

Talking about Tokyo Electron

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Corporate Culture:
Key to Tokyo Electron's Growth**Tetsuo Tsuneishi**

*Vice Chairman of the Board,
Assistant to the CEO,
Corporate Strategy, IR*

Since its founding, Tokyo Electron has held firmly to the management philosophy of providing cutting-edge products and excellent service. We're proud of the contributions Tokyo Electron has made to the development of the electronics industry by offering high added value.

So why has Tokyo Electron been able to achieve such growth, and how did we reach this current point, where the Company is now, once again, able to aim for further growth going forward? There are a few key factors behind this trajectory.

One such factor is the desire shared throughout the Company to become number one in the industry. Another is the corporate culture that we have nurtured since our founding. Understanding the reasons the Company exists, always putting customers first and

setting high performance targets—these are all of course important. But what really powers Tokyo Electron's growth lies elsewhere: we aim for a personnel system that is fair, just and rigorous in evaluating the performance and true abilities of each employee, a workplace atmosphere that is rooted in honesty and integrity while frank and open, and a work environment that allows all employees to challenge themselves and engage their work with vigor. I believe that this corporate culture is what has made the Company's growth possible.

Our strong corporate culture not only enabled past management and employees to expand into new business areas, but also enabled the adoption of progressive corporate governance. Tokyo Electron uses an audit & supervisory board system and has furthermore established a Compensation Committee, Nomination Committee and Ethics Director within the Board of Directors. The Company was one of the first in Japan to disclose individual remuneration of representative directors. In these ways, we maintain highly independent, transparent operations.

Today, with new opportunities ahead, we will continue nurturing our exemplary corporate culture and corporate governance as we aim to use the planned merger with Applied Materials to increase corporate value, recognizing the return of value to all stakeholders as our mission.

A Trusted Brand Built
on Quality Products

By squarely facing the demands of the market and our customers, Tokyo Electron has achieved leadership in the semiconductor production equipment industry. Moreover, everyone in the Company—from manufacturing to sales to service—trusts each other, takes individual responsibility and works with conviction to exceed customer expectations. Nor can we forget the contributions of our partner companies to development and manufacturing; working together, we have created high quality products and inspired one another to push our technologies and capabilities further. These values have been Tokyo Electron's strength from the beginning. They support our brand. They are why customers trust Tokyo Electron to always meet their expectations.

In terms of manufacturing, we began implementing TPM* in the early 2000s as part of efforts to achieve innovation in manufacturing. From the development and design stages, we build QCD** in. We seek to leverage the advantages of our existing integrated development and manufacturing while steadily improving production processes. The true value of such efforts will be proven at the new Miyagi plant, where we commenced operations in 2011 with the aim of making it the world's top semiconductor production equipment plant.

The industries that Tokyo Electron serves are constantly

evolving. To continue growing, we must utilize teamwork. With teamwork, we can move quickly and maximize the impact of each individual's creativity and our strengths in fundamental technologies. With teamwork, we can create and maximize the value we provide our customers. In the upcoming merger with Applied Materials, we will need to adapt to succeed, even as we sustain existing competitive strengths. Both will be crucial. By learning from each other and working to combine our strengths, I am sure that we can break new ground in manufacturing.

* TPM: Total productive management, an approach that involves all personnel to reduce waste and promote efficiency in manufacturing and production.

** QCD: Quality, cost and delivery, three key priorities in production management.

**Hirofumi Kitayama**

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Blazing the Trail with
Our Customers

Tokyo Electron has grown and evolved focusing on the semiconductor production equipment business. Last year marked the Company's 50th anniversary.

I believe the source of our growth lies in the principle of putting customers first, which has enabled us to pursue added value from a customer perspective, as well as our corporate culture, which has allowed Tokyo Electron to consistently lead the way in adapting to evolving needs, fearlessly taking on new challenges.

In the Company's earliest days, we served as a distributor of imported products with full range of technological support, a business area in which few other companies were involved at the time. As the level of technological challenges rose, Tokyo Electron evolved from trading company to manufacturer, and has since earned the trust and satisfaction of customers by making further improvements in technology and quality. Today, our global operations span 16 countries. Tokyo Electron deals in more than 20 product categories and holds the top market share in many of these. We have received numerous supplier awards and the highest praise as a partner company from our customers, who rely on close collaboration with Tokyo Electron for

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future technological development.

Further growth is expected in the semiconductor industry as it expands from its roots in IT applications into automobiles, medical care and infrastructure. These broadening applications provide Tokyo Electron with abundant opportunity. To meet evolving market demands and solve emerging challenges, we will work closely with customers from the development and design stage of their products. I am confident that we can achieve further growth and continue to contribute to the development of the industry.