

To Our Investors

INVESTORS GUIDE 2008

TOKYO ELECTRON DEVICE

TOP MESSAGE



Toshiaki Sunagawa, President

In the fiscal year ended March 2008, Tokyo Electron Device Limited (TED) sought to expand its business by pursuing the following policies:

1. Reinforcing the computer network business;
2. Promoting overseas business development;
3. Accelerating the development business;
4. Promoting sales of industrial equipment.

Led by semiconductors, sales of electronic components for industrial equipment applications continued to enjoy robust growth. Sales of computer network equipment also sustained a solid performance, thanks to strong corporate demand for investment in information technology (IT). As a result, the Company posted gains in both sales and profits. Specifically, net sales reached 112,104 million (up 12.4% year on year), ordinary income stood at 3,849 million (up 18.6% year on year), and net income rose to 2,193 million yen (up 16.9% year on year).

In the fiscal year ending March 2009, we expect that the semiconductor market will remain relatively firm, although the slowing US economy may have ripple effects. Investment in computer network systems is now being scaled back somewhat, but we anticipate that investment in computer network equipment will retain its underlying strength. In cost terms, we will be posting the expenses associated with the relocation of our head office and the cost of strengthening our computer systems functions. Taking these expenses into account, we forecast net sales of 115,000 million yen (up 2.6% year on year), ordinary income of 4,020 million yen (up 4.4% year on year), and net income of 2,210 million yen (up 0.8% year on year).

For the fiscal year ended March 2008, the Company paid an annual dividend of 6,600 yen per share (31.9% payout ratio), consisting of a 3,300 yen interim dividend and a 3,300 yen year-end dividend. We plan to pay the same annual dividend (31.7% payout ratio), namely a 3,300 yen interim dividend and a 3,300 yen year-end dividend, in the current fiscal year.

We are determined to improve our results and ask for your continued support and understanding.

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PROFILE

1965	Tokyo Electron Limited (TEL) starts selling electronic components (Fairchild and others)
September 1990	Tokyo Electron Device Limited (TED) starts selling electronic components
July 1998	All TEL's electronic components operation transferred to TED
March 2003	Listed on the Second Section of the Tokyo Stock Exchange
January 2004	TED (Shanghai) Limited, a subsidiary, established in Shanghai, China
January 2005	TED Hong Kong Limited, a subsidiary, established in Hong Kong, China.
October 2006	Sales of computer network solutions start by taking over TEL's computer network operation

Note on forward-looking statements

This investors' guide was prepared on July 1, 2008. Forward-looking statements, including business strategies and business forecasts, were made by the Company's management, based on information available at that time, and may be revised due to changes in the business environment. Therefore, please be advised that the Company cannot guarantee the accuracy or the credibility of the statements. For the latest information, please refer to our information releases or our website.

Topics

■ Relocation of Head Office

In August 2008, the Company will relocate its head office to Yokohama East Square in front of East Gate of Yokohama Station. By amalgamating with our head office sales bases that have hitherto been dispersed around in Shin-Yokohama, we will improve operational efficiency and in-house communication, paving the way for fresh expansion. The present head office (at Tsuzuki-ku in Yokohama City) will be used as our engineering center.

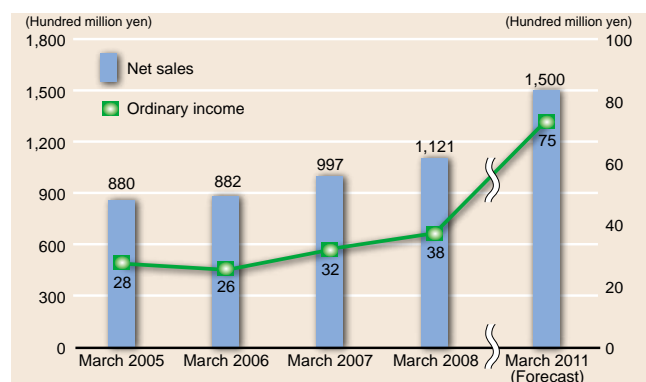
■ PAN ELECTRON LTD.

To improve its product lineup and better respond to customer needs, the Company founded Pan Electron Ltd. as a sales subsidiary in Japan in February 2008. For the time being, the subsidiary will sell products manufactured by Texas Instruments, Inc. We believe that marketing products that benefit from the strengths of Texas Instruments will facilitate new growth for the Group.

PAN

Medium-term Business Plan and Action Policy for the Term

The Group has announced its Medium-Term Business Plan, which calls for net sales of 150 billion yen, ordinary income of 7.5 billion yen, and an ordinary income margin of at least 5% for the consolidated fiscal year ending March 2011. The Group has also adopted four action policies for the fiscal year ending March 2009, as shown at right.



(Note) The Company has adopted consolidated accounting from the term ending March 31, 2006. Figures for the term ending March 31, 2006 and subsequent terms thereafter are consolidated figures.

1. Semiconductor Products and Electronic Components, etc.

We are focusing on finding new customers in the industrial equipment sector, our most important strategic market, and we are taking steps to increase sales to these customers. In addition, we will emphasize sales in the Asian market, which is expanding rapidly, and will emphasize the development of our overseas business.

2. Computer Network Equipment

The Company is seeking to market highly functional products that are likely to find growing demand. We are also promoting our system building business, centering on competitive products.

3. Software

The Company is determined to expand sales of information security software products.

4. Development Business (inrevium)

We are committed to improving system design, including software, based on our IC and board design technologies. We also seek to accelerate new product development. As part of this policy, we entered into a business alliance with Avaldata Corporation in November 2007. We will continue to promote sales within Asia.

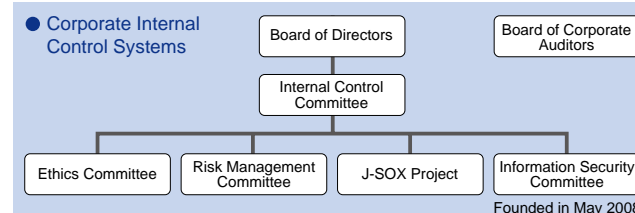
Dividend Policy

TED believes that returning profits to shareholders is one of its top management priorities and, in principle, pays dividends consistently and continuously. We also attach significance to the distribution of profits in accordance with growth. The basic policy is to pay dividends in accordance with performance aiming for a payout ratio of 30% of consolidated net income.

	March 2008		March 2009 (Forecast)	
	Interim	Year-end	Interim	Year-end
Dividend per share (yen)	3,300	3,300	3,300	3,300
Payout ratio	31.9%		31.7%	

Corporate Governance

The Company took action to improve its internal control systems for the fiscal year ended March 2008. At the initiative of the Internal Control Committee, which is tasked with strengthening and applying all internal control systems, the Ethics Committee, the Risk Management Committee, and the J-SOX Project have all refined their corporate systems. Meanwhile, we set up a new committee, the Information Security Committee, in May 2008.



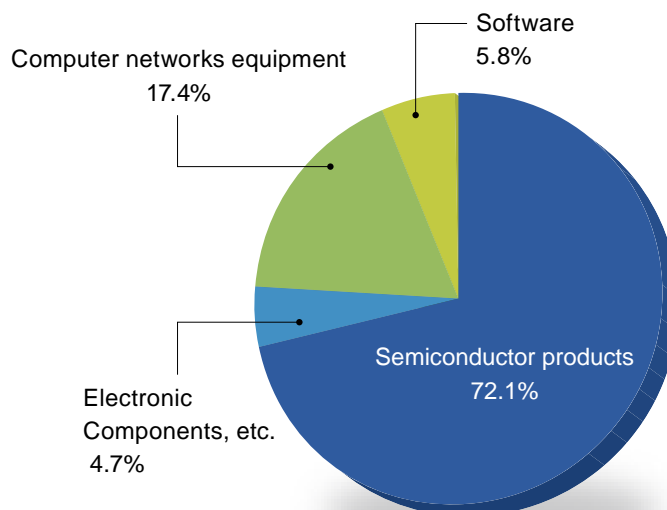
Business Section

Introduction of Business

Sales Breakdown by Product

The Group consists of specialty trading firms that procure semiconductor products, board products, general electronic products, computer network equipment, and software products, centering on integrated circuits (ICs), from Japanese and overseas manufacturers, and sell them mainly to leading electronics equipment makers in Japan.

● Breakdown of consolidated sales by product (term ended March 2008)

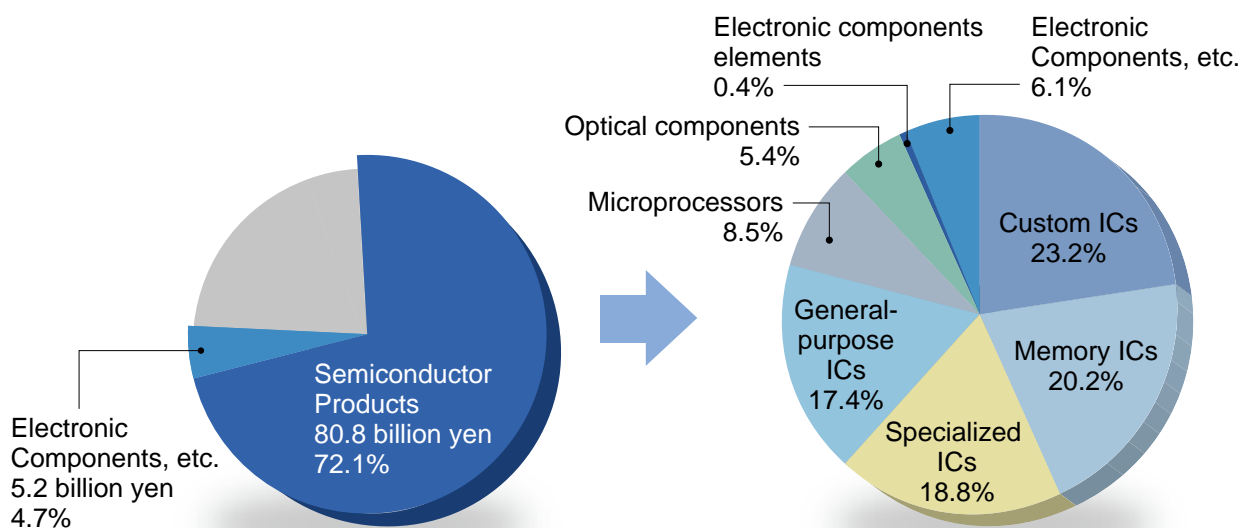


Semiconductor Products & Electronic Components, etc. (board products and general electronic components)

Sales Breakdown of Semiconductor Products & Electronic Components, etc.

Among our mainstay semiconductor products, value-added products that require technical support, such as custom ICs, specialized ICs, and general-purpose analog ICs, have been accounting for a growing percentage of total sales. Looking at semiconductor products for the fiscal year ended March 2008, although sales of custom ICs for mobile phone base stations fell, sales of general-purpose ICs for mobile phone terminals continued to increase. As a result, consolidated sales increased to 80,828 million yen (up 1.6% year on year) partly thanks to robust sales of products from new suppliers.

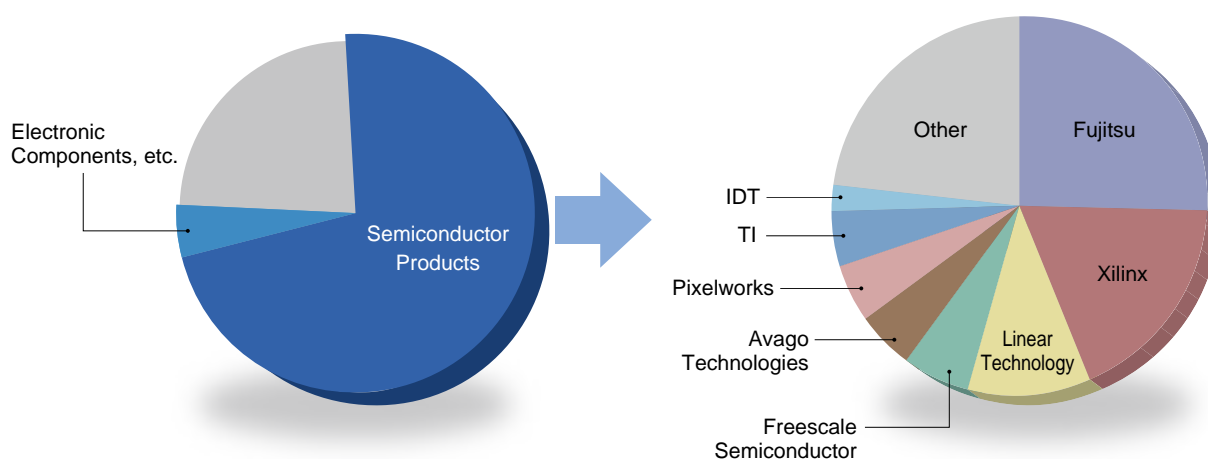
In addition, consolidated sales of electronic components and other products (board products and general electronic components) for the fiscal year ended March 2008 fell to 5,296 million yen (down 1.4% year on year), reflecting a fall in sales of embedded custom boards.



Overview of Suppliers

The Company procures electronic components from many different manufacturers around the world so that it can offer the latest product lineup.

Sales breakdown by supplier (Term ended March 2008)



Note: Abbreviated corporate names are used.

Term ended March 2008 Factors of change in sales by major supplier

Supplier	Rate of change	Factor	Brief Description of supplier
Fujitsu	3%	Sales for mobile phones rose.	An internationally leading company in the fields of electronic devices, computers and communications equipment
Xilinx	▲11%	Sales for consumer appliances fell.	A leader in programmable logic solutions
Linear Technology	6%	Sales increased in all fields.	A world leader specializing in analog IC products, which are used in a wide range of fields
Freescale Semiconductor	7%	Demand for products for mobile phone base stations and medical equipment grew.	An internationally leading company in terms of the production of embedded processors and its wide range of semiconductor products
Avago Technologies	3%	Sales of in-vehicle products grew.	A company having outstanding achievements in the fields of optoelectronic technologies and wireless communications

High Value-added Technical Support

For each product and application, our field application engineers (FAEs) work together with our clients from the planning stages to manufacturing. We provide integrated services to offer the latest in technical information, answering technical queries, troubleshooting and quality assurance information to our customers, while assisting our suppliers with product evaluation and technical surveys. Through these activities, we have been able to obtain the confidence of both our clients and our suppliers, as a technology trading company capable of providing solutions.

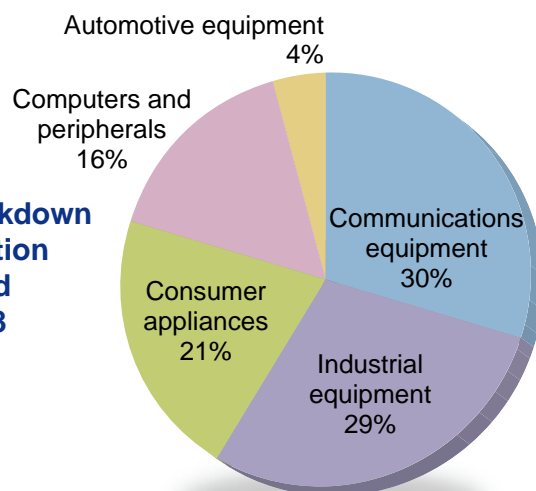


Business Section

Main Applications and Customers

Tokyo Electron Device Limited (TED) has at least 1,000 customers, mainly electronic devices manufacturers. Leading domestic electronics groups, such as Matsushita, Toshiba, Fujitsu, Hitachi, and NEC, account for a significant percentage of sales. In addition, the products that TED handles have found application in communications equipment, industrial equipment, consumer appliances, computer and peripheral devices, and other areas, and have been responsible for achievements in a broad range of applications.

Sales Breakdown by Application Term ended March 2008



Use	Main applications	Main customers
Communications equipment	Mobile phones, router, transmission equipment, mobile phone base station	Fujitsu, Hitachi, Matsushita, NEC and other
Industrial equipment	Semiconductor testing devices, medical equipment, broadcasting equipment, robots, measuring equipment	Advantest, Matsushita, Toshiba and other
Consumer appliances	Digital cameras, digital camcorders, flat-screen TVs, AV equipment	Matsushita, Sharp, Sony, Yamaha and other
Computers and peripherals	Printers, projectors, POS systems, PCs and peripheral devices	Epson, Fuji Xerox, Matsushita, Toshiba and other
Automotive equipment	Car navigation systems and car audio equipment	Aisin, Matsushita, Mitsubishi Electric, Nippon Seiki and other

Note: Abbreviated corporate names are used. (Alphabetical order)

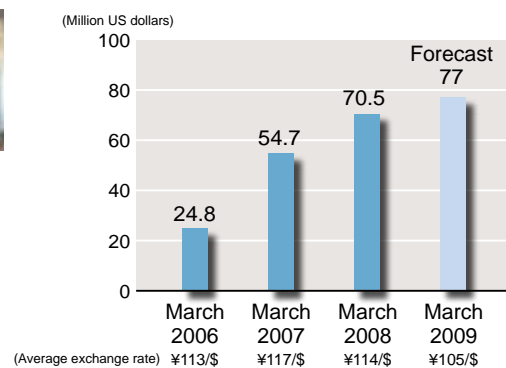
Providing High-Quality Semiconductors and Other Electronic Components in Asia

The Company has built sales offices in the Asia region to service Japanese-affiliated companies, its major customers. In 2005, we founded Tokyo Electron Device Hong Kong. Since then, we have emphasized multi-language service and quality distribution services and have expanded our operations in Shanghai, Dalian, and Singapore. In January 2008, we set up a local subsid-

iary in Singapore. Sales from this region for the third year ended March 2008 rose 15 million dollars over the preceding year, to 70.5 million dollars (approx. 8 billion yen). We forecast sales of 77 million dollars for the fiscal year ending March 2009.



Overseas Operation Sales



Semiconductor Products



Custom ICs The main products are specific ICs—ASICs and PLDs—that are made to the customers' specifications

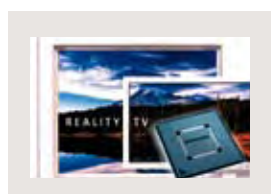
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Main products	Main applications	Main suppliers (in alphabetic order)
<ul style="list-style-type: none"> ● ASIC*¹ ● PLD*² (FPGA, CPLD) 	Digital home appliances, mobile phone base station, measuring equipment, office automation equipment, broadcasting equipment, medical devices and semiconductor testing devices	Fujitsu Electronics, Xilinx



Memory ICs ICs exclusively for memory, RAM for writing and reading, ROM for reading only, etc.

Main products	Main applications	Main suppliers (in alphabetic order)
<ul style="list-style-type: none"> ● Flash memory*³ ● DARAM/SRAM ● FRAM 	Digital home appliances, mobile phones, PCs, measuring equipment, office automation equipment, broadcasting equipment, medical devices, semiconductor testing devices and car navigation systems	Fujitsu Electronics, IDT, Ramtron International



Specialized ICs Specialized ICs made for specific applications, such as communications and image processing

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Main products	Main applications	Main suppliers (in alphabetic order)
<ul style="list-style-type: none"> ● For communications and networks ● For image processing ● For interfaces ● For security ● For peripheral control 	Digital home appliances, office automation equipment, router, communication terminals, projectors, car navigation systems and security cameras	Conexant Systems, Freescale Semiconductor, Fujitsu Electronics, Intersil, Pixelworks, Zarlink Semiconductor



General-purpose ICs ICs used for various purposes, including analogue ICs and logic ICs

Main products	Main applications	Main suppliers (in alphabetic order)
<ul style="list-style-type: none"> ● Analogue IC ● Logic IC 	Mobile phones, mobile phone base station, factory automation equipment, car navigation systems, office automation equipment and semiconductor testing devices	Linear Technology, ON Semiconductor, Texas Instruments



Microprocessors ICs having operation and control functions that make them the brains of computers

Main products	Main applications	Main suppliers (in alphabetic order)
<ul style="list-style-type: none"> ● Microprocessors ● Microcontrollers ● DSP 	Digital home appliances, mobile phones, PBXs, measuring equipment, office automation equipment, broadcasting equipment, medical devices, semiconductor testing devices and car navigation systems	AMD, Freescale Semiconductor, Fujitsu Electronics, Texas Instruments



Optical components Electronic components that convert electricity into light for use

Main products	Main applications	Main suppliers (in alphabetic order)
<ul style="list-style-type: none"> ● LED*⁴ ● Photo coupler*⁵ ● Optical fibers ● IrDA*⁶ 	PBXs, mobile phones, factory automation equipment and PCs	Avago Technologies, Eudyna Devices



Electronic Components Elements Components having basic electronic functions such as amplification and rectification

Main products	Main applications	Main suppliers (in alphabetic order)
<ul style="list-style-type: none"> ● Diodes*⁷ ● Transistors 	Mobile phones, PCs and office automation equipment	ON Semiconductor

Electronic Components, etc.

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Main products	Main applications	Main suppliers (in alphabetic order)
<ul style="list-style-type: none"> ● CPU boards ● Interface boards ● Evaluation boards ● Built-in boards ● Panel PCs ● LCDs*⁸ ● Power supplies ● Connectors ● IC sockets 	Servers, factory automation equipment, medical devices, measuring equipment, semiconductor production devices and robots	Cosel, Dialogic, Digital Electronics, PFU

*¹ [ASIC] Custom IC from which high performance can be expected but that takes a long time to develop.

*² [PLD] Custom IC consisting of programmable logic elements. Shorter development time than ASIC.

*³ [Flash memory] Medium that stores data electrically. It is possible to retain data even if it is powered off.

*⁴ [LED] Diode that glows when an electric current passes. It is used in lamps and indicators.

*⁵ [Photo coupler] Element that converts and transmits electric signals into light. The element's advantage is its property of electrical insulation.

*⁶ [IrDA] Communication function using infrared radiation defined by a standard setting body. It is used in mobile equipment.

*⁷ [Diode] Electronic component that has a rectification function to pass an electric current in one direction only.

*⁸ [LCD] Display using liquid crystal. It is used in laptop personal computers.

Business Section

Computer Network Equipment & Software

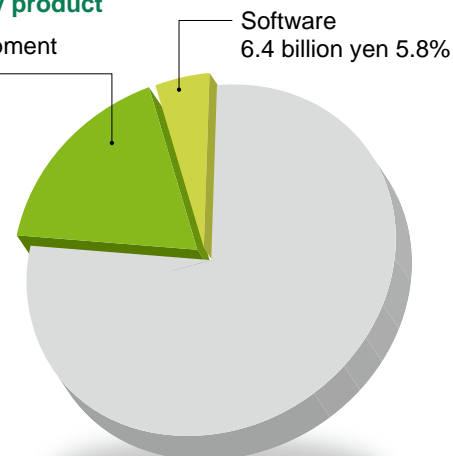
Sales Breakdown of Computer Network Equipment and Software

The Company has begun selling computer network equipment since October 2006. Sales of storage area network (SAN) switches were strong because of increases in corporate storage data volumes. Sales and maintenance of network system building equipment for corporations also continued to rise. As a result, sales of computer network equipment increased to 19,520 million yen (up 113.1% year on year). Moreover, sales of software products rose to 6,459 million yen (up 14.6% year on year), mainly because of strong demand from government offices.

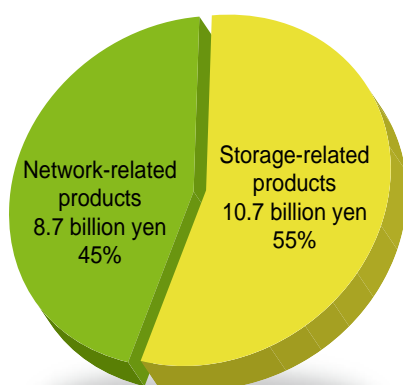
Sales breakdown by product

Computer network equipment
19.5 billion yen 17.4%

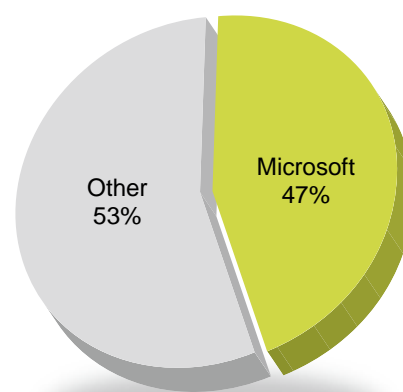
Software
6.4 billion yen 5.8%



Breakdown of computer network equipment by segment



Breakdown of software suppliers



Characteristics of Computer Network Equipment and Software

We identify state-of-the-art technologies, mainly in the United States, that are clearly differentiated and release them in Japan

Promotes sales in Japan and provides maintenance support and quality assurance

Builds complex systems that are technologically difficult and provides them to customers

Priorities

Promotes system building business centered on F5 Networks

Increases sales of storage products and software products for internal control

Expands the maintenance and operation support business

Quality Assurance System

Our product is backed by checks of product quality, support quality and technology quality. These three quality checks are bolstering satisfaction and trust among our customers and partners. For example, a dedicated organization handles incoming inspections, shipment adjustments, quality control, quality improvement, inspection work and data analysis. And to ensure all our products provide reliable service, we offer maintenance services and product guarantees.



Computer Network Equipments



Storage Solutions SAN (storage area network) switches, SAN connection equipment, storage security equipment, etc.

Main products

- SAN fabric switches
- Backup appliances
- Tape libraries
- Fiber channel host bus adapters
- Cluster storage
- Storage security appliances

Main suppliers (in alphabetic order)

- Brocade Communications Systems
- Data Domain
- Emulex
- Isilon Systems
- Quantum
- Storewiz
- Symantec



Network Solutions Internet access devices (load balancing, security), enterprise network system equipment, etc.

Main products

- Application traffic managers
- LAN switches
- Firewalls
- VPN appliances
- Hardware security modules

Main suppliers (in alphabetic order)

- Alaxala Networks
- Extreme Networks
- F5 Networks
- Imperva
- Infoblox
- Juniper Networks
- nCipher
- Secure Computing

Software

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Main products

- OS
- BIOS*¹
- Development tools
- In-memory databases
- Embedded database engines
- Long-term log storage/analysis tools

Main applications

- POS
- Peripherals
- Factory automation equipment
- Office automation equipment
- Security products
- Office LAN networks
- Car navigation systems

Main suppliers (in alphabetic order)

- Ardence
- Microsoft
- Oracle Japan
- Phoenix Technologies
- SenSage

* 1 [BIOS] Software that controls basic devices such as keyboards and screens.

Business Section

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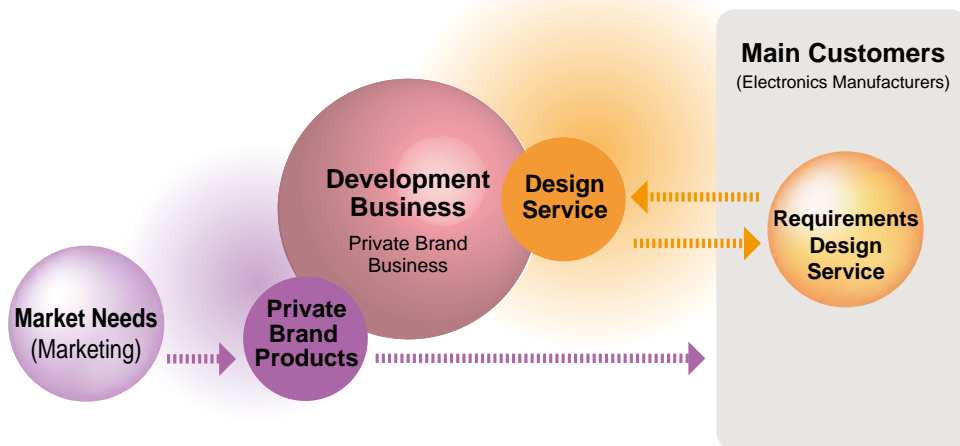
TED markets proprietary information, technology and services under its own brand name of "inrevium." The name was created by combining the first letters of the words "intellectual" and "revolutionary," with the suffix "-ium" (meaning "element") added. It signifies our ongoing mission to help solve customer problems and aid their business activities through our groundbreaking proprietary information, technology and services.

Development Business

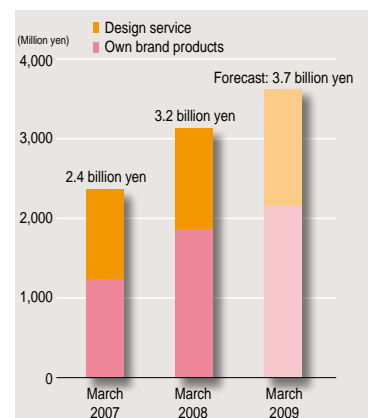
Although Tokyo Electron Device is a trading company, the company also designs and develops its own brand products, and so plays the role of manufacturer in part.

The Development Business (private brand business) consists

of design services where the Company designs custom ICs and boards based on customers' requirements, and products that the Company has planned and developed and sold under the original "inrevium" brand to meet the needs of the market.



“inrevium” Sales



Own Brand Products (“inrevium” Brand Products)

To respond to customer needs, TED develops a wide range of products under its own inrevium brand, leveraging years of experience in sales, design and development, as well as in marketing. Currently we offer more than 60 types of brand products and services, all incorporating our technologies in image processing, memory control, and communication interfaces.



Design Service (“inrevium” Design Service)

By outsourcing the work to experienced experts, customers are able to reduce the time taken for design, mitigate the design risks, use leading-edge technologies and reduce capital expenditures and maintenance costs. Reducing development time makes it possible for us to complete the products more quickly for the customer.



Design and Development Center (“inrevium” Development Center)

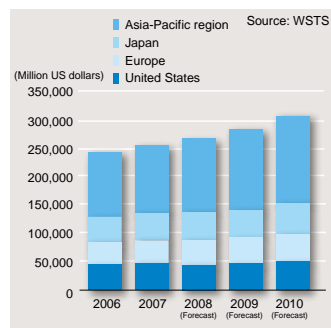
The Design & Development Center, which opened in 1985 uses its wealth of experience and the latest equipment to provide customized customer design services, and develop products under its own “inrevium” brand name. In this way, the center helps customers launch new products more quickly and more cheaply. There are four Design and Development Centers, two in Japan (Yokohama and Sendai) and two in China (Shanghai and Wuxi). Experience in product development is deployed in business proposals and technical support in the Trading Firm Business and in creating synergy, an effect unique to the leading technology trading company.



Data Section

Market Information

Trend in Global Semiconductor Market

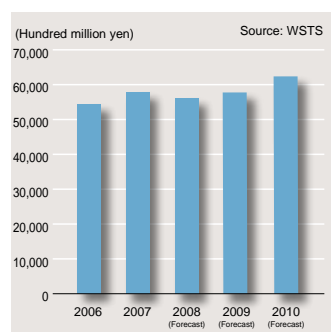


Dollar-based market growth for 2007 rose 3.2% (255.6 billion dollars) year on year, in contrast to the firm market growth of 8.9% in 2006. Although market growth for 2008 is expected to reach moderate 4.7%, market growth for 2009 is likely to be at 5.8%, rising to a firm 8.8% for 2010. Accordingly, the average annual rate of growth for the period 2007 to 2010 should be 6.4%.

In 2008, the global semiconductor market

is estimated at 267.7 billion dollars (28,240 billion yen), an increase of 12,050 million dollars from the scale of the previous year. The year should end with the market surpassing the previous record size registered in 2007.

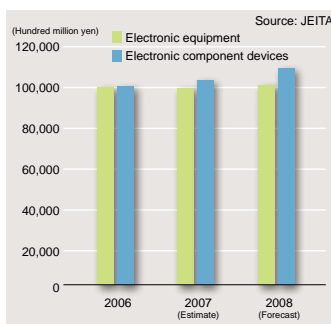
Trend in Japanese Semiconductor Market



The yen-based growth rate of the Japanese semiconductor market for 2007 slowed to 6.4% year on year, compared with a healthy 11.3% growth year on year for 2006. However, market growth for 2008 is expected to drop 3.8% from the year-ago figure. In 2009, market growth is expected to recover to 3.6% year on year, and then move to a solid 7.1% growth for 2010. In yen terms, the Japanese

semiconductor market in 2007 was estimated at 5,750 billion yen. Similarly, the market size is expected to be approximately 5,530 billion yen in 2008, 5,730 billion yen in 2009, and 6,140 billion yen in 2010. The average annual growth rate from 2007 to 2010 is therefore expected to reach 2.2%.

Production of Japanese Electronics Industry



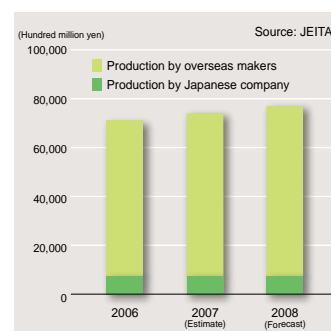
The gross domestic product for the Japanese electronics industry for 2008 looks set to reach 21,298.4 billion yen (up 3% year on year), representing the third consecutive year of growth.

Although anxieties about the world economy remain, deriving from the increasingly serious subprime lending problem in the United States and soaring prices of crude oil, as well as uncertainties such as falling prices in the global market, the production of semiconductors and other electronic components in Japan is expected to increase a strong 5% year on year because of replacement demand for flat-screen televisions ahead of the Beijing Olympic Games and growth in demand for digital

products expected to accompany economic growth in emerging countries. Overall growth in electronic equipment demand is also likely to remain firm.

Domestic Japanese output of electronics by Japanese manufacturers and their affiliates accounted for 46% of the total electronics production of the industry, indicating a growing shift to overseas production. However, Japan-affiliated makers are expected to continue to produce a high percentage of products that require high reliable quality. Specific examples for 2008 include semiconductors (77% of which are produced in Japan), servers and storages (76%), and electrical instruments (72%).

Server and Storage Production Trends in the World and Japan



Global production of servers and storages for 2007 reached 7,399.2 billion yen. Production by Japanese companies and their affiliates accounted for around 10% of world production, or 735.3 billion yen. Domestic Japanese production is likely to account for 76% of this production by Japan-affiliated firms.

Worldwide, spending on IT over the past few years has been growing, indicating stable growth rates. Although the market will be influenced by the shift from mainframes to

open servers, moderate market growth is expected in the coming years because of the ongoing development of networking and action on information security.

Although domestic production of servers is falling with the improvement in the performance of open servers and revisions of legacy systems, demand for servers and storage in general, including growing output of storage systems, is expected to remain almost flat, partly because of demand for large-size storage.

Data Section



Operational Review and Outlook for the Next Term

Report on Results for the Term under Review (Term Ended March 2008)

During the period under review, the Japanese economy sustained a moderate recovery, largely because of improvements in corporate revenue. However, domestic business is facing growing uncertainty, on fears of a fallout from the US economic slowdown fueled by the subprime lending problem and soaring prices of raw materials.

The Group operates in the electronics industry, which benefited from a continued increase in shipments of notebook PCs and mobile phones. Although flat-screen televisions (PDP, LCD), digital cameras, and other digital home appliances demonstrated strong demand, the continued fall in prices have intensified competition. In addition, the semiconductor market has remained weak since global business confidence began to falter in the second half of the year. Meanwhile, corporate spending on IT remained firm, to respond to demands for information security and increasing data volumes to store. Background factors include legislative improvements to accommodate corporate demand for information security and internal control.

In this environment, the Group emphasized sales of high value-

added products, such as custom ICs and general-purpose ICs (analog ICs), for the industrial equipment segment, our most important strategic market. In our inrevium brand business, we sought to win semiconductor design contracts and reinforce inrevium brand product development. Moreover, we took steps to sell computer network equipment and IT-related software products and associated maintenance services, so that we could offer optimal solutions to strategies of corporate customers. As for the development of our business base, we set up a local subsidiary in Singapore in January 2008. The subsidiary aims to bolster our sales infrastructure in the ASEAN region, as part of our overseas business strategy. We also set up a subsidiary in Japan in February 2008 to offer a more extensive product lineup to meet individual customer needs.

As a result, sales for the fiscal year ended March 2008 reached 112,104 million yen (rising 12.4% year on year). Operating income stood at 3,678 million yen (up 4.2% year on year), ordinary income was 3,849 million yen (up 18.6% year on year), and net income increased to 2,193 million yen (up 16.9% year-on-year).

Outlook for the Next Term

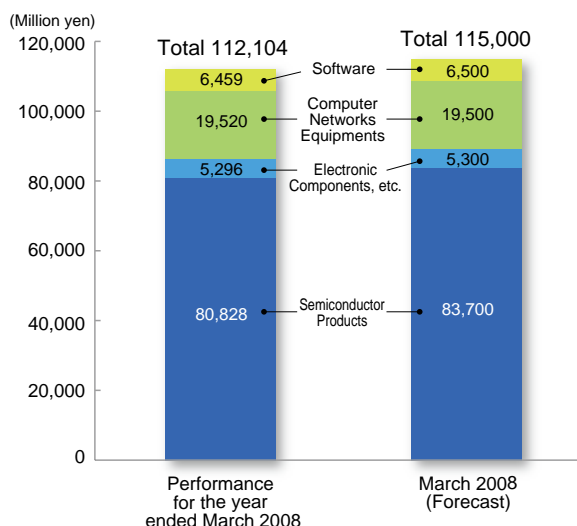
The Company expects the Japanese economy to slow given the deceleration in the United States, which is linked mainly to the subprime lending problem, and global economic uncertainties deriving from soaring prices of crude oil and raw materials.

In the electronics industry, price competition in the digital home appliance segment will continue. Moreover, the outlook for capital investment, including hitherto robust IT spending, is becoming unclear.

In response, the Group is determined to boost sales by offering

a more impressive product lineup that responds to customer needs in every particular. We consequently forecast net sales of 115,000 million yen (up 2.6% year on year), operating income of 4,305 million yen (up 17.0% year on year), ordinary income of 4,020 million yen (up 4.4% year on year), and net income 2,210 million yen (up 0.8% year on year), for the consolidated fiscal year ending March 2009.

Forecast consolidated sales by product for the year ending March 2009



Forecast consolidated performances for the year ending March 2009

(Unit: Million yen)	1st half forecast	2nd half forecast	Full year
Net sales	54,600	60,400	115,000
Operating income	1,560	2,745	4,305
Ordinary income	1,410	2,610	4,020
Net income	715	1,495	2,210



Consolidated Financial Statements

Consolidated Balance Sheet

Assets	Previous term (as of March 31, 2007)	Term under review (as of March 31, 2008)
	Thousand yen	Thousand yen
Current assets	43,387,749	47,005,467
Cash and time deposits	1,142,667	1,367,624
Notes and accounts receivable	23,361,816	25,633,561
Inventories	16,888,548	17,649,887
Deferred tax assets	482,330	624,533
Consumption tax receivable	530,177	811,642
Others	988,878	929,676
Allowance for doubtful receivables	△ 6,670	△ 11,458
Fixed assets	3,341,910	4,453,012
Property, plant and equipment	1,019,858	1,012,699
Buildings and structures	559,814	550,745
Machinery and equipment	460,043	461,954
Intangible fixed assets	227,334	785,538
Investments and other assets	2,094,717	2,654,774
Investment securities	59,025	119,797
Deferred tax assets	1,497,022	1,401,918
Others	543,766	1,141,758
Allowance for doubtful receivables	△ 5,097	△ 8,699
Total assets	46,729,660	51,458,480

(Note) The above amounts are rounded down to the nearest thousand yen.

Assets

Total assets rose 4,728 million yen from the previous fiscal year, to 51,458 million yen. The increase is attributable mainly to increases in accounts receivable and inventories.

Liabilities

Total liabilities increased 3,180 million yen from the previous fiscal year, to 29,853 million yen. The increase reflects mainly higher short-term borrowings and accounts payable.

Liabilities	Previous term (as of March 31, 2007)	Term under review (as of March 31, 2008)
	Thousand yen	Thousand yen
Current liabilities	22,718,370	25,584,200
Accounts payable-trade	12,888,266	13,897,701
Short-term borrowing	1,351,399	6,069,679
Current maturities of long-term borrowing	3,000,000	—
Accounts payable-non-trade	1,784,735	1,582,518
Accrued income taxes	999,943	1,043,627
Allowance for bonuses	824,157	663,307
Allowance for officers' bonuses	26,000	44,550
Others	1,843,867	2,282,815
Long-term liabilities	3,954,829	4,269,405
Allowance for retirement and severance benefits	3,615,122	3,859,577
Allowance for officers' retirement bonuses	111,907	129,928
Others	227,800	279,900
Total liabilities	26,673,199	29,853,605
Net assets		
Shareholders' equity	20,054,514	21,579,799
Capital stock	2,495,750	2,495,750
Capital surplus	5,645,240	5,645,240
Retained earnings	11,913,524	13,438,808
Valuation and translation adjustments	1,945	25,074
Valuation difference on securities	△ 115	△ 5,420
Deferred hedge gains or losses	△ 1,502	64,622
Foreign exchange adjustment	3,564	△ 34,127
Total net assets	20,056,460	21,604,874
Total liabilities and net assets	46,729,660	51,458,480

(Note) The above amounts are rounded down to the nearest thousand yen.

Net assets

Total net assets rose 1,548 million yen from the previous fiscal year, to 21,604 million yen. The increase is attributable mainly to an increase in retained earnings associated with the posting of net income.

Data Section



Consolidated Financial Statements

Consolidated Statement of Income

Account	Previous term	Term under review
	From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
	Thousand yen	Thousand yen
Net sales	99,743,143	112,104,644
Cost of sales	85,636,961	95,147,030
Gross profit	14,106,181	16,957,614
Selling, general and administrative expenses	10,575,028	13,278,745
Salaries	3,633,426	4,560,679
Provision for bonuses	826,577	651,225
Provision for officers' bonuses	26,000	44,550
Transfer from retirement allowance reserve	572,512	573,239
Others	5,516,512	7,449,050
Operating income	3,531,153	3,678,869
Non-operating revenues	40,729	428,745
Interest income	2,495	2,189
Dividends income	5,675	—
Foreign exchange gain	—	394,956
Revenue from seminars held	7,218	6,173
Insurance bonuses	14,793	18,226
Others	10,546	7,201
Non-operating expenses	326,335	258,348
Interest expenses	95,152	80,833
Loss on transfer of receivables	169,433	167,732
Foreign exchange loss	51,449	—
Others	10,300	9,782
Ordinary income	3,245,547	3,849,269
Extraordinary gains	1,684	133
Gain from sale of fixed assets	—	133
Reversal of allowance for doubtful receivables	1,684	—
Extraordinary losses	5,951	21,437
Loss from sale of fixed assets	102	—
Loss from disposal of fixed assets	5,849	7,507
Cost of office restoration	—	13,930
Income before income taxes	3,241,280	3,827,964
Income, residential and enterprise taxes	1,539,969	1,723,550
Corporate tax adjustment	△ 175,435	△ 88,669
Net income	1,876,746	2,193,084

(Note) The above amounts are rounded down to the nearest thousand yen.

Consolidated Statement of Cash Flows

Account	Previous term	Term under review
	From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008
	Thousand yen	Thousand yen
Cash flow from operating activities		
Income before income taxes	3,241,280	3,827,964
Depreciation and amortization	287,504	364,982
Increase (decrease) in allowance for doubtful receivables	△ 1,684	9,666
Increase (decrease) in allowance for employee bonuses	346,763	△ 158,364
Increase (decrease) in allowance for officers' bonuses	26,000	18,550
Increase (decrease) in allowance for retirement and severance benefits	70,069	244,454
Increase (decrease) in allowance for officers' retirement bonuses	15,511	18,021
Interest and dividends revenues	△ 8,171	△ 2,189
Interest paid	95,152	80,833
Foreign exchange gain or loss	169	1,491
Gain or loss from sale of property, plant and equipment	102	△ 133
Loss on disposal of property, plant and equipment	5,849	7,507
Increase (decrease) in accounts receivable	△ 1,507,127	△ 2,465,392
Increase (decrease) in inventories	730,265	△ 859,855
Increase (decrease) in accounts payable	△ 649,981	1,202,636
Increase (decrease) in consumption taxes receivable	154,550	△ 281,497
Others	78,671	134,729
Subtotal	2,884,927	2,143,405
Receipts from interest and dividends	8,171	2,189
Interest paid	△ 95,020	△ 83,028
Income taxes paid	△ 1,143,199	△ 1,680,815
Cash flow from operating activities	1,654,878	381,751
Cash flow from investing activities		
Payment for purchase of property, plant and equipment	△ 150,304	△ 373,581
Proceeds from sale of property, plant and equipment	1,914	399
Payment for acquisition of intangible fixed assets	△ 63,854	△ 598,530
Payment for acquisition of investment securities	△ 59,220	△ 69,702
Payment for loans made	△ 600	—
Others	△ 129,365	△ 214,535
Cash flow from investing activities	△ 401,430	△ 1,255,951
Cash flow from financing activities		
Increase (decrease) in short-term borrowings	△ 350,173	4,801,944
Repayment of long-term debt	—	△ 3,000,000
Dividends paid	△ 552,000	△ 667,800
Cash flow from financing activities	△ 902,173	1,134,144
Effect of exchange rate changes on cash and cash equivalents	△ 7,265	△ 34,987
Net increase (decrease) in cash and cash equivalents	344,009	224,956
Cash and cash equivalents at beginning of year	798,658	1,142,667
Cash and cash equivalents at end of year	1,142,667	1,367,624

(Note) The above amounts are rounded down to the nearest thousand yen.

Consolidated Statement of Change in Shareholders' Equity

	Shareholders' Equity				Valuation and translation adjustments				Total net assets
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on securities	Deferred hedge gains or losses	Foreign currency translation adjustments	Total valuation and translation adjustments	
									Thousand yen
Balance on March 31, 2007	2,495,750	5,645,240	11,913,524	20,054,514	△ 115	△ 1,502	3,564	1,945	20,056,460
Changes during the consolidated accounting period									
Dividends from surplus			△ 667,800	△ 667,800					△ 667,800
Net income			2,193,084	2,193,084					2,193,084
Changes (net) during the consolidated accounting period, with the exception of shareholders' equity					△ 5,304	66,125	△ 37,691	23,129	23,129
Changes during the consolidated accounting period	—	—	1,525,284	1,525,284	△ 5,304	66,125	△ 37,691	23,129	1,548,414
Balance on March 31, 2008	2,495,750	5,645,240	13,438,808	21,579,799	△ 5,420	64,622	△ 34,127	25,074	21,604,874

(Note) The above amounts are rounded down to the nearest thousand yen.



Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet

Assets	Term under review (as of March 31, 2008)	Liabilities	Term under review (as of March 31, 2008)
	Thousand yen		Thousand yen
Current assets	45,967,587	Current liabilities	24,765,894
Cash and time deposits	1,130,084	Accounts payable-trade	13,629,395
Notes receivable	523,075	Short-term borrowing	5,600,000
Accounts receivable-trade	24,940,231	Accounts payable-non-trade	1,561,816
Merchandise	17,125,926	Accrued expenses	183,168
Advance paid	382,099	Accrued income taxes	997,040
Prepaid expenses	125,162	Advance received	1,991,655
Deferred tax assets	622,037	Deposits received	49,186
Consumption tax receivable	811,418	Unearned income	56,639
Others	310,112	Allowance for bonuses	652,443
Allowance for doubtful receivables	△ 2,562	Allowance for officers' bonuses	44,550
		Others	—
Fixed assets	4,521,684	Long-term liabilities	4,269,405
Property, plant and equipment	999,861	Allowance for retirement and severance benefits	3,859,577
Buildings and structures	550,744	Allowance for officers' retirement bonuses	129,928
Machinery and equipment	449,116	Others	279,900
Intangible fixed assets	782,016	Total liabilities	29,035,299
Investments and other assets	2,739,806	Net assets	
Investment securities	50,095	Shareholders' equity	21,394,770
Deferred tax assets	1,448,801	Capital stock	2,495,750
Others	1,240,909	Capital surplus	5,645,240
Total assets	50,489,272	Retained earnings	13,253,779
		Valuation and translation adjustments	59,202
		Valuation difference on securities	△ 5,420
		Deferred hedge gains or losses	64,622
		Total net assets	21,453,972
		Total liabilities and net assets	50,489,272

(Note) The above amounts are rounded down to the nearest thousand yen.

Non-consolidated Statement of Income

Account	Term under review From April 1, 2007 to March 31, 2008
	Thousand yen
Net sales	109,295,862
Cost of sales	92,775,890
Gross profit	16,519,971
Selling, general and administrative expenses	13,040,199
Officers' compensation	184,650
Employees' salaries	4,302,823
Employees' bonuses	861,969
Provision for bonuses	628,452
Transfer from retirement allowance reserve	573,239
Depreciation expenses	362,269
Research and development expenses	125,158
Others	6,001,636
Operating income	3,479,772
Non-operating revenues	406,359
Interest income	1,407
Foreign exchange loss	366,499
Revenue from seminars held	6,173
Insurance bonuses	18,226
Others	14,052
Non-operating expenses	240,083
Interest expenses	62,569
Loss on transfer of receivables	167,732
Others	9,782
Ordinary income	3,646,048
Extraordinary gains	1,016
Extraordinary losses	21,437
Income before income taxes	3,625,627
Income, residential and enterprise taxes	1,686,661
Corporate tax adjustment	△ 139,245
Net income	2,078,211

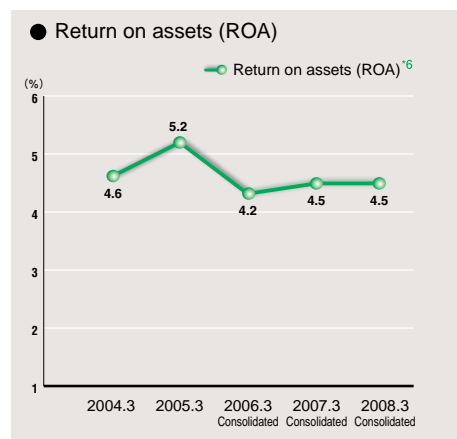
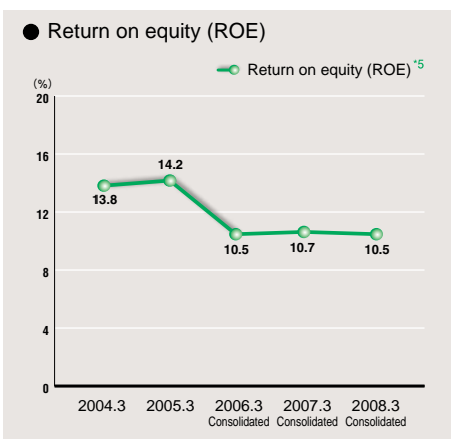
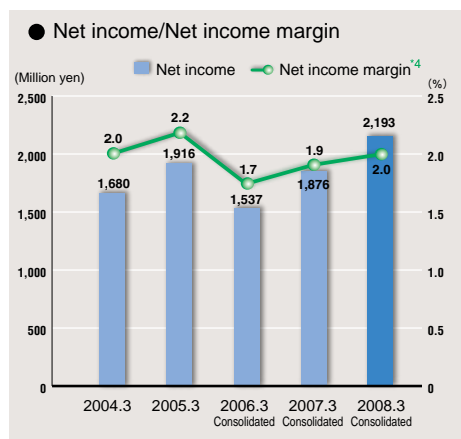
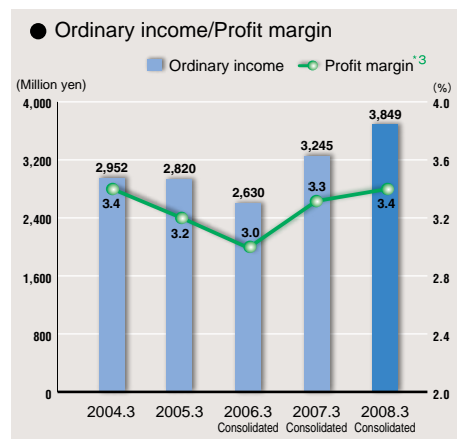
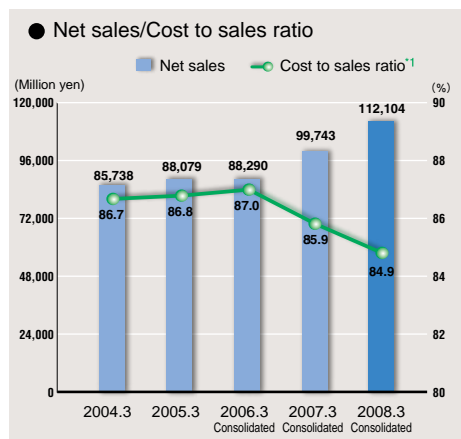
(Note) The above amounts are rounded down to the nearest thousand yen.

Data Section



Financial Data

Profitability



Consolidated accounting has been applied starting from the term ended March 31, 2006

	2004.3	2005.3	2006.3 Consolidated	2007.3 Consolidated	2008.3 Consolidated
Net sales (Million yen)	85,738	88,079	88,290	99,743	112,104
Cost to sales ratio (%) *1	86.7	86.8	87.0	85.9	84.9
Operating income (Million yen)	3,182	3,106	3,100	3,531	3,678
Operating margin (%) *2	3.7	3.5	3.5	3.5	3.3
Ordinary income (Million yen)	2,952	2,820	2,630	3,245	3,849
Profit margin (%) *3	3.4	3.2	3.0	3.3	3.4
Net income (Million yen)	1,680	1,916	1,537	1,876	2,193
Net income margin (%) *4	2.0	2.2	1.7	1.9	2.0
Return on equity (ROE) (%) *5	13.8	14.2	10.5	10.7	10.5
Return on assets (ROA) (%) *6	4.6	5.2	4.2	4.5	4.5

*1. Cost to sales ratio = Cost of sales / Net sales

*2. Operating margin = Operating income / Net sales

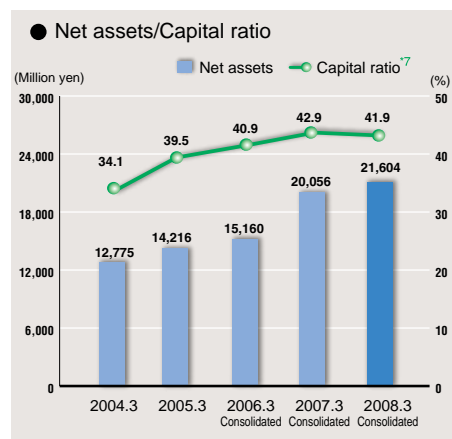
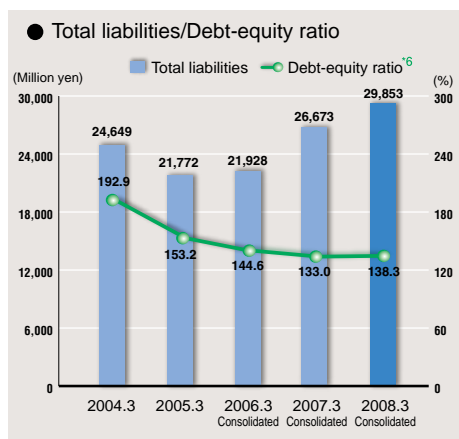
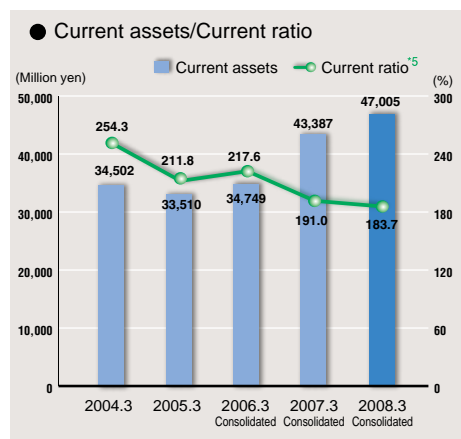
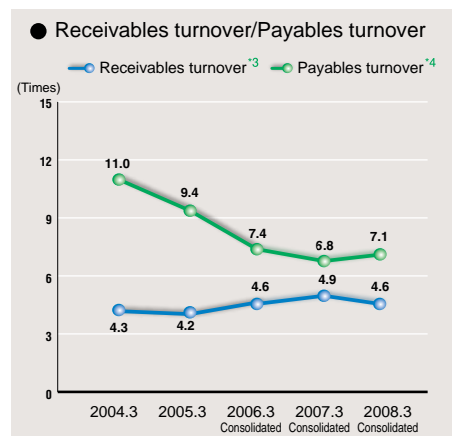
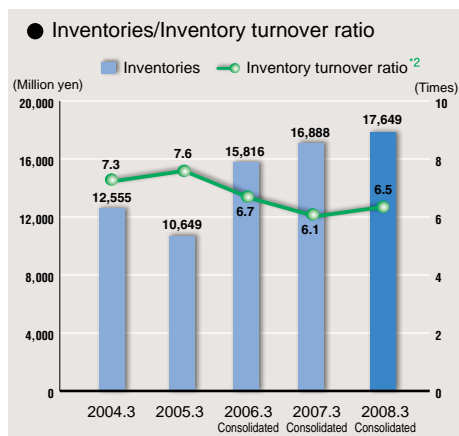
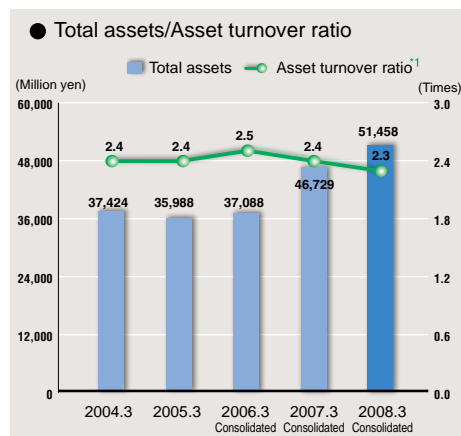
*3. Profit margin = Ordinary income / Net sales

*4. Net income margin = Net income / Net sales

*5. Return on equity (ROE) = Net income / Average shareholders' equity at the beginning and end of the term

*6. Return on assets (ROA) = Net income / Average total assets at the beginning and end of the term

Efficiency, Safety



Consolidated accounting has been applied starting from the term ended March 31, 2006

	2004.3	2005.3	2006.3 Consolidated	2007.3 Consolidated	2008.3 Consolidated
Total assets (Million yen)	37,424	35,988	37,088	46,729	51,458
Asset turnover ratio (Times) *1	2.4	2.4	2.5	2.4	2.3
Inventories (Million yen)	12,555	10,649	15,816	16,888	17,649
Inventory turnover ratio (Times) *2	7.3	7.6	6.7	6.1	6.5
Receivables turnover (Times) *3	4.3	4.2	4.6	4.9	4.6
Payables turnover (Times) *4	11.0	9.4	7.4	6.8	7.1
Current assets (Million yen)	34,502	33,510	34,749	43,387	47,005
Current ratio (%) *5	254.3	211.8	217.6	191.0	183.7
Total liabilities (Million yen)	24,649	21,772	21,928	26,673	29,853
Debt-equity ratio (%) *6	192.9	153.2	144.6	133.0	138.3
Net assets (Million yen)	12,775	14,216	15,160	20,056	21,604
Capital ratio (%) *7	34.1	39.5	40.9	42.9	41.9

*1. Asset turnover ratio = Net sales / Average total assets at the beginning and end of the term

*2. Inventory turnover ratio = Net sales / Average inventories at the beginning and end of the term

*3. Receivables turnover = Net sales / Average notes and accounts receivable at the beginning and end of the term

*4. Payables turnover = Cost of sales / Average accounts payable at the beginning and end of the term

*5. Current ratio = Current assets / Current liabilities

*6. Debt-equity ratio = Liabilities / Shareholders' equity

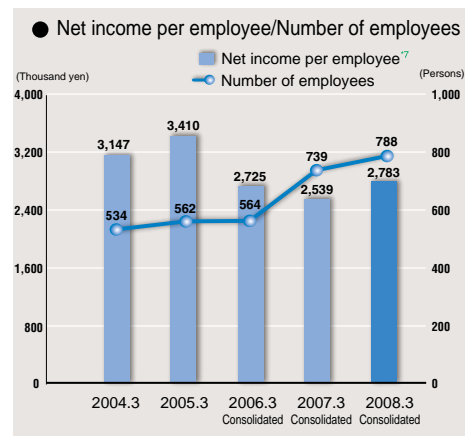
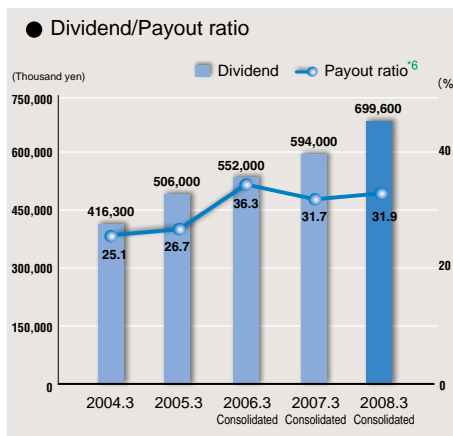
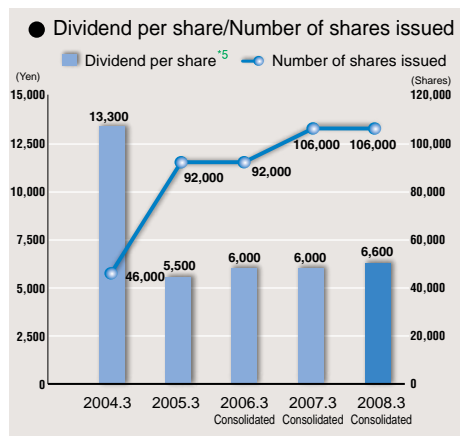
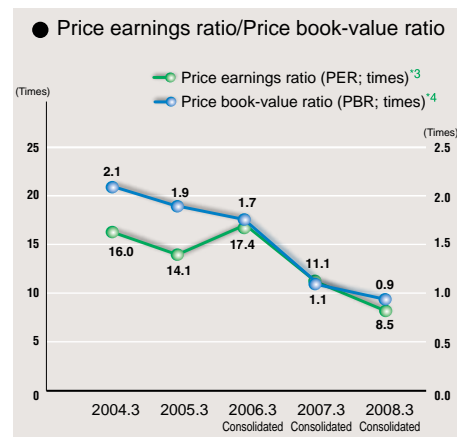
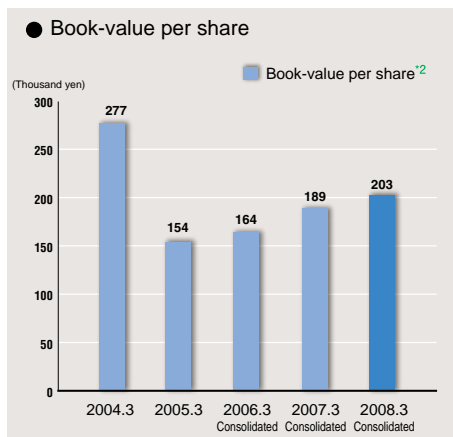
*7. Capital ratio = Shareholders' equity / Total assets

Data Section



Financial Data

Other Indicators



Consolidated accounting has been applied starting from the term ended March 31, 2006

	2004.3	2005.3	2006.3 Consolidated	2007.3 Consolidated	2008.3 Consolidated
Earnings per share (EPS: Thousand yen) *1	35	20	16	18	20
Book-value per share (Thousand yen) *2	277	154	164	189	203
Price earnings ratio (PER: times) *3	16.0	14.1	17.4	11.1	8.5
Price book-value ratio (PBR: times) *4	2.1	1.9	1.7	1.1	0.9
Dividend per share (Yen) *5	13,300	5,500	6,000	6,000	6,600
Number of shares issued (Shares)	46,000	92,000	92,000	106,000	106,000
Dividend (Thousand yen)	416,300	506,000	552,000	594,000	699,600
Payout ratio (%) *6	25.1	26.7	36.3	31.7	31.9
Net income per employee (Thousand yen) *7	3,147	3,410	2,725	2,539	2,783
Number of employees (Persons)	534	562	564	739	788

*1. Earnings per share (EPS) = Net income / Average number of shares issued in the term

*2. Book-value per share = Net assets at the end of the term / Number of shares issued at the end of the term

*3. Price earnings ratio (PER) = Share price at the end of the term / Net income per share

*4. Price book-value ratio (PBR) = Share price at the end of the term / Net assets per share

*5. Dividend per share = Paid interim dividend and year-end dividend / Number of shares issued

*6. Payout ratio = Paid interim dividend and year-end dividend / Net income

*7. Net income per employee = Net income / Number of employees at the end of the term

Corporate Profile

Corporate Profile (As of March 31, 2008)

Company Name: TOKYO ELECTRON DEVICE LIMITED
 Established: March 3, 1986
 Capital: ¥2,495.75 million
 Employees: 788 (consolidated)



Yokohama East Square
 1-4, Kinko-cho, Kanagawa-ku, Yokohama City,
 Kanagawa 221-0056, Japan

Officers (As of June 18, 2008)

Corporate Directory

President & Representative Director Toshiaki Sunagawa
 Corporate Director Noriyuki Kuga
 Corporate Director Katsuyuki Amano
 Corporate Director Tsutomu Kimura
 Corporate Director Atsushi Tokushige
 Corporate Director Tetsuro Higashi
 Corporate Director Mamoru Hara
 Corporate Director Masayasu Tsunematsu

Auditor

Standing Auditor Ichiyo Yazaki
 Standing Auditor Kenichi Tooyama
 Auditor Takeo Tanaka
 Auditor Kenichiro Hayashida

(Notes) 1. Masayasu Tsunematsu is an external director.
 2. Kazuhiro Yazaki and Kenichiro Hayashida are external statutory auditors.

Vice President

Toshiaki Sunagawa
 Noriyuki Kuga
 Katsuyuki Amano
 Tsutomu Kimura
 Atsushi Tokushige
 Hiroaki Shishikura
 Masayuki Ohsaki
 Kohshi Yahata
 Hiroshi Takei
 Shuji Kuroda
 Shinji Yamada
 Hideki Hayashi

Office Network (As of April 1, 2008)

Headquarters Atsugi Subbranch of the Headquarters, Sales Department
 Headquarters Sales Department Utsunomiya Subbranch of the Kitakanto Branch Office
 Kitakanto Branch Office Okayama Subbranch of the Osaka Branch Office
 Osaka Branch Office Matsuyama Subbranch of the Osaka Branch Office

Sendai Sales Office Mito Sales Office Shinjuku Sales Office
 Tachikawa Sales Office Nagaoka Sales Office Fuchu Sales Office
 Matsumoto Sales Office Mishima Sales Office Osaka Sales Office
 Hamamatsu Sales Office Nagoya Sales Office
 Kyoto Sales Office Fukuoka Sales Office
 Yokohama Sales Office

Sendai Inreivium Technical Center
 Yokohama Inreivium Technical Center

Tokyo Electron Device (Shanghai) Limited
 Tokyo Electron Device Hong Kong Limited
 Tokyo Electron Device (Wuxi) Limited
 Tokyo Electron Device Singapore Pte, Ltd.
 Pan Electron Limited

Stock Information

Shares of the Company (As of March 31, 2008)

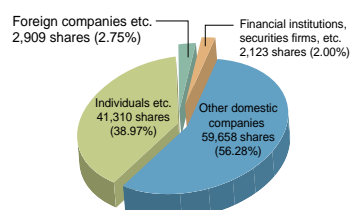
• Number of authorized shares 256,000 shares
 • Number of issued shares 106,000 shares
 • Number of shareholders 5,955 shareholders

Major Shareholders (As of March 31, 2008)

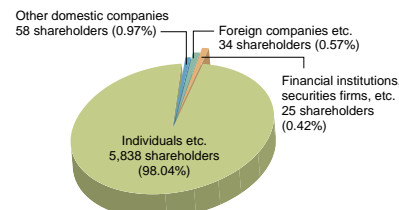
Shareholders	Number of shares held	Shareholding ratio
	Shares	%
Tokyo Electron Limited	58,753	55.42
Tokyo Electron Device Employee Shareholder Association	3,162	2.98
Nobuo Kobayashi	1,101	1.03
UBS AG London Account IPB Segregated Client Account	1,062	1.00
Northern Trust Company AVFC RE Northern Trust Guernsey non Treaty Clients	600	0.56
Japan Trustee Services Bank Limited	593	0.55

Distribution of Shares (As of March 31, 2008)

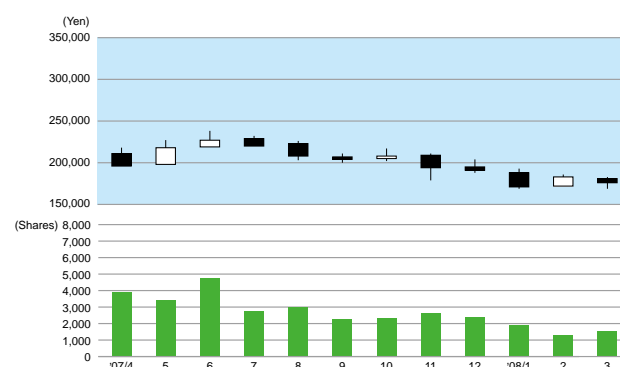
• Number of Shares by Shareholder Type



• Number of Shareholders by Shareholder Type



Stock Price and Trading Volume



■ Website

Tokyo Electron Device publishes a range of information on its website, including a company guide, product and technical information, and IR materials.
(<http://www.teldevice.co.jp/>)



Top page



IR information page

■ Contact

E-mail: ir-info@teldevice.co.jp