

Intellectual Property Report

Efficiently Developed to Promote Product Competitiveness

Tokyo Electron puts a great deal of effort into developing technologies to bolster the competitiveness of its products. Without protection for its intellectual property rights, however, the Company would not be able to lay claim to those independently developed technologies and products as proprietary assets. It is precisely the integration of our intellectual property strategy with our technology and product strategies that allows the Company to realize maximum benefit from its development efforts. Accordingly, the Company has positioned intellectual property strategy as one of its important strategies. To enable us to effectively use superior technologies of other companies and bring our products to market quickly, we place a high priority on license-in activities.

Efficient Acquisition of Intellectual Property Rights

In view of the need to legally protect our business on a global level, the Company is strengthening its acquisition of intellectual property rights outside Japan. In addition to the traditional method of applying directly through the Paris Convention route, we are also utilizing the Patent Cooperation Treaty (PCT) route, to apply for patents in various countries, including the United States, Republic of Korea, and People's Republic of China. Because the PCT route is an effective method for assessing prime technologies and acquiring patents efficiently and at reduced costs, we are increasing the number of patent applications made utilizing this route.

The Company promotes efficient activities of its intellectual property. Looking at surveys by the Japanese Patent Office of the registered rate for patent applications or the proportion of holding elite patents that narrow the scope of other companies patent applications or invalidate such applications, the full extent of the effectiveness of our intellectual property management activities and the high quality of our intellectual property is evident. Using these rankings as one of the standards by which to judge our efforts, we will continue to fortify our management activities to protect our intellectual property, reinforce the competitiveness of our products, and support business expansion.

Rankings of Tokyo Electron's Intellectual Property

1. Elite patent ranking in the United States: 1996-2000 Elite patent ratio: 28.6% (No. 1 worldwide)
2. Patent approval rate in Japan: 73.9% (10th in Japan)
3. U.S. patents approved: 216 (28th among Japanese companies)

Intellectual Property by Major Country (at March 31, 2003)

	Japan	U.S.A.	Korea	Taiwan	China	Germany	France	Others	Total
Patent	2234	1573	651	748	1	83	46	241	5577
Utility Model	14	0	2	38	0	0	0	0	54
Design	134	60	75	53	7	27	36	153	545
Trademark	192	18	26	40	12	13	11	185	497
Total	2574	1651	754	879	20	123	93	579	6673

Changes of the Number of Patent Applications

