



January 29, 2020

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Introduction of a “Trust-Type Employee Shareholding Incentive Plan (E-Ship®)”

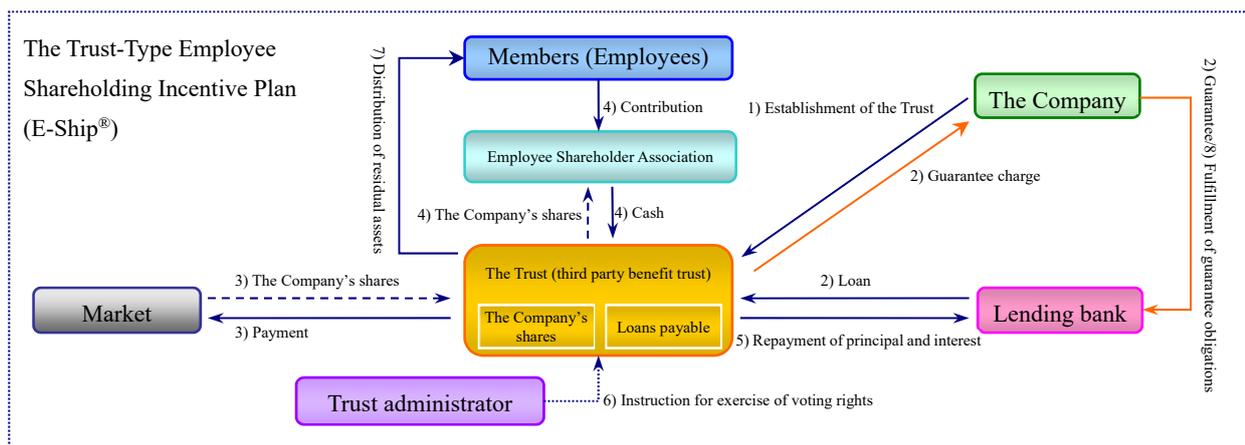
TOKYO ELECTRON DEVICE LIMITED (the “Company”) announces that the Company, at its Board of Directors Meeting held on January 29, 2020, resolved to introduce a “Trust-Type Employee Shareholding Incentive Plan (E-Ship®)” (the “Plan”) in order to provide the Company’s employees with an incentive to improve corporate value of the Company from a medium- to long-term perspective.

1. Overview of the Plan

The Plan is an incentive plan in which all employees who are members of the “Tokyo Electron Device Employee Shareholder Association” (the “Shareholder Association”) may participate. Under the Plan, the Company will establish a “Tokyo Electron Device Employee Shareholder Association Dedicated Trust” (the “Trust”) with a trust bank. The Trust will acquire, in advance, a number of the Company’s shares equivalent to the number that the Shareholder Association is expected to acquire over the next 5 years. Subsequently, the Trust will continuously sell the Company’s shares to the Shareholder Association. If any gains on the sale of shares have accumulated in the Trust at the termination of the Trust, then these gains will be distributed as residual assets to employees who meet the requirements for eligible beneficiaries. Furthermore, if any losses on the sale of shares have accumulated in the Trust owing to a decline in the price of the Company’s shares, and if there are any remaining loans payable equivalent to these losses in the Trust at the termination of the Trust, the Company will repay these remaining loans payable as a guarantee of any loans payable by the Trust for the acquisition of the Company’s shares.

For the purpose of promoting achievement of the Company’s management plan, promoting the sustainable growth of the Company and enhancing employee welfare, Company will introduce the Plan by providing employees with an incentive to improve corporate value of the Company from a medium- to long-term perspective.

2. Structure of the Plan



- 1) The Company establishes the Trust (third party benefit trust) with the Shareholder Association's members, who meet the requirements for eligible beneficiaries, as beneficiaries.
- 2) The Trust borrows from the lending bank the funds necessary for the acquisition of the Company's shares, and the Company provides guarantees to the lending bank for these loans payable. As consideration for these guarantees, the Company receives guarantee charges from the Trust.
- 3) The Trust acquires a number of the Company's shares equivalent to the number that the Shareholder Association is expected to acquire during the Trust period from the market.
- 4) Throughout the period of the Trust, the Trust continuously sells the Company's shares acquired in accordance with item 3) to the Shareholder Association at the current market price, in accordance with certain plans (conditions and methods).
- 5) The Trust appropriates the proceeds obtained as a result of the sale of the Company's shares to the Shareholder Association and the dividends received in connection with the Company's shares for repayment of the principal and interest of loans payable.
- 6) Voting rights associated with the Company's shares held by the Trust are exercised pursuant to the instructions of a Trust administrator, who is appointed for the beneficiaries.
- 7) In the event that any residual assets remain in the Trust at the termination of the Trust, these assets will be distributed to employees who meet the requirements for eligible beneficiaries, upon conversion into cash.
- 8) In the event that any loans payable remain in the Trust at the termination of the Trust, the Company will repay these loans payable in accordance with the guarantee described in item 2).

3. Overview of the Trust

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|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) Name: | Tokyo Electron Device Employee Shareholder Association Dedicated Trust |
| (2) Trustor: | The Company |
| (3) Trustee: | The Nomura Trust and Banking Co., Ltd. |
| (4) Beneficiaries: | Employees who meet the requirements for eligible beneficiaries
(who have completed certain procedures after predetermined beneficiary events have occurred) |
| (5) Date of trust agreement: | January 29, 2020 |
| (6) Trust period: | January 29, 2020 to February 4, 2025 |
| (7) Purpose of trust: | To ensure the stable and continuous supply of shares to the Shareholder Association and delivery of Trust assets to employees who meet the requirements for eligible beneficiaries |

(8) Requirements for eligible beneficiaries:

The eligible beneficiaries are the surviving members of the Shareholder Association on the day of the beginning of procedures to determine beneficiaries (such as the day when the term of the Trust expires and the conversion of Trust assets into cash is completed, and the day when all of the Company's shares belonging to the Trust are sold to the Shareholder Association) (including persons, who, from the date of trust agreement to the day of the beginning of procedures to determine beneficiaries, have resigned from the Shareholder Association because they reached the compulsory retirement age or were promoted to an officer).

4. Details of the Acquisition of the Company's Shares by the Trust

- (1) Class of shares to be acquired: Common stock of the Company
- (2) Total acquisition value of shares: Up to 720 million yen
- (3) Share acquisition period: February 3, 2020 to May 26, 2020
- (4) Share acquisition method: To be acquired from the market

(Reference)

E-Ship[®] is a registered trademark of Nomura Securities Co., Ltd.

E-Ship[®] (an abbreviation for Employee Shareholding Incentive Plan) is a new incentive plan for employees developed by Nomura Securities Co., Ltd. and The Nomura Trust and Banking Co., Ltd. that makes use of the employee shareholding association system with reference to Employee Stock Ownership Plans (ESOP), which have been adopted widely throughout the United States.