Tokyo Electron celebrated the 50th anniversary of its founding on November 11, 2013. I’d like to once again offer my heartfelt gratitude to everyone who has done business with and supported us over the years, and add a personal thanks to all the employees who have worked by our side as well as those who led the way before.

I regret to say that, in fiscal 2014, the year we marked this milestone, we posted a net loss of ¥19.4 billion. In 2013, the business environment for semiconductor production equipment (SPE) and flat panel display (FPD) production equipment picked up, leading to fiscal 2014 net sales of ¥612.2 billion, up 23% year on year, and operating income of ¥32.2 billion, up 157%.

However, we also recorded ¥47.0 billion in loss on impairment linked to our withdrawal from the photovoltaic panel production equipment business, which now lacks future potential, delay in establishing businesses in the advanced packaging field, and the consolidation of development sites. We take full responsibility for these results. The entire management is committed to doing our utmost going forward, and we kindly ask for your understanding.

In fiscal 2014, we also decided to reduce our stake in Tokyo Electron Device, a subsidiary which operates the electronic components and computer networks business, solidifying our strategy of concentrating management resources in the SPE and FPD businesses. We are going back to the basics of management, working tirelessly toward the strong medium- and long-term growth of the Company. In light of Tokyo Electron’s stable financial base and the recent state of the world economy, we paid annual dividends of ¥50.

Last year, we made the momentous decision to enter into a merger of equals with Applied Materials, Inc. of the United States to secure further growth, prosperity and the continued development of the industry over the next 50 years. Aiming to become a global innovator in the semiconductor and display production equipment industry, the top management of both companies is steadily advancing preparations for the merger, and we hope to launch the new, integrated company in the second half of this year.

We have now entered the true mobile network era. In this era, enormous amounts of data travel ceaselessly around the world, interwoven with society and all manner of objects, as expressed in the popular term “internet of things.” This network is used for much more than just communication between individuals. It enriches and supports their lives from the ground up, playing key roles in medical care, health, automobiles and transportation, energy and finance. Going forward, semiconductor and FPD technology is expected to develop considerably as a fundamental global industry. For people around the world to enjoy the benefits of these technologies, however, we must reduce costs and develop breakthrough technologies. To do this, the assembly of a broad range of technologies and a strong financial base is more important than ever.

The industry now stands at its greatest inflection point to date. To meet this challenge, Tokyo Electron, Japan’s leading production equipment manufacturer, and the U.S. leader, Applied Materials, have each resolved to transform themselves and unite to create a new company. Together, we will work toward an inspired, dynamic future. We are confident that the new company will blaze the trail, contributing to society by creating great value and prosperity for shareholders, customers and the communities where we do business.

Thank you for your continued support and understanding.

June 2014

Tetsuro Higashi
Chairman of the Board, President & CEO