TOKYO ELECTRON

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

ISIN	JP3571400005
SEDOL	6895675

May 27, 2011

NOTICE OF FISCAL YEAR 2011 (the 48th FY) ANNUAL GENERAL MEETING OF SHAREHOLDERS

To Our Shareholders:

We are pleased to announce that the 48th Annual General Meeting of Shareholders (the "AGM") of Tokyo Electron Limited ("TEL") will be held on Friday, June 17, 2011, at 10:00 a.m. Japan standard time, at the Hotel Okura Tokyo, located at 10-4 Toranomon 2-chome, Minato-ku, Tokyo.
Shareholders will also be asked to vote upon the following Agenda:

1: Election of Fifteen Corporate Directors
2: Election of One Statutory Auditor
3: Payment of Bonuses to Corporate Directors for the 48th 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
6: Revision of Compensation to Corporate Directors
7: Revision of Compensation to Statutory Auditors

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.co.jp. 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 2011 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 circulated 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. until 5:30 p.m. on June 16, 2011 (Japan standard time).

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

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 FY2011 (the 48th FY; from April 1, 2010 to March 31, 2011), 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 FY2011 (the 48th FY; from April 1, 2010 to March 31, 2011).**

Proposal 1: Election of Fifteen Corporate Directors

At the conclusion of the Annual General Meeting of Shareholders, the term of office for all 12 Corporate Directors will expire. Therefore, we ask you to agree to elect 15 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)	April 1977 Joined Tokyo Electron Limited December 1990 Corporate Director, Tokyo Electron Limited April 1994 Senior Vice President, Tokyo Electron Limited June 1996 President & CEO, Tokyo Electron Limited June 2003 Chairman of the Board, Tokyo Electron Limited January 2005 Chairman & CEO, Tokyo Electron Limited April 2010 Chairman of the Board, Tokyo Electron Limited (Present position) (Position in the Company) Chairman of the Board (Significant concurrent posts) Chairman, Tokyo Electron U.S. Holdings, Inc.	44,028

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

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)	April 1976 Joined Tokyo Electron Limited June 1992 Corporate Director, Tokyo Electron Limited June 1996 Corporate Director, Executive Vice President, Tokyo Electron Limited June 2003 Vice Chairman of the Board, Tokyo Electron Limited (Present position) (Position in the Company) Corporate Director, Vice Chairman of the Board, Legal / Intellectual Property /IR / Overseas Customer (Significant concurrent posts) Outside Director, Media Lario International S.A.	6,358
3	Hiroshi Takenaka (February 5, 1961)	April 1984 Joined Tokyo Electron Limited April 2002 General Manager, Single Wafer Deposition Business Unit, Tokyo Electron Limited April 2003 Vice President & General Manager, Tokyo Electron Limited April 2005 Vice President & General Manager, Thermal Processing Systems Business Unit, Tokyo Electron Limited April 2006 Vice President & Deputy General Manager, SPE-3 Division, Tokyo Electron Limited June 2007 Corporate Director, Tokyo Electron Limited April 2009 President, Tokyo Electron Limited April 2010 President & CEO, Tokyo Electron Limited (Present position) (Position in the Company) Corporate Director , President & CEO (Significant concurrent posts) Chairman, Tokyo Electron America, Inc. Chairman, Tokyo Electron Europe Limited	5,400

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

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)	December 1983 Joined TEL-Thermco Engineering Co., Ltd. July 1995 Corporate Director, Tokyo Electron Tohoku Limited March 1999 Corporate Director, Tokyo Electron Yamanashi Limited April 2003 Senior Vice President, Tokyo Electron AT Limited February 2005 President, Tokyo Electron AT Limited April 2006 President, Tokyo Electron Tohoku Limited Vice President & General Manager, Tokyo Electron Limited June 2007 Corporate Director, Tokyo Electron Limited (Present position) October 2008 Chairman of the Board, Tokyo Electron Tohoku Limited (Present position) April 2009 Executive Vice President, Tokyo Electron Limited (Present position) Chairman of the Board, Tokyo Electron PS Limited April 2010 Chairman of the Board, Tokyo Electron Technology Development Institute, Inc. July 2010 President, Tokyo Electron Miyagi Limited (Present position) (Position in the Company) Corporate Director , Executive Vice President (Significant concurrent posts) President, Tokyo Electron Miyagi Limited Chairman of the Board, Tokyo Electron Tohoku Limited	3,700

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

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
5	Kiyoshi Sato (April 2,1956)	<u>April 1979</u> Joined Tokyo Electron Limited <u>December 2001</u> Vice President & General Manager, Clean Track Business Unit, Tokyo Electron Limited <u>April 2003</u> Senior Executive Officer, President Office, Tokyo Electron Limited <u>June 2003</u> President & CEO, Tokyo Electron Limited <u>January 2005</u> President & COO, Tokyo Electron Limited <u>April 2009</u> Vice Chairman of the Board, Tokyo Electron Limited (Present position) <u>April 2010</u> Chairman of the Board, Tokyo Electron BP Limited (Present position) (Position in the Company) Corporate Director, Vice Chairman of the Board, Overseas Subsidiary / IT / EHS/ Global Procurement / FPD&PVE China Customer (Significant concurrent posts) Chairman of the Board, Tokyo Electron BP Limited	6,000

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

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
6	Haruo Iwatsu (March 20, 1950)	November 1984 Joined Tokyo Electron Limited April 1993 Corporate Director, Tokyo Electron Kyushu Limited April 1998 Senior Vice President, Tokyo Electron Kyushu Limited January 2000 Vice President & General Manager, Cleaning Systems Business Unit, Tokyo Electron Limited April 2003 President, Tokyo Electron Kyushu Limited June 2005 Corporate Director, Tokyo Electron Limited October 2006 Chairman of the Board, Tokyo Electron Kyushu Limited (Present position) June 2007 Executive Vice President, Tokyo Electron Limited April 2009 Corporate Director, Tokyo Electron Limited (Present position) (Position in the Company) Corporate Director (Significant concurrent posts) Chairman of the Board, Tokyo Electron Kyushu Limited	8,600

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

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
7	Kenji Washino (June 7, 1961)	April 1984 Joined Tokyo Electron Limited April 2003 Vice President & General Manager, Cleaning Systems Business Unit, Tokyo Electron Limited April 2005 Vice President & General Manager, Single Wafer Deposition Business Unit, Tokyo Electron Limited April 2006 Vice President & Deputy General Manager, SPE-2 Division, Tokyo Electron Limited June 2007 Corporate Director, Tokyo Electron Limited (Present position) April 2009 Executive Vice President, Tokyo Electron Limited (Present position) (Position in the Company) Corporate Director , Executive Vice President (Significant concurrent posts) Chairman, TEL Venture Capital, Inc. Chairman, TEL Epion Inc.	6,000
8	Hikaru Ito (August 30, 1961)	April 1984 Joined Tokyo Electron Limited April 2003 Vice President & General Manager, Clean Track Business Unit, Tokyo Electron Limited April 2006 Vice President & Deputy General Manager, SPE-1 Division, Tokyo Electron Limited June 2007 Corporate Director, Tokyo Electron Limited (Present position) April 2009 Executive Vice President, Tokyo Electron Limited (Present position) (Position in the Company) Corporate Director , Executive Vice President (Significant concurrent posts) Chairman, Timbre Technologies, Inc.	6,400

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

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
9	Takashi Nakamura (October 6, 1954)	April 1979 Joined Tokyo Electron Limited October 1997 Corporate Director, Tokyo Electron Yamanashi Limited April 2001 Corporate Senior Staff, Tokyo Electron Limited April 2003 President, Tokyo Electron Logistics Limited October 2003 President, Tokyo Electron BP Limited October 2004 Executive Vice President, Tokyo Electron Kyushu Limited April 2008 Executive Vice President, Tokyo Electron AT Limited April 2009 Senior Vice President & General Manager, Tokyo Electron Limited (Present position) June 2009 Corporate Director, Tokyo Electron Limited (Present position) (Position in the Company) Corporate Director, Senior Vice President, Business Ethics, Internal Control	4,700
10	<Newly candidate> Takaaki Matsuoka (February 11, 1951)	April 1975 Joined Tokyo Electron Limited April 1990 Director, Substrate & Microchip Technology Dept., Tokyo Electron Limited April 1998 Corporate Senior Staff, Tokyo Electron Limited April 2001 General Manager, Corporate Marketing, Tokyo Electron Limited July 2006 Fellow, Tokyo Electron Limited (Present position) June 2007 President, Tokyo Electron Technology Development Institute, Inc. October 2010 Chairman of the Board, Tokyo Electron Technology Development Institute, Inc. (Present position) (Position in the Company) Fellow (Significant concurrent posts) Chairman of the Board, Tokyo Electron Technology Development Institute, Inc.	2,500

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

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
11	<Newly candidate> Masami Akimoto (February 4, 1958)	March 1984 Joined Tokyo Electron Limited April 1998 Director, Clean Track R&D Dept., Tokyo Electron Kyushu Limited April 2001 Senior Director, Clean Track Business Unit, Tokyo Electron Kyushu Limited April 2003 Vice President, Tokyo Electron Limited Vice President, Tokyo Electron Kyushu Limited June 2004 Senior Vice President, Tokyo Electron Kyushu Limited June 2007 Senior Vice President, Tokyo Electron Limited (Present position) October 2008 President, Tokyo Electron Kyushu Limited (Present position) (Position in the Company) Senior Vice President (Significant concurrent posts) President, Tokyo Electron Kyushu Limited	3,600
12	<Newly candidate> Yoshiteru Harada (April 12, 1958)	April 1983 Joined Tokyo Electron Limited October 1999 Director, General Affairs Dept., Tokyo Electron Limited April 2003 Vice President, Tokyo Electron Limited April 2005 Vice President & General Manager, Corporate Administration, Tokyo Electron Limited April 2009 Senior Vice President, Tokyo Electron Kyushu Limited July 2010 Vice President, Tokyo Electron Limited (Present position) (Position in the Company) Vice President, Tokyo Electron Limited	2,000

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

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
13	<Newly candidate> Hideyuki Tsutsumi (August 6, 1960)	April 1984 Joined Tokyo Electron Limited March 2004 Director, Thermal Process Systems Dept., Tokyo Electron Limited June 2007 Vice President, Tokyo Electron Limited (Present position) General Manager, Sales & Services, Japan, Tokyo Electron Limited October 2008 Vice President & General Manager, Etching Systems Business Unit, Tokyo Electron Limited (Present position) (Position in the Company) Vice President, Tokyo Electron Limited	0
14	[Outside Director] Hiroshi Inoue (January 5,1940)	April 1963 Joined Tokyo Broadcasting System, Inc. June 1993 Corporate Director, Tokyo Broadcasting System, Inc. June 1996 Managing Director, Tokyo Broadcasting System, Inc. June 1997 Senior Managing Director, Tokyo Broadcasting System, Inc. June 2001 Executive Vice President, Tokyo Broadcasting System, Inc. June 2002 President, Tokyo Broadcasting System, Inc. June 2006 Corporate Director, Tokyo Electron Limited (Present position) April 2009 Chairman of the Board, Tokyo Broadcasting System Holdings, Inc. (Present position) (Position in the Company) Corporate Director (Significant concurrent posts) 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	0

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

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
15	[Outside Director] Masahiro Sakane (January 7, 1941)	April 1963 Joined Komatsu Limited June 1989 Corporate Director, Komatsu Limited June 1994 Managing Director, Komatsu Limited June 1997 Executive Managing Director, Komatsu Limited June 1999 Executive Vice President, Komatsu Limited June 2001 President, Komatsu Limited June 2003 President and Chief Executive Officer, Komatsu Limited June 2007 Chairman of the Board, Komatsu Limited (Present position) June 2008 Corporate Director, Tokyo Electron Limited (Present position) (Position in the Company) Corporate Director (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.	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 officers pursuant to the regulations of Tokyo Stock Exchange Inc. and provided notice to the Exchange.
(3) Hiroshi Inoue is Chairman of the Board, Tokyo Broadcasting System Holdings, Inc., has a wealth of experience and knowledge as a corporate manager. 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 manager. 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.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

(5) Hiroshi Inoue took office as President of Tokyo Broadcasting System, Inc. (TBS) in June 2002 and as Chairman of the Board, Tokyo Broadcasting System Holdings, Inc. in April 2009. TBS received a strong warning from the Ministry of Internal Affairs and Communications (MIC) in respect of forms of expression and other elements contained in a part of the programming broadcast in 2006. TBS investigated the causes of this problem and has taken measures to prevent a recurrence.

In April 2009, Hiroshi Inoue took office as Chairman of the Board, Tokyo Broadcasting System Television, Inc.,which received a severe reprimand from MIC 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.

(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.

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

Proposal 2: Election of One Statutory Auditor

At the conclusion of the Annual General Meeting of Shareholders, the term of office of Statutory Auditor Mitsutaka Yoshida will expire. Therefore, we ask you to agree to elect one Statutory Auditor. The candidate for Statutory Auditor is 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	Mitsutaka Yoshida (March 31, 1948)	<u>February 1980</u> Joined Tokyo Electron Limited <u>March 1990</u> Corporate Director, Tokyo Electron Sagami Limited <u>April 1991</u> Senior Vice President, Tokyo Electron Sagami Limited <u>April 1993</u> Executive Vice President, Tokyo Electron Tohoku Limited <u>April 1995</u> President, Tokyo Electron Tohoku Limited <u>June 1996</u> Corporate Director, Tokyo Electron Limited <u>June 1998</u> Senior Vice President, Tokyo Electron Limited <u>February 2002</u> Corporate Director, Tokyo Electron Limited <u>April 2003</u> President, Tokyo Electron Software Technologies Limited <u>June 2003</u> Retired Corporate Director, Tokyo Electron Limited <u>June 2007</u> Statutory Auditor, Tokyo Electron Limited (Present position) (Position in the Company) Statutory Auditor, Tokyo Electron Limited	10,200

(Notes)
1. The candidate has no special interests in the Company.
2. The Board of Auditors has consented to this proposal.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

<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 38, "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 fixed monthly salary and performance-linked compensation. Statutory Auditor compensation consists only of a fixed monthly salary 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 the 43rd fiscal year.

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

The performance-linked compensation system for Corporate Directors, designed for the 48th fiscal year to more clearly align compensation with financial results and increases in shareholder value, was modified by adding the degree of achievement of consolidated return on equity (ROE) as an indicator, on consolidated net income, which has been used as an indicator in the past. Necessary adjustments are made when there are special factors that should be taken into account such as principal performance indicators for the term under review, extraordinary losses, and so on. Performance-linked compensation comprises cash bonuses and stock-based compensation, and the ratio of cash bonuses to stock-based compensation has generally been two to one, but the percentage of stock-based compensation will be increased to achieve a ratio of one to one. Performance-linked compensation is limited to five times fixed compensation. Stock-based compensation will consist of granting share subscription rights with a set strike price of one yen per share and setting a three-year limit on the exercise of options.

With respect to performance-linked compensation paid to TEL executive officers and subsidiary Directors and executive officers, this term we modified the TEL Director compensation system and switched to a scheme that links compensation to consolidated net income and the degree of achievement of consolidated ROE, but in light of the difference in work duties with TEL Directors, we decided to keep the ratio of cash bonuses to stock-based compensation at two to one.

1. The amount of annual performance-linked compensation

Based on the new approach linking compensation to business performance, we added the degree of achievement of consolidated ROE as an indicator on consolidated net income, which has been used as an indicator in the past, in order to increase the links with targets for higher shareholder value, and based on this, we calculated total Director performance-linked compensation. As a result, the proposed payment of annual performance-linked compensation for the 12 Directors in office as of the end of the 48th fiscal year under review of no more than 770 million yen. Of this amount, we propose payment of cash bonuses of no more than 391 million yen and stock-based compensation of no more than 379 million yen. Stock-based compensation is not paid to the outside Directors.

Also, annual performance-linked compensation to Directors for the 48th (current) fiscal year proposed to the general meeting of shareholders is a total of no more than 812 million yen, consisting of the cash bonuses (391 million yen) in Proposal 3 and the stock-based compensation (421 million yen) in Proposal 4. The totals do not match because Proposal 3 covers Directors who are in office at the end of the 48th fiscal year, but under Proposal 4, share subscription rights are granted after the conclusion of this general meeting of shareholders, and as a result, Directors who are elected at this meeting, as executive officers, are included in stock-based compensation tied to business results for the 48th fiscal year. Calculations as revised to include persons eligible for the stock-based compensation in Proposal 4, that is, the Directors in office at the end of the 48th fiscal year (the one Director scheduled to resign at the conclusion of this meeting is included in the persons subject to Proposal 5, and therefore, that one individual is included), result in total stock-based compensation of no more than 379 million yen and total annual performance-linked compensation of no more than 770 million yen.

2. Relation between bonuses in cash and Proposal 3

The payment for the portion of the bonuses in cash paid to TEL's Directors will be brought before the General Meeting of Shareholders as Proposal 3 in accordance with the provisions of the Corporation Law.

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.

Proposal 3: Payment of Bonuses to Corporate Directors for the 48th Fiscal Year

Based on the TEL's executive compensation system, consolidated net income and consolidated ROE for the 48th fiscal year, the Company seeks shareholder approval to pay 391 million yen (including 12 million yen for outside Directors) as the cash bonus portion of annual performance-linked compensation to 12 Corporate Directors in office (including two outside Directors) at the end of the 48th 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 48th 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 421 million yen annually to Corporate Directors (excluding outside Directors), in addition to Proposal 3. The stock-based compensation is no more than 379 million yen as for 10 Corporate Directors (excluding two outside Directors). However, if Proposal 1 is approved as proposed, there will be 13 Corporate Directors (excluding outside Directors) covered by this Proposal 1. Therefore, the Company seeks shareholder approval to grant subscription rights equivalent for no more than 421 million yen.

The total value of subscription rights to be granted was calculated based on 3,973 yen per share of common stock (the assessed value as of March 31, 2011 using the Black-Scholes model).

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 changed 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 revised executive compensation system is as described in "Regarding Proposals 3 to 5" on page 14-15 and in "Policies Concerning Determination of Methods of Calculating Compensation for Corporate Directors and Statutory Auditors" on page 38. The revised system combines fixed monthly 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 2011, 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 105,900 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 1,059 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 in paragraph (7)a) above from the maximum limit for the increase in capital, etc., as referred to in paragraph (7)a) above.
(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 subject of the share subscription rights specified in (3), 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 paragraph (11)c) above. 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 2011 (the 48th FY) General Meeting of Shareholders.

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

Based on the TEL Group's executive compensation system, consolidated net income and consolidated ROE for the 48th 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.

The total value of subscription rights to be granted was calculated based on 3,973 yen per share of common stock (the assessed value as of March 31, 2011 using the Black-Scholes model).

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 changed 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 revised executive compensation system is as described in "Regarding Proposals 3 to 5" on page 14-15. The revised system combines fixed monthly 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-third 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 2011, which will have the same effect.

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 48th 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 48th fiscal year, to whom payment is considered necessary.

(2) Total number and type of shares to be issued or transferred by exercise of Options:
Not more than 140,000 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 1,400 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 in paragraph (7)a) above from the maximum limit for the increase in capital, etc., as referred to in paragraph (7)a) above.
(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

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

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 (3), 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 paragraph (11)c) above. 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 2011 (the 48th FY) General Meeting of Shareholders.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

Proposal 6: Revision of Compensation to Corporate Directors

Fixed compensation to Corporate Directors to the amount of no more than 560 million yen per fiscal year (of which no more than 20 million yen per fiscal year is for outside Directors) was approved at the 44th General Meeting of Shareholders held on June 22, 2007, but we request shareholder approval to revise the amount of fixed compensation to Corporate Directors to no more than 750 million yen per fiscal year (of which no more than 30 million yen per fiscal year is for outside Directors). This figure was arrived at by taking into consideration a variety of factors, including the fact that the number of Corporate Directors will increase by three if Proposal 1 is approved as proposed, and the changes in the composition of Company executives, such as increase in the number of Corporate Directors who also serve as executive officers, and changes in job positions.

The Company does not pay those Corporate Directors who also serve as executive officers salaries for serving as employees in addition to Corporate Director compensation. Consequently, the proposed amount of fixed compensation includes the portion of salaries for executive officers also serving as Corporate Directors that corresponds to executive officers.

There are currently 12 Corporate Directors (of which two are outside Directors), but if Proposal 1 is approved as proposed, there will be 15 Corporate Directors (of which two will be outside Directors).

Proposal 7: Revision of Compensation to Statutory Auditors

Fixed compensation to Statutory Auditors to the amount of no more than 10 million yen per month was approved at the 43th General Meeting of Shareholders held on June 23, 2006, but we request shareholder approval to revise the amount of fixed compensation to Statutory Auditors to no more than 13 million yen per month. This figure was arrived at by taking into consideration the various circumstances concerning the qualitative and quantitative expansion of auditing including internal control auditing. If Proposal 2 is approved as proposed, there will be 4 Statutory Auditors.

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

Business Report
(From April 1, 2010 to March 31, 2011)

1. Current Status of the TEL Group

(1) Business Developments and Results

General Overview

During the fiscal year, the global economy as a whole took a turn toward recovery. Some regions in Europe and America continued to perform sluggishly, but the general trend was upwards starting in the second half. Economic growth was strong in Asia, particularly in domestic demand in developing countries such as China and India. The Japanese economy showed signs of improvement, but little progress has been made because of the effects of the high value of the yen and an adverse employment environment as well as concerns regarding the repercussions of the Great Eastern Japan Earthquake that occurred in March.

In the electronics industry, the primary area of the Tokyo Electron Group’s business activities, demand for PCs and flat-panel televisions was strong through the first half but later there was some adjustment. Demand for consumer electronics such as smartphones and tablet PCs increased rapidly, and the markets for the semiconductors and flat-panel displays that are key components in these products was generally favorable.

Consolidated net sales for the fiscal year increased by 59.7% compared to the previous fiscal year, to 668,722 million yen. Operating income was 97,870 million yen (compared to operating loss of 2,180 million yen in the previous fiscal year), ordinary income was 101,919 million yen (compared to ordinary income of 2,558 million yen in the previous fiscal year). The net income was 71,924 million yen (compared to 9,033 million yen in net loss in the previous fiscal year).

The Great Eastern Japan Earthquake caused minor damage to some of the Group’s plants buildings and equipment, resulting in temporary suspensions of production and shipments, but there was almost no impact on consolidated sales and inventories during the fiscal year.

Unusual income was 2,134 million yen including reversal of allowance for doubtful accounts and unusual losses amounted to 4,475 million yen for a net unusual loss of 2,340 million yen, compared to an unusual loss of 10,326 million yen in the previous fiscal year. Unusual or infrequent losses included 1,113 million yen in earthquake-related expenses, 1,839 million yen in expenses related to transfer to the new Miyagi Plant.

By division

(1) Semiconductor Production Equipment

The expansion of new semiconductor applications such as smartphones and tablet PCs resulted in a rapid recovery of the semiconductor market, particularly flash memory and logic IC. The DRAM market was somewhat weak as a result of a downturn in PC demand starting in the second half, but investment in wafer fab equipment was increased sharply from the previous fiscal year. As a result of proactively promoting sales expansion of the latest products such as coater/developer (CLEAN TRACK™ LITHIUS Pro™ V), plasma etch system (Tactras™ Vigus™), thermal processing system (TELINDY PLUS™), net sales from external customers in this segment during the fiscal year under review were up 94.9% from the previous fiscal year to 511,331 million yen.

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

In the FPD production equipment business, the large LCD panel market entered an inventory adjustment phase, but investment in the new equipment for small-and medium-sized LCD panels was brisk thanks to strong demand for smartphones and tablet PCs, and the overall market was firm. In the photovoltaic cell production equipment business, the thin-film silicon PV cell market that TEL is entering is still in its early stages, but substantial growth is expected over the medium to long term as energy policies are reviewed worldwide. As a result of these developments, net sales from external customers in this segment during the fiscal year under review were down 6.5% from the previous fiscal year to 66,721 million yen.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

(3) Electronic Components and Computer Networks

In the semiconductor and electronic devices business, demand for semiconductor products related to digital home electronics such as flat-panel televisions and peripheral devices and other consumer electronics was weak since the beginning of the year. In contrast, demand for industrial equipment including medical equipment, semiconductor production equipment (SPE), and factory automation equipment was strong, and sales of analog ICs and custom ICs increased. As a result of these developments, net sales from external customers in this segment during the fiscal year under review were up 6.8% from the previous fiscal year to 90,216 million yen.

(4) Other

Net sales from external customers for this segment during the fiscal year increased by 10.4% compared to the previous fiscal year to 453 million yen.

Note: Beginning in the current consolidated fiscal year, business segment information is provided in conformity with the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Corporate Accounting Standards, ASBJ Statement No. 17, dated March 27, 2009), and Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Corporate Accounting Standards, ASBJ Guidance No. 20, dated March 21, 2008). As a result, comparisons of net sales from external customers to results from the same period of the previous fiscal year for each business segment are made after arrangement of the financial results from the previous fiscal year into the reported segments following application of the above standards.

(2) Capital Investment and Procurement of Funds

Tangible fixed assets that the TEL Group acquired during the fiscal year under review totaled 39,140 million yen. Primary capital investments were made in starting construction of a new plant in Taiwa-cho, Kurokawa-gun, Miyagi Prefecture, with the aim of raising productivity, constructing a new building at the production site in Oshu City, Iwate Prefecture, and acquiring machinery and equipment for research and development.

As the finance for these projects was sourced entirely from internal funds, no funds procurement was involved.

(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 FPD production equipment. In accordance with this status, its fundamental principles are as outlined below.

In order to enhance people's health and quality of life and support the development of a society that nurtures people's dreams, the TEL Group will supply valuable technologies and services to the world as a leading supplier in cutting-edge fields and exercise greater leadership in addressing environmental issues. By sharing this sense of mission with all of our employees, we strive to become a company that is passionate, optimistic, vibrant, a company that has dreams.
To implement these fundamental principles, we have adopted the following concrete management policies.

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

Based on these management policies, the TEL Group implements the following priority measures.
1. Reinforce Research and Development Capabilities

Maintaining and extending research and development capabilities are essential for making the technological innovations necessary for establishing a more prosperous world and marketing competitive new products in a timely manner. The TEL Group has prioritized the development of next-generation and differentiating technologies with a focus on semiconductor and FPD production equipment, a field that is expected to undergo rapid growth in the future. We also use technologies accumulated over many years to cultivate and develop new businesses such as organic EL display and photovoltaic cell production equipment and provide high added value products.

2. Reinforce Manufacturing Capabilities

The TEL Group has established integrated development and mass production functions and is enhancing its manufacturing capabilities to reduce manufacturing costs, shorten manufacturing times, and raise quality while shortening the development times of high added value products. We are currently constructing a new plant in Taiwa-cho, Kurokawa-gun, Miyagi Prefecture, which will conduct integrated operations from development to mass production of etch systems for semiconductors, a market that is expected to grow. As a result, TEL expects to raise its market share. The new plant will also work toward raising productivity and reducing production times through the adoption of production method innovations, and will mass-produce equipment using a radial line slot antenna, a new plasma technology.

In addition, we are constructing a new FPD production equipment manufacturing site in Kunshan-City, Jiangsu, China to provide timely products and services in response to demand for FPD production equipment in China and other parts of Asia, and to raise cost competitiveness.

3. Strengthen the Provision of Optimal Solutions

The Group is strengthening partnerships with customers not only in sales and services, but in development as well. We are establishing overseas development sites in New York State in the United States and in Hsinchu City, Taiwan, as well as strengthening collaboration with research organizations in Europe and the United States. We also plan to establish a new development site in South Korea. In addition, we are integrating group equipment and incorporating field engineering into the organizational structures of each production site, in order to enhance our ability to make rapid and appropriate proposals in response to the broad-ranging technology needs of customers. We are reinforcing the field solution business so we can not only market and sell state-of-the-art equipment, but also relocate, modify, and enhance the performance of equipment we have already sold.

4. Measures to Address Environmental Issues

The TEL Group is implementing measures to reduce the environmental impact of its business and logistics activities. We are also implementing industry-wide environmental countermeasures intended to halve the total environmental impact of customer plants by 2015 compared to 2007 by reducing greenhouse gases emissions, electricity usage and water consumption.

In addition to these measures, we will continue optimal placement of human resources and enhancement of skills development programs to support the development of human resources that can respond to changes in the business environment and serve as a source of growth. We will also create fair evaluation and compensation systems based on the degree of employee contribution and link them to create a company filled with dreams, and vitality.

While the Great Eastern Japan Earthquake that occurred in March had only minimal impact on the TEL Group’s production facilities, the Group is making concerted efforts to address concerns regarding supply chains and electric power shortages, primarily in the territories of Tokyo Electric Power.

In the future as well based on its profit-oriented management, the TEL Group will strive to build a corporate structure that enables it to increase its value by (1) a policy of placing customers first; (2) strengthening its product development and technology development capabilities; (3) invigorating its employees. The continued support and understanding of shareholders will be greatly appreciated.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

(4) Changes in the business performance and property

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

Items	FY2008 (45th FY; From April 1, 2007 to March 31, 2008)	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; current fiscal year) (From April 1, 2010 to March 31, 2011)
Net sales (million yen)	906,091	508,082	418,636	668,722
Operating income(loss) (million yen)	168,498	14,710	(2,180)	97,870
Ordinary income (million yen)	172,713	20,555	2,558	101,919
Net income(loss) (million yen)	106,271	7,543	(9,033)	71,924
Net income(loss) per share (yen)	594.01	42.15	(50.47)	401.73
Total assets (million yen)	792,817	668,998	696,351	809,205
Net assets (million yen)	545,244	529,265	523,369	584,801

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

Items	FY2008 (45th FY; From April 1, 2007 to March 31, 2008)	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; current fiscal year) (From April 1, 2010 to March 31, 2011)
Net sales (million yen)	767,505	389,458	318,236	569,298
Operating income(loss) (million yen)	86,233	8,405	(16,111)	30,620
Ordinary income(loss) (million yen)	95,926	14,979	(13,985)	40,978
Net income(loss) (million yen)	51,471	9,922	(16,838)	31,928
Net income(loss) per share (yen)	287.71	55.45	(94.08)	178.34
Total assets (million yen)	598,762	486,594	533,081	629,215
Net assets (million yen)	354,607	349,048	334,495	359,135

(Notes)

1. During the 45th fiscal year, capital investment in the semiconductor industry continued to active because of the expansion of the market for digital home appliances and for mobile and information devices, which utilize semiconductors.　With this as the backdrop, the TEL Group had been striving to

launch and increase the sales of highly functional products featuring cutting-edge technologies. These efforts had resulted in new records for both revenue and profit margin.
2. In the 46th fiscal year, the Group's financial results suffered a major deterioration compared to the previous year 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.
3. 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 Company 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
4. The business performance and property of TEL and its group for FY2011 (48th FY; current fiscal year) are described in (1) "Business Developments and Results."

(5) Major business of the TEL Group (As of March 31, 2011)

The major business of the TEL Group include the manufacture and sale of Semiconductor, FPD 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:

Division	Major products
Semiconductor production equipment	Thermal Processing system, Coater/Developer, Plasma Etch system, Cleaning system, Single Wafer Deposition system, Wafer Prober, various types of measuring equipment
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

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

(6) Major subsidiaries (As of March 31, 2011)

Company	Capital fund	Investment ratio (Indirect investment ratio)	Main business
Tokyo Electron AT 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 Semiconductor and FPD production equipment, etc.
Tokyo Electron PS Ltd.	100 million yen	100.00	Modification, repair and relocation of Semiconductor production equipment 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.	30 million U.S. dollars	100.00	Manufacture, repair and modification of FPD production equipment, etc.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

(Note)
1. New companies listed below were established during the current fiscal year.

Company	Date of Establishment	Capital fund	Investment ratio (Indirect investment ratio)	Main business
			(%)	
Tokyo Electron Miyagi Ltd.	July 2010	100 million yen	100.00	Manufacture of Semiconductor production equipment
Tokyo Electron (Kunshan) Ltd.	January 2011	30 million U.S. dollars	100.00	Manufacture, repair and modification of FPD production equipment, etc.

2. Tokyo Electron AT Ltd. changed its name to Tokyo Electron Yamanashi Ltd. effective April 1, 2011.
3. 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.
4. Tokyo Electron FE Ltd. acquired and merged with Tokyo Electron PS Ltd. effective April 1, 2011.
5. Tokyo Electron U.S. Holdings, Inc. merged with Tokyo Electron Massachusetts, LLC, its wholly-owned subsidiary, to form a new company, also Tokyo Electron U.S. Holdings, Inc., effective May 2, 2011.
6. Tokyo Electron (Kunshan) Ltd. has registered capital of US$50 million pursuant to its Articles of Incorporation, but the amount indicated is capital paid-in by March 31, 2011.

(7) Major mergers and corporate splits

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, to form a new company, also Tokyo Electron U.S. Holdings, Inc., effective May 2, 2011.

(8) Employees at TEL and in the TEL Group (As of March 31, 2011)

(i) Number of employees in the TEL Group

Number of Employees	Increase over Previous Fiscal Year-End
10,405	277

(ii) Number of employees at TEL

Number of employees	Increase over Previous Fiscal Year-End	Average age	Average length of service in years
1,154	100	40.0	13.6

(Note) Figures do not include 621 employees transferred to other companies on loan and 28 employees on leave of absence.

(9) Major lenders (As of March 31, 2011)

There is no relevant item.

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

(10) Major offices of the TEL Group (As of March 31, 2011)

(i) Tokyo Electron Ltd.

Name	Location
World Headquarters	Minato-ku, Tokyo
Fuchu Technology Center	Fuchu City, Tokyo
Osaka Branch Office	Osaka City, Osaka
Kansai Technology Center	Amagasaki City, Hyogo
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 AT Ltd. Miyagi Plant Yamanashi Plant (Fujii) (Hosaka) Kansai Technology Center	 Matsushima-machi, Miyagi-gun, Miyagi Nirasaki City, Yamanashi Nirasaki City, Yamanashi Amagasaki City, Hyogo
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-cho, Kurokawa-gun, Miyagi
Tokyo Electron Technology Development Institute, Inc.	Sendai City, Miyagi
Tokyo Electron FE Ltd.	Fuchu City, Tokyo
Tokyo Electron PS 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.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

2. TEL shares (As of March 31, 2011)

(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	44,896

(iv) Major shareholders

Shareholder	Number of shares held (thousands of shares)	Investment ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	18,707	10.44
Japan Trustee Services Bank, Ltd. (trust account)	13,726	7.66
Tokyo Broadcasting System Holdings, Inc.	7,727	4.31
The Chase Manhattan Bank 385036	4,564	2.54
JPMorgan Securities Japan Co., Ltd.	3,923	2.19
SSBT OD05 Omnibus Account – Treaty Clients	3,398	1.89
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	3,319	1.85
Japan Trustee Services Bank, Ltd. (trust account 9)	3,300	1.84
JPMorgan Chase Bank 380055	3,179	1.77
State Street Bank And Trust Company 505225	2,919	1.63

(Notes)
1. Any fractional sum of less than 1,000 shares is disregarded when the number of shares owned is indicated.
2. The investment ratios are calculated after eliminating treasury stock (1,554,231 shares). Figures are rounded to the second decimal place.
3. 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 four of its affiliated companies submitted a report of change dated April 19, 2010 to inform that they held 15,808 thousand shares in the Company as of April 12, 2010. Similarly, Fidelity Investments Japan Ltd. and one of its affiliated company submitted a report of change dated April 7, 2011 to inform that they held 13,471 thousand shares in the Company as of March 31, 2011. Morgan Stanley MUFG Securities Co., Ltd. and three of its affiliated companies submitted a report of change dated February 3, 2011 to inform that they held 5,715 thousand shares in the Company as of January 31, 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, 2011.

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

3. Matters concerning Share Subscription Rights

Status of share subscription rights as of the end of the fiscal year

		2nd share subscription rights	3rd share subscription rights
Allocation date		August 8, 2003	August 9, 2004
Allocation number of share subscription rights		9,783 units	7,997 units
Balance at end of fiscal year		5,858 units	3,757 units
	Ownership by Corporate Directors of the Company (excluding outside Directors)	538 units (9 persons)	550 units (8 persons)
	Ownership by outside Directors of the Company	-	-
	Ownership by Statutory Auditors of the Company	22 units (1 person)	140 units (2 persons)
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights		Common stock of the Company 585,800 shares	Common stock of the Company 375,700 shares
Amount paid for the exercise of Share Subscription Rights		6,794 yen per share	5,884 yen per share
Exercise period of Share Subscription Rights		From August 1, 2005 to June 30, 2011	From August 1, 2006 to June 29, 2012

		4th share subscription rights	5th share subscription rights
Allocation date		August 8, 2005	August 8, 2005
Allocation number of share subscription rights		852 units	920 units
Balance at end of fiscal year		182 units	656 units
	Ownership by Corporate Directors of the Company (excluding outside Directors)	-	-
	Ownership by outside Directors of the Company	-	-
	Ownership by Statutory Auditors of the Company	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 18,200 shares	Common stock of the Company 65,600 shares
Amount paid for the exercise of Share Subscription Rights		1 yen per share	6,468 yen per share
Exercise period of Share Subscription Rights		From August 1, 2008 to June 30, 2025 However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to August 1, 2008.	From August 1, 2007 to June 28, 2013

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

		6th share subscription rights	7th share subscription rights
Allocation date		June 24, 2006	June 23, 2007
Allocation number of share subscription rights		669 units	1,004 units
Balance at end of fiscal year		251 units	531 units
	Ownership by Corporate Directors of the Company (excluding outside Directors)	16 units (1 person)	80 units (3 persons)
	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 25,100 shares	Common stock of the Company 53,100 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, 2009 to May 29, 2026 However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to July 1, 2009.	From July 1,2010 to May 31,2027 However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to July 1, 2010.

		8th share subscription rights
Allocation date		June 21, 2008
Allocation number of share subscription rights		1,779 units
Balance at end of fiscal year		1,763 units
	Ownership by Corporate Directors of the Company (excluding outside Directors)	513 units (10 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 176,300 shares
Amount paid for the exercise of Share Subscription Rights		1 yen per share
Exercise period of Share Subscription Rights		From July 1,2011 to May 31,2028 However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to July 1, 2011

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

4. Matters concerning TEL's Directors and other officers

(i) Condition of Corporate Directors and Statutory Auditors (As of March 31, 2011)

Position in the Company	Name	Responsibilities, Significant concurrent posts
Chairman	Tetsuro Higashi	Chairman, Tokyo Electron U.S. Holdings, Inc. Chairman, Semiconductor Equipment Association of Japan
President & CEO	Hiroshi Takenaka	Chairman, Tokyo Electron America, Inc. Chairman, Tokyo Electron Europe, Ltd.
Vice Chairman of the Board	Tetsuo Tsuneishi	Legal / Intellectual Property /IR / Overseas Customer Chairman, Tokyo Electron (Shanghai) Ltd. Chairman, Tokyo Electron (Shanghai) Logistic Center Ltd. Outside Director, Media Lario International S.A.
Vice Chairman of the Board	Kiyoshi Sato	Overseas Subsidiary / IT / EHS/ Global Procurement / FPD&PVE China Customer Chairman of the Board, Tokyo Electron BP Ltd.
Corporate Director	Masao Kubodera	Chairman of the Board, Tokyo Electron AT Ltd.
Corporate Director	Haruo Iwatsu	Chairman of the Board, Tokyo Electron Kyushu Ltd.
Corporate Director	Hirofumi Kitayama	Executive Vice President President, Tokyo Electron Miyagi Ltd. Chairman of the Board, Tokyo Electron Tohoku Ltd. Chairman of the Board, Tokyo Electron PS Ltd. Chairman, Tokyo Electron Korea Solution 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	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, AsMediX Co., Ltd. Outside Auditor, E-cubic Co., Ltd.

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

Members of the Compensation Committee:
Tetsuo Tsuneishi, Kiyoshi Sato, Hikaru Ito, Masahiro Sakane
Members of the Nomination Committee:
Takashi Nakamura, Hirofumi Kitayama, Kenji Washino

(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 the Tokyo Stock Exchange and provided notice to the Exchange. Statutory Auditors Togo Tajika and Hiroshi Maeda as independent auditors pursuant to the regulations of the Tokyo Stock Exchange and provided notice to the Exchange.
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. With effect from the conclusion of the 47th Annual General Meeting of Shareholders held on June 18, 2010, the statutory auditor Yuichi Honda resigned his office.
6. On April 1, 2011, new responsibilities in other legal entities were assigned as follows:

Position in the Company	Name	Responsibilities, Significant concurrent posts
Vice Chairman of the Board	Tetsuo Tsuneishi	Legal / Intellectual Property /IR / Overseas Customer Outside Director, Media Lario International S.A.
Corporate Director	Masao Kubodera	
Corporate Director	Hirofumi Kitayama	Executive Vice President President, Tokyo Electron Miyagi Ltd. Chairman of the Board, Tokyo Electron Tohoku Ltd.

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

(ii) Condition of Executive officers (As of March 31, 2011)

Name	Position & Responsibilities
Tetsuro Higashi	Chairman
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
Mitsuru Onozato	Executive Vice President, General Manager, FPD Division
Takashi Nakamura	Senior Vice President, General Manager, Corporate Administration Division Compliance / Internal Control
Masami Akimoto	Senior Vice President, General Manager, System Development Division President, Tokyo Electron Kyushu Ltd.
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.
Yutaka Nanasawa	VP & General Manager, HR / Human Resources Development Center / Finance / Export and Logistics Control
Yoshiteru Harada	VP & General Manager, General Affairs / Accounting
Tetsuro Hori	VP & General Manager, Legal / Intellectual Property Director, Legal Dept. Director, Intellectual Property Dept.
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
Hideyuki Tsutsumi	VP & General Manager, Etching Systems BU
Toshiki Kawai	VP & General Manager, Thermal Processing Systems BU, VP & General Manager, Single Wafer Deposition 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 Director, FPD Photo Process Dept.
Shinichi Sasahara	VP & General Manager, FPD Sales VP & General Manager, PV Project
Gishi Chung	VP & General Manager, SPE Process Development Division Chairman, TEL Technology Center, America, LLC
Shigetoshi Hosaka	VP & General Manager, Corporate Development Division Director, Technology Development Center

(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, 2010, Mitsuru Onozato retired as executive officer. On the same day, the following changes were made to appointments:

TOKYO ELECTRON
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

Name	Position & Responsibilities
Hikaru Ito	Executive Vice President, SPE Executive Vice President, Senior General Manager, SPE Sales Division General Manager, Sales & Services, North America and Europe Sales
Tetsuro Hori	VP & General Manager, Legal / Intellectual Property Director, Intellectual Property Dept.
Tsuguhiko Matsuura	VP & General Manager, FPD BU Director, New Product Development Dept. Director, FPD Photo Process Dept.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

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

	Fixed Compensation: Monthly Salary	Compensation linked to business performance	
	Amount paid during FY2011 (Note 3)	Bonus (Note 4)	Stock options for stock linked compensation (Note 5)
	(million yen)	(million yen)	(million yen)
Total amount of Corporate Director compensation (13 persons)	504	391	109
Portion of outside Director compensation (2 persons)	12	12	
Total amount of Statutory Auditor compensation (5 persons)	111		
Portion of outside Auditor compensation (2 persons, including one full-time auditor)	37		

(Reference)
Individual Compensation of Representative Directors during FY2011

	Fixed Compensation: Monthly Salary	Compensation linked to business performance	
	Amount paid during FY2011 (Note 3)	Bonus (Note 7)	Stock options for stock linked compensation (Note 5)
	(million yen)	(million yen)	(million yen)
Tetsuro Higashi Chairman	65	64	22
Hiroshi Takenaka President & CEO	72	71	8

(Notes)
1. It was resolved at the 44th Annual General Meeting of Shareholders held on June 22, 2007 that the maximum amount of Corporate Director fixed compensation for a fiscal year should be 560 million yen (including 20 million yen for outside Directors). The Company does not pay a salary to Corporate Directors as employees in addition to their Corporate Director compensation.
2. It was resolved at the 43rd Annual General Meeting of Shareholders held on June 23, 2006 that the maximum amount of Statutory Auditor fixed compensation for a fiscal year should be 10 million yen per month (120 million yen annually)
3. The amounts paid from April 2010 to March 2011 are listed.
4. The amount indicated is the amount of Director compensation that will be proposed at the annual general meeting of shareholders for fiscal year 2011 (the 48th fiscal year) scheduled to be held on June 17, 2011.
5. The amount of expenses incurred during the current fiscal year by the 7th share subscription rights issued to Corporate Directors (stock-based compensation type of stock options) in accordance with a resolution of the 44th Annual Meeting of Shareholders and the 8th share subscription rights issued to Corporate Directors (stock-based compensation type of stock options) in accordance with a resolution of the 45th Annual Meeting of Shareholders, is indicated. Specifically, in accordance with

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

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 .

6. A Compensation Committee has been proposed within the Board of Directors to set the compensation of the Chairman & Representative Director and the President & Representative Director.
7. The amount of Director compensation proposed at the annual general meeting of shareholders for fiscal year 2011 (the 48th fiscal year) scheduled to be held on June 17, 2011 will be limited to the compensation of the Chairman & Representative Director and President & Representative Director.
8. In addition to the payments listed above, a retirement benefit of 14 million yen calculated according to the length of service through the 42nd fiscal year was paid, in accordance with a resolution of the 42nd Annual General Meeting of Shareholders held on June 24, 2005, to a Corporate Director who retired during the 48th fiscal year.

(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 fixed monthly salary and performance-linked compensation. Statutory Auditor compensation consists only of a fixed monthly salary 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 the 43rd fiscal year.

The Compensation Committee, which is made up of external and internal Director s, compared compensation levels at representative technology firms and made proposals to the Board of Directors concerning the content of the executive compensation program for Corporate Directors and systems of compensation for representative Directors.

The performance-linked compensation system for Corporate Directors, designed for the 48th fiscal year to more clearly align compensation with financial results and increases in shareholder value, was modified by adding the degree of achievement of consolidated ROE as an indicator, on consolidated net income, which has been used as an indicator in the past. Necessary adjustments are made when there are special factors that should be taken into account such as principal performance indicators for the term under review, extraordinary losses, and so on. Performance-linked compensation comprises cash bonuses and stock-based compensation, and the ratio of cash bonuses to stock-based compensation has generally been two to one, but the percentage of stock-based compensation will be increased to achieve a ratio of one to one. Performance-linked compensation is limited to five times fixed compensation. Stock-based compensation will consist of granting share subscription rights with a set strike price of one yen per share and setting a three-year limit on the exercise of options.

Image of performance-linked compensation

Performance-linked Compensation : Consolidated Net Income × Achievement of Consolidated ROE

(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, 2011)

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, AsMediX Co.,Ltd. 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 10 of the 11 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 11 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 11 meetings of the board of Directors and all 6 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 all 11 meetings of the board of Directors and all 6 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.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

5. Condition of accounting auditors

(1) Name of accounting auditors

KPMG AZSA LLC

(Notes) KPMG AZSA & Co. became KPMG AZSA LLC on July 1, 2010 pursuant to a change in classification.

(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	147
ii	Total monetary compensation and other benefits to be paid to accounting auditors by the Company and its subsidiaries	245

(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. The Company makes payments to independent auditors in consideration of their work on review of the financial statements relating to the stock-based compensation system, which is a non-auditing duty not included in the duties specified under Article 2, Paragraph 1, of the Certified Public Accountants Law.
3. 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

(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.

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.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

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.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel.+81-3-5561-7000

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

TEL's basic policy for returning profits to shareholders by maintaining a payout ratio of around 20% based on consolidated net income was revised on November 2, 2010 by the Board of Directors, in order to increase the target payout ratio to 35% based on consolidated net income starting with the year-end dividend for the fiscal year ended March 2011.

TEL effectively uses internal capital reserves to raise corporate value through earnings growth and provides returns directly to shareholders by concentrating investment in high-growth areas and linking dividend payments to business performance and earnings on a continual basis. We will maintain our policy of actively investing in research and development, facilities, and human resources to establish the foundations for future growth. The Board's decision to raise the consolidated payout ratio as a means of providing greater returns to shareholders was based on the results of a review of medium-term projections of business and financial conditions.

In the current fiscal year (the fiscal year ended March 2011), an interim dividend of 38 yen per share was declared, and a year-end dividend of 76 yen per share is planned pursuant to application of the new policy to consolidated financial results for the second half. Consequently, the annual dividend including the interim dividend is 114 yen per share.

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
ASSETS		
Current assets		
Cash and deposit	56,939	52,992
Trade notes and accounts receivable	124,462	136,385
Securities	187,000	232,057
Merchandise and finished goods	87,201	111,918
Work in process	37,793	43,246
Raw materials and supplies	13,455	13,760
Deferred income taxes	26,625	27,609
Others	19,638	27,414
Allowance for doubtful accounts	(176)	(1,153)
Total current assets	552,939	644,231
Long-term assets		
Tangible fixed assets		
Buildings and structures	120,429	121,597
Accumulated depreciation	(75,001)	(75,363)
Buildings and structures, net	45,428	46,234
Machinery and carriers	70,036	75,735
Accumulated depreciation	(56,854)	(58,755)
Machinery and carriers, net	13,182	16,980
Land	26,355	25,772
Construction in progress	3,739	19,509
Others	28,906	28,963
Accumulated depreciation	(25,484)	(24,909)
Others, net	3,421	4,054
Total tangible fixed assets	92,127	112,551
Intangible fixed assets		
Others	5,586	4,212
Total intangible fixed assets	5,586	4,212
Investments and other assets		
Investment securities	14,720	15,725
Deferred income taxes	20,505	20,727
Others	17,924	13,786
Allowance for doubtful accounts	(7,452)	(2,031)
Total investments and other assets	45,698	48,209
Total long-term assets	143,412	164,973
Total assets	696,351	809,205

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	52,359	53,612
Income taxes payable	-	25,328
Accrued employees' bonuses	6,043	11,130
Accrued warranty expenses	5,267	7,594
Others	55,490	70,372
Total current liabilities	119,161	168,038
Long-term liabilities		
Accrued pension and severance costs	49,906	52,230
Others	3,913	4,134
Total long-term liabilities	53,820	56,365
Total liabilities	172,982	224,403
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,034	78,045
Retained earnings	393,970	457,658
Treasury stock	(10,900)	(10,484)
Total shareholders' equity	516,065	580,180
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,504	2,807
Deferred gains or losses on hedges	(67)	(12)
Translation adjustments	(6,683)	(10,234)
Total accumulated other comprehensive income	(4,247)	(7,439)
Subscription rights to shares	1,578	1,499
Minority interests	9,973	10,560
Total net assets	523,369	584,801
Total liabilities and net assets	696,351	809,205

Consolidated Statement of Income

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Net sales	418,636	668,722
Cost of sales	310,320	433,963
Gross profit	108,316	234,758
Selling, general & administrative expenses		
Salaries and allowances	18,084	19,938
Provision for accrued bonuses	1,765	3,243
Provision for retirement allowances	2,358	2,222
Other personal expenses	6,400	8,872
Depreciation and amortization	5,605	4,386
Research and development expenses	54,074	70,568
Others	22,208	27,655
Total selling, general & administrative expenses	110,496	136,887
Operating income (loss)	(2,180)	97,870
Non-operating income		
Interest income	993	612
Revenue from development grants	1,842	3,026
Others	2,494	1,188
Total non-operating income	5,331	4,827
Non-operating expenses		
Building demolition cost	-	226
Maintenance and operation cost of closed business bases	-	185
Loss on revaluation of investment securities	185	-
Lease expenses of fixed assets	103	-
Foreign currency translation loss	-	143
Others	302	222
Total non-operating expenses	591	778
Ordinary income	2,558	101,919
Unusual or infrequent profit		
Reversal of allowance for doubtful accounts	-	1,891
Gain on sale of fixed assets	282	-
Others	17	242
Total unusual or infrequent profit	299	2,134
Unusual or infrequent loss		
Loss on sale or disposal of fixed assets	977	624
Loss on impairment	7,553	810
Loss from earthquake damage	-	1,113
Plant relocation expenses	-	1,839
Expenses for integration and closure of business bases	1,908	-
Others	186	86
Total unusual or infrequent loss	10,626	4,475
Income (loss) before income taxes	(7,767)	99,579
Provision for income taxes and enterprise taxes	5,747	29,482
Deferred income taxes	(5,020)	(2,711)
Total income taxes	726	26,771
Income before minority interests	-	72,807
Minority interests	539	883
Net income (loss)	(9,033)	71,924

Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Shareholders' equity		
Common stock		
Balance at beginning of period	54,961	54,961
Balance at end of period	54,961	54,961
Capital surplus		
Balance at beginning of period	78,114	78,034
Disposal of treasury stock	(79)	11
Balance at end of period	78,034	78,045
Retained earnings		
Balance at beginning of period	404,435	393,970
Cash dividends	(1,431)	(8,236)
Net income (loss)	(9,033)	71,924
Balance at end of period	393,970	457,658
Treasury stock		
Balance at beginning of period	(11,111)	(10,900)
Purchase of treasury stock	(58)	(37)
Disposal of treasury stock	270	453
Balance at end of period	(10,900)	(10,484)
Total shareholders' equity		
Balance at beginning of period	526,398	516,065
Cash dividends	(1,431)	(8,236)
Net income (loss)	(9,033)	71,924
Purchase of treasury stock	(58)	(37)
Disposal of treasury stock	190	464
Balance at end of period	516,065	580,180

Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of period	(842)	2,504
Net change except shareholders' equity	3,346	303
Balance at end of period	2,504	2,807
Deferred gains or losses on hedges		
Balance at beginning of period	66	(67)
Net change except shareholders' equity	(134)	55
Balance at end of period	(67)	(12)
Translation adjustments		
Balance at beginning of period	(7,235)	(6,683)
Net change except shareholders' equity	551	(3,550)
Balance at end of period	(6,683)	(10,234)
Total accumulated other comprehensive income		
Balance at beginning of period	(8,011)	(4,247)
Net change except shareholders' equity	3,764	(3,192)
Balance at end of period	(4,247)	(7,439)
Subscription rights to shares		
Balance at beginning of period	1,148	1,578
Net change except shareholders' equity	429	(78)
Balance at end of period	1,578	1,499
Minority interests		
Balance at beginning of period	9,729	9,973
Net change except shareholders' equity	244	587
Balance at end of period	9,973	10,560
Total net assets		
Balance at beginning of period	529,265	523,369
Cash dividends	(1,431)	(8,236)
Net income (loss)	(9,033)	71,924
Purchase of treasury stock	(58)	(37)
Disposal of treasury stock	190	464
Net change except shareholders' equity	4,438	(2,683)
Balance at end of period	523,369	584,801

Consolidated Cash Flow

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Cash flow from operating activities		
Income (loss) before income taxes	(7,767)	99,579
Depreciation and amortization	20,001	17,707
Loss on impairment	7,553	810
Increase in accrued pension and severance costs (decrease)	2,828	2,342
Increase in allowance for doubtful accounts (decrease)	120	(4,341)
Increase in accrued employees' bonuses (decrease)	1,078	5,086
Increase in accrued warranty expenses (decrease)	(836)	2,352
Interest and dividend revenue	(1,055)	(696)
Loss on disposal of fixed assets	916	-
Decrease in trade notes and accounts receivable (increase)	(4,890)	(13,319)
Decrease in inventories (increase)	(4,868)	(36,532)
Increase in accounts payable (decrease)	27,975	1,667
Decrease in prepaid consumption tax (increase)	568	(8,025)
Increase in accrued consumption tax (decrease)	-	2,304
Increase in customer advances (decrease)	(6,380)	9,575
Decrease in specific doubtful receivables (increase)	(139)	5,302
Others	6,377	6,308
Subtotal	41,480	90,121
Receipts from interest and dividends	1,171	745
Interest paid	(46)	(45)
Income taxes paid or refund (paid)	5,679	(7,583)
Net cash generated by operating activities	48,284	83,238
Cash flow from investing activities		
Payment into time deposits	(449,000)	(360,000)
Proceeds from time deposits	473,347	360,000
Payment for purchase of tangible fixed assets	(14,194)	(33,541)
Proceeds from sale of tangible fixed assets	488	509
Payment for purchase of intangible fixed assets	(786)	(925)
Others	(241)	(1,923)
Net cash used in investing activities	9,613	(35,881)
Cash flow from financing activities		
Net increase in short-term borrowings (decrease)	1,299	2,890
Net decrease in treasury stock (increase)	131	427
Dividends paid	(1,431)	(8,236)
Others	(286)	(318)
Net cash generated by financing activities	(287)	(5,236)
Effect of exchange rate changes on cash and cash equivalents	445	(1,009)
Net increase in cash and cash equivalents (decrease)	58,056	41,110
Cash and cash equivalents at beginning of period	65,883	123,939
Cash and cash equivalents at end of period	123,939	165,050