

ISIN	JP3571400005
SEDOL	6895675
TSE	8035

May 28, 2015

NOTICE OF FISCAL YEAR 2015 (the 52nd FY) ANNUAL GENERAL MEETING OF SHAREHOLDERS

To Our Shareholders:

We are pleased to announce that the 52nd Annual General Meeting of Shareholders (the "AGM") of Tokyo Electron Ltd. ("TEL") will be held on Friday, June 19, 2015, at 10:00 a.m. Japan standard time, at Hotel Okura Tokyo, located at 10-4 Toranomom 2-chome, Minato-ku, Tokyo.

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

- 1: Partial Amendments to the Articles of Incorporation concerning the liability-limiting contracts**
- 2: Election of Thirteen Corporate Directors**
- 3: Election of One Audit & Supervisory Board Member**
- 4: Payment of Bonuses to Corporate Directors for the 52nd Fiscal Year**
- 5: Issuance of Share Subscription Rights as Stock-Based Compensation to Corporate Directors**
- 6: Issuance of Share Subscription Rights as Stock-Based Compensation to Executives of the Company and its Subsidiaries**

As part of our ongoing effort to improve the quality of communications with our foreign investors and to increase the participation of those investors at the AGM, **Tokyo Electron Ltd.** 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) -3-3519-6727, or e-mail to bn@irjapan.net. The English language proxy material is available on Tokyo Electron's website at "<http://www.tel.com/>", for your reference and convenience.

IT IS IMPORTANT THAT YOU PARTICIPATE AT THE 2015 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,

Tetsuro Higashi
Chairman of the Board, President & CEO
Tokyo Electron Ltd.

This is a summary translation of a notice in Japanese language distributed to Japanese shareholders and provided for the convenience of foreign shareholders. The Japanese version is the official, legal document. Please vote by voting form or Internet websites etc. by 5:30 p.m. on Thursday, June 18, 2015 (Japan standard time).

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 FY2015 (the 52nd FY; from April 1, 2014 to March 31, 2015), and the reports of Accounting Auditors and the Audit & Supervisory Board on the results of audits for consolidated financial statements.
2. Report on the financial statements for FY2015 (the 52nd FY; from April 1, 2014 to March 31, 2015).

Proposal 1: Partial Amendments to the Articles of Incorporation concerning the liability-limiting contracts

1. Reasons for the Amendments

The scope of Corporate Directors and Audit & Supervisory Board Members with whom contracts can be entered into to limit their liabilities in accordance with the “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014), which came into effect on May 1 2015, was expanded. This change allows companies to conclude a liability-limiting contract with a corporate director who is a non-executive director and an Audit & Supervisory Board Member who is not an outside Audit & Supervisory Board Member. In association with this change, the Company plans to make necessary amendments to the Article 24 and Article 32 of the existing Articles of Incorporation.

Further, each Audit & Supervisory Board Member has already agreed with respect to the amendment to Article 24 of the Articles of Incorporation.

2. Contents of the Amendments

The contents of the amendments are as attached.

(Proposed amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 24 Liability-Limiting Contracts with <u>Outside Directors</u></p> <p>In accordance with the provisions of Article 427, Paragraph 1, of the Companies Act, the Company may, within the limits stipulated by laws and regulations, conclude contracts with <u>outside directors</u> exempting <u>those outside directors</u>, in the absence of intentional conduct or gross negligence, from the liability provided for in Article 423, Paragraph 1, of the Companies Act.</p>	<p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 24 <u>Liability-Limiting Contracts with Directors</u></p> <p>In accordance with the provisions of Article 427, Paragraph 1, of the Companies Act, the Company may, within the limits stipulated by laws and regulations, conclude contracts with <u>directors</u> (<u>excluding Executive Directors, etc.</u>) exempting <u>those directors</u>, in the absence of intentional conduct or gross negligence, from the liability provided for in Article 423, Paragraph 1, of the Companies Act.</p>



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

**CHAPTER V AUDIT & SUPERVISORY BOARD
MEMBERS AND AUDIT & SUPERVISORY
BOARD**

**Article 32 Liability-Limiting Contracts with
Outside Audit & Supervisory Board Members**

In accordance with the provisions of Article 427, Paragraph 1, of the Companies Act, the Company may, within the limits stipulated by laws and regulations, conclude contracts with outside Audit & Supervisory Board Members exempting those outside Audit & Supervisory Board Members, in the absence of intentional conduct or gross negligence, from the liability provided for in Article 423, Paragraph 1, of the Companies Act.

**CHAPTER V AUDIT & SUPERVISORY BOARD
MEMBERS AND AUDIT & SUPERVISORY
BOARD**

**Article 32 Liability-Limiting Contracts with Audit
& Supervisory Board Members**

In accordance with the provisions of Article 427, Paragraph 1, of the Companies Act, the Company may, within the limits stipulated by laws and regulations, conclude contracts with Audit & Supervisory Board Members exempting those Audit & Supervisory Board Members, in the absence of intentional conduct or gross negligence, from the liability provided for in Article 423, Paragraph 1, of the Companies Act.

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

Proposal 2: Election of Thirteen Corporate Directors

At the conclusion of the Annual General Meeting of Shareholders, the term of office for all 9 Corporate Directors will expire. Therefore, we ask you to agree to elect 13 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 Ltd.</p> <p><u>December 1990</u> Corporate Director, Tokyo Electron Ltd.</p> <p><u>April 1994</u> Managing Director, Tokyo Electron Ltd.</p> <p><u>June 1996</u> President & CEO, Tokyo Electron Ltd.</p> <p><u>June 2003</u> Chairman of the Board, Tokyo Electron Ltd.</p> <p><u>April 2013</u> Chairman of the Board, President & CEO, Tokyo Electron Ltd. (Present position)</p> <p>(Position in the Company) Representative Director, Chairman of the Board, President & CEO</p> <p>(Significant concurrent posts) Chairman, Tokyo Electron U.S. Holdings, Inc.</p>	54,228
<p>[Reason for selection as Corporate Director nominee] As the chairman of the board and president of the Company, Mr. Higashi has ample experience and proven track record in management within the Group. Also, he has contributed to the industry through his tenure as chairman of the Semiconductor Equipment Association of Japan. With the expectation of utilizing these experiences and his track record in deciding policy on Group management in the Company's board of directors, we nominate him as a corporate director.</p>			

No.	Name (Date of birth)	Brief Personal History (Position in the Company and significant concurrent posts)	Number of the Company's shares owned by candidate
2	Tetsuo Tsuneishi (November 24, 1952)	<p><u>April 1976</u> Joined Tokyo Electron Ltd.</p> <p><u>June 1992</u> Corporate Director, Tokyo Electron Ltd.</p> <p><u>June 1996</u> Senior Managing Director, Tokyo Electron Ltd.</p> <p><u>June 2003</u> Vice Chairman of the Board, Tokyo Electron Ltd. (Present position)</p> <p>(Position in the Company) Corporate Director, Vice Chairman of the Board</p> <p>(Significant concurrent posts) Chairman, Tokyo Electron America, Inc. Chairman, Tokyo Electron Europe Ltd. Outside Director, Media Lario International S.A.</p>	11,158
<p>[Reason for selection as Corporate Director nominee] Other than his involvement in the semiconductor manufacturing equipment business of the Company, Mr. Tsuneishi has been involved in management in a wide range of fields from IR, legal and business strategies, and is equipped with ample experience and a proven track record. With the expectation of utilizing these experiences and track record in bolstering the decision making function of the board of directors, we nominate him as a corporate director.</p>			

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
3	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 Ltd.</p> <p><u>March 1999</u> Corporate Director, Tokyo Electron Yamanashi Ltd.</p> <p><u>February 2005</u> President, Tokyo Electron AT Ltd.</p> <p><u>April 2006</u> President, Tokyo Electron Tohoku Ltd. Vice President & General Manager, Tokyo Electron Ltd.</p> <p><u>June 2007</u> Corporate Director, Tokyo Electron Ltd.</p> <p><u>April 2009</u> Executive Vice President, Tokyo Electron Ltd.</p> <p><u>Jun 2013</u> Senior Executive Vice President, Tokyo Electron Ltd. (Present position)</p> <p>(Position in the Company) Representative Director, Senior Executive Vice President, Business Ethics, CSR Promotion</p> <p>(Significant concurrent posts) Chairman of the Board, Tokyo Electron Tohoku Ltd. Chairman, Tokyo Electron (Kunshan) Ltd.</p>	10,000
<p>[Reason for selection as Corporate Director nominee] Mr. Kitayama has been involved in management duties in manufacturing and technology development among other fields within the Company and Group companies, as well as serving in ethics and CSR promotion roles as a corporate director, and has ample experience and a proven track record. With the expectation of utilizing these experiences and track record in bolstering the decision making function of the board of directors, we nominate him as a corporate director.</p>			

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	Hikaru Ito (August 30, 1961)	<p><u>April 1984</u> Joined Tokyo Electron Ltd.</p> <p><u>April 2003</u> Vice President & General Manager, Clean Track Business Unit, Tokyo Electron Ltd.</p> <p><u>April 2006</u> Vice President & Deputy General Manager, SPE-1 Division, Tokyo Electron Ltd.</p> <p><u>June 2007</u> Corporate Director, Tokyo Electron Ltd. (Present position)</p> <p><u>April 2009</u> Executive Vice President, Tokyo Electron Ltd. (Present position)</p> <p>(Position in the Company) Corporate Director, Executive Vice President</p> <p>(Significant concurrent posts) Chairman & President, TEL FSI, Inc. Chairman, Tokyo Electron (Shanghai) Ltd. Chairman, Tokyo Electron (Shanghai) Logistic Center Ltd.</p>	10,600
<p>[Reason for selection as Corporate Director nominee] Mr. Ito has performed management duties in the Company's semiconductor manufacturing equipment business and business strategy formulation among other areas, and possesses ample experience and a proven track record in these fields. With the expectation of utilizing these experiences and track record in bolstering the decision making function of the board of directors, we nominate him as a corporate director.</p>			

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	Kenji Washino (June 7, 1961)	<p><u>April 1984</u> Joined Tokyo Electron Ltd.</p> <p><u>April 2003</u> Vice President & General Manager, Cleaning Systems Business Unit, Tokyo Electron Ltd.</p> <p><u>April 2005</u> Vice President & General Manager, Single Wafer Deposition Business Unit, Tokyo Electron Ltd.</p> <p><u>April 2006</u> Vice President & Deputy General Manager, SPE-2 Division, Tokyo Electron Ltd.</p> <p><u>June 2007</u> Corporate Director, Tokyo Electron Ltd. (Present position)</p> <p><u>April 2009</u> Executive Vice President, Tokyo Electron Ltd.</p> <p><u>March 2014</u> Vice President & General Manager, Tokyo Electron Ltd. (Present position)</p> <p>(Position in the Company) Corporate Director, Vice President & General Manager</p> <p>(Significant concurrent posts) Chairman, TEL Venture Capital, Inc. Chairman, TEL Epion Inc. Chairman, TEL NEXX, Inc. Chairman, TEL Solar AG</p>	9,800
<p>[Reason for selection as Corporate Director nominee] Mr. Washino has performed management duties in the Company's semiconductor manufacturing equipment business as well as promoting new business as the person responsible for the business, and possesses ample experience and a proven track record. With the expectation of utilizing these experiences and track record in bolstering the decision making function of the board of directors, we nominate him as a corporate director.</p>			
6	Tetsuro Hori (October 20, 1961)	<p><u>April 1985</u> Joined Tokyo Electron Ltd.</p> <p><u>April 2009</u> Vice President & General Manager, Tokyo Electron Ltd. (Present position)</p> <p><u>June 2013</u> Corporate Director, Tokyo Electron Ltd. (Present position)</p> <p>(Position in the Company) Corporate Director, Vice President & General Manager</p>	933
<p>[Reason for selection as Corporate Director nominee] Mr. Hori has performed duties in the legal, intellectual property, corporate strategy and finance areas as well as in management, and possesses ample experience and a proven track record in these fields. With the expectation of utilizing these experiences and track record in bolstering the decision making function of the board of directors, we nominate him as a corporate director.</p>			

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	<Newly candidate> Gishi Chung (October 3, 1955)	<p><u>November 1998</u> Joined Tokyo Electron Ltd.</p> <p><u>May 2004</u> Senior Director, Tokyo Electron AT Ltd.</p> <p><u>October 2006</u> Vice President & General Manager, Tokyo Electron AT Ltd.</p> <p><u>April 2008</u> Senior Vice President & General Manager, Tokyo Electron AT Ltd.</p> <p><u>April 2010</u> Vice President & General Manager, Tokyo Electron Ltd.</p> <p><u>April 2011</u> Executive Vice President & General Manager, Tokyo Electron Miyagi Ltd.</p> <p><u>July 2011</u> Senior Vice President & General Manager, Tokyo Electron Ltd. (Present position)</p> <p>(Position in the Company) Senior Vice President & General Manager</p> <p>(Significant concurrent posts) Chairman, TEL Technology Center, America, LLC</p>	4,000
<p>[Reason for selection as Corporate Director nominee] Mr. Chung holds a high level of expertise in manufacturing semiconductor devices through professional experience at a semiconductor manufacturer, and since entering the Group companies, has served as technological management of semiconductor manufacturing devices, holding ample knowledge and experience. We nominate him as a new corporate director with the expectation of further vitalizing the board of directors by leveraging his knowledge and experience in overall group management.</p>			

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
8	<Newly candidate> Masami Akimoto (February 4, 1958)	<p><u>March 1984</u> Joined Tokyo Electron Ltd.</p> <p><u>April 2001</u> Senior Director, Clean Track Business Unit, Tokyo Electron Kyushu Ltd.</p> <p><u>April 2003</u> Vice President & General Manager, Tokyo Electron Ltd. Vice President & General Manager, Tokyo Electron Kyushu Ltd.</p> <p><u>June 2004</u> Senior Vice President, Tokyo Electron Kyushu Ltd.</p> <p><u>June 2007</u> Senior Vice President, Tokyo Electron Ltd.</p> <p><u>October 2008</u> President, Tokyo Electron Kyushu Ltd. (Present position)</p> <p><u>June 2011</u> Corporate Director, Tokyo Electron Ltd.</p> <p><u>June 2013</u> Expiration of his term of Corporate Director, Tokyo Electron Ltd.</p> <p>(Significant concurrent posts) President, Tokyo Electron Kyushu Ltd.</p>	3,600
<p>[Reason for selection as Corporate Director nominee] Through involvement in management in a Group manufacturing company, Mr. Akimoto has contributed to producing many high value added products, and has ample knowledge and experience of the manufacturing and development field. We nominate him as a new corporate director with the expectation of further vitalizing the board of directors by leveraging his knowledge and experience in overall group management.</p>			
9	<Newly candidate> Sadao Sasaki (September 15, 1960)	<p><u>April 1985</u> Joined Tokyo Electron Ltd.</p> <p><u>April 2006</u> Director, Development Dept., Tokyo Electron Tohoku Ltd.</p> <p><u>October 2008</u> Vice President & General Manager, Tokyo Electron Tohoku Ltd.</p> <p><u>July 2010</u> Senior Vice President, Tokyo Electron Tohoku Ltd.</p> <p><u>April 2011</u> President, Tokyo Electron Tohoku Ltd. (Present position)</p> <p>(Significant concurrent posts) President, Tokyo Electron Tohoku Ltd.</p>	1,000
<p>[Reason for selection as Corporate Director nominee] Mr. Sasaki has performed marketing duties for semiconductor manufacturing equipment as well as management duties in technological development and device development among other areas in the Company and a Group manufacturing company, and possesses ample knowledge and experience. We nominate him as a new corporate director with the expectation of further vitalizing the board of directors by leveraging his knowledge and experience in overall group management.</p>			

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
10	<Newly candidate> Toshiki Kawai (August 26, 1963)	<u>April 1986</u> Joined Tokyo Electron Ltd. <u>June 2007</u> Director, Thermal Processing Systems Business Planning Dept., Tokyo Electron Ltd. <u>October 2010</u> Vice President & General Manager, Thermal Processing Systems BU, Tokyo Electron Ltd. Vice President & General Manager, Single Wafer Deposition BU, Tokyo Electron Ltd. <u>April 2012</u> Vice President & General Manager, Surface Preparation Systems BU, Tokyo Electron Ltd. (Present position) (Position in the Company) Vice President & General Manager	0
[Reason for selection as Corporate Director nominee] Having conducted global sales of semiconductor manufacturing equipment and performing management duties in multiple business units in this business, Mr. Kawai possesses ample knowledge and experience. We nominate him as a new corporate director with the expectation of further vitalizing the board of directors by leveraging his knowledge and experience in overall group management.			
11	<Newly candidate> Tatsuya Nagakubo (October 7, 1963)	<u>April 1986</u> Joined Tokyo Electron Ltd. <u>April 2004</u> Director, Finance Dept., Tokyo Electron Ltd. <u>April 2010</u> Director, Human Resources Dept., Tokyo Electron Ltd. Director, Human Resources Development Center, Tokyo Electron Ltd. <u>July 2011</u> Vice President & General Manager, Tokyo Electron Ltd. (Present position) (Position in the Company) Vice President & General Manager	250
[Reason for selection as Corporate Director nominee] Mr. Nagakubo has performed duties in the Company's Administrative Division and through overseas postings, has promoted the global expansion of the Company, holding ample knowledge and experience. We nominate him as a new corporate director with the expectation of further vitalizing the board of directors by leveraging his knowledge and experience in overall group management.			

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
12	[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 Ltd. (Present position)</p> <p><u>April 2009</u> Chairman of the Board, Tokyo Broadcasting System Holdings, Inc. (Present position)</p> <p>(Position in the Company) Corporate Director</p> <p>(Significant concurrent posts) Chairman of the Board, Tokyo Broadcasting System Holdings, Inc. Chairman of the Board, Tokyo Broadcasting System Television, Inc. President, The Japan Commercial Broadcasters Association Outside Director, FUJIFILM Holdings Corporation</p>	0
<p>[Reason for selection as Outside Director nominee] Mr. Inoue serves as Representative Director and Chairman of Tokyo Broadcasting System Holdings, Inc. and possesses ample experience and knowhow in corporate management. To receive advice and opinions on overall management of the Company from the perspective of ensuring objectivity and validity of decisions made by the Company's board of directors by utilizing his experience and knowhow, we nominate him as an outside director. Note that he has served for 9 years as an outside director of the Company as of the end of this General Meeting.</p>			

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	[Outside Director] Masahiro Sakane (January 7, 1941)	<p><u>April 1963</u> Joined Komatsu Ltd.</p> <p><u>June 1989</u> Corporate Director, Komatsu Ltd.</p> <p><u>June 1994</u> Managing Director, Komatsu Ltd.</p> <p><u>June 1997</u> Executive Managing Director, Komatsu Ltd.</p> <p><u>June 1999</u> Executive Vice President, Komatsu Ltd.</p> <p><u>June 2001</u> President, Komatsu Ltd.</p> <p><u>June 2003</u> President and Chief Executive Officer, Komatsu Ltd.</p> <p><u>June 2007</u> Chairman of the Board, Komatsu Ltd.</p> <p><u>June 2008</u> Corporate Director, Tokyo Electron Ltd. (Present position)</p> <p><u>April 2013</u> Corporate Director, Councilor, Komatsu Ltd.</p> <p><u>June 2013</u> Councilor, Komatsu Ltd. (Present position)</p> <p>(Position in the Company) Corporate Director</p> <p>(Significant concurrent posts) Outside Director, Nomura Holdings, Inc. Outside Director, Nomura Securities Co., Ltd. Outside Director, Asahi Glass Co., Ltd. Outside Director, Takeda Pharmaceutical Company, Ltd.</p>	0
<p>[Reason for selection as Outside Director nominee]</p> <p>Mr. Sakane has served as President and Chairman of the Board at Komatsu Ltd. and possesses ample experience and knowhow in corporate management. To receive advice and opinions on overall management of the Company from the perspective of ensuring objectivity and validity of decisions made by the Company's board of directors by utilizing his experience and knowhow, we nominate him as an outside director. Note that he has served for 7 years as an outside director of the Company as of the end of this General Meeting.</p>			

(Notes)

1. The candidates have no special interests in the Company.
2. The candidates for outside Directors are described below.
 - (1) Hiroshi Inoue and Masahiro Sakane are candidates for outside Directors.
 - (2) TEL appointed Directors Hiroshi Inoue and Masahiro Sakane as independent Directors pursuant to the regulations of Tokyo Stock Exchange Inc. and provided notice to Tokyo Stock Exchange Inc.
 - (3) Nomura Securities Co., Ltd. where Masahiro Sakane has been an outside director since June 2008 was the subject of a Business Improvement Order from the Financial Services Agency in August 2012 on the basis of Financial Instruments and Exchange Act due to the recognition of deficiencies in its management of sensitive corporate information relating to public stock offerings. Mr. Sakane has

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

always spoken at board meetings and other occasions on the importance of legal compliance. After the Order was issued, he has offered opinions on measures to prevent reoccurrence.

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

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

Proposal 3: Election of one Audit & Supervisory Board Member

One additional Audit & Supervisory Board Member will be appointed to enhance audit functions, and we consequently ask you to agree to elect one Audit & Supervisory Board Member.

If this proposal is approved, the Company will have five Audit & Supervisory Board Members (three of whom will be outside Audit & Supervisory Board Members).

The candidate for Audit & Supervisory Board Member is as follows.

Name (Date of birth)	Brief Personal History (Position in the Company and significant concurrent posts)	Number of the Company's shares owned by candidate
<Newly candidate> Yoshiteru Harada (April 12, 1958)	<u>April 1983</u> Joined Tokyo Electron Ltd. <u>April 2003</u> Vice President & General Manager, Tokyo Electron Ltd. <u>April 2005</u> Vice President & General Manager, Corporate Administration, Tokyo Electron Ltd. <u>April 2009</u> Senior Vice President, Tokyo Electron Kyushu Ltd. <u>July 2010</u> Vice President & General Manager, Tokyo Electron Ltd. (Present position) <u>June 2011</u> Corporate Director, Tokyo Electron Ltd. (Present position) (Position in the Company) Corporate Director, Vice President & General Manager, Internal Control	2,000
[Reason for selection as Audit & Supervisory Board Member nominee] As an executive officer, Mr. Harada has lead the Group's Administrative Division and has ample experience in operations and management and also has a considerable degree of knowledge in finance and accounting. In light of the need to reinforce corporate governance and enhance auditing functions, we expect to leverage his experience and expert knowledge to bolster the audit board, and nominate him as a new Audit & Supervisory Board Member.		

(Notes)

1. The candidate has no special interests in the Company.
2. The Audit & Supervisory Board has consented to this proposal.
3. At the conclusion of this General Meeting, Mr. Yoshiteru Harada will retire as a Corporate Director of Tokyo Electron Ltd. upon the completion of his term and will also retire as an Executive Officer of the Company.
4. If Proposal 1 is approved at this General Meeting of Shareholders, the Company will stipulate in its Articles of Incorporation that it may conclude contract with all of the Audit & Supervisory Board Members to limit the liability provided for in Article 423, Paragraph 1, of the Companies Act. In response, after this Proposal is approved and Mr. Yoshiteru Harada is appointed as an Audit & Supervisory Board Member, it is expected that he will conclude such a contract. Furthermore, the amount of liability in accordance with this contract shall be limited to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that duties are performed in good faith and without gross negligence.

<Regarding Proposals 4 to 6>

Because Proposals 4 to 6 concern compensation, this section gives an overview of the relation between those three proposals and performance-linked compensation under the TEL Group's executive compensation system (see page 39, "Policies Concerning Determination of Methods of Calculating Compensation for Corporate Directors and Audit & Supervisory Board Members").

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

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

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

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

1. The amount of annual performance-linked compensation

Based on the above-mentioned approach linking compensation to business performance, we propose payment of cash bonuses of no more than 394.5 million yen for 9 Corporate Directors as of the final day of the 52nd FY and stock-based compensation of no more than 420.8 million yen as annual performance-linked compensation for 11 Corporate Directors subject to the resolutions for proposal 2. Stock-based compensation is not paid to the two outside Directors.

2. Relation between bonuses in cash and Proposal 4

The payment for the portion of the bonuses in cash paid to TEL Corporate Directors will be brought before the General Meeting of Shareholders as Proposal 4 in accordance with the provisions of the Companies Act. The Company does not separately pay employee bonuses to Corporate Directors who also serve as executive officers, because performance as an executive officer has been reflected in the Corporate Director's bonuses as before.

3. Relation between stock-based compensation and Proposals 5 and 6

Since stock-based compensation involves the issuance of subscription rights, it will be submitted to the General Meeting of Shareholders as Proposals 5 and 6 in accordance with the provisions of the Companies Act.

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

Proposal 4: Payment of Bonuses to Corporate Directors for the 52nd Fiscal Year

Based on the TEL's executive compensation system, consolidated net income and consolidated ROE for the 52nd fiscal year, the Company seeks shareholder approval to pay 394.5 million yen (including 14 million yen for outside Directors) as the cash bonus portion of annual performance-linked compensation to 9 Corporate Directors in office (including two outside Directors) at the end of the 52nd fiscal year.

Proposal 5: 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 52nd 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 Companies Act, with the objective of granting share subscription rights as the stock-based compensation portion of annual performance-linked compensation to Corporate Directors.

Cash bonuses for Corporate Directors will be brought before the General Meeting of Shareholders as Proposal 4. 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 Companies Act, the Company seeks shareholder approval to grant subscription rights as the stock-based compensation portion of annual performance-linked compensation of no more than 420.8 million yen annually to Corporate Directors (excluding outside Directors), in addition to Proposal 4. If Proposal 2 is approved as proposed, there will be 11 Corporate Directors (excluding two outside Directors) covered by this Proposal.

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

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

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

The TEL Group's executive compensation system is as described in "Regarding Proposals 4 to 6" on page 16 and in "Policies Concerning Determination of Methods of Calculating Compensation for Corporate Directors and Audit & Supervisory Board Members" on page 39. The system combines monthly fixed compensation with annual 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 annual 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 2015, 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 75,400 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

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

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 754 units.

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

(4) Amount paid for Options:

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

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

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

(6) Exercise period of Options:

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

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

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

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

(8) Conditions for exercising Options:

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

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

(9) Acquisition of Options:

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

(10) Restriction of acquisition by way of transfer:

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

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

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

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

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

a) Number of New Options to be delivered:

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

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

Common stock of the Restructuring Company

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

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

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

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

e) Exercise period of New Options:

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

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

Paragraph (7) above shall apply mutatis mutandis.

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

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

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

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

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

In addition to those matters provided above, further matters including those regarding an offer and any details of the Options shall be determined at a meeting of the Board of Directors of the Company scheduled to be held after the Fiscal Year 2015 (the 52nd 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: Issuance of Share Subscription Rights as Stock-Based Compensation to Executives of the Company and its Subsidiaries

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

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

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

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

Options shall be allocated free of charge as stock-based compensation based on the consolidated performance for the term ended in March 2015, and the number of options allocated shall be calculated in view of the company's pay scale for directors.

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

(1) Eligible persons:

- The executive officers of the Company in office as of the end of the 52nd fiscal year (excluding those who also serve as Corporate Directors in office as of the allocation date) and the Director who will retire 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 corporate directors and executive officers of overseas subsidiaries in office as of the end of the 52nd fiscal year, to whom payment is considered necessary (excluding corporate directors and executive officers as of the final day of the fiscal year ended 2015 of Tokyo Electron Device Ltd. which is an equity method affiliate of TEL).

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

Not more than 93,500 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 935 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

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

paragraph (3) above.

(6) Exercise period of Options:

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

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

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

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

(8) Conditions for exercising Options:

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

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

(9) Acquisition of Options:

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

(10) Restriction of acquisition by way of transfer:

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

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

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

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

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

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

Common stock of the Restructuring Company

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

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

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

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

e) Exercise period of New Options:

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

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

Paragraph (7) above shall apply mutatis mutandis.

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

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

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

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

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

In addition to those matters provided above, further matters including those regarding an offer and any details of the Options shall be determined at a meeting of the Board of Directors of the Company scheduled to be held after the Fiscal Year 2015 (the 52nd FY) General Meeting of Shareholders.

Business Report (From April 1, 2014 to March 31, 2015)

1. Current Status of the TEL Group

(1) Business Developments and Results

General Overview

In the fiscal year under review, the pace of economic growth slowed in some of Asia's emerging countries, but the global economy as a whole, led by the US, continued to recover at a modest pace. The Japanese economy is also showing signs of a recovery thanks to the effects of economic and fiscal policies. The electronics industry, which Tokyo Electron (TEL) Group is part of, enjoyed strong sales of new models of smartphones with advanced features, and the smartphone market in emerging countries, especially China, also expanded. Improved mobile handset performance is boosting data volumes and cloud services are becoming more evolved, and as a result the electronic components market also remained firm as demand for servers used in data centers increased.

Under these circumstances, financial results for the current consolidated fiscal year were as follows. Consolidated net sales for the fiscal year increased by 0.2% from the previous fiscal year to 613,124 million yen, while operating income was up 173.6%, to 88,113 million yen, and ordinary income increased by 161.9% to 92,949 million yen. Net income for the period were 71,888 million yen (compared to 19,408 million yen in net losses the previous fiscal year.)

By division

TEL sold part of the shares in Tokyo Electron Device Ltd. in April and May of 2014. This resulted in Tokyo Electron Device Ltd. being switched from a consolidated subsidiary of the group to an affiliate accounted for under the equity method, and the Electronic Components and Computer Networks segment overseen by the company and its subsidiaries being removed from segments reported from the fiscal year. The 0.2% year on year increase in consolidated net sales mentioned above reflects the impact of removing Tokyo Electron Device Ltd. From consolidated range.

(i) Semiconductor Production Equipment

Smartphone sales have been strong, demand for servers used in data centers has been expanding, and the number of chips in a handset has been increasing as mobile handsets become more advanced in terms of performance. As a result, memory makers continue to invest in increasing production capacity thanks to the robust demand for semiconductor chips like DRAM and NAND flash memory. Capital investment in logic chips also remains resilient thanks to the strong demand for servers and replacement demand for personal computers. In this environment, the segment's net sales to external customers during the fiscal year under review totaled 576,242 million yen (up 20.3% compared to the previous fiscal year).

A number of new products were introduced to the market in this segment during the fiscal year under review. These include the NS300Z, a more productive scrubber; the EXIM™ sputtering system for next-generation semiconductors such as MRAMs; and the Certas LEAGA™ high productivity dry cleaning system.

(ii) FPD (Flat Panel Display) Production Equipment

The market for FPD production equipment remained firm. In addition to capital investment for large flat panels in China, demand for small to medium-sized flat panel displays for mobile devices also grew. In this environment, the segment's net sales to external customers during the fiscal year under review totaled 32,709 million yen (up 15.5% compared to the previous fiscal year).

(iii) PV (Photovoltaic Panel) Production Equipment

While we have ceased new sales activities for PV production equipment, sales entries for work in progress to fulfill existing orders and other factors resulted in the segment's sales to external customers during the fiscal year under review of 3,617 million yen (down 4.9% from the previous fiscal year).

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

(iv) Other

The segment's sales to external customers during the year under review totaled 555 million yen (up 15.8% from the previous fiscal year).

(2) Capital Investment and Procurement of Funds

In the current consolidated period, the Tokyo Electron (TEL) Group acquired 13,183 million yen in tangible fixed assets. Capital investment in machinery and equipment for use in evaluations, and in machinery and equipment for use in research and development was carried out, focusing on fields in which high levels of growth are expected. This was done to enhance the Group's ability to carry out R&D in its semiconductor manufacturing equipment business and in other areas. In addition, in accordance with our business facility restructuring plan that we announced in December 2013, we also made capital investments accompanying facility relocation, with the objective of consolidating our development bases and other facilities.

The funding required for this investment came entirely from our own resources; we did not carry out any fund procurement.

(3) Management Tasks

Tokyo Electron (TEL) Group, one of the world's leading suppliers of semiconductor and flat panel display (FPD) production equipment, engages in dynamic business activities in the electronics industry, a field characterized by rapid technological innovation, with its corporate philosophy that "We strive to contribute to the development of a dream-inspiring society through our leading-edge technologies and reliable service and support".

Changes are taking place in the electronics market that the Tokyo Electron (TEL) Group belongs to. As we move forward towards the realization of an advanced, computer-networked society, the technical demands placed on semiconductors are becoming even greater. These include higher speed, greater capacity, lower levels of power consumption, and lower cost. Although we terminated our business combination agreement with Applied Materials, Inc. ("Applied Materials"), as we face an inflection point in technology and the market, our recognition of the importance of a) advanced technology development capabilities, b) services and technical abilities that quickly resolve customer issues, and c) global cost competitiveness, in our Group's medium- and long-term growth that will support technical innovation, remains unchanged. Tokyo Electron (TEL) Group wishes to focus on the following key measures.

(i) Improving product quality to meet customers' needs

In order to respond to customers' issues in fields in which we are already a player, we must further improve productivity, reliability, and cost competitiveness as well as product process performance. Tokyo Electron (TEL) Group aims to improve technological competitiveness in each of our products, including etching systems, cleaning systems, coater/developers, and deposition systems in order to further improve our position.

In our main business of semiconductor production equipment, and particularly etching systems, for which market growth is expected in the near future, we will continue to strengthen development of 3-dimensional NAND flash memory and logic transistors, which will become increasingly important from now on, as well as multiple patterning technology etc. In addition, we plan to improve cost competitiveness by aggressively implementing activities to improve productivity such as shortening production lead times, as well as quality improvements. Furthermore, with regard to cleaning systems, we are continuing with the adoption of mass production of single wafer wet cleaning systems and dry cleaning systems, and in 2014 we achieved our largest market share in history. As we expect an increase in the number of applicable processes as miniaturization and 3-dimensional technology continue to progress, we aim to further increase profits and market share by creating differentiated and unique technologies in the future.

In the FPD production equipment business, we are engaged in increasing profits by adopting the latest ICP (inductively coupled plasma) etching systems for the market of displays using new materials such as low-temperature poly-silicone and oxide semiconductors.

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

Furthermore, in March 2014, developments in the photovoltaic panel production business caused us to withdraw from sales in this area and focus our resources on semiconductor production equipment and FPD production equipment. By focusing on our core businesses, we aim to further improve profitability.

(ii) Innovation for continued growth (technological innovation)

Tokyo Electron (TEL) Group continues to aggressively pursue technological innovations to reduce device production costs while seeking improvements in precision and reliability in order to develop new products to respond to the diversification of manufacturing technology and the requirements of next-generation devices. As part of this, we are focused on next-generation MRAM (magnetic memory), and developing high magnetic field heat treatment technology with the aim of integration with Tokyo Electron (TEL) Group's other equipment and mass production in order to enter the MRAM market. We are also aggressively involved in the development of next-generation devices by both domestic and overseas research institutions.

Furthermore, in the field of organic EL panels, we have begun shipping ink-jet method production systems for organic EL panels. We will continue to examine mass production technology with the aim of fully entering the market.

In this fiscal year, we have continued with the consolidation of our development centers, such as by moving operations conducted at Technology Center Sendai, to Tokyo Electron Miyagi Ltd.'s Taiwa Plant (Taiwa-Cho, Kurokawa-gun, Miyagi-ken). Looking forward, we aim to increase profits by securing the promising technologies of the future, and speeding up development through combining and optimizing resources.

(iii) Seeking the best solutions

Tokyo Electron (TEL) Group aims to strengthen our partnerships with our customers by understanding our customers' future needs as early as possible and creating systems to work closely with customers in order to undertake evaluation and development etc., while also taking full advantage of our operations and service structures to rapidly respond to our customers' needs and provide the best solutions.

Furthermore, in the field of back-end processes, such as testing systems and advanced packaging processes, we continue to leverage our core technology to provide the best solutions.

Also, in addition to sales of cutting-edge equipment, in our field solutions business, which is engaged in relocation, modification, enhancement, spare parts, and certified used equipment, we strive to expand our business through utilization of information about our equipment which operates throughout the world and knowledge gained in the field, as well as development of systems to provide effective and efficient products and service.

(iv) Corporate social responsibility

Tokyo Electron (TEL) Group recognizes that it has a social responsibility to its stakeholders, including shareholders, customers, trading partners, and regional companies to generate sustainable growth and medium-to-long-term corporate value, and based on the CSR policy introduced in 2013, our dedicated organizations designate priority issues and monitor progress.

In the field of safety, based on the principle of "Safety First," we aim to improve the safety and promote the health of not only our employees and managers, but also our customers and trading partners, and everyone involved with our business activities.

In the field of the environment, based on the policy entitled "Tackling Environmental Issues through Technology," in order to reduce the overall environmental impact of our customers' plants, Tokyo Electron (TEL) Group promotes activities to reduce environmental impact through business activities and logistics, while pursuing measures such as the reduction of energy consumption by equipment and peripheral devices.

In the field of quality assurance, we promote improvements in quality throughout the entire group by engaging with quality improvement, designating priority issues etc., and comprehensively implementing quality assurance guidelines at all manufacturing plants, whether domestic or overseas.

In procurement activities, we aim to comply with related laws and regulations as well as social norms throughout the supply chain, and further improve our fair and reasonable business management system through communication with our trading partners.

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

In addition to the key policies noted above, human resources are the source of our growth and we will continue to allocate human resources in positions and with responsibilities commensurate to their abilities and performance. We will be proactive in further improving skill development programs, and will tie this into a dramatic leap forward for the Tokyo Electron (TEL) Group. TEL will also put a system into place that provides fair evaluation and compensation according to the degree of contribution, and will succeed in making this a company filled with dreams and dynamism.

Tokyo Electron (TEL) Group will strive to increase corporate value in the future as well, by making our customers the first priority, improving our capabilities in developing products and technology, strengthening international competitiveness, and endeavoring to stimulate employees, based on earnings-oriented management.

(4) Changes in the business performance and property

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

Items	FY2012 (49th FY; From April 1, 2011 to March 31, 2012)	FY2013 (50th FY; From April 1, 2012 to March 31, 2013)	FY2014 (51st FY; From April 1, 2013 to March 31, 2014)	FY2015 (52nd FY; current fiscal year) (From April 1, 2014 to March 31, 2015)
Net sales (million yen)	633,091	497,299	612,170	613,124
Operating income (million yen)	60,443	12,548	32,204	88,113
Ordinary income (million yen)	64,046	16,696	35,487	92,949
Net income(loss) (million yen)	36,725	6,076	(19,408)	71,888
Net income(loss) per share (yen)	205.04	33.91	(108.21)	401.08
Total assets (million yen)	783,610	775,527	828,591	876,153
Net assets (million yen)	598,602	605,127	590,613	641,162

(Notes)

- In the 49th consolidated fiscal year, demand for smartphones and tablet computers reached high penetration levels, resulting in overall positive performance, but sales of PCs and televisions continued to be sluggish. Consequently, sales of semiconductors and LCD panels that are key components in these products were not sufficient to cover capital investments, leading to a decrease of profits in the consolidated results.
- In the 50th consolidated fiscal year, despite the full-scale popularization of smartphones leading the market, demand has fallen for PCs and TVs, and the overall adjustment phase is continuing in both the semiconductor production equipment market and the FPD production equipment market, so our consolidated financial results for the 50th fiscal year have seen a decrease in income and a decrease in profit.
- In the 51st consolidated fiscal year, against a background of demand for mobile terminal devices, both the semiconductor manufacturing equipment market and the flat-panel display (FPD) manufacturing equipment market performed steadily, so our consolidated results for the 51st period recorded an increase in revenue. Nevertheless, we recorded losses on impairment of goodwill arising from our solar panel manufacturing equipment business and the revision of the business plan for TEL NEXX, Inc. In addition, we recorded unusual or infrequent losses that included impairment losses on fixed assets arising from our business base restructuring plan. These resulted in a consolidated loss for the Group.
- The business performance and property of the TEL Group for FY2015 (the 52nd FY; current fiscal year) are described in (1) "Business Developments and Results."

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

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

Items	FY2012 (49th FY; From April 1, 2011 to March 31, 2012)	FY2013 (50th FY; From April 1, 2012 to March 31, 2013)	FY2014 (51st FY; From April 1, 2013 to March 31, 2014)	FY2015 (52nd FY; current fiscal year) (From April 1, 2014 to March 31, 2015)
Net sales (million yen)	516,524	375,485	462,282	555,092
Operating income (million yen)	7,131	5,717	16,230	47,094
Ordinary income (million yen)	44,286	27,314	27,839	86,502
Net income(loss) (million yen)	39,144	22,984	(26,420)	63,267
Net income(loss) per share (yen)	218.55	128.28	(147.44)	352.98
Total assets (million yen)	599,411	570,042	608,206	671,759
Net assets (million yen)	375,761	390,303	356,701	405,468

(5) Major business of the TEL Group (As of March 31, 2015)

The major business of the TEL Group includes the manufacture and sale of Semiconductor and FPD(Flat Panel Display) production equipment using electronic technology. Major product items handled by each division are as follows:

Business	Major products
Semiconductor production equipment	Coater/Developer, Plasma Etch system, Thermal Processing system, Single Wafer Deposition system, Cleaning system, Wafer Prober
FPD production equipment	FPD Plasma Etch/Ash system, FPD Coater
PV production equipment	(Note)1

(Notes)

- As of the end of March 2014, the PV production equipment business has been wound back, with the cessation of manufacturing, development and sale of new equipment, and support for existing delivered equipment only.
- TEL sold part of the shares in Tokyo Electron Device Ltd. in April and May of 2014. This resulted in Tokyo Electron Device Ltd. being switched from a consolidated subsidiary of the group to an affiliate accounted for under the equity method, and the Electronic Components and Computer Networks segment overseen by the company and its subsidiaries being removed from segments reported from the fiscal year.

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, 2015)

Company	Capital fund	Investment ratio (Indirect investment ratio)	Main business
Tokyo Electron Yamanashi Ltd.	4,000 million yen	(%) 100.00	Manufacture of Semiconductor and FPD production equipment
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 FE Ltd.	100 million yen	100.00	Maintenance services for, modification of and relocation of Semiconductor and FPD production equipment, etc.
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.	6,000 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.

(Notes)

- At the end of the consolidated fiscal year, the number of consolidated subsidiaries including the above listed companies was 46.
- In April and May 2014, TEL sold 2,342,600 shares in Tokyo Electron Device Ltd., so this company has changed from a consolidated subsidiary to an affiliate accounted for under the equity method..
- On October 1, 2014, there was an absorption-type split, with Tokyo Electron FE Ltd. being the splitting company, and the absorption companies being Tokyo Electron Tohoku Ltd. and Tokyo Electron Miyagi Ltd., which will succeed part of the business.
- At a meeting of our Board of Directors held on March 26, 2015, it was resolved that the dissolution and liquidation of TEL Solar AG will proceed.

(7) Major Business Combinations

- In April and May 2014, TEL sold 2,342,600 shares in Tokyo Electron Device Ltd., so this company has changed from a consolidated subsidiary to an affiliate accounted for under the equity method.
- On October 1, 2014, there was an absorption-type split, with Tokyo Electron FE Ltd. being the splitting company, and the absorption companies being Tokyo Electron Tohoku Ltd. and Tokyo Electron Miyagi Ltd., which will succeed part of the business.

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

(8) Employees at TEL and in the TEL Group

(As of March 31, 2015)

(i) Number of employees in the TEL Group

Business segment	Number of employees	Variance from the end of the previous fiscal year
Semiconductor production equipment	7,877	(106)
FPD production equipment	468	(67)
PV production equipment	229	(293)
Electronic Components and Computer Network	—	(983)
Other	353	(3)
Common to all companies	1,917	(8)
Total	10,844	(1,460)

(Notes)

- The number of employees indicates the number of persons employed by TEL and its consolidated subsidiaries.
- TEL sold part of the shares in Tokyo Electron Device Ltd. in April and May of 2014. This resulted in Tokyo Electron Device Ltd. being switched from a consolidated subsidiary of the group to an affiliate accounted for under the equity method, and the Electronic Components and Computer Networks segment overseen by the company and its subsidiaries being removed from segments reported from the fiscal year.
- "Other" refers to persons employed in transportation, facilities management, equipment leasing and insurance, etc.
- "Common to all companies" refers to employees of administration, fundamental research, and other such divisions.

(ii) Number of employees in TEL

Number of employees	Variance from the end of the previous fiscal year
1,475	(67)

Average age	Average length of service in years
42.2	15.6

(Note)

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

(9) Major lenders

(As of March 31, 2015)

There is no relevant item.

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, 2015)

(i) Tokyo Electron Ltd.

Name	Location
World Headquarters	Minato-ku, Tokyo
Fuchu Technology Center	Fuchu City, Tokyo
Technology Center Sendai	Taiwa-cho, Kurokawa-gun, Miyagi
Osaka Branch Office	Osaka City, Osaka
Yamanashi Regional Office (Fujii) (Hosaka)	Nirasaki City, Yamanashi Nirasaki City, Yamanashi
Sapporo Regional Office	Sapporo City, Hokkaido
Kyushu Sales Office	Koshi City, Kumamoto

(ii) Subsidiaries

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

(Notes)

- In April and May 2014, TEL sold 2,342,600 shares of Tokyo Electron Device Ltd., so this company has changed from a consolidated subsidiary to an affiliate accounted for under the equity method.
- The Technology Center Tsukuba was closed effective September 30, 2014.
- The Technology Center Sendai was relocated from Sendai City, Miyagi to Taiwa-cho, Kurokawa-gun, Miyagi effective on December 31, 2014.
- At a meeting of our Board of Directors held on March 26, 2015, it was resolved that the dissolution and liquidation of TEL Solar AG will proceed.

(11) Other important matters for corporation

On September 24, 2013, TEL concluded a business combination agreement with Applied Materials. At the 51st Annual General Meeting of Shareholders held in June 2014, TEL received approval for the share exchange between TEL and TEL Japan GK as part of this business combination. TEL and Applied Materials devoted our best efforts to complete the business combination "to provide customers with innovative solutions as a global innovator," which was the purpose of the business combination, and at the same time to acquire the approval of each governmental regulator and authority under applicable competition laws. However, there remained a gap between the view of TEL and Applied Materials and the view of the United States Department of Justice, and it became apparent that such gap would not be able to be bridged.

Therefore, following further careful discussions between both companies, TEL and Applied Materials agreed to terminate the business combination agreement on April 27, 2015 (April 26, 2015 US time). As a result, the above-mentioned share exchange, which was to be a part of the business combination, was also canceled.

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, 2015)

(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	20,829
(iv) Major shareholders	

Shareholder	Number of shares held (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan Limited (trust account)	18,995	10.59
The Bank of New York Mellon as Depositary Bank for DR Holders	12,669	7.06
Deutsche Bank Trust Company Americas	10,613	5.92
Japan Trustee Services Bank Limited (trust account)	10,095	5.63
Tokyo Broadcasting System Holdings, Inc.	7,727	4.31
Chase Manhattan Bank GTS Clients Account Escrow	5,889	3.28
BNP Paribas (Japan) Limited	3,645	2.03
The Bank of New York Mellon SA/NV 10	3,544	1.97
Citibank, N.A.-NY, as Depositary Bank for Depositary Share Holders	2,606	1.45
Mizuho Securities Co.,Ltd.	2,228	1.24

(Notes)

- Any fractional sum of less than 1,000 shares is disregarded when the number of shares owned is indicated.
- The shareholding ratios are calculated after eliminating treasury stock (1,344,892 shares). Figures are rounded down to the second decimal place.
- We received copies of change reports submitted to the Kanto Finance Bureau Director on September 30, 2014 by the Bank of Tokyo-Mitsubishi UFJ, Ltd. and 3 other joint holders indicating that as of September 22, 2014, these entities held 13,827 thousand shares. We received copies of change reports submitted to the Director-General of the Kanto Finance Bureau on September 21, 2012 by the Sumitomo Mitsui Trust Bank, Limited and 2 other joint holders indicating that as of September 14, 2012, these entities held 11,361 thousand shares. We received copies of change reports submitted to the Director-General of the Kanto Finance Bureau on June 19, 2014 by Morgan Stanley MUFG Securities Co., Ltd. and 4 other joint holders indicating that as of June 13, 2014, these entities held 8,854 thousand shares. We received copies of change reports submitted to the Director-General of the Kanto Finance Bureau on January 21, 2015 by Nomura Securities Co., Ltd. and 2 other joint holders indicating that as of January 15, 2015, these entities held 8,372 thousand shares. But the table above does not include the portion of shares that TEL cannot confirm that it holds as of March 31, 2015.

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

	4th share subscription rights	6th share subscription rights
Allocation date	August 8, 2005	June 24, 2006
Allocation number of share subscription rights	852 units	669 units
Balance at end of fiscal year	77 units	100 units
Ownership by Corporate Directors of TEL (excluding outside Directors)	-	-
Ownership by outside Directors of TEL	-	-
Ownership by Audit & Supervisory Board Members of TEL	-	-
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights	Common stock of TEL 7,700 shares	Common stock of TEL 10,000 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 August 1, 2008 to June 30, 2025 (Note 1)	From July 1, 2009 to May 29, 2026 (Note 2)

	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	180 units	545 units
Ownership by Corporate Directors of TEL (excluding outside Directors)	-	77 units (2 persons)
Ownership by outside Directors of TEL	-	-
Ownership by Audit & Supervisory Board Members of TEL	-	-
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights	Common stock of TEL 18,000 shares	Common stock of TEL 54,500 shares
Amount paid for the exercise of Share Subscription Rights	1 yen per share	1 yen per share
Exercise period of Share Subscription Rights	From July 1, 2010 to May 31, 2027 (Note 3)	From July 1, 2011 to May 31, 2028 (Note 4)

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

	9th share subscription rights	10th share subscription rights
Allocation date	June 18, 2011	June 23, 2012
Allocation number of share subscription rights	2,342 units	1,307 units
Balance at end of fiscal year	1,619 units	1,261 units
Ownership by Corporate Directors of TEL (excluding outside Directors)	570 units (7 persons)	304 units (7 persons)
Ownership by outside Directors of TEL	-	-
Ownership by Audit & Supervisory Board Members of TEL	20 units (1 person)	13 units (1 person)
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights	Common stock of TEL 161,900 shares	Common stock of TEL 126,100 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, 2014 to May 30, 2031 (Note 5)	From July 1, 2015 to May 31, 2032 (Note 6)

(Notes)

1. However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to August 1, 2008.
2. However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to July 1, 2009.
3. However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to July 1, 2010.
4. However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to July 1, 2011.
5. However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to July 1, 2014.
6. However, the period during which taxpayers in the United States can exercise their share subscription rights is limited to July 1, 2015.

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

4. Matters concerning TEL's Corporate Directors and other officers

(i) Condition of Corporate Directors and Audit & Supervisory Board Members (As of March 31, 2015)

Position in TEL	Name	Responsibilities, Significant concurrent posts
Representative Director, Chairman of the Board, President & CEO	Tetsuro Higashi	Chairman, Tokyo Electron U.S. Holdings, Inc.
Vice Chairman of the Board	Tetsuo Tsuneishi	Chairman, Tokyo Electron America, Inc. Chairman, Tokyo Electron Europe Ltd. Outside Director, Media Lario International S.A.
Representative Director Senior Executive Vice President	Hirofumi Kitayama	Business Ethics CSR Promotion Chairman of the Board, Tokyo Electron Tohoku Ltd. Chairman, Tokyo Electron (Kunshan) Ltd.
Corporate Director	Hikaru Ito	Executive Vice President Chairman & President, TEL FSI, Inc. Chairman, Tokyo Electron (Shanghai) Ltd. Chairman, Tokyo Electron (Shanghai) Logistic Center Ltd.
Corporate Director	Kenji Washino	Vice President & General Manager Chairman, TEL Venture Capital, Inc. Chairman, TEL Epion Inc. Chairman, TEL NEXX, Inc. Chairman, TEL Solar AG
Corporate Director	Yoshiteru Harada	Vice President & General Manager Internal Control
Corporate Director	Tetsuro Hori	Vice President & General Manager
Corporate Director	Hiroshi Inoue	Chairman of the Board, Tokyo Broadcasting System Holdings, Inc. Chairman of the Board, Tokyo Broadcasting System Television, Inc. President, The Japan Commercial Broadcasters Association Outside Director, FUJIFILM Holdings Corporation
Corporate Director	Masahiro Sakane	Outside Director, Nomura Holdings, Inc. Outside Director, Nomura Securities Co., Ltd. Outside Director, Asahi Glass Co., Ltd. Outside Director, Takeda Pharmaceutical Company, Ltd.



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

Audit & Supervisory Board Member	Shojiro Mori	
Audit & Supervisory Board Member	Mikio Akaishi	
Audit & Supervisory Board Member	Takatoshi Yamamoto	Outside Auditor, Fuji Heavy Industries Ltd.
Audit & Supervisory Board Member	Ryuji Sakai	Attorney-at-Law Outside Auditor, Kobayashi Pharmaceutical Co. Ltd.

Members of the Compensation Committee:

Yoshiteru Harada, Hikaru Ito, Hiroshi Inoue

Members of the Nomination Committee:

Tetsuo Tsuneishi, Tetsuro Hori, Takatoshi Yamamoto

(Notes)

1. Corporate Directors Hiroshi Inoue and Masahiro Sakane are outside Directors.
2. Audit & Supervisory Board Members Mikio Akaishi, Takatoshi Yamamoto and Ryuji Sakai are outside Audit & Supervisory Board Members.
3. TEL appointed Directors Hiroshi Inoue and Masahiro Sakane as independent Directors pursuant to the regulations of Tokyo Stock Exchange Inc. and provided notice to Tokyo Stock Exchange Inc. Also, TEL appointed Audit & Supervisory Board Member Mikio Akaishi and Takatoshi Yamamoto as an independent Audit & Supervisory Board Member pursuant to the regulations of Tokyo Stock Exchange Inc. and provided notice to Tokyo Stock Exchange Inc.
4. Audit & Supervisory Board Member Shojiro Mori has experience as the Director of the Accounting Department and as the Vice President & General Manager of corporate administration for TEL's subsidiaries and has the appropriate level of knowledge relating to finance and accounting.
5. Audit & Supervisory Board Member Takatoshi Yamamoto is a chartered member of The Securities Analysts Association of Japan and has the appropriate level of knowledge relating to finance and accounting.
6. Audit & Supervisory Board Member Mitsutaka Yoshida stepped down from the position of Audit & Supervisory Board Member as of the close of the 51st annual general meeting of shareholders held on June 20, 2014.

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, 2015)

Name	Position & Responsibilities
Tetsuro Higashi	Chairman of the Board, President & CEO
Tetsuo Tsuneishi	Vice Chairman, Assistant to the CEO, Corporate Strategy, IR
Hirofumi Kitayama	Senior Executive Vice President, Production and Technology, System Development Division, IT, General Manager, Production Division (Quality)
Hikaru Ito	Executive Vice President, SPE Executive Vice President, Senior General Manager, SPE Sales Division Executive Vice President, General Manager, Etching Systems BU
Gishi Chung	Senior Vice President, General Manager, SPE Marketing & Process Development Division
Shigetoshi Hosaka	Senior Vice President, General Manager, Corporate Development Division
Kenji Washino	VP & General Manager, Corporate Development Division, Assemble and Test Systems /FPD/PVE
Yoshiteru Harada	VP & General Manager, Corporate Administration Division, Compliance/Internal Control, HR / General Affairs / Accounting / Export and Logistics Control
Tetsuro Hori	VP & Deputy General Manager, Corporate Administration Division, Corporate Strategic Planning / Finance / Legal / Intellectual Property
Tatsuya Nagakubo	VP & General Manager, HR / Human Resources Development Center / Corporate Branding Promotion / CSR Promotion
Takeo Sasaki	VP & General Manager, Legal
Keisuke Koizumi	VP & General Manager, IT
Seisu Ikeda	VP & General Manager, Clean Track BU
Toshiki Kawai	VP & General Manager, Surface Preparation Systems BU
Yoshinobu Mitano	VP & Deputy General Manager, Etching Systems BU
Shingo Tada	VP & General Manager, Thermal Processing Systems BU,
Takeshi Okubo	VP & General Manager, Single Wafer Deposition BU
Kiyoshi Sunohara	VP & General Manager, Field Solutions BU
Yoshiaki Horii	VP & General Manager, SPE Sales Division, General Manager, North America & Europe Sales
Yuichi Abe	VP & General Manager, Assemble and Test Systems BU
Tsuguhiko Matsuura	VP & General Manager, FPD BU
Shinichi Sasahara	VP & General Manager, PVE
Kazushi Tahara	VP & General Manager, System Development Division
Satoru Kawakami	VP & Deputy General Manager, SPE Marketing & Process Development Division, TEL Technology Center Sendai

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 Audit & Supervisory Board Members

	Fixed Compensation (Monthly Remuneration) (Note 1)	Compensation linked to business performance (Annual)	
	Amount paid during FY2015	Bonus (Note 2)	Stock options for stock-based compensation (Note 3)
Total amount of Corporate Director compensation (11 persons)	(million yen) 428	(million yen) 394	(million yen) 49
Portion of outside Director compensation (2 persons)	24	14	
Total amount of Audit & Supervisory Board Member compensation (5 persons)	97		
Portion of outside Audit & Supervisory Board Member compensation (3 persons, including one full-time Audit & Supervisory Board Member)	51		

(Reference)

Individual Compensation of Representative Directors during FY2015

Name and Position	Fixed Compensation (Monthly Remuneration) (Note 1)	Compensation linked to business performance (Annual)	
	Amount paid during FY2015	Bonus (Note 2)	Stock options for stock-based compensation (Note 3)
Tetsuro Higashi Representative Director, Chairman, President & CEO	(million yen) 84	(million yen) 85	(million yen) 11
Hirofumi Kitayama Representative Director, Executive Vice President	63	64	8

(Notes)

- In view of the effect that the withdrawal from the solar panel production equipment business, as of the end of March 2014, had on corporate management, four corporate directors, of which two are representative directors, will take a 30% cut to their fixed compensation (monthly compensation) for a period of six months from March 2014. The reduction for 5 months period from April 2014 to August is reflected in the above table.
- The amount indicated is the amount of Director compensation that will be proposed at the annual general meeting of shareholders for fiscal year 2015 (the 52nd fiscal year) scheduled to be held on June 19, 2015.

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

3. The amount of expenses incurred during the current fiscal year by the 9th share subscription rights issued in 2011 and the 10th share subscription rights issued in 2012, 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.
4. It was resolved at the 48th Annual General Meeting of Shareholders held on June 17, 2011 that the maximum amount of Corporate Director fixed compensation for a fiscal year should be 750 million yen (including 30 million yen for outside Directors). TEL does not pay a remuneration to Corporate Directors as employees in addition to their Corporate Director compensation.
5. It was resolved at the 48th Annual General Meeting of Shareholders held on June 17, 2011 that the maximum amount of Audit & Supervisory Board Member fixed compensation for a fiscal year should be 13 million yen per month (156 million yen annually).
6. Compensation Committee has been proposed within the Board of Directors to set the compensation of Representative Directors.
7. Concerning the payment of officers' retirement allowances, a system abolished in and after the 43rd fiscal year, at the 42nd General Meeting of Shareholders held on June 24, 2005, the Company sought shareholder approval for settlement of retirement allowances for terms of office until the 42nd fiscal year (ended March 2005). Besides the above list, a retirement allowance of 42 million yen was paid to a corporate director who retired during the current fiscal year with respect to the director's term of office held until the 42nd fiscal year.

(iv) Policies Concerning Determination of Methods of Calculating Compensation for Corporate Directors and Audit & Supervisory Board Members

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

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

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

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

(v) Matters concerning Outside Directors and Outside Audit & Supervisory Board Members

a. Outside Director positions, Outside Audit & Supervisory Board Member and other significant positions held concurrently in other corporations or organizations and relationships of TEL with the relevant other corporations or organizations. (As of March 31, 2015)

Position in TEL	Name	Significant concurrent posts	Relationship with TEL
Outside Director	Hiroshi Inoue	Chairman of the Board, Tokyo Broadcasting System Holdings, Inc. Chairman of the Board, Tokyo Broadcasting System Television, Inc. President, The Japan Commercial Broadcasters Association Outside Director, FUJIFILM Holdings Corporation	No significant business relation
Outside Director	Masahiro Sakane	Outside Director, Nomura Holdings, Inc. Outside Director, Nomura Securities Co., Ltd. Outside Director, Asahi Glass Co., Ltd. Outside Director, Takeda Pharmaceutical Company, Ltd.	No significant business relation
Outside Audit & Supervisory Board Member	Takatoshi Yamamoto	Outside Auditor, Fuji Heavy Industries Ltd.	No significant business relation
Outside Audit & Supervisory Board Member	Ryuji Sakai	Outside Auditor, Kobayashi Pharmaceutical Co. Ltd.	No significant business relation

b. Main activities during the current fiscal year

Position in TEL	Name	Main activities
Outside Director	Hiroshi Inoue	Hiroshi Inoue attended all 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	Masahiro 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 Audit & Supervisory Board Member	Mikio Akaishi	Mikio Akaishi attended all 12 meetings of the Board of Directors and all 7 meetings of the Audit & Supervisory Board held in the year, and, drawing on his wealth of experience and knowledge as an auditor and other roles in other companies, made appropriate comments on proposals and other matters of deliberation.
Outside Audit & Supervisory Board Member	Takatoshi Yamamoto	Takatoshi Yamamoto attended all 12 meetings of the Board of Directors and all 7 meetings of the Audit & Supervisory Board held in the year, and, drawing on his wealth of experience and knowledge as a securities analyst for the electronics industry, made appropriate comments on proposals and other matters of deliberation.
Outside Audit & Supervisory Board Member	Ryuji Sakai	Ryuji Sakai attended all 12 meetings of the Board of Directors and all 7 meetings of the Audit & Supervisory Board held in the year, and, drawing on his specialist perspective as a lawyer, made appropriate comments on proposals and other matters of deliberation.

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

c. Overview of liability-limiting contracts

TEL 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 outside Audit & Supervisory Board Members. In accordance with its Articles of Incorporation, TEL has concluded liability-limiting contracts specified by Article 423, Paragraph 1 of the Companies Act of Japan with its outside Directors and outside Audit & Supervisory Board Members. The limitation of liability under these contracts is the maximum amount specified in Article 425, Paragraph 1 of the Companies Act of Japan, provided that the individuals in question perform their duties in good faith and without gross negligence.

5. Condition of accounting auditors

(1) Name of accounting auditors

KPMG AZSA LLC

(2) Amount of Compensation Paid to Accounting Auditors

		(million yen)
i	Amount of compensation to be paid by TEL for audit services pursuant to Article 2, Paragraph 1 of the Certified Public Accountants Law	158
ii	Total monetary compensation and other benefits to be paid to accounting auditors by TEL and its subsidiaries	315

(Notes)

- The audit agreement concluded by TEL and its accounting auditors does not distinguish between compensation to be paid for audits pursuant to the Companies Act of Japan, and that pursuant to the Financial Instruments and Exchange Law of Japan and these amounts cannot practically be separated, and as a result the amount indicated in (i) above is the total of these two amounts.
- At TEL, accounting auditors performed duties other than those listed in Article 2.1 of the Certified Public Accountants Act of Japan, and have been paid a consideration of 110 million yen for their work auditing financial statements written in conformity to the U.S. generally accepted accounting principles and relating to the business combination.
- Of TEL's main subsidiaries, the following subsidiaries undergo audits by certified public accountants or audit companies other than TEL's accounting auditors.
 - Tokyo Electron America, Inc.
 - Tokyo Electron Europe Ltd.
 - Tokyo Electron Korea Ltd.
 - Tokyo Electron Taiwan Ltd.
 - Tokyo Electron (Shanghai) Ltd.

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

In the event the Company's Accounting Auditor falls under any of the situations stipulated in each item of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board may dismiss the Independent Auditor, in accordance with the consent of all Audit & Supervisory Board Members.

In addition to the above, if it is recognized that the Independent Auditor is experiencing difficulty in conducting its audit in an adequate manner, the Audit & Supervisory Board may determine the content of proposal to be submitted to a General Shareholders' Meeting calling for the dismissal or non-reappointment of the Accounting Auditor.

6. Corporate Structures and Policies

(1) Structures for Ensuring the Proper Performance of Business

The content of resolutions made by TEL 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
 - (i) 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.
 - (ii) 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.
 - (iii) The Chief Business Ethics Director shall have as its 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.
 - (iv) 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.
 - (v) The Audit & Supervisory Board Members 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 Audit & Supervisory Board Members shall take necessary measures that include the provision of advice or reports to the Directors.
 - (vi) 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.
 - (vii) 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.
 - (viii) 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 / management of information and reports relating to actions taken by Directors in the performance of their duties
 - (i) 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.
 - (ii) Documents, etc. relating to actions taken by Directors in the performance of their duties shall be maintained in a format that can viewed immediately.
 - (iii) Accordance with the Affiliated Companies Management Regulations, each company of Group shall report periodically to TEL about its performance, financial situation and other significant information.
3. Regulations concerning management of the risk of loss and other structures
 - (i) Risk Management Regulations shall be formulated, the types of risks that should be managed shall be identified, and risk management systems clarified.
 - (ii) 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.
 - (iii) Efforts to develop preparedness for risks related to such events as earthquakes, in order to ensure the continuity of business, shall be continually promoted.
 - (iv) 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

- (i) The Board of Directors shall determine key items of the Group's management including management policies and matters specified by law and shall oversee the status of entire TEL Group's implementation.
- (ii) The Company shall take measures to have outside (independent) Directors join the Board to objectively ensure efficient decision-making by the Board of Directors.
- (iii) The Board of Directors shall by resolution of the Board have the Representative Directors, Executive Directors, and Executive Officers carry out their respective duties.
- (iv) The Company shall define the criteria of authority and decision-making accordance with the Regulations of the Board of Directors, Administrative Authority Regulations and Regulations for Authorization Chart, and shall have each company of Group establish the structure based on these regulations.

5. Structures to ensure the appropriateness of operations by the corporate group consisting of TEL and its subsidiaries

- (i) 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.
- (ii) The Audit & Supervisory Board Members shall establish a structure for cooperation with the Audit & Supervisory Board Members of other group companies to facilitate the effective and proper performance of supervision and audits of the TEL Group as a whole.
- (iii) 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 Audit & Supervisory Board Member's duties and matters relating to the independence and effectiveness of such employees from Directors

- (i) When the Audit & Supervisory Board Members request the assignment of employees to assist them in the performance of their duties, employees shall be assigned to the Audit & Supervisory Board Members.
- (ii) Employees assigned to the Audit & Supervisory Board Members shall perform work duties in accordance with instructions from the Audit & Supervisory Board Members and these duties are given priority over other duties even the employees are combined with other departments.
- (iii) 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 Audit & Supervisory Board Members.

7. Structures for reports by Directors and employees to the Audit & Supervisory Board Members and for other reports to the Audit & Supervisory Board Members

- (i) If a Director, Audit & Supervisory Board Members or employee of TEL Group 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, Audit & Supervisory Board Members or employee must immediately report to the Audit & Supervisory Board Members of TEL, and it will be guaranteed that reporter to the Audit & Supervisory Board Members will not be subject to any disadvantage.
- (ii) The department in charge of internal reporting system of TEL Group shall report periodically to the Audit & Supervisory Board Members of TEL about the status of internal reporting which were reported by the Director, Audit & Supervisory Board Members or employee of TEL Group.
- (iii) Each Audit & Supervisory Board Members 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.
- (iv) Audit & Supervisory Board shall receive reports from the Internal Audit Dept. concerning the results of internal audits.

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

8. Other structures to ensure the effective implementation of audits by the Audit & Supervisory Board Members

- (i) A forum for the periodic exchange of ideas and opinions among the Audit & Supervisory Board Members and Representative Directors shall be created with the objective of creating effective internal controls.
- (ii) The Audit & Supervisory Board shall share information with the Accounting Auditors and the Internal Audit Dept. with the objective of creating effective internal controls.
- (iii) The Company shall take measures to have outside (independent) Audit & Supervisory Board Members join the Audit & Supervisory Board to objectively ensure the appropriateness of audits.
- (iv) The Audit & Supervisory Board may when necessary use the Company's funds for legal, accounting and other professionals to form independent opinions when performing audits.
- (v) When the Audit & Supervisory Board Members demand the expenses and others incurred in connection with performing audit to the Company, the Company shall incur such expenses and others unless they are not affiliated or necessary with performing audit.

(Note) Resolved at a meeting of our Board of Directors held on April 27, 2015, and will be included in the Internal Control Basic Policy that took effect from May 1, 2015. Furthermore, the basic policy of the internal control system that evaluates the reasonableness in audit reports is the basic policy of this fiscal year under review, prior to amendment of the policy.

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

The dividend policy of TEL 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 35% based on consolidated net income.

TEL will effectively use 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.

We implemented a quarterly dividend in this fiscal year. The dividend amount for this fiscal year was 143 yen per share (10 yen in Q1, 30 yen in Q2, 35 yen in Q3 and 68 yen in Q4), representing a year-on-year increase of 93 yen.

Consolidated Balance Sheet

	(Millions of yen)	
	As of March 31, 2014	As of March 31, 2015
ASSETS		
Current assets		
Cash and deposit	56,345	79,382
Trade notes and accounts receivable	129,032	110,845
Securities	211,800	238,532
Merchandise and finished goods	114,289	112,301
Work in process	38,074	41,483
Raw materials and supplies	15,912	21,803
Deferred income taxes	25,173	27,671
Others	32,365	39,241
Allowance for doubtful accounts	(1,502)	(378)
Total current assets	621,492	670,882
Long-term assets		
Tangible fixed assets		
Buildings and structures	151,633	152,979
Accumulated depreciation	(93,185)	(97,910)
Buildings and structures, net	58,448	55,068
Machinery and carriers	97,055	102,295
Accumulated depreciation	(76,255)	(82,420)
Machinery and carriers, net	20,800	19,874
Land	25,112	25,021
Others	34,989	32,539
Accumulated depreciation	(27,005)	(25,608)
Others, net	7,983	6,931
Total tangible fixed assets	112,344	106,896
Intangible fixed assets		
Goodwill	9,400	9,067
Others	20,155	18,499
Total intangible fixed assets	29,556	27,566
Investments and other assets		
Investment securities	20,026	23,934
Net defined benefit asset	8,904	8,817
Deferred income taxes	23,223	18,347
Others	14,911	21,591
Allowance for doubtful accounts	(1,866)	(1,884)
Total investments and other assets	65,199	70,807
Total long-term assets	207,099	205,271
Total assets	828,591	876,153

	(Millions of yen)	
	As of March 31, 2014	As of March 31, 2015
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	53,667	56,478
Short-term borrowings	11,531	-
Accrued employees' bonuses	8,584	12,111
Accrued warranty expenses	10,072	10,441
Customer advances	39,900	48,442
Others	46,753	45,337
Total current liabilities	170,509	172,812
Long-term liabilities		
Net defined benefit liability	53,448	51,104
Others	14,019	11,074
Total long-term liabilities	67,468	62,178
Total liabilities	237,978	234,991
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,023	78,023
Retained earnings	436,174	488,816
Treasury stock	(9,478)	(9,064)
Total shareholders' equity	559,679	612,736
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,592	9,463
Deferred gains or losses on hedges	60	122
Translation adjustments	5,777	12,481
Remeasurements of defined benefit plans	6,981	4,681
Total accumulated other comprehensive income	18,411	26,747
Subscription rights to shares	1,643	1,420
Minority interests	10,878	257
Total net assets	590,613	641,162
Total liabilities and net assets	828,591	876,153

Consolidated Statement of Income

	(Millions of yen)	
	Year ended March 31, 2014	Year ended March 31, 2015
Net sales	612,170	613,124
Cost of sales	410,277	370,351
Gross profit	201,892	242,773
Selling, general & administrative expenses		
Salaries and allowances	28,140	24,297
Research and development expenses	78,663	71,349
Others	62,882	59,013
Total selling, general & administrative expenses	169,687	154,660
Operating income (loss)	32,204	88,113
Non-operating income		
Interest income	1,343	901
Foreign currency translation income	-	1,575
Revenue from grants	1,154	629
Others	2,975	1,880
Total non-operating income	5,473	4,985
Non-operating expenses		
Maintenance and operation cost of closed business bases	47	47
Commitment fee	28	18
Foreign currency translation loss	1,229	-
Loss on revaluation of investment securities	230	-
Others	655	83
Total non-operating expenses	2,191	149
Ordinary income (loss)	35,487	92,949
Unusual or infrequent profit		
Gain on sale of fixed assets	433	1,839
Others	93	54
Total unusual or infrequent profit	526	1,894
Unusual or infrequent loss		
Loss on impairment	46,969	2,505
Loss on sales of subsidiaries and affiliates' stocks	-	1,609
Loss on liquidation of subsidiaries and affiliates	-	1,069
Expenses for restructuring of business bases	-	1,046
Additional collection of custom tax	-	1,003
Others	800	781
Total unusual or infrequent loss	47,769	8,015
Income (loss) before income taxes	(11,756)	86,827
Provision for income taxes and enterprise taxes	15,994	14,726
Deferred income taxes	(8,537)	172
Total income taxes	7,456	14,898
Income (loss) before minority interests	(19,213)	71,928
Minority interests	195	40
Net income (loss)	(19,408)	71,888

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	54,961	78,023	436,174	(9,478)	559,679
Cumulative effect of changes in accounting policies			(1,102)		(1,102)
Restarted balance	54,961	78,023	435,072	(9,478)	558,577
Changes of items during the period					
Cash dividends			(17,923)		(17,923)
Net income (loss)			71,888		71,888
Purchase of treasury stock				(183)	(183)
Disposal of treasury stock			(220)	598	377
Net change except shareholders' equity					
Total changes of items during the period	-	-	53,744	414	54,158
Balance at end of period	54,961	78,023	488,816	(9,064)	612,736

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	5,592	60	5,777	6,981	18,411	1,643	10,878	590,613
Cumulative effect of changes in accounting policies							(210)	(1,312)
Restarted balance	5,592	60	5,777	6,981	18,411	1,643	10,668	589,301
Changes of items during the period								
Cash dividends								(17,923)
Net income (loss)								71,888
Purchase of treasury stock								(183)
Disposal of treasury stock								377
Net change except shareholders' equity	3,870	62	6,703	(2,300)	8,336	(223)	(10,410)	(2,297)
Total changes of items during the period	3,870	62	6,703	(2,300)	8,336	(223)	(10,410)	51,861
Balance at end of period	9,463	122	12,481	4,681	26,747	1,420	257	641,162

Consolidated Cash Flow

49

	(Millions of yen)	
	Year ended March 31, 2014	Year ended March 31, 2015
Cash flow from operating activities		
Income (loss) before income taxes	(11,756)	86,827
Depreciation and amortization	24,888	20,878
Loss on impairment	46,969	2,505
Amortization of goodwill	4,262	1,150
Increase (decrease) in net defined benefit liability	2,885	2,825
Decrease (increase) in net defined benefit asset	(653)	(1,601)
Increase (decrease) in allowance for doubtful accounts	(228)	(1,081)
Increase (decrease) in accrued employees' bonuses	1,396	3,667
Interest and dividend revenue	(3,161)	(1,280)
Loss (gain) on sales of property, plant and equipment	(303)	(1,820)
Loss (gain) on sales of shares of subsidiaries and affiliates	-	1,609
Decrease (increase) in trade notes and accounts receivable	(25,357)	(1,318)
Decrease (increase) in inventories	(32,088)	(26,849)
Increase (decrease) in accounts payable	15,605	9,432
Decrease (increase) in prepaid consumption tax	(2,912)	(11,383)
Increase (decrease) in accrued consumption tax	1,122	2,706
Increase (decrease) in customer advances	19,083	12,911
Others	3,301	(4,754)
Subtotal	43,052	94,424
Receipts from interest and dividends	3,222	1,621
Interest paid	(83)	-
Income taxes paid or refund (paid)	(1,741)	(24,239)
Net cash generated by operating activities	44,449	71,806
Cash flow from investing activities		
Payment into time deposits	(98)	-
Proceeds from time deposits	9,871	5
Payment for purchase of short-term investments	(192,515)	(24,996)
Proceeds from redemption of short-term investments	174,200	188,296
Payment for purchase of tangible fixed assets	(9,451)	(11,898)
Proceeds from sales of tangible fixed assets	896	2,548
Payment for purchase of intangible fixed assets	(1,640)	(422)
Proceeds from sales of investment securities	111	1,093
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	1,726
Others	(972)	(615)
Net cash used in investing activities	(19,599)	155,737
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	7,551	-
Proceeds from long-term borrowings	2,000	-
Net decrease (increase) in treasury stock	(29)	(183)
Dividends paid	(9,138)	(17,923)
Others	(569)	(106)
Net cash generated by financing activities	(186)	(18,213)
Effect of exchange rate changes on cash and cash equivalents	(3,973)	3,505
Net increase (decrease) in cash and cash equivalents	20,690	212,835
Cash and cash equivalents at beginning of period	85,313	104,797
Increase (decrease) in cash and cash equivalents from changes in accounting periods at consolidated subsidiaries	(1,206)	-
Cash and cash equivalents at end of period	104,797	317,632