



Expanding the Scope of IR Activities

ULVAC is committed to the prompt disclosure of its corporate activities and financial information, through its earnings updates and announcements as well as annual reports and the company website. We also take every opportunity to communicate with our shareholders and investors by organizing tours through our plants and briefings for personal investors.

Disclosing information actively

Communication activities in the 5th year since our IPO

ULVAC discloses key business information such as closed accounts and business outcomes on its website at the time the announcements are made. We revamped our IR information page in November 2006, to offer an even broader range of information to our shareholders and investors, including a message from the President and the latest information for personal investors, as well as financial data. In May 2008, ULVAC received the Outstanding Internet IR Website Award 2008 from Daiwa Investor Relations Co., Ltd. We publish the ULVAC REPORT halfway through each term for our shareholders to enhance understanding of those of our businesses not covered in the business reports. Moreover, an English version of the Annual Report is published once each year to provide a detailed description of account information, business strategies and growth strategies. Through these endeavors, we are committed to providing detailed information to our overseas shareholders and investors.



IR fair for personal investors



Briefing for personal investors held in Nagoya (Aichi Prefecture, Japan)

Communicating with our shareholders and investors

Strengthening the management of our business

The Annual General Shareholders' Meeting is a rare opportunity for ULVAC management to communicate directly with shareholders. At these meetings, we seek to listen carefully to as many shareholder questions and opinions as possible, and then use them as feedback for management. ULVAC has held informal discussion gatherings after the meetings to encourage open communication, and our shareholders have used these gatherings to provide candid opinions and advice. In addition to the informal gatherings, we have introduced a number of initiatives to facilitate understanding of our business, such as organizing a guided tour through Chigasaki Plant, exhibiting some of the final products that are made using our own products, and providing information on the IR activities conducted during the year. Each time we close our accounts, we have promptly held a briefing for analysts and institutional investors, at which the president has explained the financial results. The materials used at the briefings can be viewed on our website, along with video footage. For the term ending June 2008, we held a financial results briefing, interim financial results briefing and guided tour through the Chigasaki Plant, in addition to a presentation on ULVAC's latest technologies. These events were planned to provide an even greater understanding of our long-term growth strategies. In addition, we took part in several conferences for



Guided tour through Chigasaki Plant for analysts and investors

investors that focused on the topic of solar cells. We also held occasional company briefings for personal investors, and sought to set up opportunities to communicate directly with them by participating in fairs aimed at personal investors.

We also responded proactively to television, magazines and other media to further our public relations activities.

Dividend policy

Maximizing the return of profits to shareholders

ULVAC understands the importance of returning profit to its shareholders, and views the consolidated dividend payout ratio as the key index. Giving full consideration to consolidated business outcomes and financial structure strengthening, we link dividends with business outcomes. Our policy is to maintain a dividend payout ratio of about 20% with respect to the consolidated net earnings for the term. We plan to invest the retained earnings in the development of next-generation technologies and future business expansion to improve corporate value.

ULVAC IR policy

Accurate and transparent information disclosure

Disclosure standards

ULVAC has made disclosures pursuant to the Financial Instruments and Exchange Law and rules stipulated by security exchanges concerning the timely disclosure of corporate information by issuers of listed securities (hereinafter, the 'Timely Disclosure Rules') laid down by the Tokyo Stock Exchange. To respond to our investors' requests, ULVAC also maintains a policy of disclosing as much information as possible in a reasonable manner, even if it is not stipulated in the Timely Disclosure Rules.

Information disclosure methods

When disclosing information stipulated in the Timely Disclosure Rules, we publish the information via the Timely Disclosure network (TDnet) of the Tokyo Stock Exchange pursuant to the Regulations, after providing clarification. We also endeavor to promptly post the information disclosed on TDnet to our website. When disclosing information not stipulated in the Timely Disclosure Rules, we keep the timely disclosure approach in mind and ensure that the information is conveyed to general investors using an appropriate method, and in a way that is accurate and reasonable.



IR information posted on the website

Provision of information on future scenarios

ULVAC sometimes provides information on future scenarios in addition to the forecast profits indicated in settlement updates. Plans, future scenarios, outlooks, strategies and other information are sometimes provided to the media, at briefings, in materials, at receptions, at lectures, at Q&A sessions, in documents issued by ULVAC, on our website or by other means. In all cases, any information other than historical facts is a future scenario created based on certain assumptions at the time it was prepared, and reflects the assessment of ULVAC executives derived from available information. The actual business outcomes and corporate value of ULVAC could differ greatly from published scenarios for a number of reasons. The vital and main factors that influence actual business outcomes include, but are not limited to, the following:

- (1) Changes in the economic situation, demand trends and other factors that influence ULVAC;
- (2) Changes in foreign exchange rates, interest rates and other aspects;
- (3) Our ability to engage in design, development, manufacture and sales in a timely manner amidst significant and rapid technological innovation and amidst continuous new product launches in the electronics sector.

Silent period following book closing

To prevent the unauthorized disclosure of settlement information and to ensure fairness, ULVAC has established the period from the day following its book closing to the date of the announcement as a silent period. During this period, we refrain from responding to questions or making comments about settlement. However, if circumstances arise during the period to suggest that the forecast outcomes are likely to deviate significantly from the actual figures, we will disclose the information pursuant to the relevant disclosure regulations.



IR tools

Business Report for the 104th Term

The ULVAC Group has made proactive investments in the development of new technologies and products in order to launch unique and innovative products onto the market ahead of competitors and achieve our post-FPD strategies.

Business Results

In the fiscal year under review, the Japanese economy began to slow as consumer spending continued to show no sign of recovery, amid high oil and other prices and slackened income. Internationally, the U.S. economy increasingly slowed, on the back of financial concern triggered by the subprime mortgage loan problem and overall price hikes owing mainly to rises in resource prices. In Asia, including China, the economy remained steady thanks to expanded demand, but concerns arose over economic growth chiefly because of the deteriorated export environment.

Under such circumstances, in the FPD (flat panel display) industry with which the ULVAC Group's main customers are involved, Taiwan and South Korea in particular postponed or froze their capital expenditure plans. However, as inventory adjustment of FPDs ran its course, capital expenditure in panels picked up. Manufacturers in the semiconductor industry made active investments primarily in flash memory-related fields. However, the market entered an adjustment phase, as evidenced by factors such as a decrease in memory prices caused by a bad supply-demand balance of semiconductors. Thus, uncertainty over the outlook for the semiconductor industry became clear. In the energy and environment-related industries, with public

awareness of the environment increasing, companies strove to reduce CO₂ emissions, which are considered to be a main cause of global warming. Against this backdrop, demand grew for new energy devices such as solar cells and light-emitting diodes (LEDs), as well as hybrid car-related devices. Among others, the market for solar cells, which are drawing attention as a clean energy source, expanded rapidly.

To prevail in this operating environment, the ULVAC Group has been launching unique products onto the market ahead of its competitors and pursuing sales expansion by promoting ULVAC Solutions. The ULVAC Group invested not only in growth regions, such as China, South Korea, and Taiwan, but also in the domestic market, with our eyes on the post-FPD strategy. We also aggressively invested in the development of new technologies and products to implement the post-FPD strategy. Furthermore, amid sustained requests from customers for price reductions, as well as price hikes of raw materials, we pushed ahead with the innovation of production, vertical integration of related departments within our group companies, and cost reduction by enhancing in-house manufacturing. We also proceeded with fixed cost reductions by continuously trimming our operating expenses.

Consequently, for the consolidated performance during the term under review, orders received increased by ¥56,341 million to

¥293,110 million (up 23.8% year-on-year) and net sales rose by ¥2,061 million to ¥241,212 million (up 0.9%). For the consolidated profit and loss, operating profit decreased by ¥7,545 million to ¥9,081 million (down 45.4% year-on-year), and ordinary profit dropped by ¥11,029 million to ¥5,075 million (down 68.5%). Net income was down ¥3,725 million to ¥3,610 million (down 50.8%).

Operating results of the ULVAC Group by business segment are as follows:

Vacuum-related businesses

Results of the vacuum-related business by market segment are as follows:

Display and electronic device production equipment

In the display and electronic device production equipment business, centering on the Asian region, sales continued to be strong in the SMD series of multi-chamber sputtering equipment for small and medium-size LCDs and large LCD TVs; the same was true for the SDP series of in-line sputtering equipment. Looking at electronic device production equipment, sales remained robust for the SRH series of sputtering equipment for power semiconductors used in hybrid cars. Orders received improved sharply thanks to active capital expenditure plans for large LCD TVs. In addition, orders for and inquiries about an integrated production line of TFSCs increased substantially, centering on the Asian region, where capital expenditure plans for solar cells increased remarkably.

Semiconductor production equipment

Semiconductor production equipment saw strong capital expenditure in memories, including flash memories and DRAMs used in cellular phones, portable music players, and digital cameras, in the product areas related to digital home appliances during the first half of the term under review. In the latter half, however, some capital expenditure plans were postponed owing to the adjustment of the supply-demand balance for semiconductors. Despite such circumstances, the ENTRON™-EX series of sputtering equipment with improved reliability and productivity, and the RISE series of batch-type native oxide removal equipment, enjoyed healthy orders received and sales, particularly in Asia. In addition, orders received and sales of new equipment for energy-related devices, such as an LED etching system, grew with improved productivity.

Components

In the first half of the term under review, orders received for large vacuum pumps and surface profiling systems weakened, mainly because of the postponement of capital expenditure plans in the FPD industry. In the latter half, however, capital expenditure plans improved in the FPD industry, centering on LCDs, and solar cell-related capital expenditure accelerated rapidly. The business relating to consumer-use small vacuum pumps was sluggish, while both orders received and sales of vacuum pumps and measuring instruments (vacuum gauges and helium leak detectors) in the general industry field, and vacuum pumps for solar cell production equipment, were steady.

Others

We aggressively promoted sales expansion activities for general industry machinery, launching new products onto the market. Sales were strong for the FHH series of vacuum heat treatment furnaces, the FMI series of vacuum melting furnaces and vacuum evaporating systems, and the DF series of vacuum freeze-drying equipment for medicines. Overall, however, the section of others continued to be harshly affected chiefly by the postponement of capital expenditure plans.

As a result, the vacuum-related business saw orders received of ¥252,019 million, outstanding orders of ¥162,548 million and net sales of ¥200,461 million. Operating profit was ¥8,377 million.

Other business

With respect to the other business segment, the entire ULVAC Group proactively conducted sales expansion activities while leveraging ULVAC Solutions. However, the ULVAC Group failed to achieve the originally planned orders received and sales of sputtering materials for LCDs in the materials business. The control-related business as a whole remained sluggish, hurt mainly by the postponement of capital expenditure plans, despite steady orders received for control systems in the metal and automotive industries. In the analyzer-related business, orders received and sales of the PHI5000 VersaProbe™, an x-ray photoelectron spectrometer, were robust, particularly in Europe and the U.S.

As a result, orders received for other businesses were ¥41,091 million, while outstanding orders stood at ¥8,495 million, and net sales were ¥40,752 million. Meanwhile, this segment posted an operating loss of ¥135 million primarily because cost reductions failed to offset the decreases in sales and sales prices in the materials business.

