

Comments from a Third-Party Expert



Fusako Matsuda
President, Environmental Economics
Institute, Inc.
CEAR Registered EMS Lead Assessor

I believe that economic downturn triggered by the financial crisis will have a major impact on the real economy worldwide. The financial performance of many businesses has taken a turn for the worse, and firms with manufacturing facilities in particular are struggling amidst an uncertain future outlook. Tokyo Electron, which conducts business globally in Europe, the Americas, Asia and elsewhere, is no exception; and in the fiscal year ended March 2009 it saw its group-wide consolidated net sales fall by nearly half compared to the same period of the previous year and its operating income did not even reach 10% of the previous year's level. It was under these circumstances that I visited the Yamanashi Plant in Nirasaki City, Yamanashi Prefecture to prepare my third-party comment. I visited manufacturing sites, a cleanroom, and a water processing facility, but the manufacturing site was surprisingly quiet, and I inferred that it was not operating at full capacity. I got the strong impression that the semiconductor business is facing extremely difficult circumstances. Reading this report, however, I did not get any sense of desperation. On the contrary, throughout the report I perceived a determination by senior management to use the current economic crisis as a springboard to make capital investment in environment-related businesses and conduct research and development, with an eye to the future; and this attitude made me feel reassured.

The TEL Missions announced in FY2009 focus on innovation, growth, and the environment, conveying a powerful message of development, centered on new businesses in the environmental and clean energy fields, as well as tasks such as reducing the environmental impact of semiconductor and FPD production equipment and developing photovoltaic cell production equipment. In response to the announcement, this year's report shows that there are more activities related to the prevention of global warming and the management of chemical substances. One example is the move towards specific medium- and long-term environmental targets. The TEL Group has set targets to develop equipment that will make it possible to halve the total environmental impact of customer plants and also halve the environmental impact from the business activities

of its own plants and offices and from logistics by 2015. Of particular note is the Group's effort to identify which processes in the lifecycles of leading products (including materials procurement, manufacturing, logistics and product use) generate the greatest volume of CO₂, with FY2008 as the baseline year for comparison, thereby making targets and the content of activities visible. The Group's plants and offices account for only about 5% of total emissions, while use of its products at customer plants accounts for about 80% of the total, which underscores the key importance for the Group of reducing the energy customers' consume when using those products.

Another significant development is the reinforcement of the photovoltaic cell production equipment business. The transition to a low-carbon society through the use of renewable energy has become one of the most important global issues. Technological innovations are needed to improve photovoltaic cell energy conversion rates and reduce costs. By conducting joint development with leading manufacturers and collaborating with key photovoltaic cell production equipment manufacturers around the world, the Group has adopted the proactive stance of developing new business by combining its own original expertise and the technological capabilities that it has accumulated as a production equipment manufacturer.

In addition to these environmental initiatives, the Group has bolstered the content of its social activities in such areas as health and safety, internal and external communications, human resource development, supply chain management, and activities as a corporate citizen; and it deserves high praise for its efforts to enhance its own visibility and transparency vis-à-vis the public. In the future, I would like to see more comments from employees and business partners, as well as more examples of specific activities concerning the efforts to reduce environmental impact and the social activities by overseas group companies in the U.S., Europe, and Asia from the perspective of having the TEL values shared by Group employees throughout the world. I expect even greater progress from Tokyo Electron as a leading company that is charting the course to a future wherein the environment drives economic development.



Ms. Matsuda toured the
TEL Group's Yamanashi
Plant in preparation for
writing her third-party
comment

Response to the Third-Party Comment

I would like to express my deep appreciation to President Fusako Matsuda of the Environmental Economics Institute, Inc. for visiting the Yamanashi Plant, one of the TEL Group's development and production sites, in July 2009; and for making the effort to understand our environmental initiatives. We will endeavor to include more specific information on the environmental activities of overseas group companies in Europe, America, and Asia in future reports, as she recommended. We are committed to working towards achieving

our medium-term target of halving environmental impact by 2015, by focusing on innovation, growth, and the environment; and to preserving the corporate DNA of the TEL Group, which is based on recognizing what society truly needs and meeting those needs in a straightforward manner.

Satoshi Saito, Director
Environment, Health & Safety Center
Tokyo Electron Ltd.