



MEMBERSHIP

May 18, 2021

Company name: TOKYO ELECTRON DEVICE LIMITED
Representative: Atsushi Tokushige
President & Representative Director
(TSE First Section, Stock Exchange Code: 2760)
Contact: Noriaki Uchida
Director, General Affairs Department
TEL: +81-45-443-4000

Announcement of the Introduction of a Stock-based Remuneration Plan as Medium-term Incentive Remuneration for the Group's Officers and Employees

TOKYO ELECTRON DEVICE LIMITED (the "Company") announces that, at its Board of Directors Meeting held today, the Company resolved to introduce a new medium-term performance-linked stock-based remuneration plan (the "Plan"), as an incentive plan linked to the level of achievement of the Medium-term Management Plan VISION 2025 for Corporate Directors (excluding Outside Directors and part-time Corporate Directors; the "Eligible Corporate Directors") as well as for Vice Presidents and Managers (the "Eligible Employees", together with "Eligible Corporate Directors" referred to as "Eligible Persons") of the Company and Group companies (the "Eligible Companies") and to submit a proposal concerning the Plan to the 36th Annual General Meeting of Shareholders scheduled for June 22, 2021.

1. Purpose of the introduction of the Plan, etc.

- (1) The Company set a vision to evolve into a manufacturer with technology trading company functions in its Medium-term Management Plan VISION 2025, announced on May 15, 2020, with targets to achieve this and the financial model (consolidated ordinary income ratio of 5% and consolidated ROE of 15%) in the target fiscal year of the plan (the fiscal year ending March 31, 2025). In other words, in order for the Company to compete in the field of semiconductors and IT, a business domain of increased attention and importance in a Society 5.0, we believe the four years from now will be a pivotal period in which the Company must achieve a transformation into a manufacturer that can create and offer products and services with higher added value, that is, higher profitability. This year is the first fiscal year of the plan and initiatives to ensure the Group's Corporate Directors as well as Vice Presidents and Managers have a shared sense of purpose from a management perspective is considered to be one of the keys to achieving this challenging Medium-term Management Plan. To this end, the Company will introduce the Plan, as an incentive plan linked to the level of achievement of financial targets in the Medium-term Management Plan for the Group's Eligible Persons who are

	BIP Trust	ESOP Trust
1)	Each Eligible Company obtains a resolution of its general meeting of shareholders and a resolution of its Board of Directors concerning remuneration of Eligible Corporate Directors for the introduction of the Plan.	Each Eligible Company obtains a resolution of its Board of Directors for the introduction of the Plan.
2)	Each Eligible Company will establish share delivery rules relating to the Plan at its Board of Directors.	
3)	The Company shall set up a trust identical to the BIP Trust established as referred to in the “Announcement of the Renewal and Partial Amendments of the Performance-linked Stock-based Remuneration” announced today for the benefit of the Company’s Corporate Directors and Corporate Directors of Group companies who meet the beneficiary requirements. The Company will also set up an ESOP Trust for the benefit of Eligible Employees who meet the beneficiary requirements (“Each Trust”). Each Eligible Company contributes trust money within the scope resolved in (1).	
4)	Each Trust will, in accordance with instructions from the trust administrator, acquire the Company’s shares from the stock market with the trust money.	
5)	Dividends on the Company’s shares in Each Trust will be distributed in the same way as other shares of the Company.	
6)	The voting rights of the Company’s shares within the BIP Trust shall not be exercised.	The voting right of the Company’s shares within the ESOP Trust shall be exercised in accordance with instructions from the trust administrator.
7)	The points for stock delivery shall be calculated by multiplying the rights points granted to Eligible Persons determined in advance based on their positions and other factors by the payment ratio by achievement level calculated according to the level of achievement of the plan in each fiscal year during the Management Plan, in accordance with the share delivery rules. If Eligible Persons meet the beneficiary requirements, the Company’s shares and cash conversion amount shall be delivered from Each Trust according to the number of points for stock delivery.	
8)	If there are any residual shares at the expiration of the trust period, Each Trust shall continue to use such residual shares under the Plan or an equivalent stock delivering system, or Each Trust will transfer the residual shares to the Company without consideration, and it is expected that the Company would cancel such shares pursuant to a resolution of the Board of Directors.	
9)	Residual assets at the expiration of Each Trust shall be vested in the Company within the extent of allowances for trust expenses calculated by deducting funds to acquire the Company’s shares from the trust money.	

3. Details of the Plan

(1) Outline of the Plan

The Plan is a system for Delivery, etc. of the Company's Shares, etc. according to Eligible Persons' positions and other factors and level of achievement of the VISION 2025 target figures for the four fiscal years from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2025 (the "Target Period").

(2) Resolutions of the General Meeting of Shareholders concerning the introduction of the Plan

Each Eligible Company will, at its respective general meeting of shareholders, resolve the maximum amount of trust money to be contributed to the BIP Trust, the maximum number of shares, etc. for Delivery, etc. to Corporate Directors, and other necessary matters.

(3) Eligible Persons under the Plan (Beneficiary requirements)

In principle, Eligible Persons may receive Delivery, etc., of the Company's Shares, etc., corresponding to the number of points for stock delivery by Each Trust, upon undergoing set procedures for confirming beneficiary rights, subject to meeting the beneficiary requirements outlined below after the end of the Target Period.

(i) A person is in a position and working as an Eligible Person at the end of the Target Period (A person who during the Target Period retires due to the expiration of that person's term of office or due to compulsory retirement age shall be deemed to be an Eligible Person at the end of the Target Period)

(ii) The number of points for stock delivery set out in (5) below has been determined

(iii) The person has not committed certain illegal acts while in a position or working

(4) Trust period

Approximately four years from August 2, 2021 (scheduled) to August 31, 2025 (scheduled).

(5) The Company's Shares, etc. for Delivery, etc. to Eligible Persons

The Company's Shares, etc. for Delivery, etc. to Eligible Persons shall be determined as one share of the Company's common stock per point according to the number of points calculated based on the calculation formula of the points for stock delivery below. If the Company's shares are subject to a split or consolidation, etc. during the trust period, the number of the Company's shares per point and the upper limit of shares shown in (7) below shall be adjusted according to the stock split ratio or the consolidation ratio, etc. for the Company's shares.

(Calculation formula of the points for stock delivery)

Right points *1 × Payment ratio by achievement level *2

*1 Right points shall be calculated by dividing the base amount predetermined by position and other factors by the stock price at the time of acquisition of the Company's shares by the Trust necessary for the Plan. In the event of a change in position and other factors during the Target Period, adjustment shall be made on a proportional distribution of time base.

*2 Payment ratio by achievement level fluctuates within the range of 0% to 125% according to the level of achievement of consolidated ordinary income ratio and consolidated ROE, which are the target figures of VISION 2025 as determined by the Board of Directors. The payment ratio shall remain 0% unless a certain degree of achievement is attained.

(6) Timing and method of issuing the Company's Shares, etc. to Eligible Persons

Eligible Persons who have met the beneficiary requirements shall receive the Delivery, etc. of the Company's Shares, etc. after the end of the Target Period.

At this time, such Eligible Person shall receive delivery of the number of the Company's shares corresponding to a certain percentage of the points for stock delivery, and the remainder shall be received as money equivalent to the cash conversion amount following conversion within Each Trust.

(7) The upper limit of trust money contributions to the BIP Trust and the upper limit of Company Shares, etc., delivered from the BIP Trust

For BIP Trust, the upper limit of trust money contributions to the Trust during the trust period and the upper limit of the Company's Shares, etc. for Delivery, etc. to Eligible Corporate Directors shall be subject to the following upper limit, subject to approval at each Eligible Company's general meeting of shareholders.

(i) Upper limit of trust money contributions to the BIP Trust

The Company portion: Total of ¥260 million during the Target Period

Group company portion: Total of ¥159 million during the Target Period

(The aggregate amount of stock acquisition funds used by the BIP Trust as well as trust fees and trust expenses during the trust period.)

(ii) Upper limit of the Company's Shares, etc. for Delivery, etc. from the BIP Trust

The Company portion: Total of 61,000 shares during the Target Period

Group company portion: Total of 38,000 shares during the Target Period

(8) Method for acquiring the Company's shares through the BIP Trust

Acquiring the Company's shares through the BIP Trust is expected to take place on the stock market within the availability of stock acquisition funds shown in (7) above and the upper limit of the Company's Shares, etc. for Delivery, etc. from the BIP Trust.

(9) Exercise of voting rights accompanying the Company's shares within Each Trust

For the purpose of ensuring neutrality in management, no voting rights shall be exercised for the Company's shares held in the BIP Trust during the trust period.

For the Company's shares within the ESOP Trust, the trust administrator will provide instructions on exercising voting rights as a shareholder, and the ESOP Trust will exercise the voting rights accordingly.

(10) Treatment of dividends associated with the Company's shares held in Each Trust

The distribution of dividends associated with the Company's shares held in Each Trust shall be appropriated to the trust fees and trust expenses for Each Trust after receipt by Each Trust.

(11) Treatment of residual shares and remaining dividends at the expiration of the trust period

With respect to any residual shares at the expiration of the trust period, Each Trust will continue to use such residual shares under the Plan or an equivalent share delivery system by amending the trust agreement or making additional contribution to Each Trust, or otherwise transfer them to the Company without consideration, and the Company will cancel them by resolution of the Board of Directors.

Further, dividends on the Company's shares remaining in Each Trust at the expiration of the trust period will be used as funds to acquire shares if Each Trust is to be continued. However, if Each Trust will be terminated at the expiration of the trust period, the amount exceeding the allowances for trust expenses is planned to be donated to organizations with no interest in the Company or any Eligible Persons.

(Reference)

[Details of Trust Agreement]

	BIP Trust	ESOP Trust
1) Eligible Persons:	The Company's Eligible Corporate Directors Group companies' Eligible Corporate Directors	Eligible Employees
2) Type of trust:	Money trust other than a specified money trust for separate investment (third party benefit trust)	
3) Purpose of trust:	To grant incentives to Eligible Persons	
4) Trustor:	The Company	
5) Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)	
6) Beneficiaries:	Eligible Persons who meet the beneficiary requirements	
7) Trust administrator:	A third party that has no interest in the Company (Certified Public Accountant)	
8) Date of trust agreement:	August 2, 2021 (scheduled)	
9) Trust period:	August 2, 2021 (scheduled) to August 31, 2025 (scheduled)	
10) Plan start date:	September 1, 2021 (scheduled)	
11) Exercise of voting rights:	Shall not be exercised	Shall be exercised
12) Type of acquired shares:	The Company's common stock	
13) Acquisition method of shares:	Acquisition from the stock market	
14) Period of acquisition of shares:	August 5, 2021 (scheduled) to August 31, 2021 (scheduled)	
15) Amount of trust money:	¥419 million (scheduled)	¥571 million (scheduled)
	(The above amounts include trust fees and trust expenses.)	
16) Vested rights holder:	The Company	
17) 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.	

* Since the BIP Trust is identical to the BIP Trust explained in the "Announcement of the Renewal and Partial Amendments of the Performance-linked Stock-based Remuneration" announced today, it will have the same trust agreement. (However, the amount of trust money in the aforementioned BIP Trust shall be the aggregate

of the maximum amount of remuneration plan for the Target Period for the BIP Trust under the medium-term performance-linked stock-based remuneration that is to be proposed at the general meetings of shareholders of each Eligible Company.)