

Consolidated Financial Review for the Year Ended March 31, 1999

Company name: TOKYO ELECTRON LIMITED
 Headquarters address: 3-6 Akasaka 5-chome, Minato-ku, Tokyo 107-8481 Japan
 Telephone number: (03) 5561-7000
 Stock exchange listing: Tokyo Stock Exchange 1st Section
 Code number: 8035
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Consolidated Board of Directors Meeting: May 19, 1999

For reference only: The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.

1. Financial highlights for the year ended March 31, 1999

Note: All figures are rounded down to the nearest million yen.

(1) Operating results

| | Net sales | (Change from previous term) | Operating income | (Change from previous term) | Ordinary income | (Change from previous term) |
|--------------------|-----------------|-----------------------------|------------------|-----------------------------|-----------------|-----------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Year ended 3/31/99 | 313,820 | (-31.1) | 6,382 | (-88.7) | 6,200 | (-89.2) |
| Year ended 3/31/98 | 455,584 | (5.3) | 56,522 | (4.4) | 57,376 | (5.4) |

| | Net income | (Change from previous term) | Earnings per share | Fully diluted earnings per share | Return on equity | Ordinary income to total assets | Ordinary income to sales |
|--------------------|-----------------|-----------------------------|--------------------|----------------------------------|------------------|---------------------------------|--------------------------|
| | Millions of yen | % | Yen | Yen | % | % | % |
| Year ended 3/31/99 | 1,865 | (-93.8) | 10.70 | - | 0.7 | 1.4 | 2.0 |
| Year ended 3/31/98 | 30,009 | (0.1) | 174.68 | 168.43 | 12.8 | 13.0 | 12.6 |

(2) Financial position

| | Total assets | Shareholders' equity | Equity ratio | Shareholders' equity per share |
|--------------------|-----------------|----------------------|--------------|--------------------------------|
| | Millions of yen | Millions of yen | % | Yen |
| Year ended 3/31/99 | 414,902 | 257,715 | 62.1 | 1,477.93 |
| Year ended 3/31/98 | 493,599 | 261,008 | 52.9 | 1,495.20 |

(3) Scope of consolidation and application of the equity method

Consolidated subsidiaries: 21 companies
 Unconsolidated subsidiaries: 6 companies
 Number of companies using the equity method: None
 Affiliated companies: None
 Number of companies using the equity method: None

(4) Changes in accounting methods

1. Changes in scope of consolidation and application of the equity method
 Consolidation: (Additions) 7 companies
 (Deletions) None
 Application of equity method: (Additions) None
 (Deletions) None
 2. Changes in accounting methods: None

2. Corporate estimates for the year ending March 31, 2000

| | Net sales | Ordinary income | Net income |
|---------------------|-----------------|-----------------|-----------------|
| | Millions of yen | Millions of yen | Millions of yen |
| Year ending 3/31/00 | 355,000 | 16,000 | 8,000 |

For reference: Estimate of earnings per share for the year ending March 31, 2000:

Consolidated: 45.88 yen
 Non-consolidated: 25.77 yen

For reference: Non-consolidated operating results for the year ended March 31, 1999

| Net sales | (Change from previous term) | Operating income | (Change from previous term) | Ordinary income | (Change from previous term) |
|-----------------|-----------------------------|------------------|-----------------------------|-----------------|-----------------------------|
| Millions of yen | % | Millions of yen | % | Millions of yen | % |
| 266,397 | (-37.1) | 4,117 | (-91.1) | 7,748 | (-85.0) |

| Net income | (Change from previous term) | Earnings per share | Fully diluted earnings per share | Total assets | Shareholders' equity |
|-----------------|-----------------------------|--------------------|----------------------------------|-----------------|----------------------|
| Millions of yen | % | Yen | Yen | Millions of yen | Millions of yen |
| 6,503 | (-76.6) | 37.25 | 36.59 | 394,427 | 249,695 |

Consolidated Balance Sheet

(Millions of yen)

| | Year ended March 31, 1999 | | Year ended March 31, 1998 | | Increase (decrease) | |
|-------------------------------------|------------------------------|----------------------|------------------------------|----------------------|------------------------|---------------|
| | Amount | Compo- sition (%) | Amount | Compo- sition (%) | Amount | % |
| (Assets) | 414,902 | 100.0 | 493,599 | 100.0 | (78,697) | (15.9) |
| Current Assets | 290,748 | 70.1 | 373,083 | 75.6 | (82,334) | (22.1) |
| Cash and cash equivalents | 46,910 | | 71,056 | | | |
| Trade notes and accounts receivable | 133,651 | | 184,494 | | | |
| Marketable securities | 834 | | 834 | | | |
| Inventory | 88,084 | | 100,372 | | | |
| Other current assets | 22,401 | | 18,145 | | | |
| Allowance for doubtful accounts | (1,134) | | (1,821) | | | |
| Fixed Assets | 124,154 | 29.9 | 120,516 | 24.4 | 3,637 | 3.0 |
| Tangible fixed assets | 92,091 | 22.2 | 86,898 | 17.6 | 5,192 | 6.0 |
| Buildings & structures | 49,579 | | 47,508 | | | |
| Machinery & carriers | 16,023 | | - | | | |
| Machinery & equipment | - | | 16,123 | | | |
| Vehicles & carriers | - | | 114 | | | |
| Tools, furniture & fixtures | 9,228 | | 5,294 | | | |
| Land | 17,163 | | 13,678 | | | |
| Construction in progress | 96 | | 4,180 | | | |
| Intangible fixed assets | 601 | 0.1 | 654 | 0.1 | (53) | (8.2) |
| Investments and other assets | 31,461 | 7.6 | 32,963 | 6.7 | (1,501) | (4.6) |
| Investments in securities | 17,995 | | 18,748 | | | |
| Long-term loans | 170 | | 1,547 | | | |
| Long-term prepaid expenses | - | | 4,551 | | | |
| Other intangible fixed assets | 13,298 | | 8,128 | | | |
| Allowance for doubtful accounts | (4) | | (12) | | | |
| Total Assets | 414,902 | 100.0 | 493,599 | 100.0 | (78,697) | (15.9) |

Consolidated Balance Sheet

(Millions of yen)

| | Year ended March 31, 1999 | | Year ended March 31, 1998 | | Increase (decrease) | |
|--|------------------------------|----------------------|------------------------------|----------------------|------------------------|---------|
| | Amount | Compo- sition (%) | Amount | Compo- sition (%) | Amount | % |
| (Liabilities) | 157,160 | 37.9 | 232,591 | 47.1 | (75,430) | (32.4) |
| Current liabilities | 69,054 | 16.6 | 144,714 | 29.3 | (75,659) | (52.3) |
| Trade notes and accounts payable | 28,135 | | 35,626 | | | |
| Short-term loans | 13,192 | | 31,274 | | | |
| Commercial paper | 10,000 | | 35,000 | | | |
| Accounts payable - other | - | | 13,107 | | | |
| Accrued income taxes | 1,488 | | 14,522 | | | |
| Accrued enterprise taxes | - | | 4,295 | | | |
| Allowance for employees' bonuses | 4,117 | | 6,507 | | | |
| Other current liabilities | 12,121 | | 4,380 | | | |
| Long-term liabilities | 87,829 | 21.2 | 86,161 | 17.5 | 1,668 | 1.9 |
| Straight bonds | 50,000 | | 50,000 | | | |
| Convertible bonds | 18,864 | | 19,038 | | | |
| Long-term loans | 8,845 | | 8,619 | | | |
| Allowance for retirement and severance benefits | 9,344 | | 8,362 | | | |
| Other long-term liabilities | 776 | | 141 | | | |
| Foreign currency translation adjustment | 276 | 0.1 | 1,716 | 0.3 | (1,440) | (83.9) |
| (Minority interest) | 25 | 0.0 | - | - | 25 | - |
| (Shareholders' equity) | 257,715 | 62.1 | 261,008 | 52.9 | (3,292) | (1.3) |
| Common stock | 45,531 | 11.0 | 45,444 | 9.2 | 86 | 0.2 |
| Additional paid in capital | 68,593 | 16.5 | 68,506 | 13.9 | 86 | 0.1 |
| Consolidated retained earnings | 144,714 | 34.9 | - | - | 144,714 | - |
| Legal reserve | - | - | 4,227 | 0.9 | (4,227) | - |
| Retained earnings | - | - | 142,853 | 28.9 | (142,853) | - |
| Treasury stock | (1,124) | (0.3) | (24) | (0.0) | (1,099) | 4,439.3 |
| Total liabilities, minority interest and shareholders' equity | 414,902 | 100.0 | 493,599 | 100.0 | (78,697) | (15.9) |

Notes:

Accumulated depreciation of property, plant and equipment: ¥69,472 million
 Number of treasury stocks: 247,191 shares

Consolidated Statement of Income

(Millions of yen)

| | Year ended March 31, 1999 | | Year ended March 31, 1998 | | Increase (decrease) | |
|--|------------------------------|-----------------------|------------------------------|-----------------------|------------------------|-------------|
| | Amount | Ratio to net sales | Amount | Ratio to net sales | Amount | % Change |
| Net sales | 313,820 | 100.0 | 455,584 | 100.0 | (141,764) | (31.1) |
| Cost of sales | 225,962 | 72.0 | 304,824 | 66.9 | (78,862) | (25.9) |
| Gross margin | 87,857 | 28.0 | 150,759 | 33.1 | (62,902) | (41.7) |
| Selling, general & administrative expenses | 81,474 | 26.0 | 94,237 | 20.7 | (12,762) | (13.5) |
| Operating income | 6,382 | 2.0 | 56,522 | 12.4 | (50,139) | (88.7) |
| Non-operating income | | | | | | |
| Interest income | 838 | 0.3 | 598 | 0.1 | | |
| Dividend income | 60 | 0.0 | 1,065 | 0.2 | | |
| Rent revenue | 321 | 0.1 | 443 | 0.1 | | |
| Other non-operating income | 1,486 | 0.4 | 1,205 | 0.3 | | |
| Non-operating expenses | | | | | | |
| Interest expenses | 2,002 | 0.6 | - | - | | |
| Interest expenses and discount expenses | - | - | 663 | 0.1 | | |
| Bond interest | - | - | 976 | 0.2 | | |
| New stock issuing expenses | 1 | 0.0 | 268 | 0.1 | | |
| New bond issuing expenses | - | - | 101 | 0.0 | | |
| Rent expenses | 111 | 0.0 | 261 | 0.1 | | |
| Other non-operating expenses | 773 | 0.2 | 188 | 0.0 | | |
| Ordinary income | 6,200 | 2.0 | 57,376 | 12.6 | (51,175) | (89.2) |
| Unusual or infrequent profit | | | | | | |
| Reversal of allowance for doubtful accounts | 512 | 0.1 | - | - | | |
| Proceeds from sales of fixed assets | 43 | 0.0 | 48 | 0.0 | | |
| Other unusual or infrequent profit | 13 | 0.0 | 5 | 0.0 | | |
| Unusual or infrequent loss | | | | | | |
| Prior term adjustment | 2 | 0.0 | 65 | 0.0 | | |
| Loss on proceeds or disposal of fixed assets | 425 | 0.1 | 662 | 0.2 | | |
| Write down of securities | 111 | 0.0 | 468 | 0.1 | | |
| Redemption loss on invested securities | 127 | 0.1 | - | - | | |
| Other unusual or infrequent loss | 65 | 0.0 | 173 | 0.0 | | |
| Earnings before income taxes | 6,038 | 1.9 | 56,060 | 12.3 | (50,021) | (89.2) |
| Provision for income taxes and enterprise taxes | 4,167 | 1.3 | - | - | 4,167 | - |
| Provision for income taxes | - | - | 26,051 | 5.7 | (26,051) | - |
| Minority interest | 5 | 0.0 | - | - | 5 | - |
| Net income | 1,865 | 0.6 | 30,009 | 6.6 | (28,143) | (93.8) |

Notes:

Additional Information: Enterprise taxes, posted as part of "Selling, general & administrative expenses" in the previous fiscal year, are posted as part of "Provision for income taxes and enterprise taxes" from this fiscal year. Accordingly, operating income, ordinary income and earnings before income taxes are each 623 million yen higher when compared using the previous method.

Consolidated Statement of Retained Earnings

(Millions of yen)

| | Year ended March 31, 1999 | | Year ended March 31, 1998 |
|--|------------------------------|---|------------------------------|
| | Amount | | Amount |
| Consolidated retained earnings at the beginning of the fiscal year | | Other retained earnings at the beginning of the fiscal year | |
| Other retained earnings | 142,853 | | 119,175 |
| Legal reserve | 4,227 | | |
| Decrease in consolidated retained earnings | | Decrease in other retained earnings | |
| Cash dividends | 3,664 | Transfer to legal reserve | 488 |
| Bonuses to directors | 358 | Cash dividends | 4,689 |
| Decrease resulting from increase in consolidated subsidiaries | 209 | Bonuses to directors | 336 |
| Net income | 1,865 | Decrease resulting from increase in consolidated subsidiaries | 816 |
| Consolidated retained earnings to be carried forward | 144,714 | Net income | 30,009 |
| | | Other consolidated retained earnings to be carried forward | 142,853 |

Net Sales by Product Group

(Millions of yen)

| | | Semiconductor Production Equipment | Computer Systems | Electronic Components | Others | Total |
|------------------------------|-------------|--|---------------------|--------------------------|--------|-----------|
| Year ended March 31, 1999 | Amount | 242,239 | 12,878 | 57,733 | 968 | 313,820 |
| | Composition | 77.2 | 4.1 | 18.4 | 0.3 | 100.0 |
| Year ended March 31, 1998 | Amount | 380,183 | 15,262 | 60,138 | - | 455,584 |
| | Composition | 83.4 | 3.4 | 13.2 | - | 100.0 |
| Increase (decrease) | Amount | (137,944) | (2,383) | (2,404) | 968 | (141,764) |
| | Percentage | (36.3) | (15.6) | (4.0) | - | (31.1) |