

TO OUR STAKEHOLDERS



Contributing to our customers and society through the *Unwavering Pursuit of Technological Innovation*

Kiyoshi Sato, President & COO

Tokyo Electron is making successful progress in the effort to enhance earnings power. In fiscal 2007, we recorded the strongest earnings performance in Company history. This performance was partly supported by a favorable business environment. However, it was the concerted efforts of our global employees, under the medium-term business plan that began 2 years ago, that enabled Tokyo Electron to exceed its objective of boosting the operating margin to 17% during the latter half of fiscal 2007 (14.9% in the first half, 18.6% in the second half). Our success in enhancing our product planning, development capabilities and total quality management are now being reflected in concrete earnings figures. Furthermore, the reduction of interest-bearing debt has given the Company a more flexible financial position, and prepared a solid foundation for future growth.

The future objectives of the Tokyo Electron Group are as follows:

1. Continued Growth

Tokyo Electron ranks as the world's second-largest manufacturer of semiconductor production equipment (SPE) in terms of sales, but the Company's market share is only 10%. There is still plenty of room for improvement and expansion. Through R&D efforts, the Company will challenge itself to develop new

equipment and new businesses that can support further growth. Our goal isn't only to pursue expansion in terms of the sheer size of the Company. We also aim to drive growth in profits by providing high-performance, high-quality products based on state-of-the-art technology.

2. Addressing Environmental Issues

Today, global warming is one of the most important challenges that we all face. One of the solutions is to find the right balance between conserving energy and maintaining economic growth. At Tokyo Electron, we believe that technology holds the answer. Through diligent efforts to reduce the environmental impact of all Tokyo Electron products, we are introducing new technological solutions that will help customers cut their energy consumption. Looking around the world, we can see materials and components that are truly revolutionary in their ability to reduce energy consumption, but have failed to be commercialized due to technological hurdles and limitations that make mass production difficult. Tokyo Electron is working to develop new types of production equipment that will allow customers to manufacture these products effectively, inexpensively, and in large quantities. This dedication to addressing environmental issues is not only a reflection of a company's responsibility to society; it is also a mission for any company, and for society itself.

As we make steady progress on the strategic plans that underlie Tokyo Electron's medium and long-term growth scenario, I wish to thank all of the Company's stakeholders for your generous and continuing support.



Kiyoshi Sato, President & COO