

Non-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
 Inquiries: Hitoshi Sato, Vice President, Accounting Department

Board of Directors Meeting: May 19, 1999
 General Shareholders' Meeting: June 29, 1999
 Announcement of consolidated results: Yes
 Declaration of interim dividends: Yes

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	266,397	(-37.1)	4,117	(-91.1)	7,748	(-85.0)
Year ended 3/31/98	423,752	(0.0)	46,360	(4.6)	51,660	(7.1)

	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	6,503	(-76.6)	37.25	36.59	2.6	1.9	2.9
Year ended 3/31/98	27,782	(0.3)	161.69	155.95	12.6	13.1	12.2

Notes:

- Average number of shares of common stock outstanding during the year ended:

March 31, 1999	174,584,234 shares
March 31, 1998	171,826,298 shares
- Changes in accounting methods: None
- 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 139 million yen higher when compared using the previous method.

(2) Cash dividends

	Annual dividends per share			Total dividends paid (Full year)	Payout ratio	Annual dividends to shareholders' equity
	Interim	F.Y. end				
	Yen	Yen	Yen	Millions of yen	%	%
Year ended 3/31/99	12.00	6.00	6.00	2,092	32.2	0.8
Year ended 3/31/98	30.00	15.00	15.00	5,205	18.7	2.1

(3) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Year ended 3/31/99	394,427	249,695	63.3	1429.91
Year ended 3/31/98	439,864	246,787	56.1	1413.70

Notes:

- Number of shares of common stock issued at the end of the period as of:

March 31, 1999	174,623,995 shares
March 31, 1998	174,568,758 shares
- Difference between the market value and the book value, as reported on the balance sheet, of marketable securities:

-27 million yen

- Difference between the market value and the contract value of derivative transactions:

-119 million yen

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

	Net sales (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)	Annual dividends per share		
				Interim	F.Y. end	
				(Yen)	(Yen)	(Yen)
Six months ending 9/30/99	136,000	1,500	800	6.00	-	-
Year ending 3/31/00	295,000	8,000	4,500	-	6.00	12.00

For reference: Estimate of earnings per share for the year ending March 31, 2000: 25.77 yen

Non-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)	394,427	100.0	439,864	100.0	(45,437)	(10.3)
Current Assets	318,519	80.8	367,311	83.5	(48,791)	(13.3)
Cash and cash equivalents	41,477		67,827		(26,349)	
Trade notes	10,246		9,414		831	
Accounts receivable - trade	106,739		165,714		(58,974)	
Accounts receivable - other	7,492		8,421		(928)	
Marketable securities	868		859		9	
Inventory	25,809		35,067		(9,258)	
Supplies	1,266		909		356	
Prepaid expenses	318		449		(131)	
Advances paid	531		2,162		(1,631)	
Short-term loans	123,159		77,059		46,100	
Other current assets	2,457		1,852		605	
Allowance for doubtful accounts	(1,848)		(2,427)		578	
Fixed Assets	75,907	19.2	72,553	16.5	3,354	4.6
Tangible fixed assets	38,665	9.8	38,576	8.8	89	0.2
Buildings	18,112		19,642		(1,529)	
Structures	614		754		(140)	
Machinery & equipment	4,742		4,122		620	
Vehicles & carriers	0		0		(0)	
Tools, furniture & fixtures	1,876		2,496		(619)	
Land	13,318		11,372		1,946	
Construction in progress	-		187		(187)	
Intangible fixed assets	546	0.1	625	0.1	(79)	(12.7)
Patent rights	380		456		(75)	
Telephone rights and others	165		169		(3)	
Investments and other assets	36,695	9.3	33,351	7.6	3,344	10.0
Investments in securities	6,608		5,884		723	
Treasury stock	1,090		-		1,090	
Investments to subsidiaries	17,544		15,911		1,633	
Long-term loans	2,177		1,312		864	
Long-term prepaid expenses	2,918		3,733		(814)	
Long-term deposits	3,755		3,802		(46)	
Other investments	2,619		2,719		(99)	
Allowance for doubtful accounts	(18)		(12)		(6)	
Total Assets	394,427	100.0	439,864	100.0	(45,437)	(10.3)

Non-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)	144,731	36.7	193,077	43.9	(48,345)	(25.0)
Current liabilities	68,061	17.3	115,618	26.3	(47,556)	(41.1)
Trade notes	2		12		(9)	
Accounts payable - trade	44,339		47,821		(3,482)	
Short-term loans	1,226		457		769	
Commercial paper	10,000		35,000		(25,000)	
Accounts payable - other	10,665		13,769		(3,103)	
Accrued income taxes	-		12,195		(12,195)	
Accrued enterprise taxes	-		3,754		(3,754)	
Accrued expenses	85		79		6	
Unearned revenue	184		264		(80)	
Advances received	456		428		28	
Deposits received	277		254		23	
Allowance for employees' bonuses	824		1,580		(756)	
Long-term liabilities	76,670	19.4	77,459	17.6	(789)	(1.0)
Straight bonds	50,000		50,000		-	
Convertible bonds	18,864		19,038		(174)	
Long-term loans	4,200		5,000		(800)	
Allowance for retirement and severance benefits	3,570		3,375		194	
Deposits received for guarantees	35		45		(10)	
(Shareholders' equity)	249,695	63.3	246,787	56.1	2,908	1.2
Common stock	45,531	11.5	45,444	10.3	86	0.2
Required reserve	73,206	18.6	72,734	16.6	471	0.7
Additional paid-in capital	68,593		68,506		86	
Legal reserve	4,612		4,227		384	
Retained earnings	130,957	33.2	128,607	29.2	2,349	1.8
Reserve for special depreciation	1,343		665		677	
Reserve for developing a domestic market for an imported product	1,800		2,400		(600)	
Special reserve fund	116,500		94,500		22,000	
Unappropriated retained earnings	11,314		31,042		(19,727)	
(Net income)	(6,503)		(27,782)		(21,279)	
Total liabilities and shareholders' equity	394,427	100.0	439,864	100.0	(45,437)	(10.3)

Non-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
(Ordinary or recurring profit and loss)						
Operating profit and loss						
Net sales	266,397	100.0	423,752	100.0	(157,355)	(37.1)
Cost of sales	236,783	88.9	341,931	80.7	(105,147)	(30.8)
Gross margin	29,613	11.1	81,821	19.3	(52,207)	(63.8)
Selling, general & administrative expenses	25,496	9.6	35,460	8.4	(9,964)	(28.1)
Operating income	4,117	1.5	46,360	10.9	(42,243)	(91.1)
Non-operating profit and loss						
Non-operating income						
Interest income	2,090	0.8	1,479	0.3	610	
Dividend income	1,190	0.4	2,396	0.6	(1,205)	
Rent revenue	3,064	1.2	2,944	0.7	120	
Miscellaneous income	783	0.3	1,148	0.3	(364)	
Non-operating expenses						
Interest expenses	97	0.0	17	0.0	79	
Bond interest	1,305	0.5	976	0.2	329	
New stock issuing expenses	1	0.0	268	0.1	(266)	
New bond issuing expenses	-	-	101	0.0	(101)	
Rent expenses	1,291	0.5	1,119	0.3	171	
Exchange loss	613	0.2	-	-	613	
Miscellaneous expenses	188	0.1	185	0.0	3	
Ordinary income	7,748	2.9	51,660	12.2	(43,911)	(85.0)
(Unusual or infrequent profit and loss)						
Unusual or infrequent profit						
Reversal of allowance for doubtful accounts	374	0.1	-	-	374	
Proceeds from sales of fixed assets	43	0.0	38	0.0	4	
Other unusual or infrequent profit	12	0.0	-	-	12	
Unusual or infrequent loss						
Prior term adjustment	-	-	62	0.0	(62)	
Loss on proceeds or disposal of fixed assets	129	0.0	544	0.2	(414)	
Redemption loss on invested securities	127	0.0	-	-	127	
Transfer loss on invested securities	39	0.0	-	-	39	
Write down of securities	-	-	406	0.1	(406)	
Other unusual or infrequent loss	-	-	171	0.0	(171)	
Earnings before income taxes	7,882	3.0	50,513	11.9	(42,631)	(84.4)
Provision for income taxes	-	-	22,731	5.3	-	-
Provision for income taxes and enterprise taxes	1,378	0.5	-	-	-	-
Net income	6,503	2.5	27,782	6.6	(21,279)	(76.6)
Profit and loss carried forward	5,961		6,104			
Interim dividends	1,045		2,586			
Transfer to legal reserve	104		258			
Unappropriated retained earnings	11,314		31,042			

Notes:

Sales to subsidiaries:

13,449 million yen

Purchases from subsidiaries:

208,926 million yen

Non-operating transactions with subsidiaries:

10,161 million yen

Proposal for Appropriation of Unappropriated Retained Earnings

(Millions of yen)

	Year ending March 31, 1999	Year ending March 31, 1998	Increase (decrease)
	Amount	Amount	Amount
Unappropriated retained earnings at the end of the fiscal year	11,314	31,042	(19,727)
Reversal of voluntary reserve			
Reserve for special depreciation	239	134	104
Reserve for developing a domestic market for an imported product	600	600	-
Total	12,153	31,776	(19,622)
Appropriations			
Legal reserve	110	280	(170)
Cash dividends	1,046	2,618	(1,572)
	(Dividends per share: 6 yen)	(Dividends per share: 15 yen)	
Bonuses to directors	-	105	(105)
Voluntary reserve			
Reserve for special depreciation	313	811	(498)
Reserve for an unspecified purpose	8,000	22,000	(14,000)
Retained earnings to be carried forward	2,684	5,961	(3,276)

Notes:

1. Interim cash dividends of 1,045 million yen (15 yen per share) were implemented on December 10, 1998.
2. Additions to or reversals of the reserve for special depreciation and the reserve for developing a domestic market for imported products are conducted in accordance with the Special Taxation Measure Law.

Sales, Orders and Order Backlogs by Product Group

(Millions of yen)

			Semiconductor production equipment	Computer systems	Electronic components	Total	(exports)
Order backlogs		Amount	169,984	4,911	3,909	178,805	(96,765)
Year ended March 31, 1997		% of total	95.1	2.7	2.2	100.0	(54.1)
Year ended March 31, 1998		Amount	325,910	15,039	35,569	376,519	(207,721)
	Orders	% of total	86.6	4.0	9.4	100.0	(55.2)
	Net sales	Amount	371,457	15,532	36,761	423,752	(217,263)
		% of total	87.7	3.7	8.6	100.0	(51.3)
Year ended March 31, 1999	Order backlogs	Amount	124,436	4,417	2,717	131,571	(87,224)
		% of total	94.6	3.3	2.1	100.0	(66.3)
		Amount	198,091	11,607	12,093	221,792	(137,174)
	Orders	% of total	89.3	5.2	5.5	100.0	(61.9)
Change Year-on-year comparison	Net sales	Amount	238,542	13,044	14,811	266,397	(160,014)
		% of total	89.5	4.9	5.6	100.0	(60.1)
	Order backlogs	Amount	83,985	2,980	-	86,966	(64,384)
		% of total	96.6	3.4	-	100.0	(74.0)
Change Year-on-year comparison		Amount	(127,819)	(3,432)	(23,475)	(154,726)	(-70,547)
	Orders	% of total	(39.2)	(22.8)	(66.0)	(41.1)	(-34.0)
	Net sales	Amount	(132,915)	(2,488)	(21,950)	(157,355)	(-57,249)
		% of total	(35.8)	(16.0)	(59.7)	(37.1)	(-26.4)
Change Year-on-year comparison	Order backlogs	Amount	(40,450)	(1,436)	(2,717)	(44,604)	(-22,839)
		% of total	(32.5)	(32.5)	-	(33.9)	(-26.2)