



In order to further enhance our global leadership, Tokyo Electron is moving ahead with a future-oriented management stance.

In response to the global economic crisis, which occurred in the fall of 2008, semiconductor manufacturers sharply reduced capital investment, pushing Tokyo Electron's operations into the red. In fiscal 2010, the year ended March 31, 2010, Tokyo Electron posted net sales of ¥418.6 billion, an operating loss of ¥2.2 billion and a net loss of ¥9.0 billion. Although dividends are set at a payout ratio of 20% of consolidated net income in principle, despite these circumstances, the Company has set dividends for the period at ¥12 per share (an interim dividend of ¥4 and a year-end dividend of ¥8 per share). The Company would like to again express its thanks to our shareholders and all other stakeholders for their continued support in a severe operating environment.

Tokyo Electron offers a variety of production equipment that contributes to the manufacture of core components, such as semiconductors and LCD panels, which play a central role in the current age of digital networks. Our products contribute to providing more comfort in the lives of people. As the market increasingly requires us to pursue the continuous innovation of technology for production equipment, we see a great potential for further growth in this market.

Although a severe business environment has persisted since 2008, Tokyo Electron has dealt with this challenge as the world's top supplier of production equipment, based on our consistent management stance. In the short term, we have implemented company-wide measures to curb fixed-costs that are not critical for our operations. At the same time, we have increased our emphasis on the medium-term perspective, and prioritized initiatives that have strong future potential. In line with this stance, we have continued to keep investments in technological development at a high level, because these are essential to our future growth. Also, by

leveraging our production equipment technology that we have developed over the years in areas such as semiconductors and flat panel displays, we have started to take on the challenges of innovative and cutting-edge technologies, such as photovoltaic cell production equipment. For Tokyo Electron, with our superior technological and financial resources, it is not too much to say that an exciting era has arrived in which the Company will be able to technologically differentiate itself even further.

The industries in which Tokyo Electron participates make a profound contribution to the lifestyles of people everywhere. As the global economy begins to brighten, these industries have been enjoying a more rapid recovery than other industries. Even now, most of our manufacturing facilities are operating at close to full capacity. Although the economy may continue to fluctuate in the short term, we must stay on course. We reaffirm our significant responsibility as the global leader in production equipment and are committed to providing high value to our customers and society through our business activities, which we conduct with a sense of mission and strong commitment. On behalf of all the management of Tokyo Electron, I would like to express our determination to continue working to expand our businesses, to pursue new technological advances, to further enhance management efficiency, and to make Tokyo Electron into an attractive company truly valued by all stakeholders. Looking ahead, I would like to thank all our stakeholders for continuing to support these objectives.

A handwritten signature in black ink that reads "Hiroshi Takenaka". The signature is fluid and cursive, written in a professional style.

**Hiroshi Takenaka**, President & CEO