

## Intellectual Property

### Policy for Intellectual Property Activities

A fundamental tenet of the Tokyo Electron policy for intellectual property (IP) is to protect the Company's intellectual assets and help increase corporate revenue by supporting Tokyo Electron's business activities in both existing and new market sectors. To do this, our IP strategy must be closely integrated with our technological and product strategies. Our IP strategy must also prioritize the differentiation of Tokyo Electron's products and bolster the Company's competitive advantage with strong IP rights. In addition, the evolution of a strong, diverse IP portfolio generates income from licensing.

The advancing technological complexity of our business sectors significantly increases the risk of becoming involved in IP disputes during the development of new products. Given the increasingly competitive environment, we strive to minimize the risk of potential disputes by actively monitoring IP developments, fully respecting the IP of other companies, and taking appropriate measures, such as licensing, when necessary.

### Operation of Intellectual Property Activities

Tokyo Electron continues aggressive R&D activities to satisfy and exceed the requests of our customers, and further enable new market opportunities. In order to maintain the competitiveness of our R&D achievements, it is necessary to protect these by steadily obtaining IP rights. To facilitate this process, we cooperate closely with our R&D operations, and we locate IP personnel nearby and often within our product development centers and manufacturing facilities. Furthermore, we have IP personnel based overseas in the U.S. and other countries to address our increasing global R&D activities.

Flexibly responding to dramatically changing markets and technological trends is essential for effective IP activities. To ensure the rapid exchange of information on market and technological trends, our IP personnel in charge of monitoring and external affairs are assigned to

corporate headquarters, where they are near the sales and marketing divisions. In addition, we periodically convene IP committees for each business/R&D area in order to make informed decisions based upon market and technological trends. These committees are comprised of IP personnel, sales/marketing management, and R&D management who are tasked with assessing IP, discussing IP strategy, and deciding upon cost-effective avenues to grow IP. Tokyo Electron acquired several companies in fiscal 2013. IP personnel have been advancing the integration of these new members of the Tokyo Electron community and establishing consistent policies/procedures for IP activities, including IP committees, in all of the acquired companies.

### Status of Intellectual Property Rights

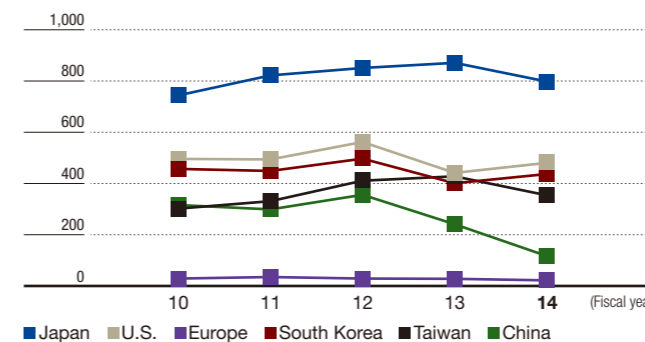
To establish an elevated entry barrier around our business, Tokyo Electron vigorously constructs an IP portfolio encompassing our core technologies, and protects our future technological growth. The graphs below show the number of patent applications and patents of Tokyo Electron in each region. During fiscal 2014, the patents we acquired through M&A in the previous fiscal year continued to strengthen our IP portfolio.

Effective prosecution process that Tokyo Electron has been establishing makes our IP portfolio competitive. Tokyo Electron keeps high success rates, around 70%, before Patent Offices in main countries. The rates exceed average of our competitors. With optimal filing routes/agencies, the high success rates have been reducing cost for constructing IP portfolio.

The IP committees periodically revise policies for filing and holding patents in light of evolving perspectives including technological trends, market conditions, competition and cost-effectiveness. We have maintained a global application ratio of approximately 70%\* in recent years while strategically adjusting the regional distribution of these.

\* The percentage of our patents filed with the Japan Patent Office that were also filed overseas. The average among Japanese companies is about 25%.

Number of Patent Applications



Number of Patents Held

