

Top Commitment

Through our human resources and technological innovation, the TEL Group is demonstrating leadership in creating a brighter society and addressing environmental issues

Providing high-value technology and service as a top supplier

Fiscal 2010 was a year that saw a huge decline in the global economy due to the financial crisis which began in autumn of 2008. Consequently the electronics industry, of which the TEL Group is a part, also faced a harsh environment. In response, Tokyo Electron took a consistent approach with regard to invigorating our human resources, maintaining worker employment, while at the same time consolidating development and production bases to enhance efficiency and endeavoring to minimize fixed expenses. As a result of these efforts, aided by a rapid market recovery in the second half of the year, our losses for that period were far less than we had initially projected—a promising sign for business recovery in the future.

The main business of Tokyo Electron is the supply of semiconductor production equipment, flat panel display

production equipment, and photovoltaic cell production equipment. These key components in the age of digital networks play a crucially important role, not only in our daily lives, but also in the construction of social infrastructure and environmental responsiveness. To enable further development of these key components, sustained technological innovation in the manufacturing equipment field is imperative.

Tokyo Electron's basic philosophy includes that we provide high-value products and services around the world that help people to lead healthy and enriched lives. Demonstrate consistent leadership as a world class company by creating hope for the future and addressing environmental problems, and share a sense of mission with all TEL employees, and become an energetic, dynamic and creative company.

Demonstrating leadership in achieving a low-carbon society through our technological strength

Interest in environmental issues is growing in Japan in particular, with the national government announcing measures such as a reduction in greenhouse gas emissions by 25% of the 1990 amount by 2020. A shift in values concerning resources, energy, and the environment is occurring on a global scale. In May 2008 under the slogan "Technology for Eco Life," Tokyo Electron announced its commitment to the environment and has since been actively working to reduce impact on the global environment. TEL is pursuing this endeavor through the use of technology, by establishing key objectives, such as the development of



production equipment that enables the environmental impact of customers' factories to be halved by 2015, as well as reducing the impact of our business activities and logistics on the environment by 50%.

In fiscal 2010, the energy-saving capacity of all our production equipment was further improved through innovations such as reducing the use of clean water (cleaning system), exhaust emissions (coater/developer), and pump electricity (single wafer deposition). Our field solutions business was launched to enable us to better respond to customers' needs regarding existing equipment. Tokyo Electron has shipped more than 50,000 units of production equipment worldwide and in the future we will be able to respond consistently to requests to improve the productivity of our equipment and their environmental friendliness. It is also possible for us to contribute broadly to society through lowering the power consumption of the semiconductor devices manufactured using our equipment.

In our PV cell production equipment business which we launched in 2008, we are utilizing technology accumulated through our experience with semiconductor production equipment and striving to accelerate research and development with the aim of building a low-carbon society. The thin-film silicon equipment business, which Tokyo Electron is part of, is faltering due to investors pushing back the timing of their investments following reductions in government subsidies for PV cell development and production as well as weakened competition for crystal systems following significant drops in the price of silicon. However, this is a technology with ample room for improving energy conversion efficiency and huge growth can be expected in the medium to long term.

In fiscal 2010, Tokyo Electron also undertook environmental investment expected to reduce CO₂ emissions by approximately 3,000 tons as part of our workplace environmental measures. At our new plant in Taiwa-cho, Miyagi Prefecture, in Japan, which is due to go into operation in April 2011, we will be incorporating various cutting-edge environmental measures, including PV power generation.

We will continue to promote environmental activities as we move towards achieving our commitment goals.

Making employee activation our driving force for growth

We believe that "employees are Tokyo Electron's assets." Despite the harsh business environment in fiscal 2010, we have been enhancing our employee training through our "One Grade Up Program" aimed at helping each of our employees take their individual skills to the next level as we look towards the next period of growth. Through this program, combined with training at our existing internal educational body, TEL UNIVERSITY, we are endeavoring to improve our employees' capabilities. In addition, as a leading production equipment supplier, Tokyo Electron is undertaking activities to spread our basic principle of "providing high value for the construction of a social foundation including people's lifestyles and the environment" so that it may be shared by all employees on a company-wide level.

Building the future with local communities through corporate citizenship activities

As a company with bases throughout the world, Tokyo Electron is aware of its role as a member of the local community, undertaking corporate citizenship activities while collaborating with individual local communities in conscious efforts to contribute to the development of each community.

In fiscal 2010, Tokyo Electron co-hosted with a local newspaper company a well-received hands-on scientific experiment in Miyagi Prefecture, where our new plant is to begin operations in 2011, in collaboration with local universities and NPOs. In the United States, our company headquarters in Austin, Texas has participated in the "Keep Austin Beautiful" clean-up program continuously for more than 10 years.

That concludes my somewhat simplified report of Tokyo Electron's activities in fiscal 2010. It is my hope that this Environmental and Social Report will enable you to gain an understanding of our company's activities, and I welcome any comments you may wish to share with us.

Hiroshi Takenaka
President & CEO
Tokyo Electron Limited

