



August 10, 2023

To all persons concerned

Name of the Company: Tokyo Electron Limited
Name of the Representative: Toshiki Kawai
President & CEO
(Representative Director)
(Code No.8035; The Prime Market of the Tokyo Stock Exchange)
Person to contact: Makoto Shinto
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Notice Regarding Continuation of Stock Delivering Scheme for the TEL Group Officers in Japan and Abroad

The Board of Directors of Tokyo Electron Limited ("Company") have resolved in a meeting held on August 10, 2023, to continue the stock delivering scheme (the "Scheme"), in 2023, which has been introduced in 2018, as a common global incentive plan for directors, corporate officers, senior employees and mid-class employees including executive officers of the Company and Group companies in Japan and abroad ("Relevant Companies").

Description

1. Continuation of the Scheme

(1) We have introduced the Scheme from 2018 as an incentive plan that is closely linked to the Company performance in order to underline for directors (excluding outside directors), corporate officers, senior employees and mid-class employees including executive officers of Relevant Companies the awareness of improving the Group's medium-term performance and increasing the awareness of contributing to the increase in enterprise value by sharing the viewpoints of shareholders through shareholding, under the global framework. At our Company, dynamism and vitality is created by the entrepreneurial spirit of staff members, especially the senior-employees and mid-class employees, holding in mind a shared purpose with the top management team to realize the Company's business targets in line with the top management team. To this end, we continue the Scheme to align the work of directors (excluding outside directors), corporate officers, executive officers, senior employees and mid-class employees in order to achieve specific, high-level targets in the capital markets as well as our business and financial targets in the markets in which the Company operate.

(2) With a view to establishing a compensation system that is more consistent with the expected roles of outside directors not only to supervise the management but also to provide the management with advice from the viewpoint of enhancement of corporate value over the medium- to long-term, and to further promote the sharing of interests with shareholders, the Company has introduced a non-performance-linked stock-based compensation system for outside directors of the Company since 2020, and continue in 2023.

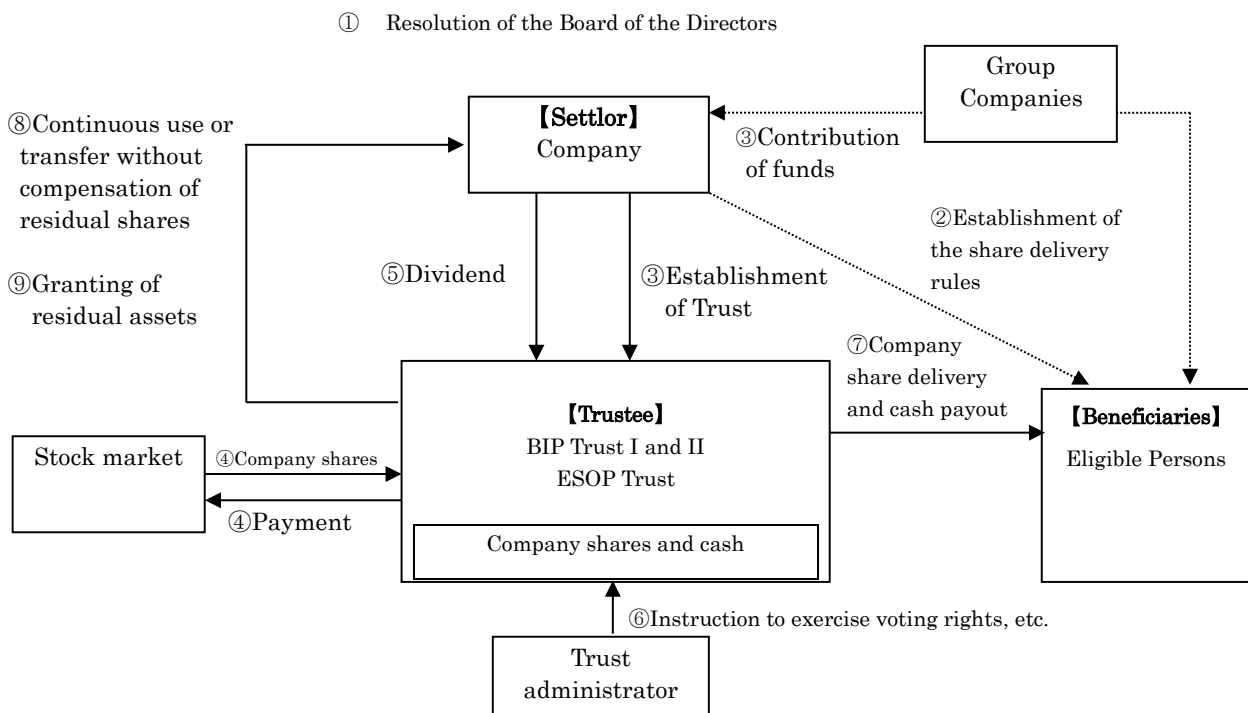
(3) The Scheme for directors of the Relevant Companies ("Eligible Directors") and the Company's corporate officers (together with Eligible Directors, collectively, "Eligible Directors, etc.") has a mechanism called the Officers' compensations Board Incentive Plan ("BIP") Trust ("BIP Trust"). The BIP Trust is a similar scheme to performance-linked, stock-based compensation (Performance Shares) and stock-based compensations with transfer restrictions (Restricted Stock) in the US and Europe, and shares of the Company and the monies corresponding to cash conversion value of the Company Shares etc. ("Company Shares etc.") are delivered or provided ("delivered") to eligible persons. Two BIP Trusts will be set up according to the following Eligible Persons categories.

BIP Trust I: Directors and corporate officers of the Company

BIP Trust II: Directors of the Group companies

The Scheme for the senior-employees and mid-class employees including executive officers of the Relevant Companies ("Eligible Employees" and collectively with Eligible Directors, etc., "Eligible Persons") has a mechanism called the stock-delivering ESOP (Employee Stock Ownership Plan) Trust ("ESOP Trust"). The ESOP Trust is an employee incentive plan based on ESOP schemes in the US whereby the Company Shares etc. are delivered to Eligible Employees according to their position and attainment of performance targets etc.

2. Structure of the Scheme



	BIP Trust I and II	ESOP Trust
①	The Company shall obtain a resolution from the Board of Directors Meeting for continuation of the Scheme.	
②	Each Relevant Company shall establish the share delivery rules concerning the Scheme.	
③	The Company shall set up a BIP Trust I for the benefit of the Company's directors and corporate officers who meet the beneficiary requirements, a BIP Trust II for the benefit of the Group company directors who meet the beneficiary requirements, and an ESOP Trust for the benefit of Eligible Employees who meet the beneficiary requirements (collectively, "the Trust"). Each Relevant Company contributes to the trust fund within the scope resolved in the General Meeting of Shareholders held prior to the establishment of the Trust. No Relevant Company plans to contribute new trust money for the extended trust term starting FY 2024.	
④	The Trust will, in accordance with instructions from the trust administrator, use the trust money to acquire the Company shares from the stock market. For the extended trust term starting FY 2024, additional acquisition of the Company shares is not planned, because the Company shares remaining within the trust assets at the end of the trust term before extension (excluding Company Shares, etc. which have not been delivered but correspond to the stock delivering points delivered to the Eligible Directors) and monies ("Remaining Shares, etc.") will be used.	
⑤	Dividends on the Company shares in the Trust will be distributed with other shares of the Company.	
⑥	The voting rights of the Company shares within the Trust shall not be exercised.	The voting rights of the Company shares in the Trust will be exercised in accordance with instructions from the trust administrator.
⑦	Eligible Persons shall be delivered points based on their position and attainment of performance targets according to the share delivery rules (outside directors of the Company shall be delivered a fixed amount of points). The Eligible Persons meeting the beneficiary requirements shall have the Company shares and the cash conversion value delivered from the Trust according to the relevant number of points.	
⑧	In the cases where there are residual shares at the expiration of the trust term, the Trust will continue to be used for the Scheme or same kind of stock delivering scheme, or a transfer without compensations of these residual shares will be made to the Company.	
⑨	Any residual assets at the termination of the Trust will be vested in the Company within the limit, which is calculated by deducting from the trust money the cost for acquiring the shares.	

(Reference)

【Trust agreement contents】

	BIP Trust I	BIP Trust II	ESOP Trust
① Eligible Persons:	Company directors and corporate officers (3 inside directors, 3 outside directors, and 4 corporate officers (excluding 2 corporate officers who concurrently serve as directors))	Group Companies Directors (18 directors)	Eligible Employees (2,927 persons)
② Trust type:	An individually-operated designated trust of cash other than cash trust (third party benefit trust)		
③ Trust purpose:	To deliver incentive to the subject of plan		
④ Settlor:	The Company		
⑤ Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)		
⑥ Beneficiaries:	The subject of plan satisfying the beneficiary requirements		
⑦ Trust Administrator:	A third-party who does not have any interest in the Company (certified public accountant)		
⑧ Trust agreement date:	August 3, 2020 (amended trust agreement (to extend the trust term) is planned to be executed on August 14, 2023)		
⑨ Trust term:	August 3, 2020 to August 31, 2023 (Trust term is planned to be extended until August 31, 2026, according to the amended trust agreement dated August 14, 2023)		
⑩ Start of scheme:	August 14, 2023 (planned)		
⑪ Exercise of voting rights:	Not exercised		Exercised
⑫ Holder of the vested right:	The Company		
⑬ Residual assets:	Residual assets that can be received by the Company, which is the holder of the vested right, shall be within the limit of the trust expense reserve, which is calculated by deducting from the trust money the expense for acquiring the shares.		

Note: The above schedule is subject to change at appropriate times in light of applicable laws and regulations.

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