

June 23, 2020

Name of the Company: Tokyo Electron Limited  
Name of the Representative: Toshiki Kawai  
President & CEO  
(Representative Director)  
(Code No.8035; The First Section of the Tokyo Stock Exchange)  
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## **Granting of Share Subscription Rights for Stock-linked Compensation**

We would like to inform that Tokyo Electron Limited (TEL) has decided on specific content of the share subscription right for the purpose of implementing stock-linked compensation at the Board Meeting held today as follows, which is based on the provisions of Article 236, Article 238, and Article 239 of the Companies Act and resolution of the TEL's 57th Annual General Meeting of Shareholders (this "General Shareholders Meeting").

### **Outlines of The 16th Share Subscription Rights of Tokyo Electron Ltd.**

#### **1. Name of the share subscription rights**

The 16th Share Subscription Rights of Tokyo Electron Ltd.

#### **2. Outlines of the share subscription rights**

##### **(1) People eligible for the granting of subscription rights, number of the share subscription rights to be granted.**

###### **(i) The subscription rights as stock compensation for TEL corporate directors**

TEL corporate directors (excluding outside directors) 52,500 shares 8 people

However, if the total fair value of the subscription rights as of the date of allotment exceeds the upper limit of stock compensation (1,137.5 million yen) as approved by this General Shareholders Meeting, the number of subscription rights to be granted to TEL corporate directors shall be decreased to the maximum whole number of the total fair value not exceeding 1,137.5 million yen.

###### **(ii) The subscription rights as stock compensation for executive officers, etc. of TEL and TEL subsidiaries**

- People who are judged as necessary among TEL executive officers, senior employees as of the final day of the 57th FY (excluding people who are concurrently serving as TEL corporate directors as of the date of allotment)

31,200 shares 33 people

- People who are judged as necessary among corporate directors and executive officers, senior employees of TEL's subsidiaries in Japan as of the final day of the 57th FY, as well as corporate directors and executive officers, senior employees of TEL's overseas subsidiaries (excluding corporate directors and executive officers, senior employees as of the final day of the fiscal year ended 2020 of Tokyo Electron Device Limited which is an equity method affiliate of TEL)

49,600 shares 58 people

However, in the case of the proviso in (1-i) above, the number of subscription rights to be granted to executive officers of TEL and corporate directors and executive officers, etc. of TEL subsidiaries shall be decreased at the same ratio as that for the number of subscription rights to be granted to TEL corporate directors. In this calculation, any fractions smaller than one subscription right will be disregarded.

(2) Number and type of shares to be issued for the subscription rights

(i) The subscription rights as stock compensation for TEL corporate directors

TEL common stock of 52,500 shares (however, in the case of the proviso in (1-i) above, the number of shares equivalent to the product of the number of subscription rights so decreased pursuant to such proviso multiplied by 100)

If the Company implements a share split or share consolidation, the number of subject shares shall be adjusted according to the formula below; provided, however, that this adjustment will be made only with respect to the number of shares subject to subscription rights not yet exercised at the time of splitting or consolidation. In this calculation, any fraction of a share smaller than one share will be disregarded.

Adjusted number of shares = Number of shares before adjustment × Split or consolidation ratio

In addition, if the number of shares to be issued needs to be adjusted for any reason, TEL will adjust the number of shares to be issued as appropriate in a reasonable scope according to a resolution of a meeting of the Board of Directors.

(ii) The subscription rights as stock compensation for executive officers, etc. of TEL and TEL subsidiaries

TEL common stock of 80,800 shares (however, in the case of the proviso in (1-ii) above, the number of shares equivalent to the product of the number of subscription rights so decreased pursuant to such proviso multiplied by 100)

If the Company implements a share split or share consolidation, the number of subject shares shall be adjusted according to the formula below; provided, however, that this adjustment will be made only with respect to the number of shares subject to subscription rights not yet exercised at the time of splitting or consolidation. In this calculation, any fraction of a share smaller than one share will be disregarded.

Adjusted number of shares = Number of shares before adjustment × Split or consolidation ratio

In addition, if the number of shares to be issued needs to be adjusted for any reason, TEL will adjust the

number of shares to be issued as appropriate in a reasonable scope according to a resolution of a meeting of the Board of Directors.

(3) Aggregate number of the subscription rights

(i) The subscription rights as stock compensation for TEL corporate directors

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However, if the total fair value of the subscription rights as of the date of allotment exceeds the upper limit of stock compensation (1,137.5 million yen) as approved by this General Shareholders Meeting, the number of subscription rights to be granted to TEL corporate directors shall be decreased to the maximum whole number of the total fair value not exceeding 1,137.5 million yen. (The number of shares to be issued for one subscription right is 100 shares. However, in the event that the number of shares is adjusted as determined in (2-i) above, this number will be similarly adjusted.)

(ii) The subscription rights as stock compensation for executive officers, etc. of TEL and TEL subsidiaries

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However, in the case of the proviso in (3-i) above, the number of subscription rights to be granted to executive officers of TEL and corporate directors and executive officers, etc. of TEL subsidiaries shall be decreased at the same ratio as that for the number of subscription rights to be granted to TEL corporate directors. In this calculation, any fractions smaller than one subscription right will be disregarded.

(The number of shares to be issued for one subscription right is 100 shares. However, in the event that the number of shares is adjusted as determined in (2-ii) above, this number will be similarly adjusted.)

(4) Payment amount for the subscription rights

Gratis

(5) Value of assets required for the exercise of subscription rights

The value of assets required to exercise one subscription right shall be the amount determined by multiplying 1 yen per share in payment by the number of shares to be issued for one subscription right as determined in (3) above.

(6) Exercise period for the subscription rights

The exercise period of the subscription rights shall be from July 3, 2023 until May 31, 2040. However, the exercise by the Optionee may be restricted in accordance with the terms and conditions under the agreement for granting share subscription rights concluded thereof, besides regarding the agreement for granting subscription rights for taxpayers in the U.S., the subscription rights shall be exercised on July 3, 2023.

- (7) Matters regarding increase in capital and capital reserves upon issuance of shares through exercising of the subscription rights
- (i) The amount of increased capital due to issuing of shares through exercising of the subscription rights shall be half of the maximum amount of increase in capital as calculated according to the provisions of Paragraph 1 of Article 17 of the Company Calculation Regulations, and fractions under 1 yen resulting from calculations shall be rounded up.
  - (ii) The amount of increased capital due to issuing of shares through exercising of the subscription rights shall be the amount of increased capital stipulated in (7-i) above, subtracted from the maximum amount of increase in capital stated in (7-i) above.
- (8) Conditions for exercising the subscription rights
- (i) The subscription rights may not be exercised for a unit of less than one.  
(The minimum number of subscription rights exercisable shall be one.)
  - (ii) When exercising the subscription rights, the Optionee shall be a corporate director, a statutory auditor, an executive officer or an employee of TEL, or subsidiary or affiliated company of TEL.
  - (iii) Notwithstanding Paragraph (8-ii) above, in the event of the death of the Optionee on or before July 2, 2023, the successor(s) of the Optionee may succeed to and exercise the subscription rights within one (1) year from July 3, 2023, or in the event of the death of the Optionee on or after July 3, 2023, the successor(s) of the Optionee may succeed to and exercise the subscription rights within one (1) year after the Optionee's death; provided, however, that the successor(s) of the Optionee shall exercise the subscription rights by the end of the exercise period.
  - (iv) Notwithstanding Paragraph (8-ii) above, (a) when the Optionee resigns (or retires) from the office of director, statutory auditor, executive officer, an employee, etc. of TEL, or a subsidiary or affiliated company of TEL on or before July 2, 2023 (if the Optionee holds several offices at the same time or consecutively, this means when the Optionee resigns (or retires) from all offices, hereinafter the same shall apply), the Optionee may exercise the Subscription Rights within one (1) year from July 3, 2023; or (b) when the Optionee resigns (or retires) from the office of director, statutory auditor, executive officer, an employee, etc. of TEL, or a subsidiary or affiliated company of TEL on or after July 3, 2023, the Optionee may exercise the Subscription Rights within one (1) year from the date of resignation (or retirement); provided, however, that the Optionee shall exercise the Subscription Rights by the end of the Exercise Period.
  - (v) Other conditions pertaining to the exercise of subscription rights include matters regarding advertising the subscription rights based on the agreement for granting share subscription rights concluded thereof.

(9) Acquisition of the subscription rights

If any of the proposals set forth in (i) through (iii) below is approved by TEL's general shareholders

meeting (or approved by TEL's Board of Directors if the approval of the general shareholders meeting is not required), TEL may acquire the subscription rights without payment on a day to be determined separately by the Board of Directors.

- (i) A proposal approving a merger agreement causing TEL to cease to exist;
- (ii) A proposal approving a demerger agreement or demerger plan making TEL a demerging company; or
- (iii) A proposal approving a stock-for-stock exchange agreement making TEL a wholly-owned subsidiary or a stock-transfer plan making TEL a wholly-owned subsidiary.

(10) Restriction on acquisition of the subscription rights by way of transfer

The acquisition of the subscription rights by way of a transfer requires approval being granted at a meeting of the Board of Directors of TEL.

(11) Policies decided regarding lapse of the subscription rights due to restructuring and details regarding delivery of the subscription rights from the restructuring company

In the event that a merger (limited to mergers in which TEL will cease to exist), absorption-type demerger or incorporation-type demerger (limited to demergers in which TEL will become the demerging company), stock-for-stock exchange, or stock-transfer (limited to exchanges/transfers in which TEL becomes the wholly-owned subsidiary; all of the above scenarios called "Organizational Restructuring" collectively) occurs, the share subscription rights of the joint stock company(ies) listed in Article 236, Paragraph 1, Items 8 (i) through 8 (ho) of the Companies Act (the "Restructuring Company") may be delivered to the Optionee who has the remaining subscription rights immediately prior to the effective date of the Organizational Restructure (the effective date of the absorption-type merger in the case of an absorption-type merger; the incorporation date of the company incorporated in the case of an incorporation-type merger; the effective date of the absorption-type demerger in the case of an absorption-type demerger; the incorporation date of the company incorporated in the case of an incorporation-type demerger; the effective date of the stock-for-stock exchange in the case of a stock-for-stock exchange; and the incorporation date of the wholly-owning parent company incorporated in the case of a stock-transfer). In the event the subscription rights of the Restructuring Company are to be delivered, the remaining subscription rights shall lapse, and the Restructuring Company shall issue new subscription rights. Delivery of the subscription rights of the Restructuring Company shall be subject to the following conditions in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, stock-for-stock exchange agreement or stock-transfer agreement.

(i) Number of the subscription rights to be granted

The same number of subscription rights as the number of remaining subscription rights held by the Optionee shall be granted; provided, however, that the number of subscription rights may be adjusted to an appropriate number other than the number of remaining subscription rights depending on the number

of subscription rights of the restructuring company provided in Item (11-iii), the number of shares for one subscription right of shares of the restructuring company, and other circumstances.

(ii) Type of shares of the restructuring company subject to the subscription rights

Common stock of the restructuring company

(iii) Number of shares of the restructuring company subject to the subscription rights

To be determined by applying (2) above mutatis mutandis, taking into consideration the conditions of the organizational restructuring.

(iv) Value of assets to be contributed upon exercise of the subscription rights

The value of the assets to be contributed for the exercise of each subscription right shall be the amount determined by multiplying the post-restructuring pay-in amount specified below by the number of shares of the restructuring company subject to each subscription right determined in accordance with (11-iii) above. The post-restructuring pay-in amount is 1 yen per share of the restructuring company that can be granted by exercise of each subscription right granted.

(v) Exercise period of the subscription rights

The exercise period of the subscription rights shall be the later of the first day of the period when the subscription rights can be exercised as specified in (6) above or the effective date of the organizational restructuring until the last day of the period when the subscription rights can be exercised as specified in (6) above.

(vi) Matters regarding increases in capital and capital reserves upon issuance of shares by exercise of the subscription rights

To be determined by applying (7) above mutatis mutandis.

(vii) Restrictions on acquisition of the subscription rights by assignment

Acquisition of the subscription rights by assignment shall require the approval of the Board of Directors of the restructuring company.

(viii) Conditions for the exercise and acquisition of subscription rights

To be determined by applying (8) and (9) above mutatis mutandis.

(12) The place for submitting an application for exercise of the subscription rights

Corporate Administration Division, Tokyo Electron Ltd.

(13) The financial institution dealing with payment upon the exercise of the subscription rights by the Optionee

Shiba Business Dept. of SUMITOMO MITSUI TRUST BANK, LIMITED

3. Granting date of the share subscription rights

June 24, 2020