

TO OUR STAKEHOLDERS



Tetsuro Higashi, Chairman of the Board

Hiroshi Takenaka, President & CEO

Following the Great East Japan Earthquake that struck on March 11, 2011, we received heartwarming support and encouragement from many of our stakeholders. We thank you for expressing all your concerns to us. Tokyo Electron has three plants in the affected areas. As we have reported on our website, none of them suffered serious damage, and production capacity has almost returned to levels before the disaster. At present, we are concentrating on working toward the future with our suppliers and preparing for power restrictions anticipated for the summer.

In 2010, the semiconductor market recovered quickly from the unprecedented global downturn and achieved strong growth driven by new consumer electronics such as smartphones, tablets, and demand for servers along with advances in cloud computing. In this favorable business environment, Tokyo Electron finished fiscal 2011, the year ended March 31, 2011, with net sales of ¥668.7 billion, operating income of ¥97.9 billion, and net income of ¥71.9 billion, marking substantial year-on-year growth across the board. During the fiscal year, management changed its dividend policy by raising the payout ratio from 20% to 35% of consolidated net income. As a result, the total dividend applicable to fiscal 2011 was ¥114 per share, ¥102 higher than in the previous fiscal year. In this way, we would like to express our heartfelt gratitude for the understanding and support you have shown toward Tokyo Electron's business activities during fiscal 2011.

We believe that the broadening of the range of products that require semiconductors along with the geographic expansion of the markets will continue over the long term, driven by the continuing evolution of semiconductors. This evolution is made possible by advancement in semiconductor production process technology. Crucial to this is technological innovation at semiconductor production equipment (SPE) suppliers like us. Similarly, flat panel displays (FPD) are seeing applications expand from television, mobile phones and other products to digital signage and so forth. FPD technology is expected to shift from liquid crystal displays (LCD) to organic light-emitting diode (OLED) displays. The photovoltaic cell (PV) market is also tipped to develop further given recent developments in favor of renewable sources of energy. In this business environment, in fiscal 2012 we aim to refine our distinctive technologies in our mainstay SPE, and develop production equipment for OLED displays. We will also pour more energy into thin-film production technology for PV, where we can take full advantage of our extensive production equipment technology. In this manner, we aim to boost Tokyo Electron's superiority in the production equipment market into the future.

As a production equipment supplier, Tokyo Electron aspires to be an enterprise that helps to upgrade and enhance social infrastructure and contribute to the betterment of people's lives. We want to share this mission among management and employees, as we strive to make Tokyo Electron a company brimming with aspirations and vitality that we can all be more proud of. That is why our most important basic policy is to consistently and continuously conduct technological development and human resource development through the economic cycles. We will drive business expansion through technological innovation and maintain a highly motivated workforce, with the aim of delivering solid value as a leading global production equipment supplier. At the same time, we will continue to work tirelessly to make Tokyo Electron an even more attractive company for all of our stakeholders.

We look forward to your continued understanding and support as we endeavor to reach these goals.



Tetsuro Higashi, Chairman of the Board



Hiroshi Takenaka, President & CEO