and development capabilities in the semiconductor production equipment business and in the FPD/PV production equipment business.

All necessary funds were financed with internally generated funds, and no financing was conducted.

(3) Management Tasks

The Group engages in dynamic business activities in the electronics industry, a field characterized by rapid technological innovation, and is one of the world's leading suppliers of semiconductor and flat panel display (FPD) production equipment. In accordance with this status, its fundamental principles are as outlined below.

(Fundamental Principles)

- Provide high-value products and services in the world in order to realize healthy and high quality life
- Show much leadership as a world-wide leading company for constructing society of dreams and progressing environmental problems
- Share a sense of mission with all TEL employees, and a company of radiant existence, dreams, and vitality

To implement these fundamental principles, we have adopted the following concrete management policies.

- Be an innovative company that creates groundbreaking technologies
- Seek to be a highly-competitive global leader
- Offer solutions that best meet customer needs
- Make global responses and contributions to environmental issues

In the markets in which the Group operates, the oligopolization of our customers (semiconductor manufacturers and others) has continued, and so it is vital that we acquire and maintain our high position in terms of market share etc. in the fields in which we are already operating. At the same time it is important that we continue to develop new technology in new fields that can be commercialized quickly. With these issues in mind, we have adopted the following key policies.

(i) Innovation through proactive research and development

In the next fiscal year (the 50th FY), we will continue with proactive research and development in both existing and new fields while selecting and focusing on particular areas to rationalize development costs. In our semiconductor manufacturing equipment business, the Group responded to further miniaturization and made priority investments in areas of expected growth such as in next-generation memory, 3D integration and wafer-level packaging. In our FPD manufacturing equipment business, we will concentrate on developing organic EL manufacturing equipment for the

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organic EL currently attracting technology as the next-generation FDP. In our PV manufacturing equipment business, we will accelerate the development of PV manufacturing equipment for thin-film solar cells with improved generating efficiency in the interests of creating a market for thin-film silicon solar cells. In addition to carrying out our own work, we will accelerate acquisition of necessary technologies through M&A activity.

(ii) Improving product strength to expand market share

To acquire and maintain a high market share in markets where the Group is already operating, further improvements are being sought in product process performance as well as productivity and reliability. We will work to increase market share, improving competitiveness of our products such as etching system, cleaning system, coater/developer and wafer deposition system. In particular, we are aiming to substantially improve our share in the field of etching system, a market forecast to grow in future years, by implementing an integrated system incorporating the stages from development through manufacture at our Miyagi Plant which came online last year, by improving productivity with new production methods, and by starting mass production of RLSA plasma etching system containing new plasma etching technology. Also, we will improve cost competitiveness by utilizing the construction of a factory in Kunshan, China for FPD manufacturing equipment.

(iii) Always looking for the best solution

As the oligopolization of our customer base continues, we are taking measures to reinforce its customer-oriented assessment and development facilities and organizations, including opening a process development center in South Korea. We are also building solid sales and service systems and bolstering partnerships with customers. These policies are allowing us to contribute to the technological development of our customers at an early stage and thus quickly understand their needs so as to provide them with the best solution. In addition to the marketing and sale of cutting edge equipment, we are also working to expand our business, responding to shift to longer equipment lifecycles in our field solutions business. This covers areas such as the moving and remodeling and improvement of sold equipment and the spare parts business.

(iv) Measures to address environmental issues

Based on the policy of “solving environmental problems with technology”, to promote more environmentally friendly practices at customer factories, we are developing manufacturing equipment which will lead to reduced emission of greenhouse gases, reduced power consumption and lower water usage. Also, the Group is taking action to reduce the environmental impact from its business activities and logistics such as installing solar power facilities at its main plants.

In addition to the policies described above, for the human resources who will be the source of growth, we think that the placement of the right people in the right positions and proactive development of training programs to educate our human resources to equip them to respond to changes in the business environment will help the Group to make rapid progress in the future. We will also continue to provide evaluation and compensation which fairly recognize the extent of individual contributions, and seek to create a company that is brimming with dreams and vitality.

The Group will continue, on the basis of its profit-oriented management, to further enhance its corporate value by means of placing the customers first, improving product and technology development capabilities, strengthening international competitiveness, and motivating employees. The continued support and understanding of shareholders will be greatly appreciated.

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(4) Changes in the business performance and property

(i) Changes in the business performance and assets of the TEL Group

Items	FY2009 (46th FY; From April 1, 2008 to March 31, 2009)	FY2010 (47th FY; From April 1, 2009 to March 31, 2010)	FY2011 (48th FY; From April 1, 2010 to March 31, 2011)	FY2012 (49th FY; current fiscal year) (From April 1, 2011 to March 31, 2012)
Net sales (million yen)	508,082	418,636	668,722	633,091
Operating income(loss) (million yen)	14,710	(2,180)	97,870	60,443
Ordinary income (million yen)	20,555	2,558	101,919	64,046
Net income(loss) (million yen)	7,543	(9,033)	71,924	36,725
Net income(loss) per share (yen)	42.15	(50.47)	401.73	205.04
Total assets (million yen)	668,998	696,351	809,205	783,610
Net assets (million yen)	529,265	523,369	584,801	598,602

(ii) Changes in the business performance and assets of TEL

Items	FY2009 (46th FY; From April 1, 2008 to March 31, 2009)	FY2010 (47th FY; From April 1, 2009 to March 31, 2010)	FY2011 (48th FY; From April 1, 2010 to March 31, 2011)	FY2012 (49th FY; current fiscal year) (From April 1, 2011 to March 31, 2012)
Net sales (million yen)	389,458	318,236	569,298	516,524
Operating income(loss) (million yen)	8,405	(16,111)	30,620	7,131
Ordinary income(loss) (million yen)	14,979	(13,985)	40,978	44,286
Net income(loss) (million yen)	9,922	(16,838)	31,928	39,144
Net income(loss) per share (yen)	55.45	(94.08)	178.34	218.55
Total assets (million yen)	486,594	533,081	629,215	599,411
Net assets (million yen)	349,048	334,495	359,135	375,761

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(Notes)

1. In the 46th fiscal year, with respect to the Group's financial results, sales and income were down sharply due to a large decrease in sales in the core business sector of semiconductor production equipment. The decrease resulted from the postponement and freezing of capital investment by semiconductor manufacturers reacting to stagnant demand for electronic devices under conditions of economic downturn.
2. In the 47th fiscal year, demand for final products such as PCs, mobile phones, and flat-panel display televisions recovered, but capital investment by semiconductor manufacturers had yet to make a full recovery, and sales in the main semiconductor production equipment segment were down, leading to lower revenues and income. The Group was able to generate positive ordinary income, but extraordinary losses recorded in conjunction with the consolidation and closure of business sites resulted in a net loss.
3. In the 48th fiscal year, thanks to amazing growth in demand for consumer electronics, including smartphones and tablet computers, sales in the markets for semiconductors and FPDs—key components in these products—were generally brisk. The Group is actively working to enter markets for high added-value products and to increase their sales, and both sales and income were up sharply from the previous year.
4. The business performance and property of TEL and its group for FY2012 (the 49th FY; current fiscal year) are described in (1) "Business Developments and Results."

(5) Major business of the TEL Group (As of March 31, 2012)

The major business of the TEL Group include the manufacture and sale of Semiconductor, FPD(Flat Panel Display) and PV(Photovoltaic Cell) production equipment using electronic technology, as well as the purchase and sales of Electronic components and Computer networks. Major product items handled by each division are as follows:

Business	Major products
Semiconductor production equipment	Coater/Developer, Plasma Etch system, Thermal Processing system, Single Wafer Deposition system, Cleaning system, Wafer Prober
FPD/PV production equipment	FPD Coater/Developer, FPD Plasma Etching/Ashing system, Thin-film Silicon PV Plasma Chemical Vapor Deposition system
Electronic Components and Computer Networks	Semiconductor products, Board Computer products, General Electronic Components, Computer Network products, Software

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(6) Major subsidiaries (As of March 31, 2012)

Company	Capital fund	Investment ratio (Indirect investment ratio)	Main business
Tokyo Electron Yamanashi Ltd.	4,000 million yen	100.00 (%)	Manufacture of Semiconductor and FPD production equipment, etc.
Tokyo Electron Kyushu Ltd.	2,000 million yen	100.00	Manufacture of Semiconductor and FPD production equipment
Tokyo Electron Tohoku Ltd.	1,000 million yen	100.00	Manufacture of Semiconductor production equipment
Tokyo Electron TS Ltd.	100 million yen	100.00	Manufacture of Semiconductor production equipment
Tokyo Electron Miyagi Ltd.	100 million yen	100.00	Manufacture of Semiconductor production equipment
Tokyo Electron Technology Development Institute, Inc.	100 million yen	100.00	Development and manufacture of Semiconductor production equipment, etc.
Tokyo Electron FE Ltd.	100 million yen	100.00	Maintenance services for, modification of and relocation of Semiconductor and FPD production equipment, etc.
Tokyo Electron PV Ltd.	50 million yen	51.00	Development of Photovoltaic cell production equipment
Tokyo Electron Device Ltd.	2,495 million yen	55.42	Sales of electronic components and computer networks
Tokyo Electron U.S. Holdings, Inc.	10 U.S. dollars	100.00	Holding company for five subsidiaries in the U.S.
Tokyo Electron America, Inc.	10 U.S. dollars	0.00 (100.00)	Sales of and maintenance services for Semiconductor production equipment, etc.
Tokyo Electron Europe Ltd.	17 million euros	100.00	Sales of and maintenance services for Semiconductor production equipment, etc.
Tokyo Electron Korea Ltd.	3,000 million won	100.00	Sales of and maintenance services for Semiconductor and FPD production equipment, etc.
Tokyo Electron Taiwan Ltd.	200 million NT dollars	96.00 (98.00)	Sales of and maintenance services for Semiconductor and FPD production equipment, etc.
Tokyo Electron (Shanghai) Ltd.	6 million U.S. dollars	100.00	Sales of and maintenance services for Semiconductor and FPD production equipment, etc.
Tokyo Electron (Kunshan) Ltd.	50 million U.S. dollars	100.00	Manufacture, repair and modification of FPD production equipment, etc.

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(Notes)

1. Tokyo Electron AT Ltd. changed its name to Tokyo Electron Yamanashi Ltd. effective April 1, 2011.
2. Tokyo Electron AT Ltd. implemented a corporate split and a division-merger with Tokyo Electron Miyagi Ltd. as the succeeding company effective April 1, 2011, and a portion of its business was transferred.
3. Tokyo Electron FE Ltd. acquired and merged with Tokyo Electron PS Ltd. effective April 1, 2011.
4. Tokyo Electron U.S. Holdings, Inc. merged with Tokyo Electron Massachusetts, LLC, its wholly-owned subsidiary, effective May 2, 2011.
5. Tokyo Electron Singapore PTE. Ltd. was established effective April 1, 2012 (capital: 250,000 Singapore dollars).
6. Tokyo Electron Korea Solution Ltd. acquired and merged with Tokyo Electron Korea Ltd. and changed its name to Tokyo Electron Korea Ltd. effective April 2, 2012. Capital following the merger is 6,000 million won.
7. Tokyo Electron U.S. Holdings, Inc., acquired all shares of NEXX Systems, Inc., an American corporation, effective May 1, 2012. NEXX Systems, Inc., changed its name to TEL NEXX, Inc., the same day.

(7) Major Absorption-type Company Split, Absorption-type Merger, and Acquisitions of the Stock of other Companies

1. Tokyo Electron AT Ltd. implemented a corporate split and a division-merger with Tokyo Electron Miyagi Ltd. as the succeeding company effective April 1, 2011, and a portion of its business was transferred.
2. Tokyo Electron FE Ltd. acquired and merged with Tokyo Electron PS Ltd. effective April 1, 2011.
3. Tokyo Electron U.S. Holdings, Inc. merged with Tokyo Electron Massachusetts, LLC, its wholly-owned subsidiary, effective May 2, 2011.
4. Tokyo Electron Korea Solution Ltd. acquired and merged with Tokyo Electron Korea Ltd. and changed its name to Tokyo Electron Korea Ltd. effective April 2, 2012.
5. Tokyo Electron U.S. Holdings, Inc., acquired all shares of NEXX Systems, Inc., an American corporation, effective May 1, 2012. NEXX Systems, Inc., changed its name to TEL NEXX, Inc., the same day.

(8) Employees at TEL and in the TEL Group

(As of March 31, 2012)

(i) Number of employees in the TEL Group

Business segment	At the end of the consolidated fiscal year	Increase/Decrease	At the end of the previous consolidated fiscal year
Semiconductor production equipment	7,090	362	6,728
FPD/PV production equipment	717	(13)	730
Electronic Components and Computer Network	900	18	882
Other	344	(29)	373
Common to all companies	1,633	3	1,630
Total	10,684	341	10,343

(Notes)

1. The number of employees indicates the number of persons employed by TEL and its consolidated subsidiaries.
2. "Common to all companies" refers to employees of administration and other such divisions.

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(ii) Number of employees in the Company

At the end of the fiscal year	Increase/Decrease
1,217	63

At the end of the previous fiscal year
1,154

Average age	Average length of service in years
40.7	13.7

(Note)

1. The number of employees indicates the number of persons employed by TEL.

(9) Major lenders (As of March 31, 2012)

There is no relevant item.

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(10) Major offices of the TEL Group (As of March 31, 2012)

(i) Tokyo Electron Ltd.

Name	Location
World Headquarters	Minato-ku, Tokyo
Fuchu Technology Center	Fuchu City, Tokyo
Tokyo Electron Technology Center Tsukuba	Tsukuba City, Ibaraki
Osaka Branch Office	Osaka City, Osaka
Yamanashi Regional Office (Fujii) (Hosaka)	Nirasaki City, Yamanashi Nirasaki City, Yamanashi
Sendai Regional Office	Sendai City, Miyagi
Kyushu Sales Office	Koshi City, Kumamoto

(ii) Subsidiaries

Name	Location
Tokyo Electron Yamanashi Ltd. Yamanashi Plant (Fujii) (Hosaka)	Nirasaki City, Yamanashi Nirasaki City, Yamanashi
Tokyo Electron Kyushu Ltd. Koshi Plant Ozu Plant	Koshi City, Kumamoto Ozu-machi, Kikuchi-gun, Kumamoto
Tokyo Electron Tohoku Ltd.	Oshu City, Iwate
Tokyo Electron TS Ltd.	Nirasaki City, Yamanashi
Tokyo Electron Miyagi Ltd. Taiwa Plant Matsushima Plant	Taiwa-cho, Kurokawa-gun, Miyagi Matsushima-machi, Miyagi-gun, Miyagi
Tokyo Electron Technology Development Institute, Inc.	Sendai City, Miyagi
Tokyo Electron FE Ltd.	Fuchu City, Tokyo
Tokyo Electron PV Ltd.	Nirasaki City, Yamanashi
Tokyo Electron Device Ltd.	Yokohama City, Kanagawa
Tokyo Electron U.S. Holdings, Inc.	Austin, Texas, U.S.A.
Tokyo Electron America, Inc.	Austin, Texas, U.S.A.
Tokyo Electron Europe Ltd.	Crawley, West Sussex, U.K.
Tokyo Electron Korea Ltd.	Seongnam-City, Gyeonggi-Do, Korea
Tokyo Electron Taiwan Ltd.	Hsin-chu City, Taiwan
Tokyo Electron (Shanghai) Ltd.	Shanghai, China
Tokyo Electron (Kunshan) Ltd.	Kunshan-City, Jiangsu, China

(Notes)

1. Tokyo Electron AT Ltd. changed its name to Tokyo Electron Yamanashi Ltd. and moved its head offices from Matsushima-machi, Miyagi-gun, Miyagi Prefecture, to Nirasaki City in Yamanashi Prefecture effective April 1, 2011.
2. Tokyo Electron AT Ltd. spun off its Miyagi Plant, which became the Matsushima Plant of Tokyo Electron Miyagi Ltd., the succeeding company effective April 1, 2011.
3. Tokyo Electron FE Ltd. acquired and merged with Tokyo Electron PS Ltd. effective April 1, 2011.
4. The Kansai Technology Center was closed effective June 30, 2011.
5. The TEL Technology Center Tsukuba opened effective March 14, 2012.
6. Tokyo Electron Korea Solution Ltd. acquired and merged with Tokyo Electron Korea Ltd. and changed its name to Tokyo Electron Korea Ltd. effective April 2, 2012.

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2. TEL shares (As of March 31, 2012)

(i) Total number of shares authorized to be issued	300,000,000
(ii) Total number of issued shares	180,610,911
(iii) Number of shareholders	42,414
(iv) Major shareholders	

Shareholder	Number of shares held (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	19,501	10.88
Japan Trustee Services Bank, Ltd. (trust account)	15,183	8.47
Tokyo Broadcasting System Holdings, Inc.	7,727	4.31
SSBT OD05 Omnibus Account – Treaty Clients	4,262	2.37
State Street Bank and Trust Company 505225	4,175	2.33
Mellon Bank, N.A. as agent for its Client Mellon Omnibus US Pension	3,849	2.14
The Chase Manhattan Bank, N.A. London Securities Lending Omnibus Account	2,948	1.64
JPMorgan Securities Japan Co., Ltd.	2,908	1.62
Trust & Custody Services Bank, Ltd. (securities investment trust account)	2,714	1.51
Mellon Bank Treaty Clients Omnibus	2,366	1.32

(Notes)

- Any fractional sum of less than 1,000 shares is disregarded when the number of shares owned is indicated.
- The shareholding ratios are calculated after eliminating treasury stock (1,446,079 shares). Figures are rounded down to the second decimal place.
- In accordance with the system for “Disclosing the Status of Holding a Large Amount of Share Certificates, etc.” under the Securities and Exchange Law, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and three of its affiliated companies submitted a report of change dated April 18, 2011 to inform that they held 13,856 thousand shares in the Company as of April 11, 2011. Similarly, The Sumitomo Trust and Banking Co., Ltd. and three of its affiliated companies submitted a report of change dated December 6, 2011 to inform that they held 12,784 thousand shares in the Company as of November 30, 2011. Fidelity Investments Japan Ltd. and one of its affiliated company submitted a report of change dated October 21, 2011 to inform that they held 8,410 thousand shares in the Company as of October 14, 2011. But the table above does not include the portion of shares that the Company cannot confirm that it practically holds as of March 31, 2012.

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3. Matters concerning Share Subscription Rights

(i) Status of share subscription rights as of the end of the fiscal year

	3rd share subscription rights	4th share subscription rights
Allocation date	August 9, 2004	August 8, 2005
Allocation number of share subscription rights	7,997 units	852 units
Balance at end of fiscal year	3,745 units	106 units
Ownership by Corporate Directors of the Company (excluding outside Directors)	590 units (9 persons)	-
Ownership by outside Directors of the Company	-	-
Ownership by Statutory Auditors of the Company	140 units (2 persons)	16 units (3 persons)
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights	Common stock of the Company 374,500 shares	Common stock of the Company 10,600 shares
Amount paid for the exercise of Share Subscription Rights	5,884 yen per share	1 yen per share
Exercise period of Share Subscription Rights	From August 1, 2006 to June 29, 2012	From August 1, 2008 to June 30, 2025 (Note 1)

	5th share subscription rights	6th share subscription rights
Allocation date	August 8, 2005	June 24, 2006
Allocation number of share subscription rights	920 units	669 units
Balance at end of fiscal year	636 units	182 units
Ownership by Corporate Directors of the Company (excluding outside Directors)	-	10 units (1 person)
Ownership by outside Directors of the Company	-	-
Ownership by Statutory Auditors of the Company	-	10 units (1 person)
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights	Common stock of the Company 63,600 shares	Common stock of the Company 18,200 shares
Amount paid for the exercise of Share Subscription Rights	6,468 yen per share	1 yen per share
Exercise period of Share Subscription Rights	From August 1, 2007 to June 28, 2013	From July 1, 2009 to May 29, 2026 (Note 2)

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	7th share subscription rights	8th share subscription rights
Allocation date	June 23, 2007	June 21, 2008
Allocation number of share subscription rights	1,004 units	1,779 units
Balance at end of fiscal year	335 units	987 units
Ownership by Corporate Directors of the Company (excluding outside Directors)	20 units (1 persons)	236 units (6 persons)
Ownership by outside Directors of the Company	-	-
Ownership by Statutory Auditors of the Company	-	29 units (1 person)
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights	Common stock of the Company 33,500 shares	Common stock of the Company 98,700 shares
Amount paid for the exercise of Share Subscription Rights	1 yen per share	1 yen per share
Exercise period of Share Subscription Rights	From July 1, 2010 to May 31, 2027 (Note 3)	From July 1, 2011 to May 31, 2028 (Note 4)

	9th share subscription rights
Allocation date	June 18, 2011
Allocation number of share subscription rights	2,342 units
Balance at end of fiscal year	2,342 units
Ownership by Corporate Directors of the Company (excluding outside Directors)	1,023 units (13 persons)
Ownership by outside Directors of the Company	-
Ownership by Statutory Auditors of the Company	-
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights	Common stock of the Company 234,200 shares
Amount paid for the exercise of Share Subscription Rights	1 yen per share
Exercise period of Share Subscription Rights	From July 1, 2014 to May 30, 2031 (Note 5)

(Notes)

1. However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to August 1, 2008.
2. However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to July 1, 2009.
3. However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to July 1, 2010.
4. However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to July 1, 2011.
5. However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to July 1, 2014.

(ii) Share subscription rights granted to TEL employees, etc. during the current fiscal year

	9th share subscription rights
Allocation date	June 18, 2011
Allocation number of share subscription rights	2,342 units
Number allocated to TEL employees	382 units (15 persons)
Number allocated to officers and employees of TEL subsidiaries	937 units (46 persons)
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights	Common stock of the Company 234,200 shares
Amount paid for the exercise of Share Subscription Rights	1 yen per share
Exercise period of Share Subscription Rights	From July 1, 2014 to May 30, 2031 (Note 1)

(Note)

1. However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to July 1, 2014.

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4. Matters concerning TEL's Directors and other officers

(i) Condition of Corporate Directors and Statutory Auditors (As of March 31, 2012)

Position in the Company	Name	Responsibilities, Significant concurrent posts
Chairman of the Board	Tetsuro Higashi	
Vice Chairman of the Board	Tetsuo Tsuneishi	Legal / Intellectual Property / IR Outside Director, Media Lario International S.A.
Representative Director, President & CEO	Hiroshi Takenaka	Chairman, Tokyo Electron U.S. Holdings, Inc.
Representative Director	Hirofumi Kitayama	Executive Vice President President, Tokyo Electron Miyagi Ltd. Chairman of the Board, Tokyo Electron Tohoku Ltd.
Corporate Director	Kiyoshi Sato	Chairman, Tokyo Electron America, Inc. Chairman, Tokyo Electron Europe Ltd.
Corporate Director	Haruo Iwatsu	Technology and Development Chairman of the Board, Tokyo Electron Kyushu Ltd.
Corporate Director	Kenji Washino	Executive Vice President Chairman, TEL Venture Capital, Inc. Chairman, TEL Epion Inc.
Corporate Director	Hikaru Ito	Executive Vice President Chairman, Timbre Technologies, Inc.
Corporate Director	Takashi Nakamura	Senior Vice President Business Ethics / Internal Control
Corporate Director	Takaaki Matsuoka	Technology and Development Chairman of the Board, Tokyo Electron Technology Development Institute, Inc.
Corporate Director	Masami Akimoto	Senior Vice President Technology and Development President, Tokyo Electron Kyushu Ltd.
Corporate Director	Yoshiteru Harada	Vice President
Corporate Director	Hideyuki Tsutsumi	Vice President
Corporate Director	Hiroshi Inoue	Chairman of the Board, Tokyo Broadcasting System Holdings, Inc. Chairman of the Board, Tokyo Broadcasting System Television, Inc. Outside Director, Mainichi Broadcasting System, Inc. Outside Auditor, RKB Mainichi Broadcasting Corporation
Corporate Director	Masahiro Sakane	Chairman of the Board, Komatsu Ltd. Outside Director, Nomura Holdings, Inc. Outside Director, Nomura Securities Co., Ltd. Outside Director, Asahi Glass Co., Ltd.
Statutory Auditor	Mitsutaka Yoshida	
Statutory Auditor	Mamoru Hara	Outside Director, CMIC Co., Ltd.
Statutory Auditor	Togo Tajika	
Statutory Auditor	Hiroshi Maeda	Attorney-at-Law Outside Auditor, E-cubic Co., Ltd.

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Members of the Compensation Committee:

Tetsuo Tsuneishi, Kiyoshi Sato, Yoshiteru Harada, Masahiro Sakane

Members of the Nomination Committee:

Takashi Nakamura, Kenji Washino, Mitsutaka Yoshida

(Notes)

1. Corporate Directors Hiroshi Inoue and Masahiro Sakane are outside Directors.
2. Statutory Auditors Togo Tajika and Hiroshi Maeda are outside statutory auditors.
3. TEL appointed Directors Hiroshi Inoue and Masahiro Sakane as independent Directors pursuant to the regulations of Tokyo Stock Exchange Inc. and provided notice to Tokyo Stock Exchange Inc. Also, TEL appointed Statutory Auditors Togo Tajika and Hiroshi Maeda as independent auditors pursuant to the regulations of Tokyo Stock Exchange Inc. and provided notice to Tokyo Stock Exchange Inc.
4. Statutory Auditor Mamoru Hara has experience as executive officer in the Company's finance and accounting departments and Director of finance department and has extensive knowledge concerning finance and accounting matters.
5. On April 1, 2012, new responsibilities in other legal entities were assigned as follows:

Position in the Company	Name	Responsibilities, Significant concurrent posts
Representative Director	Hirofumi Kitayama	Executive Vice President Chairman of the Board, Tokyo Electron Tohoku Ltd. Chairman, Tokyo Electron (Kunshan) Ltd.
Corporate Director	Hiroshi Inoue	Chairman of the Board, Tokyo Broadcasting System Holdings, Inc. Chairman of the Board, Tokyo Broadcasting System Television, Inc. President, The Japan Commercial Broadcasters Association Outside Director, Mainichi Broadcasting System, Inc. Outside Auditor, RKB Mainichi Broadcasting Corporation

6. On May 1, 2012, new responsibilities in other legal entities were assigned as follows:

Position in the Company	Name	Responsibilities, Significant concurrent posts
Corporate Director	Kenji Washino	Executive Vice President Chairman, TEL Venture Capital, Inc. Chairman, TEL Epion Inc. Chairman, TEL NEXX, Inc.

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(ii) Condition of Executive officers (As of March 31, 2012)

Name	Position & Responsibilities
Hiroshi Takenaka	President & CEO
Hirofumi Kitayama	Executive Vice President, General Manager, Manufacturing Division, (Quality)
Kenji Washino	Executive Vice President, General Manager, Corporate Business Strategy Division
Hikaru Ito	Executive Vice President, SPE Executive Vice President, Senior General Manager, SPE Sales Division
Takashi Nakamura	Senior Vice President, General Manager, Corporate Administration Division, Compliance / Internal Control
Masami Akimoto	Senior Vice President, General Manager, System Development Division
Takashi Ito	Senior Vice President, General Manager, PVE Division
Chiaki Yamaguchi	Senior Vice President, General Manager, SPE Sales Division Vice Chairman, Tokyo Electron (Shanghai) Ltd. Vice Chairman, Tokyo Electron (Shanghai) Logistic Center Ltd.
Gishi Chung	Senior Vice President, General Manager, SPE Process Development Division Chairman, TEL Technology Center, America, LLC
Shigetoshi Hosaka	Senior Vice President, General Manager, Corporate Development Division
Yoshiteru Harada	VP & Deputy General Manager, Corporate Administration Division, HR / General Affairs / Accounting
Hideyuki Tsutsumi	VP & General Manager, Etching Systems BU
Tatsuya Nagakubo	VP & General Manager, HR / Human Resources Development Center / Corporate Branding Promotion
Yutaka Nanasawa	VP & General Manager, Accounting / Finance / Export and Logistics Control
Tetsuro Hori	VP & General Manager, Legal / Intellectual Property
Keisuke Koizumi	VP & General Manager, Corporate Procurement VP & General Manager, IT
Toshihiko Nishigaki	VP & General Manager, Clean Track BU
Seisu Ikeda	VP & General Manager, Surface Preparation Systems BU
Toshiki Kawai	VP & General Manager, Thermal Processing Systems BU, VP & General Manager, Single Wafer Deposition BU
Yuichi Abe	VP & General Manager, Test Systems BU
Kiyoshi Sunohara	VP & General Manager, Field Solutions BU
Takeshi Okubo	VP & General Manager, RLSA Division
Masaaki Hata	VP & General Manager, Taiwan & Asia Sales, SPE Sales Division
Tsuguhiko Matsuura	VP & General Manager, FPD BU
Shinichi Sasahara	VP & General Manager, FPD Sales VP & General Manager, PV Project

(Notes)

1. SPE stands for "Semiconductor Production Equipment". FPD stands for "Flat Panel Display Production Equipment". PVE stands for "Photovoltaic Cell Production Equipment". RLSA stands for "Radial Line Slot Antenna". PV stands for "Photovoltaic Cell." BU stands for "business unit".

2. With effect from April 1, 2012, Toshihiko Nishigaki and Masaaki Hata retired as executive officer. On the same day, the following changes were made to appointments:



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Name	Position & Responsibilities
Kenji Washino	Executive Vice President, General Manager, Corporate Business Strategy Division, Organic EL / FPD / PVE
Yoshiteru Harada	VP & Deputy General Manager, Corporate Administration Division, HR / General Affairs / Accounting / Export and Logistics Control
Yutaka Nanasawa	VP & General Manager, PVE Integration Project
Tetsuro Hori	VP & General Manager, Corporate Strategic Planning / Finance / Legal / Intellectual Property
Seisu Ikeda	VP & General Manager, Clean Track BU
Toshiki Kawai	VP & General Manager, Surface Preparation Systems BU
Shingo Tada	VP & General Manager, Thermal Processing Systems BU
Takeshi Okubo	VP & General Manager, Single Wafer Deposition BU VP & General Manager, Organic EL Division
Tsuguhiko Matsuura	VP & General Manager, FPD BU VP & Deputy General Manager, Organic EL Division

(iii) Amount of Compensation Summary to Corporate Directors and Statutory Auditors

	Fixed Compensation (Monthly Remuneration)	Compensation linked to business performance (Annual)	
	Amount paid during FY2012	Bonus (Note 3)	Stock options for stock-based compensation (Note 4)
Total amount of Corporate Director compensation (16 persons)	(million yen) 644	(million yen) 225	(million yen) 112
Portion of outside Director compensation (2 persons)	21	6	
Total amount of Statutory Auditor compensation (4 persons)	134		
Portion of outside Auditor compensation (2 persons, including one full-time auditor)	46		

(Reference)

Individual Compensation of Representative Directors during FY2012

	Fixed Compensation (Monthly Remuneration)	Compensation linked to business performance (Annual)	
	Amount paid during FY2012	Bonus (Note 3)	Stock options for stock-based compensation (Note 4)
Hiroshi Takenaka Representative Director, President & CEO	(million yen) 90	(million yen) 37	(million yen) 17
Hirofumi Kitayama Representative Director, Executive Vice President	61	23	10

(Notes)

1. It was resolved at the 48th Annual General Meeting of Shareholders held on June 17, 2011 that the maximum amount of Corporate Director fixed compensation for a fiscal year should be 750 million yen (including 30 million yen for outside Directors). The Company does not pay a remuneration to Corporate Directors as employees in addition to their Corporate Director compensation.
2. It was resolved at the 48th Annual General Meeting of Shareholders held on June 17, 2011 that the maximum amount of Statutory Auditor fixed compensation for a fiscal year should be 13 million yen per month (156 million yen annually).
3. The amount indicated is the amount of Director compensation that will be proposed at the annual general meeting of shareholders for fiscal year 2012 (the 49th fiscal year) scheduled to be held on June 22, 2012.
4. The amount of expenses incurred during the current fiscal year by the 8th share subscription rights issued to Corporate Directors (stock-based compensation type of stock options) in accordance with a

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resolution of the 45th Annual Meeting of Shareholders and the 9th share subscription rights issued to Corporate Directors (stock-based compensation type of stock options) in accordance with a resolution of the 48th Annual Meeting of Shareholders, is indicated. Specifically, in accordance with the Accounting Standard for Stock Options (ASBJ Statement No. 8), the fair market value is distributed to the fiscal years during the period from the date the options are granted up to the date the options are exercised, based on calculations by a third party agency fair market value of the stock option.

5. Compensation Committee has been proposed within the Board of Directors to set the compensation of Representative Directors.

6. Concerning the payment of officers' retirement allowances, a system abolished in and after the 43rd fiscal year, at the 42nd General Meeting of Shareholders held on June 24, 2005, the Company sought shareholder approval for settlement of retirement allowances for terms of office until the 42nd fiscal year (ended March 2005). Besides the above list, a retirement allowance of 2 million yen was paid to a corporate director who retired during the current fiscal year with respect to the director's term of office held until the 42nd fiscal year.

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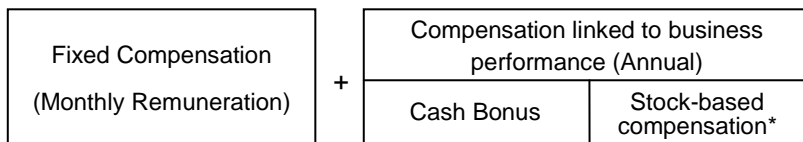
(iv) Policies Concerning Determination of Methods of Calculating Compensation for Corporate Directors and Statutory Auditors

The Company has adopted the following executive compensation program with the intention of tying compensation more closely to financial results and shareholder value, raising corporate competitiveness, and enhancing management transparency. Corporate Director compensation consists of a monthly fixed remuneration and performance-linked compensation. Statutory Auditor compensation consists only of a monthly fixed remuneration to maintain independence from management. Payment of retirement allowances, which constituted a significant portion of fixed compensation to Corporate Directors and Statutory Auditors, was abolished in and after the 43rd fiscal year (ended March 2006).

The Compensation Committee, which is made up of external and internal Directors, compared compensation levels at representative technology firms in Japan and overseas and made proposals to the Board of Directors concerning the content of the system of executive compensation for Corporate Directors and the amount of compensation for representative Directors.

The performance-linked compensation system for Corporate Directors is designed to align compensation more clearly with financial results and increases in shareholder value. It takes into account consolidated return on equity (ROE) and consolidated net income, two performance indicators of consolidated business results. Necessary adjustments are then made when there are special factors that should be taken into account, such as principal performance indicators for the term under review, including profits and losses, and so on. Performance-linked compensation comprises cash bonuses and stock-based compensation. The ratio of cash bonuses to stock-based compensation has generally been one to one. Stock-based compensation will consist of granting share subscription rights with a set strike price of one yen per share and setting unexercisable period for three years. Performance-linked compensation is limited to five times fixed compensation.

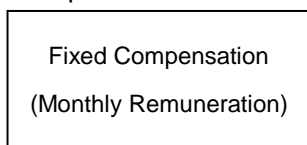
– Corporate Director compensation



* Stock-based compensation will consist of setting unexercisable period for three years.

* Excluding Outside Directors

– Statutory Auditor compensation



– Payment of retirement allowances for Corporate Directors and Statutory Auditors

The retirement allowances for Corporate Directors and Statutory Auditors system was abolished in and after the 43rd fiscal year.

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(v) Matters concerning Outside Directors and Outside Auditors

a. Outside Director positions, Outside Auditor and other significant positions held concurrently in other corporations or organizations and relationships of the Company with the relevant other corporations or organizations. (As of March 31, 2012)

Position in the Company	Name	Significant concurrent posts	Relationship with the company
Outside Director	Hiroshi Inoue	Chairman of the Board, Tokyo Broadcasting System Holdings, Inc. Chairman of the Board, Tokyo Broadcasting System Television, Inc. Outside Director, Mainichi Broadcasting System, Inc. Outside Auditor, RKB Mainichi Broadcasting	No significant business relation
Outside Director	Masahiro Sakane	Chairman of the Board, Komatsu Ltd. Outside Director, Nomura Holdings, Inc. Outside Director, Nomura Securities Co., Ltd. Outside Director, Asahi Glass Co., Ltd.	No significant business relation
Outside Auditor	Hiroshi Maeda	Outside Auditor, E-cubic Co., Ltd.	No significant business relation

b. Main activities during the current fiscal year

Position in the Company	Name	Main activities
Outside Director	Hiroshi Inoue	Hiroshi Inoue attended 11 of the 12 meetings of the board of Directors held in the year, and, drawing on his wealth of experience and knowledge as a business entrepreneur, made appropriate comments on proposals and other matters of deliberation.
Outside Director	Masahiro Sakane	Masahito Sakane attended 10 of the 12 meetings of the board of Directors held in the year, and, drawing on his wealth of experience and knowledge as a business entrepreneur, made appropriate comments on proposals and other matters of deliberation.
Outside Auditor	Togo Tajika	Togo Tajika attended all 12 meetings of the board of Directors and all 7 meetings of the board of auditors held in the year, and, drawing on his global knowledge based on experience of overseas employment at other enterprises, made appropriate comments on proposals and other matters of deliberation.
Outside Auditor	Hiroshi Maeda	Hiroshi Maeda attended 10 of the 12 meetings of the board of Directors and all 7 meetings of the board of auditors held in the year, and, drawing on his specialist perspective as a lawyer, made appropriate comments on proposals and other matters of deliberation.

c. Overview of liability-limiting agreements

The Company revised its Articles of Incorporation at the 43rd Annual General Meeting of Shareholders held on June 23, 2006 to include a provision concerning the conclusion of liability limiting contracts with outside Directors and auditors. In accordance with its Articles of Incorporation, the Company has concluded liability-limiting contracts specified by Article 423, Paragraph 1 of the Companies Act with its outside Directors and statutory auditors. The limitation of liability under these agreements is the maximum amount specified in Article 425, Paragraph 1 of the Companies Act, provided that the individuals in question perform their duties in good faith and without gross negligence.

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5. Condition of accounting auditors

(1) Name of accounting auditors
 KPMG AZSA LLC

(2) Amount of Compensation Paid to Accounting Auditors

(million yen)

i	Amount of compensation to be paid by the Company for audit services pursuant to Article 2, Paragraph 1 of the Certified Public Accountants Law	148
ii	Total monetary compensation and other benefits to be paid to accounting auditors by the Company and its subsidiaries	236

(Notes)

1. The audit agreement concluded by the Company and its accounting auditors does not distinguish between compensation to be paid for audits pursuant to the Companies Act, and that pursuant to the Financial Instruments and Exchange Law and these amounts cannot practically be separated, and as a result the amount indicated in (i) above is the total of these two amounts.

2. Of the Company's main subsidiaries, the following subsidiaries undergo audits by certified public accountants or audit companies other than the Company's accounting auditors.

- Tokyo Electron U.S. Holdings, Inc.
- Tokyo Electron Europe Limited
- Tokyo Electron Korea Limited
- Tokyo Electron Taiwan Limited
- Tokyo Electron (Shanghai) Limited
- Tokyo Electron (Kunshan) Limited

(3) Policy Concerning Decisions to Discharge or to Not Reappoint the Accounting Auditors

If any of the circumstances set forth in Article 340, Paragraph 1 of the Companies Act apply to the accounting auditors, the Board of Statutory Auditors may discharge the accounting auditors with the unanimous consent of all Statutory Auditors. In addition, if it is determined that it would be difficult for the accounting auditors to perform proper audits, the Board of Directors may, with the consent of or upon request from the Board of Auditors, submit to the General Meeting of Shareholders the resolution to discharge or not to reappoint the accounting auditors.

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6. Corporate Structures and Policies

(1) Structures for Ensuring the Proper Performance of Business

The content of resolutions made by the Company at meetings of the board of Directors and relating to basic policies on systems designed for the appropriate maintenance of operations is as follows:

Fundamental Policies concerning Internal Controls within the Tokyo Electron Group

1. Systems to ensure that actions by Directors and employees in the performance of their duties comply with applicable laws and the Articles of Incorporation
 - (1) TEL Group Directors and employees are required to act in compliance with applicable laws and the Articles of Incorporation and with a high sense of ethics.
 - (2) TEL Group Directors and employees shall consider regulations concerning compliance structures, including Code of Ethics and Compliance Regulations, to guide their standard of conduct and shall put such standards into practice.
 - (3) The Chief Business Ethics Director shall have as his mission ensuring compliance with corporate ethics and shall report periodically to the Board of Directors on the Ethics Committee and activities to ensure legal compliance.
 - (4) The Internal Audit Dept., which shall be under the direct authority of the president, shall perform internal audits of actions taken in the performance of their duties. Such audits shall include checking on the existence of compliance violations.
 - (5) The statutory auditors shall perform audits of the actions of Directors in the performance of their duties, and if any action that violates an applicable law or the Articles of Incorporation, or potential violation, is discovered, the statutory auditors shall take necessary measures that include the provision of advice or reports to the Directors.
 - (6) An internal reporting system (“hotline”) shall be operated and maintained as a measure for employees to directly provide information on any conduct that seems questionable with regard to legality. Confidentiality shall be maintained upon the request of the employee making a report, and it will be guaranteed that the employee will not be subject to any disadvantage.
 - (7) We will establish a system to ensure the appropriateness and reliability of the Group’s financial reporting, while periodically enhancing it and evaluating the effectiveness of its operations.
 - (8) Based on our corporate stance of avoiding all contact with antisocial movements that might threaten the order and security of civil society, we categorically refuse all unreasonable demands and other forms of solicitation from such organizations.
2. Structures for the preservation and management of information relating to actions taken by Directors in the performance of their duties
 - (1) Information relating to actions taken by Directors in the performance of their duties shall be recorded in writing or via electronic media and shall be preserved in accordance with the Document Management Regulations.
 - (2) Documents, etc. relating to actions taken by Directors in the performance of their duties shall be maintained in a format that can viewed immediately.
3. Regulations concerning management of the risk of loss and other structures
 - (1) Risk Management Regulations shall be formulated, the types of risks that should be managed shall be identified, and risk management systems clarified.
 - (2) The department responsible for each risk specified in the above regulations shall be determined, group-wide risks shall be managed, and risk management structures shall be described in detail and implemented properly.
 - (3) Efforts to develop preparedness for risks related to such events as earthquakes, in order to ensure the continuity of business, shall be continually promoted.
 - (4) The responsible Directors shall report periodically to the Board of Directors concerning the status of major risks and measures taken to counter them.

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4. Structures to ensure the efficient performance of the duties of Directors
 - (1) The Board of Directors shall determine key items of the company's management including management policies and matters specified by law and shall oversee the status of their implementation.
 - (2) The company shall take measures to have outside (independent) Directors join the Board to objectively ensure efficient decision-making by the Board of Directors.
 - (3) The Board of Directors shall by resolution of the Board have representative Directors, executive Directors, and executive officers carry out their respective duties.

5. Structures to ensure the appropriateness of operations by the corporate group consisting of TEL and its subsidiaries
 - (1) Various regulations applicable to the entire group shall be prepared as necessary to ensure the proper and efficient performance of business activities as a corporate group.
 - (2) The statutory auditors shall establish a structure for cooperation with the statutory auditors of other group companies to facilitate the effective and proper performance of supervision and audits of the TEL Group as a whole.
 - (3) The Internal Audit Dept. shall perform audits of the appropriateness of the activities of the corporate group.

6. Matters relating to employees when the assignment of employees is necessary to assist in the performance of the statutory auditors' duties and matters relating to the independence of such employees from Directors
 - (1) When the statutory auditors request the assignment of employees to assist them in the performance of their duties, employees shall be assigned to the statutory auditors.
 - (2) Employees assigned to the statutory auditors shall perform work duties in accordance with instructions from the statutory auditors.
 - (3) To ensure the independence of the employees specified above, matters relating to personnel administration, such as appointment and dismissal, transfers, and performance evaluations, shall require the consent of a full-time statutory auditor.

7. Structures for reports by Directors and employees to the statutory auditors and for other reports to the statutory auditors
 - (1) If a Director or employee discovers any facts in violation of applicable laws or any matter that will have a material impact on TEL and the TEL Group, the Director or employee must immediately report to the statutory auditors.
 - (2) Each statutory auditors shall attend key meetings and shall review significant documents submitted for approval, and when necessary request reports from Directors, responsible executive officers, and other departments.
 - (3) The Board of Auditors shall receive reports from the Internal Audit Dept. concerning the results of internal audits.

8. Other structures to ensure the effective implementation of audits by the statutory auditors
 - (1) A forum for the periodic exchange of ideas and opinions among the statutory auditors and representative Directors shall be created with the objective of creating effective internal controls.
 - (2) The Board of Auditors shall share information with the accounting auditors and the Internal Audit Dept. with the objective of creating effective internal controls.
 - (3) The company shall take measures to have outside (independent) auditors join the Board of Auditors to objectively ensure the appropriateness of audits.
 - (4) The Board of Auditors may when necessary use the company's funds for legal, accounting and other professionals to form independent opinions when performing audits.

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(2) Policy concerning decisions regarding the distribution of surplus earnings

The Company's dividend policy is to link dividend payments to business performance and earnings on a continual basis. The basic policy is to increase the dividend payout ratio to around 35% based on consolidated net income.

The Company effectively uses internal capital reserves to raise corporate value through earnings growth, concentrates investment in growth areas and provides returns directly to shareholders by linking dividend payments to business performance and earnings.

For the current fiscal year, considering consolidated business performance in the second half of the fiscal year, a year-end dividend of 27 yen per share is planned with payment to commence on June 1, 2012. Consequently, the annual dividend, including the interim dividend of 53 yen per share, will be 80 yen per share.

Consolidated Balance Sheet

	As of March 31, 2011	(Millions of yen) As of March 31, 2012
ASSETS		
Current assets		
Cash and deposit	52,992	35,834
Trade notes and accounts receivable	136,385	150,305
Securities	232,057	211,790
Merchandise and finished goods	111,918	101,789
Work in process	43,246	35,104
Raw materials and supplies	13,760	12,575
Deferred income taxes	27,609	23,546
Others	27,414	37,480
Allowance for doubtful accounts	(1,153)	(1,376)
Total current assets	<u>644,231</u>	<u>607,050</u>
Long-term assets		
Tangible fixed assets		
Buildings and structures	121,597	143,461
Accumulated depreciation	(75,363)	(79,077)
Buildings and structures, net	<u>46,234</u>	<u>64,384</u>
Machinery and carriers	75,735	85,499
Accumulated depreciation	(58,755)	(63,835)
Machinery and carriers, net	<u>16,980</u>	<u>21,664</u>
Land	25,772	26,260
Construction in progress	19,509	9,514
Others	28,963	30,334
Accumulated depreciation	(24,909)	(25,272)
Others, net	<u>4,054</u>	<u>5,061</u>
Total tangible fixed assets	<u>112,551</u>	<u>126,885</u>
Intangible fixed assets		
Others	4,212	4,703
Total intangible fixed assets	<u>4,212</u>	<u>4,703</u>
Investments and other assets		
Investment securities	15,725	16,081
Deferred income taxes	20,727	17,585
Others	13,786	15,152
Allowance for doubtful accounts	(2,031)	(3,848)
Total investments and other assets	<u>48,209</u>	<u>44,971</u>
Total long-term assets	<u>164,973</u>	<u>176,560</u>
Total assets	<u>809,205</u>	<u>783,610</u>

	As of March 31, 2011	(Millions of yen) As of March 31, 2012
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	53,612	46,986
Accrued employees' bonuses	11,130	8,646
Accrued warranty expenses	7,594	8,903
Others	95,700	60,257
Total current liabilities	<u>168,038</u>	<u>124,794</u>
Long-term liabilities		
Accrued pension and severance costs	52,230	54,646
Others	4,134	5,567
Total long-term liabilities	<u>56,365</u>	<u>60,213</u>
Total liabilities	<u>224,403</u>	<u>185,007</u>
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,045	78,023
Retained earnings	457,658	471,186
Treasury stock	(10,484)	(9,747)
Total shareholders' equity	<u>(580,180)</u>	<u>594,422</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,807	3,575
Deferred gains or losses on hedges	(12)	(51)
Translation adjustments	(10,234)	(11,157)
Total accumulated other comprehensive income	<u>(7,439)</u>	<u>(7,633)</u>
Subscription rights to shares	1,499	1,156
Minority interests	10,560	10,656
Total net assets	<u>584,801</u>	<u>598,602</u>
Total liabilities and net assets	<u>809,205</u>	<u>783,610</u>

Consolidated Statement of Income

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(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Net sales	668,722	633,091
Cost of sales	433,963	421,646
Gross profit	234,758	211,444
Selling, general & administrative expenses		
Salaries and allowances	19,938	21,446
Research and development expenses	70,568	81,506
Others	46,381	48,048
Total selling, general & administrative expenses	136,887	151,001
Operating income	97,870	60,443
Non-operating income		
Interest income	612	775
Revenue from development grants	3,026	1,130
Others	1,188	2,192
Total non-operating income	4,827	4,097
Non-operating expenses		
Loss on revaluation of investment securities	39	120
Maintenance and operation cost of closed business bases	185	111
Others	553	262
Total non-operating expenses	778	494
Ordinary income	101,919	64,046
Unusual or infrequent profit		
Gain on sale of fixed assets	33	565
Gain on collection written-off claims	-	1,437
Reversal of allowance for doubtful accounts	1,891	-
Others	209	171
Total unusual or infrequent profit	2,134	2,174
Unusual or infrequent loss		
Loss from earthquake damage	1,113	935
Provision of allowance for doubtful accounts	0	1,848
Loss from restructuring	-	848
Loss on revaluation of investment securities	34	696
Others	3,326	1,289
Total unusual or infrequent loss	4,475	5,619
Income before income taxes	99,579	60,602
Provision for income taxes and enterprise taxes	29,482	15,022
Deferred income taxes	(2,711)	8,400
Total income taxes	26,771	23,422
Income before minority interests	72,807	37,179
Minority interests	883	453
Net income	71,924	36,725

Consolidated Statements of Changes in Net Assets

	(Millions of yen)	
	Year ended March 31, 2011	Year ended March 31, 2012
Shareholders' equity		
Common stock		
Balance at beginning of period	54,961	54,961
Balance at end of period	<u>54,961</u>	<u>54,961</u>
Capital surplus		
Balance at beginning of period	78,034	78,045
Disposal of treasury stock	11	(22)
Balance at end of period	<u>78,045</u>	<u>78,023</u>
Retained earnings		
Balance at beginning of period	393,970	457,658
Cash dividends	(8,236)	(23,101)
Net income	71,924	36,725
Disposal of treasury stock	-	(96)
Balance at end of period	<u>457,658</u>	<u>471,186</u>
Treasury stock		
Balance at beginning of period	(10,900)	(10,484)
Purchase of treasury stock	(37)	(12)
Disposal of treasury stock	453	749
Balance at end of period	<u>(10,484)</u>	<u>(9,747)</u>
Total shareholders' equity		
Balance at beginning of period	516,065	580,180
Cash dividends	(8,236)	(23,101)
Net income	71,924	36,725
Purchase of treasury stock	(37)	(12)
Disposal of treasury stock	464	630
Balance at end of period	<u>580,180</u>	<u>594,422</u>

Consolidated Statements of Changes in Net Assets

	(Millions of yen)	
	Year ended March 31, 2011	Year ended March 31, 2012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of period	2,504	2,807
Net change except shareholders' equity	303	768
Balance at end of period	<u>2,807</u>	<u>3,575</u>
Deferred gains or losses on hedges		
Balance at beginning of period	(67)	(12)
Net change except shareholders' equity	55	(38)
Balance at end of period	<u>(12)</u>	<u>(51)</u>
Translation adjustments		
Balance at beginning of period	(6,683)	(10,234)
Net change except shareholders' equity	(3,550)	(923)
Balance at end of period	<u>(10,234)</u>	<u>(11,157)</u>
Total accumulated other comprehensive income		
Balance at beginning of period	(4,247)	(7,439)
Net change except shareholders' equity	(3,192)	(194)
Balance at end of period	<u>(7,439)</u>	<u>(7,633)</u>
Subscription rights to shares		
Balance at beginning of period	1,578	1,499
Net change except shareholders' equity	(78)	(342)
Balance at end of period	<u>1,499</u>	<u>1,156</u>
Minority interests		
Balance at beginning of period	9,973	10,560
Net change except shareholders' equity	587	96
Balance at end of period	<u>10,560</u>	<u>10,656</u>
Total net assets		
Balance at beginning of period	523,369	584,801
Cash dividends	(8,236)	(23,101)
Net income	71,924	36,725
Purchase of treasury stock	(37)	(12)
Disposal of treasury stock	464	630
Net change except shareholders' equity	(2,683)	(440)
Balance at end of period	<u>584,801</u>	<u>598,602</u>

Consolidated Cash Flow

	(Millions of yen)	
	Year ended March 31, 2011	Year ended March 31, 2012
Cash flow from operating activities		
Income before income taxes	99,579	60,602
Depreciation and amortization	17,707	24,197
Increase in accrued pension and severance costs (decrease)	2,342	2,422
Increase in allowance for doubtful accounts (decrease)	(4,341)	2,111
Increase in accrued employees' bonuses (decrease)	5,086	(2,506)
Increase in accrued warranty expenses (decrease)	2,352	1,343
Interest and dividend revenue	(696)	(1,009)
Decrease in trade notes and accounts receivable (increase)	(13,319)	(15,540)
Decrease in inventories (increase)	(36,532)	16,022
Increase in accounts payable (decrease)	1,667	(5,807)
Decrease in prepaid consumption tax (increase)	(8,025)	1,507
Increase in accrued consumption tax (decrease)	2,304	(2,417)
Increase in customer advances (decrease)	9,575	(4,566)
Decrease in specific doubtful receivables (increase)	5,302	(1,889)
Others	7,119	1,935
Subtotal	90,121	76,405
Receipts from interest and dividends	745	978
Interest paid	(45)	(42)
Income taxes paid or refund (paid)	(7,583)	(47,628)
Net cash generated by operating activities	83,238	29,712
Cash flow from investing activities		
Payment into time deposits	(90,000)	(35,000)
Proceeds from time deposits	90,000	55,000
Payment for purchase of short-term investments	(270,000)	(249,500)
Proceeds from redemption of short-term investments	270,000	260,500
Payment for purchase of tangible fixed assets	(33,541)	(36,010)
Proceeds from sale of tangible fixed assets	509	1,102
Payment for purchase of intangible fixed assets	(925)	(2,140)
Others	(1,923)	(2,304)
Net cash used in investing activities	(35,881)	(8,352)
Cash flow from financing activities		
Net increase in short-term borrowings (decrease)	2,890	(3,593)
Net decrease in treasury stock (increase)	427	(12)
Dividends paid	(8,236)	(23,101)
Others	(318)	(626)
Net cash generated by financing activities	(5,236)	(27,334)
Effect of exchange rate changes on cash and cash equivalents	(1,009)	(299)
Net increase in cash and cash equivalents (decrease)	41,110	(6,274)
Cash and cash equivalents at beginning of period	123,939	165,050
Cash and cash equivalents at end of period	165,050	158,776