

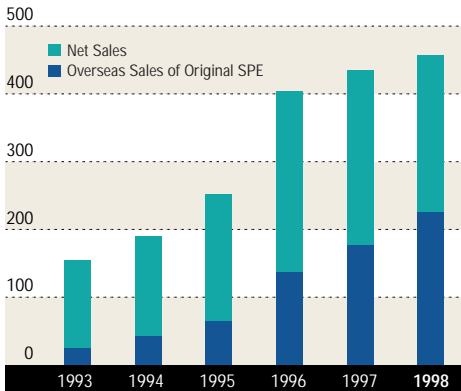


Global Progress

A global network that enables us to provide customers with competitive products and comprehensive support is a key factor that has made Tokyo Electron a leading supplier of semiconductor and LCD production equipment. We have devoted considerable resources to establishing locations near the plants of chip manufacturers in the United States, Europe, Asia and Japan in order to provide them with world-class products and services.

Consolidated Net Sales and Overseas Sales of Original SPE

(¥ Billions; years ended March 31)



Original SPE represents semiconductor production equipment Tokyo Electron develops, designs and manufactures, including LCD production equipment.

Non-consolidated data are used for overseas sales for the years ended March 31, 1993-1996, which does not materially affect comparison.

locations overseas. Our second step was establishing development and manufacturing capabilities in the United States. We concluded that the best way to satisfy technologically advanced U.S. customers was to create an organizational structure that would allow us to respond swiftly and precisely to their needs. Our efforts to build this comprehensive network and earn the trust of our customers are beginning to yield solid results.

The pages that follow illustrate how we have expanded our global operations to help our customers in each region achieve their objectives.

35% → 62%

These figures represent the change in Tokyo Electron's overseas sales as a percentage of overall original SPE sales during the last five years. This percentage has increased from 35 percent for the year ended March 1993 to 62 percent

Road to Progress

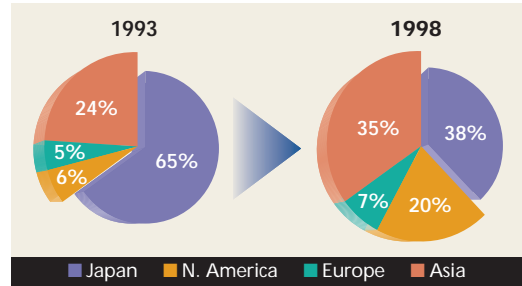
As a result of our intensive efforts, we have assembled a broad range of competitive products including coater/developers, diffusion furnace/LP-CVD systems, etch systems, metal CVD systems, carrierless cleaning systems and wafer probers that we design, develop and manufacture. To efficiently provide these products to semiconductor manufacturers around the world, we began building a network of direct operations on a global basis in 1994.

Steps Toward Globalization

Our globalization efforts initially focused on establishing marketing, sales and service bases, followed by the creation of customer training centers. Over the past four years, we have added about 30 such

for the year ended March 1998. Furthermore, the amount of our overseas sales as a whole has increased by nine times over that span, from ¥24 billion to ¥225 billion. The intensive efforts we committed to globalization have allowed us to achieve these results in a very short period of time. In tandem with this growth, the number of Tokyo Electron employees outside Japan has increased from 250 people in October 1994 to 1,700 people as of March 1998.

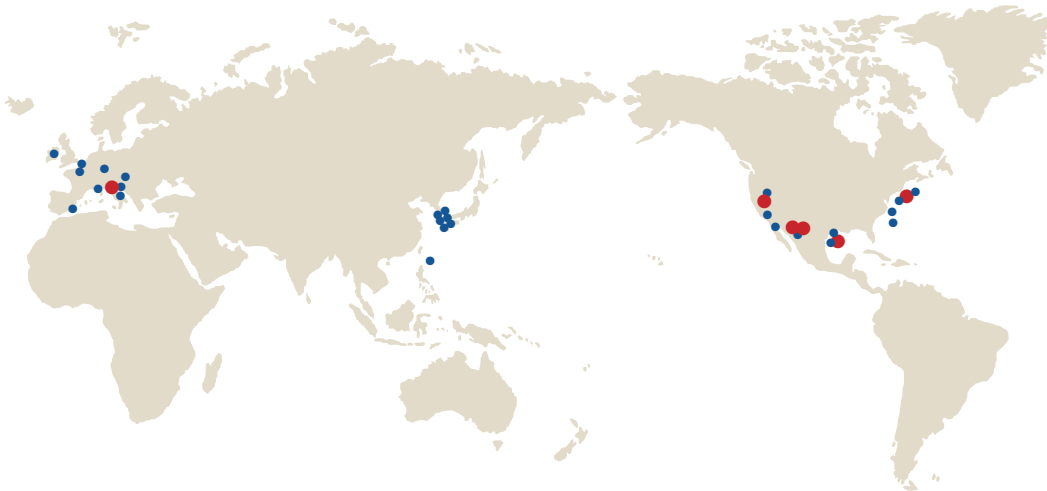
Original SPE Sales by Region
(%)



Well-Prepared to Meet Further Growth in the 21st Century

The semiconductor industry and semiconductor production equipment industry of the twenty-first century are already in our sights. Technology will continue to advance and semiconductor manufacturing will become increasingly dispersed around the globe. To ensure our ability to continue providing the finest products and services to customers around the world, we will further strengthen our research, development, engineering, manufacturing, sales and service structure on a global basis while fulfilling our responsibilities as a market leader.

Operating Bases Outside Japan



● Development and Manufacturing Bases

Company Name	Location	Established	Products
Tokyo Electron Oregon, Inc.	Hillsboro, Oregon	1995	• Diffusion furnaces & LP-CVD systems
Tokyo Electron Massachusetts, Inc.	Beverly, Massachusetts	1996	• Etch systems (assembly), metal CVD (development), wafer probers (engineering)
Tokyo Electron Switzerland Ltd.	Bevaix, Switzerland	1996	• Wafer probers (engineering)
Tokyo Electron Texas, Inc.	Austin, Texas	1996	• Coater/developers
Tokyo Electron Phoenix Laboratories, Inc.	Tempe, Arizona	1996	• Plasma source (development)
Tokyo Electron Arizona, Inc.	Gilbert, Arizona	1998	• Metallization products

● Sales and Service Bases

ASIA



The markets of Asia offer Tokyo Electron tremendous potential for growth in the twenty-first century. We began our drive to globalize in 1993 by founding Tokyo Electron Korea, which now has six sales and service offices close to customers. Moreover, a new head office building equipped with a customer training center, parts storage area and repair center will be completed near Seoul in July 1998. The Taiwanese market has been one of the strongest-growing in Asia, and Tokyo Electron has built a solid presence in it. We initiated operations in Taiwan with the creation of Tokyo Electron Taiwan in January 1996, and have added a customer training and parts center. Service and support in Taiwan and Singapore is carried out in cooperation with Hermes-Epitek Corporation and the Hermes Group.



With high productivity and low cost of ownership, the *CLEAN TRACK ACT™* series of coater/developers continues to be the most competitive in the world.

ASIA



EUROPE

The European market has provided steady growth for local manufacturers and has also attracted active investment from abroad. In creating a network of operations in Europe, Tokyo Electron began by founding Tokyo Electron Europe in 1994. Since then, we have established nearly a dozen sales and service bases throughout the region. These facilities include a



Customer training services are one of the functions of the Crawley, UK head office of Tokyo Electron Europe.

customer training center at the Tokyo Electron Europe head office in Crawley, UK, and a prober engineering plant at Tokyo Electron Switzerland in Bevaix, Switzerland. In order to further enhance our ability to support our customers in the region, we are also planning to construct a technology center in the UK in the near future. The results of these efforts to operate close to customers have been very favorable, with our account base growing from 11 companies four years ago, to more than 30 today.

EUROPE



The United States is the world's largest market for semiconductor production equipment. The enormous growth opportunities it offers make it a strategically crucial market for Tokyo Electron. We launched operations in the United States in 1994 with the establishment of Tokyo Electron America, which now has ten sales and service offices nationwide. In tandem

UNITED STATES



Tokyo Electron America, located in Austin, Texas, currently maintains ten sales and service bases throughout the United States.

with our business growth, we have significantly accelerated the pace of capital investment in the past two years.

Comprehensive operations are critical to success in the U.S. market. To strengthen our ability to forge long-term relationships with customers, we have acted decisively to add in-market development and manufacturing capabilities to our U.S. operations. In 1995, we established Tokyo Electron Oregon, a development and manufacturing plant for oxidation/diffusion furnaces and LP-CVD systems, and in February 1998, we constructed Tokyo Electron Texas, a development and manufacturing facility for our most advanced coater/developer systems. In addition, we added Tokyo Electron Massachusetts for assembling etch systems and developing advanced metal CVD processes. We also added Tokyo Electron Phoenix Laboratories for conducting



Since building Tokyo Electron Oregon, our first U.S. manufacturing facility, we have added others to ensure timely response to customer demands.

research into next-generation plasma sources. To round out our metallization business, we acquired the Semiconductor Equipment Division of Materials Research Corporation. The number of employees at our U.S. operations has grown from 120 just four years ago to 1,100, and our account base has grown to 50 companies over the same period.



Tokyo Electron Oregon manufactures the advanced ALPHA (x)-8S series of oxidation/diffusion furnaces and LP-CVD systems.



JAPAN

Tokyo Electron has been providing dedicated service to Japan's leading chip manufacturers for 35 years, and in the process has built a solid business foundation and won the trust of customers. Encompassing over 20 service offices, nine development and manufacturing facilities, and a Process Technology Center for 300mm wafers, our operations in Japan form the core of our development and manufacturing network. In addition to providing thorough support to customers in Japan, Tokyo Electron FE conducts training programs so field engineers around the world can provide the same high level of service.



Advanced technology and thorough quality control are cornerstones of our commitment to customer satisfaction.

We have advanced together with our Japanese customers, combining world-class, high-performance equipment with a commitment to the highest standards of service. Our strong foundation in Japan, moreover, plays a key role in our successful global expansion. Home to many of the world's leading chip manufacturers, Japan remains a crucial market for Tokyo Electron.

JAPAN