

Consolidated Financial Review

for the Third Quarter Ended December 31, 2000

Company name:	 TOKYO ELECTRON LIMITED
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Telephone number:	(03) 5561-7000
Stock exchange listing:	Tokyo Stock Exchange 1st Section
Code number:	8035
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Board of Directors Meeting: February 6, 2001

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 third quarter ended December 31, 2000 (10/1/00 - 12/31/00)

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

(1) Operating results (Three months ended December 31, 2000)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended 12/31/00	182,045	(-)	34,370	(-)	34,207	(-)	19,966	(-)
Three months ended 12/31/99	-	(-)	-	(-)	-	(-)	-	(-)

(2) Operating results (Nine months ended December 31, 2000)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended 12/31/00	510,128	(-)	89,426	(-)	88,074	(-)	49,385	(-)
Nine months ended 12/31/99	-	(-)	-	(-)	-	(-)	-	(-)
Year ended 3/31/00	440,728		35,816		33,838		19,847	

	Net income per share	Fully diluted net income per share
	Yen	Yen
Nine months ended 12/31/00	281.73	274.50
Nine months ended 12/31/99	-	-
Year ended 3/31/00	113.53	110.64

Notes:

1. Profit/loss on equity method:

Three months ended 12/31/00	-	million yen
Three months ended 12/31/99	-	million yen
Year ended 3/31/00	-	million yen
2. Changes in accounting methods: None
3. Because it is the first time to disclose consolidated financial results for the third quarter, changes from the previous term are not indicated.

(3) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of 12/31/00	651,758	319,091	49.0	1,820.48
As of 12/31/99	-	-	-	-
As of 3/31/00	499,499	273,602	54.8	1,560.27

(4) Scope of consolidation and application of equity method

Consolidated subsidiaries: 29 companies
Unconsolidated subsidiaries using the equity method: None
Affiliates using the equity method: None

(5) Changes in scope of consolidation and application of equity method

Consolidated subsidiaries: Additions: 1 company Deletions: None
Companies using the equity method: Additions: None Deletions: None

2. Corporate estimates for the year ending March 31, 2001 (4/1/00 - 3/31/01)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Year ending 3/31/01	710,000	110,000	61,000

(For reference) Estimate of net income per share for the year ending 3/31/01: 348.02 yen

Note: Figures other than those for the year ended March 31, 2000 have not been audited.

Operating Results

1. Overview of Results

a. Three months ended December 31, 2000 (10/1/00-12/31/00)

For the three months ended December 31, 2000, Tokyo Electron posted consolidated net sales of ¥182,045 million, ordinary income of ¥34,207 million, and net income of ¥19,966 million. These figures surpassed the record results achieved in the second quarter.

Looking at each division, sales in the core Semiconductor Production Equipment Division (SPE) were ¥156,003 million, an increase from the second quarter. Regionally, sales to customers in Japan, the United States and Europe exceeded second-quarter results, but sales to customers in Taiwan and Korea decreased. During this period, at the Koshi Plant of Tokyo Electron Kyushu Limited, construction was completed on a second manufacturing facility built to accommodate medium-term production increases. Tokyo Electron also made acquisitions to introduce promising overseas technologies and strengthen development capabilities. Reviewing SPE orders for the third quarter, semiconductor manufacturers refrained from capital investment in response to slowing demand for semiconductors for PCs. As a result, orders received were ¥148,206 million, and the order backlog was ¥383,374 million, both lower than the corresponding second-quarter figures.

In the Computer Network Division (CN), efforts focused on expanding sales of servers and high-speed networking products. As a result, sales were ¥3,308 million, an increase over the first quarter, but lower compared with the second quarter.

The Electronic Components Division (EC) worked to increase sales of leading-edge devices for communications equipment and network-related gear. As a result, EC sales totaled ¥22,204 million, which exceeded both first- and second-quarter figures.

b. Nine months ended December 31, 2000 (4/1/00-12/31/00)

During this period, the IT revolution got under way in the electronics industry, with the rapid diffusion of products such as personal computers, cellular phones, internet-related equipment and digital home appliances. Moreover, the economies of Asia, which have a major impact on the global economy, entered a recovery and growth phase. These factors resulted in rapid expansion of the semiconductor and LCD industries and the field of communication and information equipment, which are Tokyo Electron's primary markets. Driven by this market expansion, the scale of the global semiconductor market also grew rapidly, prompting a large increase in plant and equipment investment among both domestic and overseas semiconductor and LCD manufacturers.

Influenced by these conditions, Tokyo Electron's consolidated results increased substantially. Net sales for the nine-month period were ¥510,128 million, ordinary income was ¥88,074 million, and net income totaled ¥49,385 million.

By division, SPE sales totaled ¥435,360 million, CN sales were ¥9,449 million, and EC sales were ¥63,951 million.

**(For reference)
Consolidated**

(Millions of yen)

		1Q	2Q	3Q	1Q-3Q Total	Full year (E)	
Net sales	Semiconductor Production Equip.	Japan	27,699	41,728	50,987	120,416	191,000
		U.S.	21,771	32,833	40,041	94,646	138,000
		Europe	6,845	11,739	16,382	34,967	51,000
		Korea	18,004	15,750	9,487	43,243	60,000
		Taiwan	41,798	37,638	30,929	110,366	130,000
		Other	11,678	11,867	8,174	31,720	40,000
		Total	127,798	151,558	156,003	435,360	610,000
		Computer Network	2,329	3,810	3,308	9,449	12,500
		Electronic Components	20,324	21,421	22,204	63,951	85,500
		Other	359	478	528	1,367	2,000
	Total	150,812	177,269	182,045	510,128	710,000	
	Ordinary income	26,909	26,956	34,207	88,074	110,000	
	Net income	15,240	14,178	19,966	49,385	61,000	

Non-consolidated

(Millions of yen)

		1Q	2Q	3Q	1Q-3Q Total	Full year (E)	
Net sales	Semiconductor Production Equip.	Japan	27,636	41,699	50,897	120,232	191,000
		U.S.	21,606	32,275	39,084	92,966	137,000
		Europe	6,308	11,152	14,359	31,819	50,500
		Korea	17,925	15,607	9,573	43,106	59,500
		Taiwan	41,726	37,481	30,605	109,812	129,000
		Other	11,678	11,867	8,174	31,720	40,000
		Total	126,880	150,083	152,694	429,657	607,000
		Computer Network	2,402	3,898	3,333	9,634	13,000
		Total	129,283	153,982	156,027	439,292	620,000
		Ordinary income	14,670	12,150	17,585	44,406	56,000
	Net income	8,387	6,520	10,051	24,959	32,000	

2. Outlook for the year ending March 31, 2001

a. Overall Results

Taking into account results for the first three quarters and projections for the fourth quarter, the outlook is as follows (no change from the figures announced on November 10, 2000).

1. Consolidated forecast

(Billions of yen, Y/Y change)

Net sales		710.0	(61.1%)
	Semiconductor Production Equipment	610.0	(71.8%)
	Computer Network	12.5	(1.2%)
	Electronic Components	85.5	(18.7%)
	Other	2.0	(64.2%)
Ordinary income		110.0	(225.1%)
Net income		61.0	(207.3%)

2. Non-consolidated forecast

(Billions of yen, Y/Y change)

Net sales		620.0	(70.2%)
	Semiconductor Production Equipment	607.0	(72.6%)
	Computer Network	13.0	(3.4%)
Ordinary income		56.0	(239.8%)
Net income		32.0	(293.7%)

b. Projected Allocation of Earnings

Given the outlook for the full fiscal year, the projected year-end dividend, as announced on November 10, 2000, is ¥19.00 per share (an increase of ¥11.00 from the prior fiscal year). Combined with the interim dividend of ¥19.00 per share, this will bring total cash dividends for the fiscal year to ¥38.00 per share, an increase of ¥24.00 over the prior fiscal year. As a result, the payout ratio is projected at 20.8 percent.

Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2000		As of March 31, 2000		Increase (Decrease)
	Amount	Composition %	Amount	Composition %	Amount
(Assets)	651,758	100.0	499,499	100.0	152,259
Current Assets	500,085	76.7	375,157	75.1	124,928
Cash and time deposits	61,538		79,518		(17,980)
Trade notes and accounts receivable	237,750		165,053		72,697
Inventory	174,076		112,481		61,595
Others	28,103		19,132		8,971
Allowance for doubtful accounts	(1,383)		(1,028)		(354)
Long-term Assets	151,673	23.3	123,248	24.7	28,424
Tangible assets	118,176		97,726		20,450
Intangible assets	8,822		5,696		3,126
Investments and other assets	24,890		20,060		4,830
Allowance for doubtful accounts	(216)		(234)		18
Foreign currency translation adjustment	-	-	1,093	0.2	(1,093)
Total Assets	651,758	100.0	499,499	100.0	152,259

Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2000		As of March 31, 2000		Increase (Decrease)
	Amount	Composition %	Amount	Composition %	Amount
(Liabilities)	332,618	51.0	225,861	45.2	106,756
Current liabilities	188,908	29.0	146,457	29.3	42,450
Trade notes and accounts payable	65,644		50,103		15,541
Short-term borrowings	58,964		26,696		32,268
Bonds due within 1 year	-		30,000		(30,000)
Accrued income taxes	24,886		11,843		13,043
Allowance for employees' bonuses	8,880		7,375		1,505
Others	30,532		20,439		10,092
Long-term liabilities	143,710	22.0	79,404	15.9	64,305
Straight bonds	94,500		40,000		54,500
Convertible bonds	15,507		15,601		(94)
Long-term loans	12,007		11,676		331
Allowance for retirement and severance benefits #	-		11,581		(11,581)
Allowance for retirement and severance benefits #	18,567		-		18,567
Allowance for retirement and severance benefits for directors	1,072		-		1,072
Stock purchase warrant	713		-		713
Others	1,341		545		795
(Minority interest)	49	0.0	34	0.0	14
(Shareholders' equity)	319,091	49.0	273,602	54.8	45,488
Common stock	47,210	7.3	47,163	9.4	46
Additional paid in capital	70,272	10.8	70,225	14.1	46
Consolidated retained earnings	202,294	31.0	157,875	31.6	44,418
Revaluation of investment in securities	1,376	0.2	-	-	1,376
Foreign currency translation adjustment	1,513	0.2	-	-	1,513
Treasury stock, at cost	(3,575)	(0.5)	(1,661)	(0.3)	(1,914)
Total liabilities, minority interest and shareholders' equity	651,758	100.0	499,499	100.0	152,259

Note:

New accounting standards have been adopted for benefit obligations from the year ending March 31, 2001.

Consolidated Statement of Income

(Millions of yen)

	Three months ended December 31, 2000		Nine months ended December 31, 2000		Year ended March 31, 2000	
	Amount	Ratio to net sales %	Amount	Ratio to net sales %	Amount	Ratio to net sales %
Net sales	182,045	100.0	510,128	100.0	440,728	100.0
Cost of sales	110,975	61.0	321,187	63.0	303,838	68.9
Gross profit	71,069	39.0	188,940	37.0	136,890	31.1
Selling, general & administrative expenses	36,699	20.1	99,514	19.5	101,074	23.0
Operating income	34,370	18.9	89,426	17.5	35,816	8.1
Non-operating income	417		1,180		1,608	
Non-operating expenses	579		2,532		3,585	
Ordinary income	34,207	18.8	88,074	17.3	33,838	7.7
Unusual or infrequent profit	19		58		908	
Unusual or infrequent loss	2,156		7,308		5,058	
Income before income taxes	32,070	17.6	80,824	15.8	29,689	6.7
Provision for income taxes and enterprise taxes	12,097		31,424		14,544	
Deferred income taxes	-		-		(4,708)	
Minority interest	6		14		5	
Net income	19,966	11.0	49,385	9.7	19,847	4.5

Net Sales Outside Japan

(Millions of yen)

Three months ended December 31, 2000					
	Taiwan	U.S.	Korea	Others	Total
Net sales outside Japan	30,931	40,055	9,487	25,001	105,476
Consolidated net sales					182,045
Ratio to consolidated net sales (%)	17.0	22.0	5.2	13.7	57.9

(Millions of yen)

Nine months ended December 31, 2000					
	Taiwan	U.S.	Korea	Others	Total
Net sales outside Japan	110,368	94,695	43,243	68,102	316,410
Consolidated net sales					510,128
Ratio to consolidated net sales (%)	21.6	18.6	8.5	13.3	62.0

(Millions of yen)

Year ended March 31, 2000					
	Taiwan	U.S.	Korea	Others	Total
Net sales outside Japan	101,065	65,637	36,826	53,212	256,741
Consolidated net sales					440,728
Ratio to consolidated net sales (%)	23.0	14.9	8.4	12.0	58.3

Notes:

1. Classifications of countries and regions are based on geographical proximity.
2. Principal countries included in others:
 - U.K.
 - France
 - Germany
 - Singapore
3. Net sales outside Japan represent net sales of Tokyo Electron Limited and its consolidated subsidiaries to countries and regions outside Japan.

Production, Orders and Sales

(1) Production

(Millions of yen)

Division	Three months ended December 31, 2000	Nine months ended December 31, 2000	Year ended March 31, 2000
	Production	Production	Production
Semiconductor Production Equipment	184,037	482,390	351,485
Total	184,037	482,390	351,485

Notes:

1. Amounts are based on selling prices.
2. The above amounts do not include consumption taxes.

(2) Orders

(Millions of yen)

Division	Three months ended December 31, 2000	Nine months ended December 31, 2000	Year ended March 31, 2000
	Orders	Orders	Orders
Semiconductor Production Equipment	148,206	569,189	520,472
Computer Network	4,072	9,663	13,150
Electronic Components	21,207	67,990	77,558
Others	528	1,367	1,217
Total	174,014	648,210	612,399

Division	Three months ended December 31, 2000	Year ended March 31, 2000
	Backlog	Backlog
Semiconductor Production Equipment	383,374	249,545
Computer Network	3,981	3,767
Electronic Components	16,007	11,968
Others	-	-
Total	403,363	265,281

Note: The above amounts do not include consumption taxes.

(3) Sales

(Millions of yen)

Division	Three months ended December 31, 2000	Nine months ended December 31, 2000	Year ended March 31, 2000
	Sales	Sales	Sales
Semiconductor Production Equipment	156,003	435,360	355,102
Computer Network	3,308	9,449	12,357
Electronic Components	22,204	63,951	72,051
Others	528	1,367	1,271
Total	182,045	510,128	440,728

Note: The above amounts do not include consumption taxes.

Computer Systems was renamed Computer Network as of April 1, 2000.

(For reference)

Consolidated Balance Sheet (Quarterly comparison)

(Millions of yen)

	As of December 31, 2000		As of September 30, 2000		Increase (decrease)
	Amount	Composition %	Amount	Composition %	Amount
(Assets)	651,758	100.0	594,182	100.0	57,576
Current Assets	500,085	76.7	454,971	76.6	45,113
Cash and time deposits	61,538		76,179		(14,641)
Trade notes and accounts receivable	237,750		223,484		14,266
Inventory	174,076		137,532		36,543
Others	28,103		19,068		9,034
Allowance for doubtful accounts	(1,383)		(1,294)		(89)
Long-term Assets	151,673	23.3	139,210	23.4	12,462
Tangible assets	118,176		107,110		11,065
Intangible assets	8,822		6,067		2,754
Investments and other assets	24,890		26,257		(1,367)
Allowance for doubtful accounts	(216)		(226)		9
Total Assets	651,758	100.0	594,182	100.0	57,576

(For reference)

Consolidated Statement of Income (Quarterly comparison)

(Millions of yen)

	Three months ended December 31, 2000		Three months ended September 30, 2000		Three months ended June 30, 2000	
	Amount	Ratio to net sales %	Amount	Ratio to net sales %	Amount	Ratio to net sales %
Net sales	182,045	100.0	177,269	100.0	150,812	100.0
Cost of sales	110,975	61.0	115,664	65.2	94,547	62.7
Gross profit	71,069	39.0	61,605	34.8	56,265	37.3
Selling, general & administrative expenses	36,699	20.1	33,852	19.1	28,961	19.2
Operating income	34,370	18.9	27,752	15.7	27,303	18.1
Non-operating income	417		326		436	
Non-operating expenses	579		1,121		830	
Ordinary income	34,207	18.8	26,956	15.2	26,909	17.8
Unusual or infrequent profit	19		(104)		143	
Unusual or infrequent loss	2,156		3,088		2,064	
Income before income taxes	32,070	17.6	23,764	13.4	24,989	16.6
Provision for income taxes and enterprise taxes	12,097		9,581		9,745	
Minority interest	6		4		3	
Net income	19,966	11.0	14,178	8.0	15,240	10.1

(For reference)

Consolidated Balance Sheet (Quarterly comparison)

(Millions of yen)

	As of December 31, 2000		As of September 30, 2000		Increase (decrease)
	Amount	Composition %	Amount	Composition %	Amount
(Liabilities)	332,618	51.0	292,184	49.2	40,434
Current liabilities	188,908	29.0	149,778	25.2	39,129
Trade notes and accounts payable	65,644		61,122		4,522
Short-term borrowings	58,964		34,240		24,723
Accrued income taxes	24,886		19,612		5,274
Allowance for employees' bonuses	8,880		9,404		(523)
Others	30,532		25,398		5,133
Long-term liabilities	143,710	22.0	142,405	24.0	1,304
Straight bonds	94,500		94,500		-
Convertible bonds	15,507		15,528		(21)
Long-term debt	12,007		12,373		(365)
Allowance for retirement and severance benefits	18,567		16,080		2,487
Allowance for retirement and severance benefits for directors	1,072		1,022		50
Stock purchase warrant	713		713		-
Others	1,341		2,187		(846)
(Minority interest)	49	0.0	43	0.0	6
(Shareholders' equity)	319,091	49.0	301,954	50.8	17,136
Common stock	47,210	7.3	47,199	7.9	10
Additional paid in capital	70,272	10.8	70,261	11.8	10
Consolidated retained earnings	202,294	31.0	185,657	31.3	16,636
Revaluation of investment in securities	1,376	0.2	2,890	0.5	(1,514)
Foreign currency translation adjustment	1,513	0.2	(478)	(0.1)	1,991
Treasury stock, at cost	(3,575)	(0.5)	(3,577)	(0.6)	1
Total liabilities, minority interest and shareholders' equity	651,758	100.0	594,182	100.0	57,576