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Announcement of the Renewal and Partial Amendments of the Performance-linked Stock-based Remuneration

TOKYO ELECTRON DEVICE LIMITED (the “Company”) announces that, at its Board of Directors Meeting held on May 16, 2019, the Company decided to make a proposal (the “Proposal”) at the 34th Annual General Meeting of Shareholders (the “General Meeting of Shareholders”) scheduled for June 19, 2019, regarding the renewal and partial revision of the performance-linked stock-based remuneration plan (the “Plan”) for Corporate Directors (excluding Outside Directors and part-time Corporate Directors; hereinafter the same shall apply) that was introduced from the fiscal year ended March 31, 2015.

1. Renewal of the Plan

- (1) At its Board of Directors Meeting held today, the Company made the decision to submit the Proposal at the General Meeting of Shareholders. As is the case with the performance-linked stock-based remuneration plan for Corporate Directors which was introduced in the fiscal year ended March 31, 2015, the aim is to further clarify the links between the remuneration of the Corporate Directors, the Company’s business performance and shareholders’ value, and thus enhance the incentive toward improving business performance in the medium- to long-term and the awareness toward contributing to the increase in shareholders’ value.
The renewed period will be a period of two fiscal years until the fiscal year ending March 31, 2021 to coincide with the two remaining fiscal years under the existing Medium-term Management Plan, VISION 2020 (from the fiscal year ended March 31, 2015 to the fiscal year ending March 31, 2021).
- (2) The renewal of the Plan is subject to the approval of the General Meeting of Shareholders. Under the Plan, the Company’s shares are delivered to Corporate Directors when they retire, in principal.
- (3) In regard to the Plan, the Company has adopted a system called the Directors’ Compensation BIP (Board Incentive Plan) Trust (the “BIP Trust”), the trust period of which will be extended to align with the renewal of the Plan from the fiscal year ending March 31, 2020. The BIP Trust is an incentive plan for Corporate Directors similar to the “Performance Share” and “Restricted Stock” plans in the US and Europe in which the Company’s shares and money equivalent to the Company’s shares converted into cash (the “Company’s shares, etc.”) are delivered or provided to Corporate Directors (the “Delivery, etc.”), in accordance with the level of achievement regarding the performance targets.

2. Partial amendments of the Plan

Subject to approval of the General Meeting of Shareholders, the Company will extend the trust period of the trust that has already been established (the “Trust”), and partially amend the Plan, as detailed below.

(1) Renewal of the Plan

The introduction of the Plan was approved at the 29th Annual General Meeting of Shareholders held on June 18, 2014, thereafter, the Company intends to renew the Plan by extending the trust period for the Trust, which will expire on August 31, 2019, subject to approval of the General Meeting of Shareholders. The Plan after this renewal will target two fiscal years, namely, the fiscal year ending March 31, 2020 and the fiscal year ending March 31, 2021 (the “Target Period”).

(2) The maximum amount of remuneration for the Target Period under the Plan

The General Meeting of Shareholders is scheduled to vote on a resolution to set the maximum amount of remuneration to be paid under the Plan in the extended Target Period at ¥150 million.

(3) The maximum number of points granted to Corporate Directors

The General Meeting of Shareholders is scheduled to vote on a resolution to set the maximum number of total points per fiscal year that Corporate Directors can receive at 40,000 points. If approved, the total points that Corporate Directors can receive per fiscal year will be subject to the upper limit of the total number of such points.

One point shall equal one share of the Company’s common stock. In the event that circumstances occur whereby an adjustment of points is deemed reasonable, such as a share split or a consolidation of shares, the number of the Company’s shares per point shall be adjusted according to such split ratio, consolidation ratio, etc.

(Reference)

[Details of Trust Agreement]

1) Type of trust:	Money trust other than a specified money trust for separate investment (third party benefit trust)
2) Purpose of trust:	To grant incentives to Corporate Directors of the Company who meet the beneficiary requirements
3) Trustor	The Company
4) Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
5) Beneficiaries:	Corporate Directors who meet the beneficiary requirements
6) Trust administrator:	A third party that has no interest in the Company (Certified Public Accountant)
7) Date of trust agreement	November 17, 2014 (to be amended on August 2019)
8) Trust period:	November 17, 2014 to August 31, 2019 (to be extended until August 31, 2021 through renewal of trust agreement in August 2019)
9) Plan start date:	November 2014
10) Vested rights holder:	The Company
11) Residual assets:	Residual assets that the Company can receive as the holder of vested rights shall be within the extent of allowances for trust expenses calculated by deducting funds to acquire the Company’s shares from the trust money.

[Details of Trust and Stock-related Affairs]

- 1) Trust-related affairs: Mitsubishi UFJ Trust and Banking Corporation will act as the trustee of the BIP Trust and perform trust-related affairs.
- 2) Stock-related affairs: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will deliver the Company's shares to beneficiaries based on a business consignment agreement.

*For further details of the Plan, please see "Announcement Concerning the Abolition of the Director Retirement Allowance Plan and the Introduction of the Performance-linked Stock-based Remuneration" published on May 12, 2014.