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May 27, 2010

NOTICE OF FISCAL YEAR 2010 (the 47th FY) ANNUAL GENERAL MEETING OF SHAREHOLDERS

To Our Shareholders:

We are pleased to announce that the 47th Annual General Meeting of Shareholders (the "AGM") of Tokyo Electron Limited ("TEL") will be held on Friday, June 18, 2010, at 10:00 a.m. Japan standard time, at the Hotel Okura Tokyo, located at 2-10-4 Toranomom, Minato-ku, Tokyo.

Shareholders will also be asked to vote upon the following Agenda:

1: Election of Twelve Corporate Directors

2: Election of One Statutory Auditor

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 bnna@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 2010 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 17, 2010 (Japan standard time).

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Information Relating to Annual General Meeting of Shareholders

Proposal and information

Items to be reported:

1. **Report on the business report, the consolidated financial statements for FY2010 (47th FY; from April 1, 2009 to March 31, 2010), 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 FY2010 (47th FY; from April 1, 2009 to March 31, 2010).**

Proposal 1: Election of Twelve Corporate Directors

At the conclusion of the Annual General Meeting of Shareholders, the term of office for all 13 Corporate Directors will expire. Therefore, we ask you to agree to elect 12 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) | <p><u>April 1977</u> Joined Tokyo Electron Limited</p> <p><u>December 1990</u> Corporate Director, Tokyo Electron Limited</p> <p><u>April 1994</u> Senior Vice President, Tokyo Electron Limited</p> <p><u>June 1996</u> President & CEO, Tokyo Electron Limited</p> <p><u>June 2003</u> Chairman of the Board, Tokyo Electron Limited</p> <p><u>January 2005</u> Chairman & CEO, Tokyo Electron Limited</p> <p><u>April 2010</u> Chairman of the Board, Tokyo Electron Limited (Present Position)</p> <p>(Position in the Company) Chairman of the Board</p> <p>(Significant Concurrent Posts) Chairman, Tokyo Electron U.S. Holdings, Inc. Chairman, Semiconductor Equipment Association of Japan</p> | 38,128 |



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|-----|---|---|---|
| 2 | Tetsuo Tsuneishi (November 24, 1952) | <p><u>April 1976</u> Joined Tokyo Electron Limited</p> <p><u>June 1992</u> Corporate Director, Tokyo Electron Limited</p> <p><u>June 1996</u> Corporate Officer, Executive Vice President, Tokyo Electron Limited</p> <p><u>June 2003</u> Vice Chairman of the Board, Tokyo Electron Limited (Present Position)</p> <p>(Position in the Company) Corporate Director, Vice Chairman of the Board, Legal and Intellectual Property /IR / Overseas Customer</p> <p>(Significant Concurrent Posts) Chairman, Tokyo Electron (Shanghai) Limited Chairman, Tokyo Electron (Shanghai) Logistic Center Limited Outside Director, Media Lario International S.A.</p> | 6,358 |
| 3 | Kiyoshi Sato (April 2, 1956) | <p><u>April 1979</u> Joined Tokyo Electron Limited</p> <p><u>December 2001</u> Vice President & General Manager, Clean Track Business Unit, Tokyo Electron Limited</p> <p><u>April 2003</u> Senior Executive Officer, President Office, Tokyo Electron Limited</p> <p><u>June 2003</u> President & CEO, Tokyo Electron Limited</p> <p><u>January 2005</u> President & COO, Tokyo Electron Limited</p> <p><u>April 2009</u> Vice Chairman of the Board, Tokyo Electron Limited (Present Position)</p> <p><u>April 2010</u> Chairman of the Board, Tokyo Electron BP Limited (Present Position)</p> <p>(Position in the Company) Corporate Director, Vice Chairman of the Board, Overseas Subsidiary / IT / EHS/ Global Procurement / FPD/PVE China Customer</p> <p>(Significant Concurrent Posts) Chairman of the Board, Tokyo Electron BP Limited</p> | 3,000 |



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|-----|--|--|---|
| 4 | Hiroshi Takenaka (February 5, 1961) | <p><u>April 1984</u> Joined Tokyo Electron Limited</p> <p><u>April 2002</u> General Manager, Single Wafer Deposition Business Unit, Tokyo Electron Limited</p> <p><u>April 2003</u> Vice President & General Manager, Tokyo Electron Limited</p> <p><u>April 2005</u> Vice President & General Manager, Thermal Processing Systems Business Unit, Tokyo Electron Limited</p> <p><u>April 2006</u> Vice President & Deputy General Manager, SPE-3 Division, Tokyo Electron Limited</p> <p><u>June 2007</u> Corporate Director, Tokyo Electron Limited</p> <p><u>April 2009</u> President, Tokyo Electron Limited</p> <p><u>April 2010</u> President & CEO, Tokyo Electron Limited (Present Position)</p> <p>(Position in the Company) Corporate Director , President & CEO</p> <p>(Significant Concurrent Posts) Chairman, Tokyo Electron America, Inc. Chairman, Tokyo Electron Europe Limited</p> | 3,200 |
| 5 | Masao Kubodera (June 21, 1949) | <p><u>January 1979</u> Joined Tokyo Electron Limited</p> <p><u>April 1994</u> Corporate Director, TEL Engineering Limited</p> <p><u>July 1995</u> Senior Vice President, Tokyo Electron Yamanashi Limited</p> <p><u>April 1998</u> President, Tokyo Electron Miyagi Limited</p> <p><u>April 2001</u> Executive Vice President, Tokyo Electron AT Limited</p> <p><u>April 2003</u> Chairman of the Board, Tokyo Electron AT Limited</p> <p><u>June 2004</u> Corporate Director, Tokyo Electron Limited (Present Position)</p> <p><u>June 2007</u> Chairman of the Board, Tokyo Electron AT Limited (Present Position)</p> <p>(Position in the Company) Corporate Director</p> <p>(Significant Concurrent Posts) Chairman of the Board, Tokyo Electron AT Limited</p> | 2,552 |



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|-----|----------------------------------|---|---|
| 6 | Haruo Iwatsu (March 20, 1950) | <p><u>November 1984</u> Joined Tokyo Electron Limited</p> <p><u>April 1993</u> Corporate Director, Tokyo Electron Kyushu Limited</p> <p><u>April 1998</u> Senior Vice President, Tokyo Electron Kyushu Limited</p> <p><u>January 2000</u> Vice President & General Manager, Cleaning Systems Business Unit, Tokyo Electron Limited</p> <p><u>April 2003</u> President, Tokyo Electron Kyushu Limited</p> <p><u>June 2005</u> Corporate Director, Tokyo Electron Limited</p> <p><u>October 2006</u> Chairman of the Board, Tokyo Electron Kyushu Limited (Present Position)</p> <p><u>June 2007</u> Executive Vice President, Tokyo Electron Limited</p> <p><u>April 2009</u> Corporate Director, Tokyo Electron Limited (Present Position)</p> <p>(Position in the Company) Corporate Director</p> <p>(Significant Concurrent Posts) Chairman of the Board, Tokyo Electron Kyushu Limited</p> | 6,000 |



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|-----|---------------------------------------|---|---|
| 7 | Hirofumi Kitayama (March 28, 1954) | <p><u>December 1983</u> Joined TEL-Thermco Engineering Co., Ltd.</p> <p><u>July 1995</u> Corporate Director, Tokyo Electron Tohoku Limited</p> <p><u>March 1999</u> Corporate Director, Tokyo Electron Yamanashi Limited</p> <p><u>April 2003</u> Senior Vice President, Tokyo Electron AT Limited</p> <p><u>February 2005</u> President, Tokyo Electron AT Limited</p> <p><u>April 2006</u> President, Tokyo Electron Tohoku Limited Vice President & General Manager, Tokyo Electron Limited</p> <p><u>June 2007</u> Corporate Director, Tokyo Electron Limited (Present Position)</p> <p><u>October 2008</u> Chairman of the Board, Tokyo Electron Tohoku Limited (Present Position)</p> <p><u>April 2009</u> Executive Vice President, Tokyo Electron Limited (Present Position) Chairman of the Board, Tokyo Electron PS Limited (Present Position)</p> <p><u>April 2010</u> Chairman of the Board, Tokyo Electron Technology Development Institute, Inc. (Present Position)</p> <p>(Position in the Company) Corporate Director , Executive Vice President</p> <p>(Significant Concurrent Posts) Chairman of the Board, Tokyo Electron Tohoku Limited Chairman of the Board, Tokyo Electron Technology Development Institute, Inc. Chairman of the Board, Tokyo Electron PS Limited Chairman, Tokyo Electron Korea Solution Limited</p> | 2,600 |



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|-----|---------------------------------|---|---|
| 8 | Kenji Washino (June 7, 1961) | <p><u>April 1984</u> Joined Tokyo Electron Limited</p> <p><u>April 2003</u> Vice President & General Manager, Cleaning Systems Business Unit, Tokyo Electron Limited</p> <p><u>April 2005</u> Vice President & General Manager, Single Wafer Deposition Business Unit, Tokyo Electron Limited</p> <p><u>April 2006</u> Vice President & Deputy General Manager, SPE-2 Division, Tokyo Electron Limited</p> <p><u>June 2007</u> Corporate Director, Tokyo Electron Limited (Present Position)</p> <p><u>April 2009</u> Executive Vice President, Tokyo Electron Limited (Present Position)</p> <p>(Position in the Company) Corporate Director , Executive Vice President</p> <p>(Significant Concurrent Posts) Chairman, Tokyo Electron Massachusetts, LLC Chairman, TEL Venture Capital, Inc. Chairman, TEL Epion Inc.</p> | 2,000 |
| 9 | Hikaru Ito (August 30, 1961) | <p><u>April 1984</u> Joined Tokyo Electron Limited</p> <p><u>April 2003</u> Vice President & General Manager, Clean Track Business Unit, Tokyo Electron Limited</p> <p><u>April 2006</u> Vice President & Deputy General Manager, SPE-1 Division, Tokyo Electron Limited</p> <p><u>June 2007</u> Corporate Director, Tokyo Electron Limited (Present Position)</p> <p><u>April 2009</u> Executive Vice President, Tokyo Electron Limited (Present Position)</p> <p>(Position in the Company) Corporate Director , Executive Vice President</p> <p>(Significant Concurrent Posts) Chairman, Timbre Technologies, Inc.</p> | 2,100 |



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|-----|---------------------------------------|---|---|
| 10 | Takashi Nakamura (October 6, 1954) | <p><u>April 1979</u> Joined Tokyo Electron Limited</p> <p><u>October 1997</u> Corporate Director, Tokyo Electron Yamanashi Limited</p> <p><u>April 2001</u> Corporate Senior Staff, Tokyo Electron Limited</p> <p><u>April 2003</u> President, Tokyo Electron Logistics Limited</p> <p><u>October 2003</u> President, Tokyo Electron BP Limited</p> <p><u>October 2004</u> Executive Vice President, Tokyo Electron Kyushu Limited</p> <p><u>April 2008</u> Executive Vice President, Tokyo Electron AT Limited</p> <p><u>April 2009</u> Senior Vice President & General Manager, Tokyo Electron Limited (Present Position)</p> <p><u>June 2009</u> Corporate Director, Tokyo Electron Limited (Present Position)</p> <p>(Position in the Company) Corporate Director, Senior Vice President, Business Ethics, Internal Control</p> | 1,300 |



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|-----|--|--|---|
| 11 | [Outside Director] Hiroshi Inoue (January 5, 1940) | <p><u>April 1963</u> Joined Tokyo Broadcasting System, Inc.</p> <p><u>June 1993</u> Corporate Director, Tokyo Broadcasting System, Inc.</p> <p><u>June 1996</u> Managing Director, Tokyo Broadcasting System, Inc.</p> <p><u>June 1997</u> Senior Managing Director, Tokyo Broadcasting System, Inc.</p> <p><u>June 2001</u> Executive Vice President, Tokyo Broadcasting System, Inc.</p> <p><u>June 2002</u> President, Tokyo Broadcasting System, Inc.</p> <p><u>June 2006</u> Corporate Director, Tokyo Electron Limited (Present Position)</p> <p><u>April 2009</u> Chairman & Representative Director, Tokyo Broadcasting System Holdings, Inc. (Present Position)</p> <p>(Position in the Company) Corporate Director</p> <p>(Significant Concurrent Posts) Chairman & Representative Director, Tokyo Broadcasting System Holdings, Inc. Chairman & Representative Director, Tokyo Broadcasting System Television, Inc. Outside Director, Mainichi Broadcasting System, Inc. Outside Auditor, RKB Mainichi Broadcasting Corporation Outside Director, Aomori Television Broadcasting Co., Ltd. Outside Director, Iwate Broadcasting Co., Ltd. Outside Director, Minaminihon Broadcasting Co., Ltd. Outside Director, Video Research Ltd. Outside Director, RCC Broadcasting Co., Ltd.</p> | 0 |

| 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 |
|-----|--|---|---|
| 12 | [Outside Director] Masahiro Sakane (January 7, 1941) | <p><u>April 1963</u> Joined Komatsu Limited</p> <p><u>June 1989</u> Corporate Director, Komatsu Limited</p> <p><u>June 1994</u> Managing Director, Komatsu Limited</p> <p><u>June 1997</u> Executive Managing Director, Komatsu Limited</p> <p><u>June 1999</u> Executive Vice President, Komatsu Limited</p> <p><u>June 2001</u> President, Komatsu Limited</p> <p><u>June 2003</u> President and Chief Executive Officer, Komatsu Limited</p> <p><u>June 2007</u> Chairman of the Board, Komatsu Limited (Present Position)</p> <p><u>June 2008</u> Corporate Director, Tokyo Electron Limited (Present Position)</p> <p>(Position in the Company) Corporate Director</p> <p>(Significant Concurrent Posts) Chairman of the Board, Komatsu Limited Outside Director, Nomura Securities Co., Ltd. Outside Director, Nomura Holdings, Inc.</p> | 0 |

(Notes)

1. The candidates have no special interests in the Company.
2. The candidates for outside directors are described below.
 - (1) Hiroshi Inoue and Masahiro Sakane are candidates for outside directors.
 - (2) Hiroshi Inoue is Representative Director and Chairman of Tokyo Broadcasting System Holdings, Inc., has extensive experience and knowledge as a corporate manager. Mr. Inoue is a candidate for outside director so he can utilize his experience and knowledge to provide advice concerning 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.
 - (3) 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.
 - (4) Hiroshi Inoue took office as Representative Director and President of Tokyo Broadcasting System, Inc. (TBS) in June 2002 and as Representative Director and Chairman of 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

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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 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.

(5) 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.

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Proposal 2: Election of One Statutory Auditor

With regard to the statutory auditors, Yuichi Honda will resign at the conclusion of the Annual General Meeting of Shareholders. Therefore, we ask you to agree to elect one Statutory Auditor.

The Company recommends the election of Mamoru Hara as the successor to Yuichi Honda, and the term of office of Mamoru Hara will be the same as his predecessor's remaining term of office as stipulated in the Company's Articles of Incorporation.

The candidates for Statutory Auditors are as follows.

| No. | Name (Date of birth) | Brief Personal History (Position in the Company and Significant Concurrent Posts) | Number of the Company's shares owned by Candidate |
|-----|---|--|--|
| 1 | <Newly Candidate> Mamoru Hara (August 14,1946) | <u>April 1970</u> Joined Tokyo Electron Limited <u>December 1989</u> Corporate Director, Tokyo Electron Limited <u>April 1996</u> Executive Vice President, Tokyo Electron Tohoku Limited <u>June 1996</u> Retired Corporate Director, Tokyo Electron Limited <u>March 1999</u> President, Tokyo Electron EE Limited <u>July 2001</u> Chairman, Tokyo Electron Device Limited <u>February 2002</u> President, Tokyo Electron AT Limited <u>June 2002</u> Corporate Director, Tokyo Electron Limited (Present Position) (Position in the Company) Corporate Director (Significant Concurrent Post) Outside Director, CMIC Co., Ltd. | 8,900 |

(Notes)

1. The candidates have no special interests in the Company.
2. The Board of Auditors has consented to this proposal.
3. Mamoru Hara, candidate for the position of statutory auditor, has experience as director of the Company's finance department and as executive officer in charge of the administration division that oversees the accounting and finance departments, and therefore has an appropriate degree of knowledge of finance and accounting.

Business Report

(From April 1, 2009 to March 31, 2010)

1. Current Status of the TEL Group

(1) Business Developments and Results

General Overview

During the fiscal year under review, conditions on the global economy as a whole remained adverse because of the financial crisis and economic recession, but the economic stimulus measures implemented by various countries did result in a moderate recovery in the second half of the year. Europe and the United States remained sluggish overall, but recovery was seen in Asia, particularly in China. In Japan, although the unemployment rate remained high and other conditions were unfavorable, exports and industrials experienced growth, resulting in a stemming of the decline in capital investment and steady improvement.

The electronics industry, in which the Tokyo Electron group conducts its business, faced stagnant demand for final products because of the economic downturn, but demand for PCs, mobile phones, flat-panel televisions, and other products recovered. Semiconductor and FPD related markets improved as prices rose in conjunction with higher demand, but capital investment has not yet made a full-scale recovery and the business environment remains severe.

Faced with these challenging circumstances, the Group has redoubled its efforts to reduce fixed costs and worked to improve profitability, but sales were down in the main semiconductor production equipment business, causing a decline in financial results compared to the previous fiscal year. In the second half, however, orders in the semiconductor production equipment business recovered, and there was an improvement in the business environment in the fourth quarter (January to March 2010), including a return to profitability.

Consolidated net sales for the fiscal year decreased by 17.6% compared to the previous fiscal year, to 418,636 million yen. Operating losses were 2,180 million yen (compared to operating income of 14,710 million yen in the previous fiscal year), ordinary income decreased by 87.6%, to 2,558 million yen. The net loss was 9,033 million yen (compared to 7,543 million yen in net income in the previous fiscal year).

By division

(1) Industrial electronic equipment business

Net sales for this segment during the fiscal year decreased by 19.3% compared to the previous fiscal year, to 334,163 million yen.

(a) Semiconductor Production Equipment Division

The global downturn in semiconductor demand since the year before last has caused a curtailment of capital investment. As a result, net sales to external customers in this division fell to 262,391 million yen, down 19.4% from the previous fiscal year. Despite this, demand for semiconductors rose, bolstered by global expansion of PCs, mobile phones, flat-panel televisions, and digital networks; the business environment took a turn for the better in the second half, including an increase in capital investment by semiconductor manufacturers.

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

As a result of curtailed and postponed capital investment by FPD panel manufacturers, net sales to external customers in this division declined to 71,361 million yen, down 19.0% from the previous fiscal year. However, demand for flat-panel televisions is rising rapidly, particularly in China, and there are signs that FPD panel manufacturers will increase production capacity. Consequently, a full-scale recovery in this division is expected. In the photovoltaic cell production equipment business, the market underwent a temporary slowdown including postponements of investment because of the economic slump, but it is expected to grow in the future because of the environmental measures being implemented worldwide.

(2) Electronic Components and Computer Networks Business Segment

In the semiconductor and electronic devices business, economic stimulus measures had an impact on semiconductor products relating to consumer products, including digital home electronics

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such as flat-panel televisions and peripheral devices; and business was good through the first half of the fiscal year. In addition, efforts to increase sales to both existing and new customers resulted in higher sales of special-purpose ICs and microprocessors. In addition, sales of semiconductor products for industrial equipment and computers, which had been slumping, started to pick up towards the end of the fiscal year.

In the computer systems-related business, companies remain cautious about IT investment and sales of storage related products have been slow, but demand for maintenance services was strong.

As a result of these developments, net sales from external customers in this segment during the fiscal year under review were down 10.3% from the previous fiscal year to 84,473 million yen.

(2) Capital Investment and Procurement of Funds

The tangible fixed assets acquired by the TEL Group during this period amounted in value to 14,918 million yen. The main items of capital investment included the construction site for the new Miyagi Plant, the new premises for the Taiwan subsidiary, and machinery and equipment, etc., for research and development purposes.

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

(3) Management Tasks

The Group is active primarily in the electronics industry, which is subject to rapid technological innovation; and it has adopted the following fundamental principles: Provide valuable technologies and services to the world as a top supplier in cutting-edge fields, in order to enhance people's health and quality of life; exercise greater leadership with regard to environmental issues and the development of a society that nurtures people's dreams; and become a vibrant, optimistic company that shares a sense of mission with all its employees.

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

1. Be an innovative company that creates groundbreaking technologies.
(Continuously conduct research and development and nurture personnel who can establish a select few outstanding technical groups.)
2. Be a highly-competitive global leader.
(Create structures that allow the Company to exercise global leadership in terms of technological and cost competitiveness.)
3. Offer solutions that best meet customer needs
(Provide the customers with the optimal goods and services at all times in response to their individual needs.)
4. Contribute globally environmental measures
(Develop technologies to reduce environmental impact and curtail power consumption, and contribute to addressing environmental issues.)

Tokyo Electron has been in business for nearly half a century, with a focus on the production equipment industry, during which time it has supported social infrastructure development by playing a leading role on a global scale within that industry. Moving forward, we will continue to exercise leadership by making the following issues our top priorities.

1. Reinforce Research and Development

Continuous research and development is essential for creating technological innovation and providing new products that are a step ahead of those of our competitors. We are actively expanding our research and development capabilities through measures that include the creation of a new technology center in Taiwan last year and the launch of new collaborative programs with research institutions in Europe and the United States. We have also developed an etch system that uses a new type of plasma source and made the preparations needed to increase our sales. We will continue to focus our efforts on the development of highly-competitive new products that meet customer needs. In addition, the Company is using

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the semiconductor and FPD production equipment technologies that it has established over many years to cultivate and develop new businesses, with the aim of providing valuable products. One such initiative was the launch of the photovoltaic cell production equipment business in 2008.

2. Reinforce Manufacturing Capabilities

We are reorganizing our domestic bases with the aim of creating structures that integrate development and manufacturing; and we have decided to commence construction of the new plant in Taiwacho, Kurokawa-gun, Miyagi Prefecture that was previously postponed. At the new plant, scheduled to be completed in 2011, we will establish new production methods that reduce the cost and lead time of manufacturing while also enhancing quality managements.

3. Strengthening the Offering of Optimal Solutions

We are deepening each of our partnerships with customers, starting with the earlier stages of the business process, including not only the areas of sales and services structures but also development.

We are also enhancing our ability to provide customers with proposals that meet a wide range of their needs by combining our equipment products as a means of flexibly and promptly responding to changes in the business environment.

4. Measures to Address Environmental Issues

We are conducting activities designed to reduce internal environmental impact and working to contribute to environmental measures in the semiconductor industry and throughout the entire industry by developing production equipment that can halve environmental impact at customer plants by the year 2015.

To help foster the personnel who will carry out these activities, companywide skills development programs will continue to be implemented and linked to future growth. In addition, with respect to our financial situation, although we have adequate shareholders' equity and cash on hand, we will continue our effort to streamline inventory levels, reduce manufacturing lead times, maintain and enhance profitability, along with other ongoing measures to maximize cash flow and reinforce our solid financial footing.

In the areas of compliance, corporate ethics, and risk management, which we have always given the utmost attention, we will assess and analyze various risks that the Group faces and implement the necessary countermeasures under the direction of the Company executives responsible for compliance and internal controls. We will also reinforce such measures based on internal control policies adopted pursuant to Board of Directors resolutions.

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

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(4) Changes in the business performance and property

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

| Items | FY2007 (44th FY; From April 1, 2006 to March 31, 2007) | 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; current fiscal year) (From April 1, 2009 to March 31, 2010) |
|---|---|---|---|--|
| Net sales (million yen) | 851,975 | 906,091 | 508,082 | 418,636 |
| Operating income(loss) (million yen) | 143,978 | 168,498 | 14,710 | (2,180) |
| Ordinary income (million yen) | 143,940 | 172,713 | 20,555 | 2,558 |
| Net income(loss) (million yen) | 91,262 | 106,271 | 7,543 | (9,033) |
| Net income(loss) per share (yen) | 511.27 | 594.01 | 42.15 | (50.47) |
| Total assets (million yen) | 770,513 | 792,817 | 668,998 | 696,351 |
| Net assets (million yen) | 469,810 | 545,244 | 529,265 | 523,369 |

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

| Items | FY2007 (44th FY; From April 1, 2006 to March 31, 2007) | 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; current fiscal year) (From April 1, 2009 to March 31, 2010) |
|---|---|---|---|--|
| Net sales (million yen) | 720,163 | 767,505 | 389,458 | 318,236 |
| Operating income(loss) (million yen) | 71,045 | 86,233 | 8,405 | (16,111) |
| Ordinary income(loss) (million yen) | 76,664 | 95,926 | 14,979 | (13,985) |
| Net income(loss) (million yen) | 51,699 | 51,471 | 9,922 | (16,838) |
| Net income(loss) per share (yen) | 289.63 | 287.71 | 55.45 | (94.08) |
| Total assets (million yen) | 594,933 | 598,762 | 486,594 | 533,081 |
| Net assets (million yen) | 327,715 | 354,607 | 349,048 | 334,495 |

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(Notes)

1. During the 44th fiscal year, as demand for digital home appliances continued to grow, and mobile phones and PCs maintained strong sales, as exemplified by their spread and expanded use in emerging economies, the TEL Group actively worked to sell high-function, state-of-the-art technologies and products. As a result, the Group posted the highest-ever sales, operating income, operating income margin, and net income.
2. 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 has been striving to launch and increase the sales of highly functional products featuring cutting-edge technologies. These efforts have resulted in new records for both revenue and profit margin.
3. 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.
4. The business performance and property of TEL and its group for FY2010 (47th FY; current fiscal year) are described in (1) "Business Developments and Results."

(5) Major business of the TEL Group (As of March 31, 2010)

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 |
|---|------------------------------------|--|
| Industrial electronic equipment | 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 PV Deposition system |
| Electronic Components and Computer Networks | | semiconductor products, board computer products, general electronic components, computer network products, software |

(6) Employees at TEL and in the TEL Group (As of March 31, 2010)

(i) Number of employees in the TEL Group

| Number of Employees | Year-on-year change |
|---------------------|---------------------|
| 10,128 | -331 |

(ii) Number of employees at TEL

| Number of employees | Year-on-year change | Average age | Average length of service in years |
|---------------------|---------------------|-------------|------------------------------------|
| 1,054 | +42 | 39.6 | 13.6 |

(Note) Figures do not include 642 employees transferred to other companies on loan and 22 employees on leave of absence.

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(7) Major subsidiaries (As of March 31, 2010)

| 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 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 |
| Tokyo Electron Europe Ltd. | 17 million euros | 100.00 | Sales of and maintenance services for Semiconductor production equipment |
| Tokyo Electron Korea Ltd. | 3,000 million won | 100.00 | Sales of and maintenance services for Semiconductor and FPD production equipment |
| Tokyo Electron Taiwan Ltd. | 200 million NT dollars | 96.00 (98.00) | Sales of and maintenance services for Semiconductor and FPD production equipment |
| Tokyo Electron (Shanghai) Ltd. | 6,000 thousand U.S. dollars | 100.00 | Sales of and maintenance services for Semiconductor and FPD production equipment |



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(Note)

The liquidation of Tokyo Electron Deutschland GmbH. was completed on January 4, 2010.

(8) Major mergers and acquisitions and acquisition of other companies' shares

1. On September 24, 2009, the Company acquired 130,000 shares (issue value 6,500 million yen) issued by the subsidiary Tokyo Electron Technology Development Institute, Inc., through capital increase. The subsidiary carried out a capital decrease on October 20, 2009, which reduced its capital to 100 million yen.
2. On December 18, 2009, the subsidiary Tokyo Electron U.S. Holdings, Inc., and its wholly owned subsidiary Tokyo Electron Arizona, LLC, entered into a merger to become Tokyo Electron U.S. Holdings, Inc.

(9) Major lenders (As of March 31, 2010)

There is no relevant item.

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(10) Major offices of the TEL Group (As of March 31, 2010)

(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 Saga Plant Ozu Plant | Koshi City, Kumamoto Tosu City, Saga Ozu-machi, Kikuchi-gun, Kumamoto |
| Tokyo Electron Tohoku Ltd. | Oshu City, Iwate |
| Tokyo Electron TS Ltd. | Nirasaki City, Yamanashi |
| 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. | Suwon-City, Gyeonggi-Do, Korea |
| Tokyo Electron Taiwan Ltd. | Hsin-chu City, Taiwan |
| Tokyo Electron (Shanghai) Ltd. | Shanghai, China |

(Notes) 1. On January 1, 2010, the Company closed its Kyushu Branch Office and opened the Kyushu Sales Office.

2. The Saga Plant of Tokyo Electron Kyushu Limited was closed effective March 31, 2010.

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2. TEL shares (As of March 31, 2010)

| | |
|--|-------------|
| (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 | 39,285 |
| (iv) Major shareholders | |

| Shareholder | Equity investment in TEL by shareholder | |
|--|--|-------------------------|
| | Number of shares held (thousands of shares) | Investment ratio (%) |
| The Master Trust Bank of Japan, Ltd. (trust account) | 20,938 | 11.69 |
| Japan Trustee Services Bank, Ltd. (trust account) | 14,132 | 7.89 |
| Tokyo Broadcasting System Holdings, Inc. | 8,727 | 4.87 |
| The Chase Manhattan Bank 385036 | 4,994 | 2.79 |
| JPMorgan Securities Japan Co., Ltd. | 3,287 | 1.83 |
| Trust & Custody Services Bank, Ltd. (trust account) | 3,003 | 1.67 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 3,000 | 1.67 |
| Japan Trustee Services Bank, Ltd. (trust account 9) | 2,973 | 1.66 |
| JPMorgan Chase Bank 380055 | 2,515 | 1.40 |
| State Street Bank And Trust Company | 2,371 | 1.32 |

(Notes)

- Any fractional sum of less than 1,000 shares is disregarded when the number of shares owned is indicated.
- The investment ratios are calculated after eliminating treasury stock (1,614,225 shares). Figures are rounded to the second decimal place.
- In accordance with the system for "Disclosing the Status of Holding a Large Amount of Share Certificates, etc." under the Securities and Exchange Law, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and four of its affiliated companies submitted a report of change dated January 8, 2010 to inform that they held 16,743 thousand shares in the Company as of December 28, 2009. Similarly, Fidelity Investments Japan Ltd. and one of its affiliated company submitted a report of change dated April 7, 2010 to inform that they held 11,150 thousand shares in the Company as of March 31, 2010. Capital Research & Management Company and two of its affiliated companies submitted a report of change dated December 22, 2009 to inform that they held 5,985 thousand shares in the Company as of December 15, 2009. But the table above does not include the portion of shares that the Company cannot confirm that it practically holds as of March 31, 2010.



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3. Matters concerning Share Subscription Rights

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

| | 1st share subscription rights | 2nd share subscription rights |
|--|---|---|
| Allocation date | July 3, 2002 | August 8, 2003 |
| Allocation number of share subscription rights | 4,950 units | 9,783 units |
| Balance at end of fiscal year | 3,845 units | 6,001 units |
| Ownership by Corporate Directors of the Company (excluding outside directors) | 383 units (11 persons) | 538 units (9 persons) |
| Ownership by outside directors of the Company | - | - |
| Ownership by Statutory Auditors of the Company | 58 units (2 persons) | 38 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 384,500 shares | Common stock of the Company 600,100 shares |
| Amount paid for the exercise of Share Subscription Rights | 8,807 yen per share | 6,794 yen per share |
| Exercise period of Share Subscription Rights | From August 1, 2004 to June 30, 2010 | From August 1, 2005 to June 30, 2011 |

| | 3rd share subscription rights | 4th share subscription rights |
|--|---|--|
| Allocation date | August 9, 2004 | August 8, 2005 |
| Allocation number of share subscription rights | 7,997 units | 852 units |
| Balance at end of fiscal year | 3,864 units | 279 units |
| Ownership by Corporate Directors of the Company (excluding outside directors) | 650 units (9 persons) | 48 units (4 persons) |
| Ownership by outside directors of the Company | - | - |
| Ownership by Statutory Auditors of the Company | 40 units (1 person) | 33 units (4 persons) |
| Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights | Common stock of the Company 386,400 shares | Common stock of the Company 27,900 shares |
| Amount paid for the exercise of Share Subscription Rights | 5,884 yen per share | 1 yen per share |
| Exercise period of Share Subscription Rights | From August 1, 2006 to June 29, 2012 | From August 1, 2008 to June 30, 2025 However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to August 1, 2008. |



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| | 5th share subscription rights | 6th share subscription rights |
|--|--|---|
| Allocation date | August 8, 2005 | June 24, 2006 |
| Allocation number of share subscription rights | 920 units | 669 units |
| Balance at end of fiscal year | 687 units | 373 units |
| Ownership by Corporate Directors of the Company (excluding outside directors) | - | 67 units (6 persons) |
| Ownership by outside directors of the Company | - | - |
| Ownership by Statutory Auditors of the Company | - | 24 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 68,700 shares | Common stock of the Company 37,300 shares |
| Amount paid for the exercise of Share Subscription Rights | 6,468 yen per share | 1 yen per share |
| Exercise period of Share Subscription Rights | From August 1, 2007 to June 28, 2013 | From July 1, 2009 to May 29, 2026 However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to July 1, 2009. |

| | 7th share subscription rights | 8th share subscription rights |
|--|---|--|
| Allocation date | June 23, 2007 | June 21, 2008 |
| Allocation number of share subscription rights | 1,004 units | 1,779 units |
| Balance at end of fiscal year | 983 units | 1,766 units |
| Ownership by Corporate Directors of the Company (excluding outside directors) | 320 units (11 persons) | 542 units (11 persons) |
| Ownership by outside directors of the Company | - | - |
| Ownership by Statutory Auditors of the Company | 18 units (1 person) | 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 98,300 shares | Common stock of the Company 176,600 shares |
| Amount paid for the exercise of Share Subscription Rights | 1 yen per share | 1 yen per share |
| Exercise period of Share Subscription Rights | From July 1, 2010 to May 31, 2027 However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to July 1, 2010. | 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 |



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4. Matters concerning TEL's directors and other officers

(i) Condition of Corporate Directors and Statutory Auditors (As of March 31, 2010)

| Position in the Company | Name | Responsibilities, Significant concurrent posts |
|----------------------------|-------------------|--|
| Chairman & CEO | Tetsuro Higashi | Chairman, Tokyo Electron U.S. Holdings, Inc. Chairman, Semiconductor Equipment Association of Japan |
| Vice Chairman of the Board | Tetsuo Tsuneishi | 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 | |
| President | Hiroshi Takenaka | Chairman, Tokyo Electron America, Inc. Chairman, Tokyo Electron Europe, Ltd. |
| Corporate Director | Mamoru Hara | Outside Director, CMIC Co., Ltd. |
| Corporate Director | Masao Kubodera | Chairman, Tokyo Electron AT Ltd. |
| Corporate Director | Haruo Iwatsu | Chairman, Tokyo Electron Kyushu Ltd. |
| Corporate Director | Hirofumi Kitayama | Executive Vice President 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, Tokyo Electron Massachusetts, LLC. 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 |

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| Position in the Company | Name | Responsibilities, Significant concurrent posts |
|-------------------------|-------------------|---|
| Corporate Director | Hiroshi Inoue | Chairman & Representative Director, Tokyo Broadcasting System Holdings, Inc. Chairman & Representative Director, Tokyo Broadcasting System Television, Inc. Outside Director, Mainichi Broadcasting System, Inc. Outside Auditor, RKB Mainichi Broadcasting Corporation Outside Director, ATV Aomori Television Broadcasting Co., Ltd. Outside Director, Iwate Broadcasting Co., Ltd. Outside Director, Minaminihon Broadcasting Co., Ltd. Outside Director, Video Research Ltd. Outside Director, RCC Broadcasting Co., Ltd. |
| Corporate Director | Masahiro Sakane | Chairman of the Board, Komatsu Ltd. Outside Director, Nomura Securities Co., Ltd. Outside Director, Nomura Holdings, Inc. |
| Statutory Auditor | Mitsutaka Yoshida | |
| Statutory Auditor | Yuichi Honda | |
| Statutory Auditor | Togo Tajika | |
| Statutory Auditor | Hiroshi Maeda | Attorney-at-Law Outside Auditor, AsMediX Co., Ltd. Outside Auditor, E-cubic Co., Ltd. Outside Auditor, J Mountains Group., Inc. Outside Auditor, Ridgeway Capital Partners Ltd. |

Members of the Compensation Committee:

Kiyoshi Sato, Mamoru Hara, Masahiro Sakane

Members of the Nomination Committee:

Tetsuo Tsuneishi, Haruo Iwatsu, Takashi Nakamura

(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. Statutory Auditor Yuichi Honda has experience as director in the Company's finance and accounting departments and has extensive knowledge concerning finance and accounting matters.
4. With effect from the conclusion of the 46th Annual General Meeting of Shareholders held on June 19, 2009, the statutory auditor Takeo Tanaka resigned his office.



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5. On April 1, 2010, new responsibilities, representatives 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 and 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 | Hirofumi Kitayama | Executive Vice President Chairman of the Board, Tokyo Electron Tohoku Ltd. Chairman of the Board, Tokyo Electron Technology Development Institute, Inc. Chairman of the Board, Tokyo Electron PS Ltd. Chairman, Tokyo Electron Korea Solution Ltd. |

(ii) Condition of Executive officers (As of March 31, 2010)

| Name | Position & Responsibilities |
|---------------------|--|
| Tetsuro Higashi | Chairman & CEO |
| Tetsuo Tsuneishi | Vice Chairman of the Board Assistant to Chairman & President, SPE IR/ Legal and Intellectual Property/ Strategic Alliance |
| Kiyoshi Sato | Vice Chairman of the Board Assistant to Chairman & President, FPD/PVE |
| Hiroshi Takenaka | President |
| 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, General Manager, SPE Division |
| Mitsuru Onozato | Executive Vice President, General Manager, FPD/PVE Division |
| Takashi Nakamura | Senior Vice President, General Manager, Corporate Administration Division, Compliance/Internal Control |
| Hiroki Takebuchi | Senior Vice President, General Manager, Corporate Strategy/Human Resources President, Tokyo Electron India Private Ltd. |
| Masami Akimoto | Senior Vice President, General Manager, Development Division President, Tokyo Electron Kyushu Ltd. Chairman, TEL Technology Center, America, LLC |
| Takashi Ito | Senior Vice President, General Manager, PVE BU |
| Chiaki Yamaguchi | Senior Vice President, Deputy General Manager, SPE Division (Area & Customer) Vice Chairman, Tokyo Electron (Shanghai) Ltd. Vice Chairman, Tokyo Electron (Shanghai) Logistic Center Ltd. |
| Yoshikazu Nunokawa | VP & General Manager, Finance/Export and Logistics Control |
| Yutaka Nanasawa | VP & General Manager, HR/General Affairs/Accounting |
| Tetsuro Hori | VP & General Manager, Legal/Intellectual Property |
| 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 |
| Takeshi Okubo | VP & General Manager, Thermal Processing Systems BU, Single Wafer Deposition BU |

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| Name | Position & Responsibilities |
|--------------------|---|
| Kiyoshi Sunohara | VP & General Manager, Field Solutions BU |
| Yasuyuki Kuriki | VP & General Manager, Sales & Services, Korea President, Tokyo Electron Korea Ltd. |
| Masaaki Hata | VP & General Manager, Sales & Services, Taiwan |
| Tsuguhiko Matsuura | VP & General Manager, FPD BU |
| Shigetoshi Hosaka | VP & General Manager, Corporate Development |

(Notes)

1. SPE stands for "Semiconductor Production Equipment." FPD stands for "Flat Panel Display Production Equipment." PVE stands for "Photovoltaic Cell Production Equipment." BU stands for "business unit".
2. With effect from April 1, 2010, Tetsuo Tsuneishi and Kiyoshi Sato retired as executive officers and Gishi Chung was appointed as a new executive officer. On the same day, the following changes were made to appointments:

| Name | Position & Responsibilities |
|-------------------|--|
| Kenji Washino | Executive Vice President, Corporate Business Strategy, General Manager |
| Hikaru Ito | Executive Vice President, SPE |
| Hiroki Takebuchi | Senior Vice President, General Manager, Corporate Strategic Planning |
| Masami Akimoto | Senior Vice President, General Manager, System Development Division President, Tokyo Electron Kyushu Ltd. |
| Chiaki Yamaguchi | VP & 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/General Affairs/Accounting |
| Yasuyuki Kuriki | VP & General Manager, Sales & Services, Korea |
| Gishi Chung | VP & General Manager, SPE Process Development Division Chairman, TEL Technology Center, America, LLC |
| Shigetoshi Hosaka | VP & General Manager, Corporate Development Division |

3. With effect from May 1, 2010, Yasuyuki Kuriki resigned VP & General Manager.

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

| | Fixed Compensation: Monthly Salary | Compensation linked to business performance | |
|--|--|--|---|
| | Amount paid during FY2010 (Note 3) | Annual Bonus (Note 4) | Stock options for stock linked compensation (Note 5) |
| Total amount of Corporate Director compensation (15 persons) | (million yen) 425 | (million yen) - | (million yen) 186 |
| Portion of outside directors compensation (3 persons) | 12 | - | |
| Total amount of Statutory Auditor compensation (5 persons) | 106 | | |
| Portion of outside Auditors compensation (2 persons, including one full-time auditor) | 34 | | |

(Reference)

Individual Compensation of Representative Directors during FY2010

| | Fixed Compensation: Monthly Salary | Compensation linked to business performance | |
|-----------------------------------|--|--|---|
| | Amount paid during FY2010 (Note 3) | Annual Bonus (Note 4) | Stock options for stock linked compensation (Note 5) |
| Tetsuro Higashi Chairman & CEO | (million yen) 57 | (million yen) - | (million yen) 36 |
| Hiroshi Takenaka President | 43 | - | 13 |

(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 between April 2009 and March 2010 are listed. In view of the disappointing business results, for the fiscal year, the fixed remuneration in the form of monthly salary was subject to

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a reduction of 20% for the Chairman and the President, 15% for the vice chairmen of the board, and 10% for other corporate directors.

4. In view of the business results for the fiscal year, compensation linked to business performance will not be paid.

5. The amount of expenses incurred during the current fiscal year by the 6th share subscription rights issued to Corporate Directors (stock-based compensation type of stock options) in accordance with a resolution of the 43rd Annual General Meeting of Shareholders and 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 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. In addition to the payments listed above, a retirement benefit of 2 million yen was paid, in accordance with a resolution of the 42nd Annual General Meeting of Shareholders held on June 24, 2005, to a statutory auditor who retired during the fiscal year.

(iv) Policies Concerning Decisions Relating to Methods of Calculating Executive Compensation

The Company has adopted the following executive compensation program with the intention of linking compensation more closely to financial results and shareholder value, enhancing management transparency, and raising corporate competitiveness.

Corporate Director compensation consists of a fixed monthly salary and performance-linked compensation. Statutory Auditor compensation consists of a fixed monthly salary only. Payment of retirement allowances, which constituted a significant portion of fixed compensation, was abolished in the 43rd fiscal year, and payment of retirement benefits calculated according to the length of service through the 42nd fiscal year was approved at the 42nd Annual General Meeting of Shareholders held on June 24, 2005.

The performance-linked compensation system, which consists of annual bonuses, is more closely linked to financial results by clearly tying it to consolidated net income. Persons subject to the system are Corporate Directors and executive officers of the Company and its subsidiaries. The total compensation that is linked to business performance is limited to 3% of consolidated net income. A major portion of annual bonuses is paid in cash. To provide incentives for higher share prices resulting from better business performance and to have executives share with shareholders the risks of share price fluctuations, a portion of compensation will be non-monetary (stock-based compensation), with the ratio of cash bonuses to stock-based compensation of approximately 2:1 (stock-based compensation is not paid to outside directors).

Introducing and implementing stock options as stock-based compensation that can be directly exchanged for shares and restricted stocks in the United States and other countries is problematic under current law, and therefore, we will grant stock options with a set strike price of one yen per share and set a three-year limit on the exercise of options, which will have the same effect.

In view of the business results for the current fiscal year, performance-related remuneration in the form of a cash bonus or stock-based compensation will not be paid for fiscal year.

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(v) Matters concerning Outside Directors and Outside Auditors

a. Outside director positions 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, 2010)

| Position in the Company | Name | Significant concurrent posts | Relationship with the company |
|-------------------------|-----------------|---|----------------------------------|
| Outside Director | Hiroshi Inoue | Chairman & Representative Director, Tokyo Broadcasting System, Inc. Chairman & Representative Director, Tokyo Broadcasting System Television, Inc. | No significant business relation |
| Outside Director | Masahiro Sakane | Chairman of the Board, Komatsu Ltd. | No significant business relation |

b. Outside Directors positions, Outside Auditors positions and other significant positions held concurrently at other corporations or organizations and relationships of the Company with the relevant other corporations or organizations. (As of March 31, 2010)

| Position in the Company | Name | Significant concurrent posts | Relationship with the company |
|-------------------------|-----------------|---|----------------------------------|
| Outside Director | Hiroshi Inoue | Outside Director, Mainichi Broadcasting System, Inc. Outside Auditor, RKB Mainichi Broadcasting Corporation Outside Director, ATV Aomori Television Broadcasting Co., Ltd. Outside Director, Iwate Broadcasting Co., Ltd. Outside Director, Minaminihon Broadcasting Co., Ltd. Outside Director, Video Research Ltd. Outside Director, RCC Broadcasting Co., Ltd. | No significant business relation |
| Outside Director | Masahiro Sakane | Outside Director, Nomura Securities Co., Ltd. Outside Director, Nomura Holdings, Inc. | No significant business relation |
| Outside Auditor | Hiroshi Maeda | Outside Auditor, AsMediX Co.,Ltd. Outside Auditor, E-cubic Co., Ltd. Outside Auditor, J Mountains Group., Inc. Outside Auditor, Ridgeway Capital Partners Ltd. | No significant business relation |

c. Main activities during the current fiscal year

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

d. Overview of liability-limiting agreements

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

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5. Condition of accounting auditors

(1) Name of accounting auditors

KPMG Azsa & Company

(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 | 146 |
| ii | Total monetary compensation and other benefits to be paid to accounting auditors by the Company and its subsidiaries | 239 |

(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.

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6. Corporate Structures and Policies

(1) Structures for Ensuring the Proper Performance of Business

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

Fundamental Policies concerning Internal Controls within the Tokyo Electron Group

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

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

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

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

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

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

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

The dividend policy of the Company is to link dividend payments to business performance and earnings on an ongoing basis. Its basic policy for returning profits to shareholders is to maintain a payout ratio of around 20% based on consolidated net income. In addition, a portion of income will be retained as an internal reserve so the Company can actively invest in the areas of R&D, capital, overseas business, M&As for future growth, with the aim enhancing its corporate value.

In the fiscal year ended March 31, 2010 under review, although the Company posted a loss in the first half, we declared an interim dividend of four yen per share in order to meet our shareholders' expectations for continually earning stable dividends; and we also intend to pay a year-end dividend of eight yen per share for the same reason and in light of performance in the second half.

As a result, the dividend for the entire fiscal year including the interim dividend is 12 yen per share.

Consolidated Balance Sheet

| | As of March 31, 2009 | (Millions of yen) As of March 31, 2010 |
|---|-------------------------|--|
| ASSETS | | |
| Current assets | | |
| Cash and deposit | 51,156 | 56,939 |
| Trade notes and accounts receivable | 119,687 | 124,462 |
| Securities | 159,001 | 187,000 |
| Merchandise and finished goods | 88,416 | 87,201 |
| Work in process | 29,306 | 37,793 |
| Raw materials and supplies | 16,518 | 13,455 |
| Deferred income taxes | 11,480 | 26,625 |
| Others | 30,139 | 19,638 |
| Allowance for doubtful accounts | (20) | (176) |
| Total current assets | 505,687 | 552,939 |
| Long-term assets | | |
| Tangible fixed assets | | |
| Buildings and structures | 121,568 | 120,429 |
| Accumulated depreciation | (71,308) | (75,001) |
| Buildings and structures, net | 50,259 | 45,428 |
| Machinery and carriers | 72,586 | 70,036 |
| Accumulated depreciation | (54,999) | (56,854) |
| Machinery and carriers, net | 17,587 | 13,182 |
| Land | 20,678 | 26,355 |
| Construction in progress | 4,708 | 3,739 |
| Others | 31,886 | 28,906 |
| Accumulated depreciation | (25,213) | (25,484) |
| Others, net | 6,672 | 3,421 |
| Total tangible fixed assets | 99,906 | 92,127 |
| Intangible fixed assets | | |
| Others | 10,760 | 5,586 |
| Total intangible fixed assets | 10,760 | 5,586 |
| Investments and other assets | | |
| Investment securities | 9,131 | 14,720 |
| Deferred income taxes | 31,939 | 20,505 |
| Others | 19,118 | 17,924 |
| Allowance for doubtful accounts | (7,545) | (7,452) |
| Total investments and other assets | 52,644 | 45,698 |
| Total long-term assets | 163,311 | 143,412 |
| Total assets | 668,998 | 696,351 |

| | (Millions of yen) | |
|---|-------------------------|-------------------------|
| | As of March 31, 2009 | As of March 31, 2010 |
| LIABILITIES | | |
| Current liabilities | | |
| Trade notes and accounts payable | 24,393 | 52,359 |
| Accrued employees' bonuses | 4,965 | 6,043 |
| Accrued warranty expenses | 6,115 | 5,267 |
| Others | 53,798 | 55,490 |
| Total current liabilities | 89,272 | 119,161 |
| Long-term liabilities | | |
| Accrued pension and severance costs | 47,046 | 49,906 |
| Others | 3,413 | 3,913 |
| Total long-term liabilities | 50,460 | 53,820 |
| Total liabilities | 139,732 | 172,982 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Common stock | 54,961 | 54,961 |
| Capital surplus | 78,114 | 78,034 |
| Retained earnings | 404,435 | 393,970 |
| Treasury stock | (11,111) | (10,900) |
| Total shareholders' equity | 526,398 | 516,065 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | (842) | 2,504 |
| Deferred gains or losses on hedges | 66 | (67) |
| Translation adjustments | (7,235) | (6,683) |
| Total valuation and translation adjustments | (8,011) | (4,247) |
| Subscription rights to shares | 1,148 | 1,578 |
| Minority interests | 9,729 | 9,973 |
| Total net assets | 529,265 | 523,369 |
| Total liabilities and net assets | 668,998 | 696,351 |

Consolidated Statement of Income

| | (Millions of yen) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2009 | Year ended March 31, 2010 |
| Net sales | 508,082 | 418,636 |
| Cost of sales | 370,673 | 310,320 |
| Gross profit | 137,408 | 108,316 |
| Selling, general & administrative expenses | | |
| Salaries and allowances | 19,042 | 18,084 |
| Provision for accrued bonuses | 1,269 | 1,765 |
| Provision for retirement allowances | 1,998 | 2,358 |
| Other personal expenses | 7,044 | 6,400 |
| Depreciation and amortization | 5,872 | 5,605 |
| Research and development expenses | 60,987 | 54,074 |
| Others | 26,481 | 22,208 |
| Total selling, general & administrative expenses | 122,697 | 110,496 |
| Operating income (loss) | 14,710 | (2,180) |
| Non-operating income | | |
| Interest income | 1,707 | 993 |
| Revenue from development grants | 2,700 | 1,842 |
| Others | 2,400 | 2,494 |
| Total non-operating income | 6,809 | 5,331 |
| Non-operating expenses | | |
| Interest expenses | 175 | - |
| Loss on revaluation of investment securities | - | 185 |
| Lease expenses of fixed assets | 266 | 103 |
| Loss on sale of trade notes and accounts receivable | 132 | - |
| Others | 389 | 302 |
| Total non-operating expenses | 964 | 591 |
| Ordinary income | 20,555 | 2,558 |
| Unusual or infrequent profit | | |
| Gain on sale of fixed assets | 67 | 282 |
| Others | 18 | 17 |
| Total unusual or infrequent profit | 85 | 299 |
| Unusual or infrequent loss | | |
| Provision of allowance for doubtful accounts | 7,360 | - |
| Loss on retirement or sale of fixed assets | 352 | 977 |
| Loss on impairment | - | 7,553 |
| Expenses for integration and closure of business bases | - | 1,908 |
| Loss on revaluation of investment securities | 2,432 | - |
| Office relocation expenses | 212 | - |
| Others | 646 | 186 |
| Total unusual or infrequent loss | 11,004 | 10,626 |
| Income (loss) before income taxes | 9,636 | (7,767) |
| Provision for income taxes and enterprise taxes | 4,552 | 5,747 |
| Deferred income taxes | (2,762) | (5,020) |
| Total income taxes | 1,790 | 726 |
| Minority interests | 303 | 539 |
| Net income (loss) | 7,543 | (9,033) |

Consolidated Statements of Changes in Net Assets

| | (Millions of yen) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2009 | Year ended March 31, 2010 |
| Shareholders' equity | | |
| Common stock | | |
| Balance at beginning of period | 54,961 | 54,961 |
| Balance at end of period | <u>54,961</u> | <u>54,961</u> |
| Capital surplus | | |
| Balance at beginning of period | 78,392 | 78,114 |
| Disposal of treasury stock | (278) | (79) |
| Balance at end of period | <u>78,114</u> | <u>78,034</u> |
| Retained earnings | | |
| Balance at beginning of period | 410,866 | 404,435 |
| Changes in accounting treatment by subsidiaries outside Japan | (551) | - |
| Cash dividends | (13,420) | (1,431) |
| Net income (loss) | 7,543 | (9,033) |
| Effect of changes in scope of consolidation | (2) | - |
| Balance at end of period | <u>404,435</u> | <u>393,970</u> |
| Treasury stock | | |
| Balance at beginning of period | (11,369) | (11,111) |
| Purchase of treasury stock | (38) | (58) |
| Disposal of treasury stock | 296 | 270 |
| Balance at end of period | <u>(11,111)</u> | <u>(10,900)</u> |
| Total shareholders' equity | | |
| Balance at beginning of period | 532,850 | 526,398 |
| Changes in accounting treatment by subsidiaries outside Japan | (551) | - |
| Cash dividends | (13,420) | (1,431) |
| Net income (loss) | 7,543 | (9,033) |
| Purchase of treasury stock | (38) | (58) |
| Disposal of treasury stock | 17 | 190 |
| Effects of changes in scope of consolidation | (2) | - |
| Balance at end of period | <u>526,398</u> | <u>516,065</u> |

Consolidated Statements of Changes in Net Assets

| | (Millions of yen) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2009 | Year ended March 31, 2010 |
| Valuation and Translation Adjustments | | |
| Valuation difference on available-for-sale securities | | |
| Balance at beginning of period | 2,172 | (842) |
| Net change | (3,014) | 3,346 |
| Balance at end of period | <u>(842)</u> | <u>2,504</u> |
| Deferred gains or losses on hedges | | |
| Balance at beginning of period | 460 | 66 |
| Net change | (393) | (134) |
| Balance at end of period | <u>66</u> | <u>(67)</u> |
| Translation adjustments | | |
| Balance at beginning of period | (529) | (7,235) |
| Net change | (6,705) | 551 |
| Balance at end of period | <u>(7,235)</u> | <u>(6,683)</u> |
| Total Valuation and Translation Adjustments | | |
| Balance at beginning of period | 2,102 | (8,011) |
| Net change | (10,114) | 3,764 |
| Balance at end of period | <u>(8,011)</u> | <u>(4,247)</u> |
| Subscription rights to shares | | |
| Balance at beginning of period | 483 | 1,148 |
| Net change | 664 | 429 |
| Balance at end of period | <u>1,148</u> | <u>1,578</u> |
| Minority interests | | |
| Balance at beginning of period | 9,807 | 9,729 |
| Net change | (78) | 244 |
| Balance at end of period | <u>9,729</u> | <u>9,973</u> |
| Total net assets | | |
| Balance at beginning of period | 545,244 | 529,265 |
| Changes in accounting treatment by subsidiaries outside Japan | (551) | - |
| Cash dividends | (13,420) | (1,431) |
| Net income (loss) | 7,543 | (9,033) |
| Purchase of treasury stock | (38) | (58) |
| Disposal of treasury stock | 17 | 190 |
| Effects of changes in scope of consolidation | (2) | - |
| Net change except shareholders' equity | <u>(9,527)</u> | <u>4,438</u> |
| Balance at end of period | <u>529,265</u> | <u>523,369</u> |

Consolidated Cash Flow

42

| | (Millions of yen) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2009 | Year ended March 31, 2010 |
| Cash flow from operating activities | | |
| Income (loss) before income taxes | 9,636 | (7,767) |
| Depreciation and amortization | 23,068 | 20,001 |
| Loss on impairment | - | 7,553 |
| Increase in accrued pension and severance costs (decrease) | 3,426 | 2,828 |
| Increase in allowance for doubtful accounts (decrease) | 7,333 | 120 |
| Increase in accrued employees' bonuses (decrease) | (7,761) | 1,078 |
| Increase in accrued warranty expenses (decrease) | (3,345) | (836) |
| Interest and dividend revenue | (1,805) | (1,055) |
| Interest expenses | 175 | - |
| Foreign currency translation loss (gain) | 103 | - |
| Loss on disposal of fixed assets | 350 | 916 |
| Loss on revaluation of investment securities (gain) | 2,432 | - |
| Office relocation expenses | 212 | - |
| Decrease in trade notes and accounts receivable (increase) | 102,412 | (4,890) |
| Decrease in inventories (increase) | 21,282 | (4,868) |
| Increase in accounts payable (decrease) | (29,942) | 27,975 |
| Decrease in prepaid consumption tax (increase) | 4,509 | 568 |
| Increase in customer advances (decrease) | 5,321 | (6,380) |
| Decrease in specific doubtful receivables (increase) | (7,355) | (139) |
| Others | (9,734) | 6,377 |
| Subtotal | 120,319 | 41,480 |
| Receipts from interest and dividends | 1,749 | 1,171 |
| Interest paid | (201) | (46) |
| Income taxes paid or refund (paid) | (40,836) | 5,679 |
| Net cash generated by operating activities | 81,030 | 48,284 |
| Cash flow from investing activities | | |
| Payment into time deposits | (353,803) | (449,000) |
| Proceeds from time deposits | 219,429 | 473,347 |
| Payment for purchase of tangible fixed assets | (17,227) | (14,194) |
| Proceeds from sale of tangible fixed assets | 655 | 488 |
| Payment for purchase of intangible fixed assets | (1,182) | (786) |
| Payment for purchase of investment securities | (7,815) | - |
| Others | (677) | (241) |
| Net cash used in investing activities | (160,621) | 9,613 |
| Cash flow from financing activities | | |
| Net increase in short-term borrowings (decrease) | (2,262) | 1,299 |
| Redemption of straight bonds | (30,000) | - |
| Net decrease in treasury stock (increase) | (20) | 131 |
| Dividends paid | (13,420) | (1,431) |
| Others | (311) | (286) |
| Net cash generated by financing activities | (46,015) | (287) |
| Effect of exchange rate changes on cash and cash equivalents | (2,068) | 445 |
| Net increase in cash and cash equivalents (decrease) | (127,676) | 58,056 |
| Cash and cash equivalents at beginning of period | 193,492 | 65,883 |
| Cash and cash equivalents from newly consolidated subsidiaries | 67 | - |
| Cash and cash equivalents at end of period | 65,883 | 123,939 |