Notes to Consolidated Financial Statements

Tokyo Electron Limited and Subsidiaries
Years ended March 31, 2015 and 2014

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements of Tokyo Electron Limited (hereinafter "the Company") and its subsidiaries (hereinafter collectively referred to as "Tokyo Electron") have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The Company uses financial statements prepared by foreign subsidiaries in accordance with International Financial Reporting Standards or U.S. generally accepted accounting principles for the preparation of the consolidated financial statements, together with adjustment for certain items which are required to be adjusted in the consolidation process.

The accompanying consolidated financial statements have been restructured and translated into English from the statutory Japanese language consolidated financial statements. Some supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements.

U.S. dollar amounts included herein are solely for the convenience of readers and are presented at the rate of ¥120.17 to $1.00, the approximate rate as of March 31, 2015. The translation should not be construed as a representation that the Japanese yen amounts shown could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its 46 and 53 subsidiaries as of March 31, 2015 and 2014, respectively.

All significant inter-company accounts, transactions and unrealized profits or losses have been eliminated through consolidation procedures.

The Company transferred a portion of shares of Tokyo Electron Device Limited on April 1, April 15, 2014 and May 9, 2014. As a result, effective on April 1, 2014, the classification of Tokyo Electron Device Limited changed from a consolidated subsidiary to an equity method affiliate. In accordance with this change, seven affiliates apply equity method. The fiscal year-end of all entities is March 31, except for 7 consolidated foreign subsidiaries. Financial statements provisionally closed for the period ending March 31 are used for these subsidiaries.

(b) Foreign currency translation

All assets and liabilities denominated in foreign currencies are translated into Japanese yen at the year-end rates, except for those hedged by forward exchange contracts, which are translated at the contracted rates. Resulting exchange gains and losses are included in earnings for the year.

Revenue and expense items are translated at the rates that approximate those prevailing at the time of the transactions.

The balance sheet accounts of foreign subsidiaries are translated into Japanese yen at the rates of exchange in effect at the balance sheet date, except for shareholders' equity accounts, which are translated at the historical rates. Revenue and expense accounts of foreign subsidiaries are translated at average rates of exchange in effect during the year. Resulting translation adjustments are presented in net assets as a component of accumulated other comprehensive income in the consolidated balance sheets.

(c) Cash equivalents

Tokyo Electron considers all highly-liquid instruments purchased with original maturities of three months or less to be cash equivalents.

(d) Short-term investments

Short-term investments consist of short term deposits and low-risk financial instruments with original maturities of more than three months.

(e) Investment securities

Tokyo Electron examines the intent of holding each security and classifies those securities as trading securities, held-to-maturity debt securities or other securities. Tokyo Electron has no trading securities. Held-to-maturity debt securities are stated mainly at amortized cost. Other securities with market prices are valued at fair market value prevailing at the balance sheet date. The differences between the book and market prices of other securities, net of applicable income taxes, are presented in net assets as a component of accumulated other comprehensive income. Other securities without market value are valued at cost using the weighted-average method.

The cost of sold securities is calculated using the weighted-average method.

(f) Inventories

Inventories other than raw materials are stated at the lower of cost, determined by principally the specific identification method, or net realizable value, which is defined as selling price less estimated additional manufacturing costs and estimated direct selling expenses. Raw materials are stated at the lower of cost, determined principally by the moving-average method, or replacement cost.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation of buildings, machinery and equipment of the Company and its domestic subsidiaries is computed using the declining balance method, except for buildings acquired subsequent to March 31, 1998 which are depreciated using the straight-line method, based on the estimated useful lives of assets. Foreign subsidiaries mainly apply the straight-line method over the estimated useful lives of assets.

Estimated useful lives of property, plant and equipment are as follows:

Buildings	2 to 60 years
Machinery and equipment	2 to 17 years

(h) Intangible assets

Intangible assets are amortized by the straight-line method over their estimated useful lives.

(i) Goodwill

Goodwill is evaluated on an individual basis and amortized by the straight-line method over a period not exceeding 20 years.

(j) Impairment of fixed assets

Tokyo Electron evaluates the carrying value of fixed assets held for use in the business.

If the carrying value of a fixed asset is impaired, a loss is recognized based on the amount by which the carrying value exceeds its recoverable amount, being the higher of the net selling price or the value in use of the assets. Net selling price is determined using the fair value less disposal costs and value in use is based on the total amount of discounted cash flows estimated to be generated from the continuing use of the individual assets or the asset group and the disposal of the assets.

(k) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debts with respect to ordinary receivables, and an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers which are experiencing financial difficulties.

(l) Employee Benefits

The Company and its domestic subsidiaries provide defined benefit plans for their employees. Expected benefits are attributed to accounting periods by a benefit formula basis. Prior service costs are charged to earnings on a straight-line basis, beginning from the fiscal year in which they are incurred, over a fixed number of years (four years) within the average remaining years of service of employees when the changes occur. Actuarial differences are charged to earnings on a straight-line basis, beginning from the following fiscal year after they are incurred, over a fixed number of years (four years) within the average remaining years of service of employees when the differences occur.

The provision for accrued pension and severance costs for directors and audit & supervisory board members of the Company and its domestic subsidiaries is calculated in accordance with internal regulations.

The Company and certain domestic subsidiaries decided to discontinue the payment of severance pay for directors and audit & supervisory board members after April 1, 2005, and at the general shareholders' meeting in June 2005, it was resolved that the severance pay for directors and audit & supervisory board members until March 31, 2005 would be paid at the termination of their service and the decision regarding the payment amount for each director and audit & supervisory board member was delegated to the board of directors and audit & supervisory board members. The accruals for severance costs for directors and audit & supervisory board members are included in Net liability for retirement benefits in the consolidated balance sheets as of March 31, 2015 and 2014, respectively.

(m) Accrued warranty expenses

Tokyo Electron's products are generally subject to warranty, and Tokyo Electron accrues such estimated costs when product revenue is recognized. To prepare for future repairs during warranty periods, estimated after-sale repair expenses over warranty periods are accrued based on the historical ratio of actual repair expenses to corresponding sales.

(n) Derivatives and hedge accounting

The Company and certain subsidiaries make use of derivatives in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates. The amount of derivatives is limited to the extent of foreign currency assets, liabilities and actual orders, and Tokyo Electron does not trade in derivatives for speculative purposes.

Derivatives are carried at fair value in the consolidated balance sheet with changes in unrealized gain or loss charged or credited to earnings, except for those which meet the criteria for hedge accounting. Unrealized gains or losses on hedging derivative instruments, net of income taxes, are reported in net assets as a component of accumulated other comprehensive income. Receivables and payables hedged by qualified forward foreign exchange contracts are translated at the corresponding foreign exchange contract rates.

(o) Income taxes

Tokyo Electron records deferred tax assets and liabilities on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, which are measured using the enacted tax rates and laws which are expected to be in effect when the differences are expected to reverse.

(p) Revenue recognition

Revenue from Semiconductor and FPD (Flat Panel Display) production equipment is principally recognized at the time of the customer confirmation of set-up and testing of products. Revenue from such equipment not requiring substantial installation is recognized at the time of shipment. Revenue from PV (Photovoltaic panel) production equipment is mainly recognized based on the percentage-of-completion method. Service revenue from maintenance is recognized ratably over the term of the maintenance contract.

(q) Per share information

Net income per share and net assets per share are computed based on the weighted-average number of shares of common stock outstanding during each year.

Dividends per share has been presented on an accruals basis and include, in each fiscal year ended March 31, dividends approved or to be approved after March 31 but applicable to the year then ended.

(r) Research and development expenses

Research and development expenses are charged to earnings as incurred and amounted to ¥71,350 million ($593,742 thousand) and ¥78,664 million for the years ended March 31, 2015 and 2014, respectively.

Notes to Consolidated Financial Statements

(s) Reclassifications

Certain reclassifications have been made to the prior year's consolidated financial statements to conform with the presentation used for the year ended March 31, 2015.

3. Change in Accounting Policies and Adoption of New Accounting Standards

Effective from the year ended March 31, 2015, the Company and its consolidated domestic subsidiaries adopted article 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, May 17, 2012 (hereinafter, "Statement No.26")) and article 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, May 17, 2012 (hereinafter, "Guidance No.25")), and have changed the determination of retirement benefit obligations and current service costs. In addition, the Company and its consolidated domestic subsidiaries have changed the method of attributing expected benefit to periods from straight-line attribution to a benefit formula basis and determining the discount rates.

In accordance with article 37 of Statement No.26, the effect of changing the determination of retirement benefit obligations and current service costs has been recognized in retained earnings at the beginning of the current fiscal year.

The effect of the adoption of the accounting standards on the Company's consolidated financial statements for the year ending March 31, 2015 is immaterial.

4. Supplemental Information on the Consolidated Statements of Cash Flows

Information of assets and liabilities of a deconsolidated subsidiary and the relationship between the sales price of shares and the net proceeds, from the sales transaction for the year ended March 31, 2015 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2015	2015
Current assets	¥51,578	$429,208
Non current assets	6,333	52,699
Current liabilities	(25,311)	(210,627)
Non current liabilities	(9,222)	(76,741)
Minority interests	(10,420)	(86,710)
Equity investment interest after sale of shares	(7,983)	(66,431)
Accumulated other comprehensive income	(113)	(940)
Loss on sale of affiliates' shares	(1,609)	(13,389)
Loss on change in equity	(242)	(2,014)
Sales price of shares	3,011	25,055
Cash and cash equivalents	(1,285)	(10,692)
Net proceeds from sales of affiliates' shares	¥ 1,726	$ 14,363

5. Securities

Other securities as of March 31, 2015 and 2014 are as follows:

	Millions of yen	
2015:	Cost	Carrying value
Noncurrent		
Securities with market prices		
Equity securities	¥8,282	¥22,230
Securities without market prices		
Unlisted stock	1,621	1,645
Other	60	60
Total	¥9,963	¥23,935

	Millions of yen	
2014:	Cost	Carrying value
Noncurrent		
Securities with market prices		
Equity securities	¥ 9,835	¥18,247
Securities without market prices		
Unlisted stock	520	648
Other	1,132	1,132
Total	¥11,487	¥20,027

	Thousands of U.S. dollars	
2015:	Cost	Carrying value
Noncurrent		
Securities with market prices		
Equity securities	$68,919	$184,988
Securities without market prices		
Unlisted stock	13,490	13,689
Other	2,429	2,430
Total	$84,838	$201,107

Held-to-maturity securities classified as current assets are ¥238,300 million ($1,983,024 thousand) and ¥211,801 million as of March 31, 2015 and 2014, respectively.

Reconciliation of held-to-maturity securities as of March 31, 2015 and 2014 to the amounts of short-term investments in the consolidated balance sheets are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Held-to-maturity (current)	¥238,300	¥211,801	$1,983,024
Deposits and low-risk financial instruments with original maturities of three months or less	(238,068)	(48,500)	(1,981,093)
Deposits with original maturities of more than three months	51	49	424
Short-term investments	¥ 283	¥163,350	$ 2,355

Net loss on devaluation of investment securities was ¥0 million ($3 thousand) and ¥308 million for the years ended March 31, 2015 and 2014, respectively.

Net gain on sale of investment securities was ¥55 million ($458 thousand) and ¥74 million for the years ended March 31, 2015 and 2014, respectively.

6. Inventories

Inventories as of March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Finished products	¥112,301	¥114,289	$ 934,518
Work in process, raw materials and supplies	63,287	53,988	526,645
Total	¥175,588	¥168,277	$1,461,163

The amounts of change in inventory provision included in cost of sales in the consolidated statements of operations for the years ended March 31, 2015 and 2014 were a decrease of ¥582 million ($4,843 thousand) and an increase of ¥2,296 million, respectively.

7. Loss on Impairment of Property, Plant and Equipment, Goodwill and Other Assets

For the years ended March 31, 2015 and 2014, the following loss on impairment has been recognized:

Year ended March 31, 2015

(1) Noncurrent assets of Tokyo Electron (Kunshan) Limited

			Loss on impairment	
Location	Use	Type of Asset	Millions of yen	Thousands of U.S. dollars
Tokyo Electron (Kunshan) Limited	Plant	Buildings and structures, machinery and equipment, and other assets	¥2,119	$17,633

Due to a significant downturn in profitability caused by the marked deterioration in operating conditions, Tokyo Electron (Kunshan) Limited, a subsidiary manufacturing FPD production equipment, recognized the difference between book value and recoverable amount of property, plant and equipment as loss on impairment. The recoverable amount was measured as the net selling price calculated based on reasonable estimates, such as real estate appraisals performed by third party valuation experts.

(2) Others

Loss on impairment of ¥388 million ($3,229 thousand) was recognized for other asset groups of Tokyo Electron.

Year ended March 31, 2014

For the year ended March 31, 2014, the following loss on impairment has been recognized.

(1) Goodwill and Noncurrent assets of TEL Solar Holding AG

			Loss on impairment
Location	Use	Type of Asset	Millions of yen
Trübbach, St. Gallen, Switzerland	Plant	Buildings and structures, machinery and equipment, and other assets	¥32,789

Due to the significant deterioration of the business environment, sales of TEL Solar Holding AG and its subsidiaries in the PV production equipment business have been below the initial business plans. Under the current condition, Tokyo Electron performed an impairment test and recognized the difference between the book value and recoverable amount of property, plant and equipment as loss on impairment. The recoverable amount was measured as value in use, but as Tokyo Electron has determined that the business is not expected to generate any future net cash inflows, the recoverable amount was assessed at zero.

Further, a loss on impairment was recognized for machinery, equipment and other assets held by TEL Solar Holding AG and its consolidated subsidiaries, measured as the difference between the book value and the recoverable amount. The recoverable amount was measured as the net selling price, but as reutilization or sale of these assets would be difficult, the net selling price was assessed at zero.

(2) Goodwill of TEL NEXX, Inc.

			Loss on impairment
Location	Use	Type of Asset	Millions of yen
Billerica, Massachusetts, U. S. A.	Plant	Goodwill, and other assets	¥5,009

Under the current condition that sales of TEL NEXX, Inc. in the SPE business have been below the initial business plans, Tokyo Electron performed an impairment test and recognized the difference between the book value and recoverable amount as loss on impairment. The recoverable amount was measured as value in use, and was calculated by discounting future cash flows at a discount rate of 14.0%.

Notes to Consolidated Financial Statements

(3) Noncurrent assets of business locations to be restructured

Location	Use	Type of Asset	Loss on impairment Millions of yen
Tsukuba, Ibaraki (Technology Center Tsukuba)	R&D center	Buildings and structures, machinery and equipment and other assets	¥4,649
Sendai, Miyagi (Technology Center Sendai)	R&D center	Buildings and structures, land and other assets	¥3,355
Others	—	Buildings and structures and other assets	¥ 293

Tokyo Electron has determined to restructure several domestic facilities, and as assets within the above asset groups are not expected to be reutilized in the foreseeable future, Tokyo Electron performed an impairment test and recognized the difference between the book value and recoverable amount as loss on impairment. The recoverable amount for the above asset groups were measured as the net selling price. For land, buildings and structures, the net selling price was calculated based on reasonable estimates such as real estate appraisals performed by third party valuation experts, while for machinery, equipment and other assets, the recoverable amount was assessed at zero, as reutilization or sale of these assets would be difficult.

(4) Others

Loss on impairment of ¥874 million was recognized for other asset groups of Tokyo Electron.

8. Pledged Assets

Tokyo Electron did not hold any assets pledged as collateral as of March 31, 2015 and 2014.

9. Short-term Borrowings

There is no short-term borrowings classified as current liabilities as of March 31, 2015. Short-term borrowings classified as current liabilities as of March 31, 2014 is ¥11,531 million and their average annual rate is 0.39% as of March 31, 2014.

As of March 31, 2015, Tokyo Electron has unused lines of credit amounting to ¥114,990 million ($956,894 thousand).

As of March 31, 2014, Tokyo Electron has unused lines of credit amounting to ¥143,578 million.

10. Employee Benefits

The Company and its domestic subsidiaries provide for their employees a cash balance plan and a noncontributory retirement and severance benefit plan as defined benefit plans. Further, certain consolidated overseas subsidiaries provide defined benefit plans for their employees.

Defined benefit plans

(1) Movement of retirement benefit obligations

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance at April 1, 2014 and 2013	¥113,221	¥115,296	$942,174
Cumulative effect of changes in accounting policies	2,034	—	16,926
Restated balance	115,255	115,296	959,100
Service cost	5,697	6,874	47,408
Interest cost	1,608	1,785	13,381
Actuarial loss (gain)	4,793	(9,945)	39,885
Benefits paid	(5,138)	(3,215)	(42,756)
Effect of change in scope of consolidation	(11,095)	—	(92,328)
Foreign currency exchange rate changes	969	2,031	8,064
Other	183	395	1,522
Balance at March 31, 2015 and 2014	¥112,272	¥113,221	$934,276

(2) Movements of plan assets

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance at April 1, 2014 and 2013	¥69,540	¥60,476	$578,680
Expected return on plan assets	1,332	1,256	11,084
Actuarial gain	3,997	3,633	33,261
Contributions paid by the employer	3,406	3,306	28,343
Benefits paid	(3,053)	(1,726)	(25,406)
Effect of change in scope of consolidation	(5,542)	—	(46,118)
Foreign currency exchange rate changes	952	2,034	7,922
Other	273	561	2,273
Balance at March 31, 2015 and 2014	¥70,905	¥69,540	$590,039

(3) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Funded retirement benefit obligations	¥62,213	¥60,206	$517,709
Plan assets	(70,905)	(69,540)	(590,040)
Funded status	(8,692)	(9,334)	(72,331)
Unfunded retirement benefit obligations	50,059	53,015	416,568
Asset ceiling adjustments (note 1)	920	864	7,656
Net liability for retirement benefits at March 31, 2015 and 2014	¥42,287	¥44,545	$351,893
Liability for retirement benefits (note 2)	51,104	53,449	425,264
Asset for retirement benefits	(8,817)	(8,904)	(73,371)
Net liability for retirement benefits at March 31, 2015 and 2014	¥42,287	¥44,545	$351,893

Notes: 1. The asset ceiling adjustment represents plan assets exceeding the asset ceiling for overseas subsidiaries that apply International Accounting Standard 19 Employee Benefits.
2. The provision for accrued pension and severance costs for directors and audit & supervisory board members of ¥376 million ($3,129 thousand) and ¥582 million as of March 31, 2015 and 2014 is not included.

(4) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Service cost	¥5,697	¥6,874	$47,408
Interest cost	1,608	1,785	13,381
Expected return on plan assets	(1,332)	(1,256)	(11,084)
Net actuarial gain amortization	(2,570)	(339)	(21,386)
Other	528	108	4,393
Total retirement benefit costs for the fiscal years ended March 31, 2015 and 2014	¥3,931	¥7,172	$32,712

(5) Remeasurements of defined benefit plants

	Millions of yen	Thousands of U.S. dollars
	2015	2015
Actuarial losses	¥(3,572)	$(29,725)

(6) Accumulated remeasurements of defined benefit plants

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Net actuarial gains that are yet to be recognized (before tax)	¥7,180	¥11,309	$59,749

(7) Plan assets

1. Plan assets comprise

	2015	2014
Bonds	46%	50%
Equity securities	22	24
Life insurance company general account	20	18
Cash and cash equivalents	2	2
Other	10	6
Total	100%	100%

2. Long-term expected rate of return

Current and target asset allocations, and historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(8) Actuarial assumptions

The principal actuarial assumptions at and for the years ended March 31, 2015 and 2014 are as follows:

	2015	2014
Discount rate	1.15%	1.51%
Long-term expected rate of return	2.00%	2.00%

11. Income Taxes

Significant components of the deferred tax assets and liabilities of Tokyo Electron as of March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Deferred tax assets			
Net operating loss carryforwards	¥19,842	¥17,383	$165,116
Net liability for retirement benefits	17,913	21,461	149,064
Elimination of unrealized profit in inventories	11,582	9,489	96,380
Devaluation of inventories	4,149	4,724	34,526
Accrued employees' bonuses	3,211	2,532	26,720
Loss on impairment of property, plant and equipment, goodwill and other assets	3,026	3,486	25,181
Accrued warranty expenses	2,734	2,709	22,751
Other	10,003	12,413	83,241
Total gross deferred tax assets	72,460	74,197	602,979
Less valuation allowance	(13,506)	(10,806)	(112,390)
Total deferred tax assets	58,954	63,391	490,589
Deferred tax liabilities			
Undistributed earnings of subsidiaries	(5,620)	(6,877)	(46,767)
Intangible assets identified through business combination	(5,255)	(6,686)	(43,730)
Net unrealized gains on investment securities	(4,510)	(3,096)	(37,530)
Net asset for retirement benefits	(1,758)	(1,620)	(14,629)
Other	(4,105)	(5,993)	(34,160)
Total deferred tax liabilities	(21,248)	(24,272)	(176,816)
Net deferred tax assets	¥37,706	¥39,119	$313,773

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Net deferred tax assets are included in the consolidated balance sheets as of March 31, 2015 and 2014 as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Current assets	¥27,672	¥25,174	$230,274
Investments and other assets	18,348	23,224	152,684
Other current liabilities	(0)	—	(0)
Non-current liabilities	(8,314)	(9,279)	(69,185)

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period in which temporary differences become deductible. For assessment of the realizability of deferred tax assets, management considers the scheduled reversal of deferred tax liabilities, future estimated taxable income, tax planning strategies and level of net operating loss carryforwards, if any, in accordance with accounting principles generally accepted in Japan.

Based on the level of historical taxable income and future estimated taxable income over the periods which the temporary differences are deductible, management believes Tokyo Electron will realize the benefits of these deferred tax assets, net of valuation allowance, as of March 31, 2015 and 2014.

The Company and its wholly-owned domestic subsidiaries apply a consolidated tax filing system for corporate tax purposes.

On March 31, 2015, amendments to the Japanese tax regulations were enacted into law. Based on the amendments, the statutory income tax rates utilized for the measurement of deferred tax assets and liabilities expected to be settled or realized from April 1, 2015 to March 31, 2016 and on or after April 1, 2016 are changed from 35.64% for the fiscal year ended March 31, 2015 to 33.10% and 32.34%, respectively, as of March 31, 2015.

Due to these changes in statutory income tax rates, net deferred tax assets (after deducting the deferred tax liabilities) decreased by ¥2,134 million ($17,758 thousand), and deferred income tax expense increased by ¥2,881 million ($23,974 thousand) for the fiscal year ended March 31, 2015.

Significant components of the difference between the statutory and effective tax rates for the years ended March 31, 2015 and 2014 are as follows:

	2015	2014
Statutory tax rate in Japan	35.64%	38.01%
Adjustments:		
Change in valuation allowance	(17.51)	17.93
Tax credits	(4.35)	38.76
Effect of enacted changes in Japanese tax rates on net deferred tax assets	3.39	(8.68)
Difference in statutory tax rates of subsidiaries	(1.34)	(17.72)
Impairment and amortization of goodwill	0.45	(130.97)
Others, net	0.88	(0.76)
Effective tax rate	17.16%	(63.43)%

12. Net Assets

Net assets comprises four subsections, which are shareholders' equity, accumulated other comprehensive income, share subscription rights and minority interests.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital which is included in capital surplus.

In cases where dividend distribution of surplus is made, the lesser of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal reserve must be set aside as additional paid-in capital or legal reserve. Legal reserve is included in retained earnings in the accompanying consolidated balance sheets.

Both appropriations of legal reserve and additional paid-in capital used to eliminate or reduce a deficit generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal reserve may not be distributed as dividends. All additional paid-in capital and legal reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The Company is subject to restriction of dividends by the Japanese Corporate Act, which restricts the amount of dividends to retained earnings on a consolidated basis.

The Company's articles allow for the distribution of earnings to shareholders on dates other than the mid-term and year-end, by a resolution of the board of directors in accordance with Japanese laws and regulations.

At the board of directors' meeting held on May 13, 2015, the distribution of cash dividends amounting to ¥12,190 million ($101,440 thousand) was resolved. Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2015 since they are recognized in the period in which they are resolved at the board of directors' meeting.

13. Other Comprehensive Income

Other comprehensive income for the years ended March 31, 2015 and 2014 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Net unrealized gains on investment securities			
Unrealized gains arising during the year	¥5,281	¥2,199	$43,946
Reclassification adjustments	0	(78)	0
Sub-total, before tax	5,281	2,121	43,946
Tax expense	(1,413)	(756)	(11,758)
Sub-total, net of tax	3,868	1,365	32,188
Net deferred gains (losses) on hedging instruments			
Deferred gains (losses) arising during the year	95	(269)	791
Reclassification adjustments	3	412	25
Sub-total, before tax	98	143	816
Tax expense	(29)	(51)	(242)
Sub-total, net of tax	69	92	574
Foreign currency translation adjustments			
Adjustments during the year	6,664	6,867	55,454
Reclassification adjustments	(21)	—	(174)
Sub-total, before tax	6,643	6,867	55,280
Tax expense	—	—	—
Sub-total, net of tax	6,643	6,867	55,280
Remeasurements of defined benefit plans			
Adjustments during the year	(907)	—	(7,548)
Reclassification adjustments	(2,665)	—	(22,177)
Sub-total, before tax	(3,572)	—	(29,725)
Tax expense	1,302	—	10,835
Sub-total, before tax	(2,270)	—	(18,890)
Share of other comprehensive income of associates accounted for using equity method			
Adjustments during the year	56	—	466
Total other comprehensive income	¥8,366	¥8,324	$69,618

14. Share Subscription Rights

Stock option plan

The Company's shareholders have approved annual stock option plans for directors and selected employees since the year ended March 31, 1999. The options under the plans vest immediately with restriction on exercise up to three years after the date of grant, and have an exercise period of seventeen years from the date of grant.

Notes to Consolidated Financial Statements

A summary of stock options outstanding and exercisable as of March 31, 2015 and 2014 is as follows:

Tokyo Electron Limited	2015			2014	
	Number of shares	Weighted-average exercise price		Number of shares	Weighted-average exercise price
		Yen	U.S. dollars		Yen
Outstanding at the beginning of year	**479,300**	**¥1**	**$0.01**	556,900	¥ 661
Granted	**—**	**—**	**—**	—	—
Exercised	**88,900**	**1**	**0.01**	20,800	1
Expired (forfeited)	**12,200**	**1**	**0.01**	56,800	6,468
Outstanding at the end of year	**378,200**	**1**	**0.01**	479,300	1
Exercisable at the end of year	**252,100**	**1**	**0.01**	114,400	1

Tokyo Electron Device Limited	2014	
	Number of shares	Weighted-average exercise price
		Yen
Outstanding at the beginning of year	65,000	¥3,087
Granted	—	—
Exercised	—	—
Expired (forfeited)	—	—
Outstanding at the end of year	65,000	3,087
Exercisable at the end of year	65,000	3,087

Stock options related to Tokyo Electron Device Limited as of March 31, 2015 is excluded because that Tokyo Electron Device Limited became an equity method affiliate from a consolidated subsidiary.

15. Leases

Future minimum lease payments on non-cancelable operating leases are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Due within one year	**¥3,249**	¥3,410	**$27,037**
Due over one year	**3,660**	5,922	**30,457**
Total	**¥6,909**	¥9,332	**$57,494**

16. Fair Value of Financial Instruments

Policy for Financial Instruments

Tokyo Electron limits its fund management to short-term bank deposits and low-risk financial instruments, and obtains funds by utilizing bank-loans or liquidating trade-receivables.

Trade receivables, which consist of notes and accounts receivable, are exposed to credit risk in the event of non-performance by the counterparties. Execution and management of credit risk, maturity and receivable balance are conducted pursuant to the internal management rules for credit control. Credit risk of major customers is assessed on a regular basis.

Short-term investments consist of time deposits and low risk financial instruments and Tokyo Electron trade with highly-rated financial institutions to mitigate credit risks.

Investment securities consist of mainly equity interests in listed companies exposed to equity market risks. Conditions, including market prices, for these investment securities are monitored on a regular basis.

Trade payables, which consist of notes and accounts payable, mainly mature within one year. Trade payables are exposed to liquidity risks which are managed through activities such as implementing cash management plans.

See notes 9 and 17 for detailed discussion on short-term borrowings and derivative financial instruments, respectively.

Fair Value of Financial Instruments

Carrying amount and estimated fair value of financial instruments as of March 31, 2015 and 2014 are set out below. Fair value of financial instruments which is practically difficult to estimate are excluded (see note 5).

	Millions of yen	
2015:	Carrying amount	Estimated fair value[1]
Assets		
Cash and cash equivalents	**¥317,632**	**¥317,632**
Short-term investments	**283**	**283**
Trade notes and accounts receivable, net of allowance for doubtful accounts (¥379 million)	**110,466**	**110,466**
Investment securities	**22,230**	**22,230**
Liabilities		
Trade notes and accounts payable	**56,479**	**56,479**
Derivatives (see note 17)		
Hedge accounting not applied	**(2,125)**	**(2,125)**
Hedge accounting applied	**202**	**202**

	Millions of yen	
2014:	Carrying amount	Estimated fair value[1]
Assets		
Cash and cash equivalents	¥104,797	¥104,797
Short-term investments	163,350	163,350
Trade notes and accounts receivable, net of allowance for doubtful accounts (¥1,503 million)	127,529	127,529
Investment securities	18,247	18,247
Liabilities		
Trade notes and accounts payable	53,668	53,668
Short-term borrowings	11,531	11,531
Derivatives (see note 17)		
Hedge accounting not applied	(164)	(164)
Hedge accounting applied	81	81

	Thousands of U.S. dollars	
2015:	Carrying amount	Estimated fair value[1]
Assets		
Cash and cash equivalents	**$2,643,189**	**$2,643,189**
Short-term investments	**2,355**	**2,355**
Trade notes and accounts receivable, net of allowance for doubtful accounts ($3,154 thousand)	**919,248**	**919,248**
Investment securities	**184,988**	**184,988**
Liabilities		
Trade notes and accounts payable	**469,993**	**469,993**
Derivatives (see note 17)		
Hedge accounting not applied	**(17,683)**	**(17,683)**
Hedge accounting applied	**1,681**	**1,681**

Receivables and payables derived from derivative transactions are stated on a net basis. The figures in parentheses represent net payables.

Notes: 1. Fair value calculation of financial instruments

Cash and cash equivalents, short-term investments, trade notes and accounts receivable, trade notes and accounts payable, and short-term borrowings

The carrying amounts approximate fair value because of the short maturity of these instruments.

Investment securities

The fair values of marketable securities are based on quoted market prices. See note 5 for further information by classification of investment securities.

Derivatives

See note 17 for detailed discussion on derivative financial instruments.

2. Maturities of financial assets and securities are as follows:

	Millions of yen	
2015:	Within 1 year	After 1 through 5 years
Cash and cash equivalents	**¥317,632**	**¥—**
Short-term investments	**283**	**—**
Trade notes and accounts receivable	**110,845**	**—**

	Millions of yen	
2014:	Within 1 year	After 1 through 5 years
Cash and cash equivalents	¥104,797	¥—
Short-term investments	163,350	—
Trade notes and accounts receivable	129,032	—

	Thousands of U.S. dollars	
2015:	Within 1 year	After 1 through 5 years
Cash and cash equivalents	**$2,643,189**	**$—**
Short-term investments	**2,355**	**—**
Trade notes and accounts receivable	**922,402**	**—**

17. Derivative Financial Instruments

Tokyo Electron is subject to risk from adverse fluctuations in foreign currency exchange rates in its operating and financing activities. The Company and certain subsidiaries enter into forward foreign exchange contracts in order to hedge such risks, but do not enter into such transactions for speculative purposes. The Company and its domestic subsidiary implement a ratio analysis of the total cumulative cash flow fluctuations to assess effectiveness of hedging for all derivative transactions, except for transactions where the critical terms of the hedging instrument and hedged item match and the Company could conclude that changes in fair value or cash flows are expected to completely offset. Execution and management of all derivative transactions in charge of finance department are conducted pursuant to the internal management rule.

The estimated fair values of the derivative financial instruments as of March 31, 2015 and 2014 are as follows:

1. Derivative financial instruments not designated as hedging instruments

	Millions of yen		
2015:	Contract amount	Fair value	Unrealized gains (losses)
Sell U.S. dollars	**¥55,664**	**¥(1,448)**	**¥(1,448)**
Sell Swiss francs	**6,346**	**34**	**34**
Sell Korean won	**1,068**	**(757)**	**(757)**
Sell Singapore dollars	**61**	**(0)**	**(0)**
Sell Chinese yuan	**13**	**(3)**	**(3)**
Buy U.S. dollars	**843**	**1**	**1**
Buy Taiwan dollars	**394**	**(1)**	**(1)**
Buy Chinese yuan	**338**	**50**	**50**
Buy EURO	**135**	**(1)**	**(1)**
Buy Singapore dollars	**33**	**0**	**0**
Total	**¥64,895**	**¥(2,125)**	**¥(2,125)**

	Millions of yen		
2014:	Contract amount	Fair value	Unrealized gains (losses)
Sell U.S. dollars	¥55,346	¥ 216	¥ 216
Sell EURO	3,725	(19)	(19)
Sell Korean won	1,068	(508)	(508)
Sell Chinese yuan	102	(7)	(7)
Sell Singapore dollars	57	(0)	(0)
Buy U.S. dollars	6,216	42	42
Buy Swiss francs	2,213	2	2
Buy Chinese yuan	922	60	60
Buy EURO	385	50	50
Total	¥70,034	¥(164)	¥(164)

Notes to Consolidated Financial Statements

	Thousands of U.S. dollars		
2015:	Contract amount	Fair value	Unrealized gains (losses)
Sell U.S. dollars	$463,210	$(12,050)	$(12,050)
Sell Swiss francs	52,809	283	283
Sell Korean won	8,887	(6,299)	(6,299)
Sell Singapore dollars	508	0	0
Sell Chinese yuan	108	(25)	(25)
Buy U.S. dollars	7,015	8	8
Buy Taiwan dollars	3,279	(8)	(8)
Buy Chinese yuan	2,813	416	416
Buy EURO	1,123	(8)	(8)
Buy Singapore dollars	275	0	0
Total	$540,027	$(17,683)	$(17,683)

Note: The fair values are based on the quoted forward foreign exchange rates.

2. Derivative financial instruments designated as hedging instruments
(1) Deferred hedge

	Millions of yen	
2014:	Contract amount	Fair value
Future transactions denominated in a foreign currency		
Sell U.S. dollars	¥ 9,365	¥ (47)
Sell Korean won	115	(54)
Buy U.S. dollars	8,207	0
Buy Swiss francs	2,382	145
Buy EURO	488	37
Buy GBP	15	0
Total	¥20,572	¥ 81

(2) Alternative method

The contract amounts of forward foreign exchange contracts, entered into to hedge future transactions and receivables and payables denominated in foreign currencies that have been translated by the corresponding contracted rates, are as follows:

	Millions of yen		Thousands of U.S. dollars	
2015:	Contract amount	Fair value	Contract amount	Fair value
Future transactions denominated in a foreign currency				
Sell U.S. dollars	¥ 638	¥ (37)	$ 5,309	$ (308)
Sell Korean won	74	(51)	616	(424)
Buy Chinese yuan	1,808	326	15,045	2,713
Buy EURO	406	(45)	3,379	(375)
Buy U.S. dollars	50	9	416	75
Monetary assets and liabilities in foreign currency (Note)				
Sell U.S. dollars	1,091	—	9,079	—
Buy U.S. dollars	268	—	2,230	—
Total	¥4,335	¥202	$36,074	$1,681

	Millions of yen	
2014:	Contract amount	Fair value
Monetary assets and liabilities in foreign currency (Note)		
Sell U.S. dollars	¥283	¥—
Buy U.S. Dollars	162	—
Buy EURO	1	—
Total	¥446	¥—

Note: The fair value of these derivative financial instruments, which is based on the quoted foreign exchange rates, is included in the carrying value of hedged assets and liabilities.

18. Other Income (Expenses)

See note 7 for further discussion regarding loss on impairment for property, plant and equipment, goodwill and other assets of ¥2,506 million ($20,854 thousand) and 46,969 million recognized for the years ended March 31, 2015 and 2014.

19. Business Combinations

Business Divestitures

Share transfer of a subsidiary

1. Outline of the share transfer

(1) Name of the company and business description

Name of the company: Tokyo Electron Device Limited
Business description: Sale of electronic components and computer networks

(2) Reason of the share transfer

In the midst of a rapidly changing business environment, Tokyo Electron has spent a considerable effort investigating future growth strategies for both Tokyo Electron and Tokyo Electron Device Limited as both companies look to develop the businesses going forward. As a result, the Company sold a portion of its shares in Tokyo Electron Device Limited in order to improve the value of both enterprises. This will enable Tokyo Electron and Tokyo Electron Device Limited to plan for a greater concentration of management resources in our core equipment business, and for Tokyo Electron Device Limited to actively drive its development business and overseas expansion in addition to existing sales of electronic components and computer network related products while becoming even more independent and building its own growth strategies for the future.

(3) Share transfer date

April 1, 2014, April 15, 2014 and May 9, 2014

(4) Share transfer information

Legal form	Share transfer
Number of shares transferred	2,342,600 shares
Sales amounts of the shares	¥3,011 million ($25,055 thousand)
Ownership ratio after the share transfer	35.45%

2. Summary of accounting treatment

(1) Carrying value of assets and liabilities and primary information related to the transferred business

	Millions of yen	Thousands of U.S. dollars
	2015	2015
Current assets	¥51,578	$429,208
Noncurrent assets	6,333	52,699
Total assets	¥57,911	$481,907
Current liabilities	¥25,311	$210,627
Noncurrent liabilities	9,222	76,741
Total liabilities	¥34,533	$287,368

(2) Accounting treatment

Responding to treasury stock repurchase announced by Tokyo Electron Device Limited, Tokyo Electron recognized loss on change in equity in the amount of ¥242 million ($2,014 thousand) for the difference between the decrease in equity interest of Tokyo Electron Devise Limited and cash receipt, while Tokyo Electron recognized loss on sale of affiliates' shares in the amount of ¥1,609 million ($13,389 thousand) for the share transfer.

3. Business segment of the company transferred

Electronic components & computer networks

4. Approximate income recorded in the consolidated statement of operations for the fiscal year ended March 31, 2015

Income before income taxes and minority interests
¥250 million ($2,080 thousand)

20. Segment Information

General information about reportable segments

A reportable segment is a component or an aggregated component of Tokyo Electron. For each of the components, discrete financial information is available and the operating result is regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance.

The operation of Tokyo Electron consists of segments by products and services based on business units (BUs), and Tokyo Electron identifies as a reportable segment, "semiconductor production equipment (SPE)", "flat panel display (FPD) production equipment", "photovoltaic panel (PV) production equipment" and "electronic components and computer networks".

Products of the SPE segment consist of coater/developers, plasma etch systems, thermal processing systems, single wafer deposition systems, cleaning systems used in wafer processing, wafer probers used in the wafer testing process and other semiconductor production equipment. The SPE segment principally develops, manufactures, sells and distributes such products.

Products of the FPD production equipment segment consist of coater/developers and plasma etch/ash systems used in the manufacture of flat panel displays. The FPD production equipment segment principally develops, manufactures, sells and distributes such products.

Products of the PV production equipment segment consist of photovoltaic panel production equipment used in the manufacture of thin-film silicon photovoltaic panels. The segment had principally developed, manufactured, sold and distributed such products, but in March 2014, Tokyo electron has halted development, production and sales activities for new equipment and limited its operations to provide support for equipment previously delivered.

Changes in reportable segment

The electronic components and computer networks segment operated by Tokyo Electron Device Limited was excluded from reportable segment for the year ended March 31, 2015 because Tokyo Electron Device Limited became an equity method affiliate from a consolidated subsidiary. The equity in net income of affiliates are included in "Eliminations and Corporate". The prior year segment information for the year ended March 31, 2014 was prepared based on the new reportable segmentation and is presented in the "Information about reportable segment net sales, segment profit (loss), segment assets and other items" section.

Basis of measurement of reportable segment net sales, segment profit (loss), segment assets and other items

The accounting policies applied in each reportable segment are generally consistent with those applied for the preparation of the consolidated financial statements. Intersegment sales or transfers are determined based on current market prices. Assets in common use have not been allocated to each reportable segment, while costs associated with those assets have been allocated to reportable segments on a systematic basis.

Notes to Consolidated Financial Statements

Information about reportable segment net sales, segment profit (loss), segment assets and other items

Reportable segment information as of and for the years ended March 31, 2015 and 2014 are as follows:

Millions of yen

2015:	Reportable Segment: Semiconductor production equipment	Reportable Segment: FPD production equipment	Reportable Segment: PV production equipment	Other	Total	Eliminations and Corporate	Consolidated
Net sales							
Sales to external customers	¥576,242	¥32,710	¥3,618	¥ 555	¥613,125	¥ —	¥613,125
Intersegment sales or transfers	—	—	—	11,443	11,443	(11,443)	—
Total	576,242	32,710	3,618	11,998	624,568	(11,443)	613,125
Segment profit (loss)	135,992	(1,312)	(8,789)	1,169	127,060	(40,232)	86,828
Segment assets	305,583	23,751	1,731	1,891	332,956	543,198	876,154
Depreciation and amortization	10,018	427	6	42	10,493	10,385	20,878
Amortization of goodwill	1,150	—	—	—	1,150	—	1,150
Loss on impairment	388	509	—	—	897	1,609	2,506
Capital expenditures, including intangible assets	8,530	197	—	23	8,750	5,530	14,280

Millions of yen

2014:	Reportable Segment: Semiconductor production equipment	Reportable Segment: FPD production equipment	Reportable Segment: PV production equipment	Other	Total	Eliminations and Corporate	Consolidated
Net sales							
Sales to external customers	¥478,842	¥28,317	¥ 3,806	¥ 479	¥511,444	¥100,726	¥612,170
Intersegment sales or transfers	34	—	—	11,760	11,794	(11,794)	—
Total	478,876	28,317	3,806	12,239	523,238	88,932	612,170
Segment profit (loss)	74,284	(37)	(46,426)	1,267	29,088	(40,844)	(11,756)
Segment assets	273,142	21,252	2,145	1,871	298,410	530,182	828,592
Depreciation and amortization	10,114	235	10	49	10,408	14,480	24,888
Amortization of goodwill	1,473	—	2,686	—	4,159	103	4,262
Loss on impairment	5,009	—	32,789	—	37,798	9,171	46,969
Capital expenditures, including intangible assets	8,109	103	857	41	9,110	5,934	15,044

Thousands of U.S. dollars

2015:	Reportable Segment: Semiconductor production equipment	Reportable Segment: FPD production equipment	Reportable Segment: PV production equipment	Other	Total	Eliminations and Corporate	Consolidated
Net sales							
Sales to external customers	$4,795,223	$272,198	$30,107	$ 4,619	$5,102,147	$ —	$5,102,147
Intersegment sales or transfers	—	—	—	95,224	95,224	(95,224)	—
Total	4,795,223	272,198	30,107	99,843	5,197,371	(95,224)	5,102,147
Segment profit (loss)	1,131,663	(10,918)	(73,138)	9,728	1,057,335	(334,792)	722,543
Segment assets	2,542,922	197,645	14,405	15,736	2,770,708	4,520,247	7,290,955
Depreciation and amortization	83,365	3,553	50	350	87,318	86,419	173,737
Amortization of goodwill	9,570	—	—	—	9,570	—	9,570
Loss on impairment	3,229	4,235	—	—	7,464	13,390	20,854
Capital expenditures, including intangible assets	70,983	1,639	—	191	72,813	46,018	118,831

Notes: 1. "Other" includes all other operating segments which are not included in the reportable segments, including group-wide logistic services, facility maintenance and insurance.

2. (1) For the year-ended March 31, 2014, as described in "Changes in reportable segment", sales to external customers ¥100,726 million, intersegment sales or transfers ¥1,075 million, segment profit ¥722 million, segment assets ¥57,465 million, depreciation and amortization ¥476, amortization of goodwill ¥103 million, and capital expenditures, including intangible assets and other assets ¥825 million reported as "the electronic components and computer networks" were included in "Eliminations and Corporate".

(2) "Eliminations and Corporate" segment loss totaling ¥40,232 million ($334,792 thousand) and ¥40,844 million for the years ended March 31, 2015 and 2014, respectively, includes corporate expenses not allocated to any reportable segments. The corporate expenses consist of research and development costs of ¥17,109 million ($142,373 thousand) and ¥19,735 for the years ended March 31, 2015 and 2014, respectively, pertaining to fundamental research and element research, not allocated to any of the reportable segments. In addition, for the year ended March 31, 2015, expenses related to business combination of ¥8,530 million ($70,983 thousand) is included. Further, impairment loss of ¥1,609 million ($13,390 thousand) and ¥9,171 million are also included for the years ended March 31, 2015 and 2014, respectively. See (4) for additional information related to impairment loss.

(3) "Eliminations and Corporate" segment assets totaling ¥543,198 million ($4,520,247 thousand) and ¥530,182 million as of March 31, 2015 and 2014, respectively, consist mainly of cash and cash equivalents, short-term investments and buildings not allocated to any of the reportable segments.

(4) "Eliminations and Corporate" loss on impairment of ¥1,609 million ($13,390 thousand) for the year ended March 31, 2015 is attributable to corporate assets not to be allocated to any of the reportable segments. "Eliminations and Corporate" loss on impairment of ¥9,171 million for the year ended March 31, 2014 is attributable to corporate buildings and structures and other assets that became idle as a result of facility restructuring. See note 7 for further discussion.

(5) "Eliminations and Corporate" capital expenditures totaling ¥5,530 ($46,018 thousand) and ¥5,934 million for the years ended March 31, 2015 and 2014, respectively, consist mainly of capital expenditures for buildings, machinery and equipment not allocated to any of the reportable segments.

Other Information

(1) Domestic and overseas net sales by destination for the years ended March 31, 2015 and 2014 are as follows:

Millions of yen

2015:	Taiwan	U.S.A.	Korea	Japan	Europe	Other	Total
Net sales	¥141,620	¥135,425	¥101,962	¥95,046	¥62,466	¥76,606	¥613,125

Note: Sales are classified in countries or regions based on location of customers.

Millions of yen

2014:	Japan	Taiwan	U.S.A.	China	Korea	Europe	Other	Total
Net sales	¥161,631	¥133,736	¥104,617	¥81,929	¥76,401	¥33,861	¥19,995	¥612,170

Note: Sales are classified in countries or regions based on location of customers.

Thousands of U.S. dollars

2015:	Taiwan	U.S.A.	Korea	Japan	Europe	Other	Total
Net sales	$1,178,497	$1,126,945	$848,481	$790,930	$519,814	$637,480	$5,102,147

(2) Net property, plant and equipment by location as of March 31, 2015 and 2014 are as follows:

Millions of yen

2015:	Japan	U.S.A.	Other	Total
Property, plant and equipment	¥78,492	¥15,496	¥12,908	¥106,896

Millions of yen

2014:	Japan	U.S.A.	Other	Total
Property, plant and equipment	¥82,364	¥15,119	¥14,861	¥112,344

Thousands of U.S. dollars

2015:	Japan	U.S.A.	Other	Total
Property, plant and equipment	$653,175	$128,951	$107,414	$889,540

Notes to Consolidated Financial Statements

(3) Major customer information

Net sales to external customers that represent 10 percent or more of net sales are as follows:

Name of customer	Related reportable segment	Millions of yen 2015	Thousands of U.S. dollars 2015
Intel Corporation	Semiconductor production equipment	¥123,154	$1,024,831
Samsung Electronics Co., Ltd.	Semiconductor production equipment and FPD production equipment	97,943	815,037

Name of customer	Related reportable segment	Millions of yen 2014
Taiwan Semiconductor Manufacturing Company Ltd.	Semiconductor production equipment	¥91,243
Intel Corporation	Semiconductor production equipment	84,272
Samsung Electronics Co., Ltd.	Semiconductor production equipment and FPD production equipment	80,476

Note: The amounts include sales to the customer and its subsidiaries.

Information about reportable segment goodwill

Reportable segment information about amortization of goodwill for the years ended March 31, 2015 and 2014, and unamortized balances as of March 31, 2015 and 2014 are as follows:

	Millions of yen			
2015:	Semiconductor production equipment	FPD production equipment	PV production equipment	Total
Amortization of goodwill	¥1,150	¥ —	¥ —	¥1,150
Goodwill	9,067	—	—	9,067

	Millions of yen				
2014:	Semiconductor production equipment	FPD production equipment	PV production equipment	Other (Note)	Total
Amortization of goodwill	¥1,473	¥ —	¥2,686	¥103	¥4,262
Goodwill	9,092	—	—	308	9,400

Note: Other segment is Electronic components & computer networks until fiscal 2014.

	Thousands of U.S. dollars			
2015:	Semiconductor production equipment	FPD production equipment	PV production equipment	Total
Amortization of goodwill	$ 9,570	$ —	$ —	$ 9,570
Goodwill	75,451	—	—	75,451

21. Subsequent events

The termination of the business combination agreement with Applied Materials, Inc. and the share exchange with TEL Japan GK

In relation to the business combination with Applied Materials, Inc., Tokyo Electron entered into a Business Combination Agreement on September 24, 2013 and a Share Exchange Agreement with TEL Japan GK on May 14, 2014. However, Tokyo Electron, at its board of directors' meeting held on April 27, 2015, resolved to terminate the Business Combination Agreement and to cancel the Share Exchange Agreement with TEL Japan GK. This does not have a material impact on Tokyo Electron's financial condition or its results of operations.

Share repurchase

At the Board of Directors meeting held on April 27, 2015, Tokyo Electron resolved to acquire its own shares under Article 156, as applied pursuant to paragraph 3, Article 165, of the Japanese Corporation Act as follows.

1. Reason for acquisition of own shares

To enable the implementation of flexible capital policies to meet the changes in the business environment.

2. Details of acquisition

(1) Type of shares to be acquired: Common stock
(2) Total number of shares to be acquired: Up to 15.4 million shares
(3) Total cost of acquisition: Up to 120 billion yen
(4) Period of acquisition: From May 14, 2015 to May 13, 2016
(5) Method of acquisition: Acquisition through the market transaction on Tokyo Stock Exchange