

Consolidated Financial Review for the Year Ended March 31, 2001



TOKYO ELECTRON LIMITED

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: May 18, 2001
 Application of U.S. GAAP: None

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, 2001 (4/1/00 - 3/31/01)

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

(1) Operating results

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended 3/31/01	723,880	64.2	121,086	238.1	119,223	252.3
Year ended 3/31/00	440,728	40.4	35,816	461.1	33,838	445.7

	Net income		Net income per share	Fully diluted net income per share	Return on equity	Ordinary income to total assets	Ordinary income to sales
	Millions of yen	%	Yen	Yen	%	%	%
Year ended 3/31/01	62,011	212.4	353.76	344.75	20.4	19.4	16.5
Year ended 3/31/00	19,847	963.8	113.53	110.64	7.5	7.4	7.7

Notes:

1. Profit/loss on equity method:

Year ended March 31, 2001: None
 Year ended March 31, 2000: None

2. Average number of shares of common stock (consolidated) issued:

Year ended March 31, 2001: 175,292,610 shares
 Year ended March 31, 2000: 174,831,162 shares

3. Changes in accounting methods: None

4. Percentages for net sales, operating income, ordinary income and net income indicated changes from the previous term.

(2) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of 3/31/01	729,511	333,281	45.7	1,901.38
As of 3/31/00	499,499	273,602	54.8	1,560.27

Note:

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

March 31, 2001: 175,283,713 shares
 March 31, 2000: 175,356,087 shares

(3) Consolidated cash flow position

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of fiscal year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended 3/31/01	(29,442)	(62,359)	77,182	65,290
Year ended 3/31/00	25,126	(16,192)	23,569	79,518

(4) Scope of consolidation and application of equity method

Consolidated subsidiaries:	30 companies
Unconsolidated subsidiaries:	0 companies
Number of companies using the equity method:	0 companies

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

Consolidated companies:	Additions: 2 companies	Deletions: 0 companies
Companies using the equity method:	Additions: 0 companies	Deletions: 0 companies

2. Corporate estimates for the year ending March 31, 2002 (4/1/01 - 3/31/02)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Six months ending 9/30/01	265,000	7,000	3,500
Year ending 3/31/02	556,000	25,000	14,000

For reference: Estimate of net income per share for the year ending March 31, 2002: 79.87 yen

1. Management Policies

Basic Management Policies

Improving shareholder satisfaction is a core management policy for Tokyo Electron. Management views strong global competitiveness and high growth and earnings capabilities as essential for building a powerful, dynamic company that is an attractive equity investment.

Based on this viewpoint, management has implemented four fundamental management initiatives: a policy of placing customers first; continuous global technology leadership; conducting business with an entrepreneurial spirit; and profit oriented operations.

Basic Policies for Allocation of Earnings

Tokyo Electron's dividend policy is to link dividends to overall results and earnings in providing returns to shareholders. As a rule, in setting dividends the Company takes into account both consolidated results and a payout ratio of approximately 20 percent of parent company earnings. In addition, directors' bonuses are also linked to overall results as part of an overall policy of linking compensation to results and earnings.

Tokyo Electron works to maintain the continued support of shareholders by making effective use of internal capital resources to continue expanding the scope of business through research and development, capital investment and global expansion, together with placing priority on sound cash flow management and earnings growth.

Corporate Governance Policy

In Japan, increasing attention is being focused on management transparency and effective functioning of corporate governance. In order to be a truly globally excellent company, Tokyo Electron instituted a sweeping reform of its management structure in April 1998.

First, we made the Board of Directors into a body that represents the interests of shareholders and is responsible for setting basic policies and strategies to maximize the value of the Company and ensure its continual success and development. The Board monitors business execution, evaluates and approves management results, reviews and appoints candidates for the Board, and ensures adherence to the requirements of the Japanese Commercial Code. In addition, the Board sets basic policies for Group companies worldwide and monitors the status of the Group's business execution.

Second, we created a Corporate Senior Staff system. Corporate Senior Staff are executives responsible for producing results by proposing, setting and executing business strategies to realize the basic policies established by the Board of Directors.

Moreover, we have further strengthened our commitment to the fundamental organizational policies we have pursued up to now—namely, quick decision-making, small operations, and a flat organization—by launching a system of product-specific business units (BU), which serves as a measure of profit management and extends to all TEL group companies worldwide to create a truly vertical management organization. We also created a Business Development & Account Management Group and Corporate Marketing to facilitate cooperation across different units.

Within the Board of Directors, we established a Compensation Committee, which determines the salary of the C.E.O., president and discloses the compensation of the four corporate officers, including the C.E.O., president. We have also appointed a director in charge of corporate ethics to deal thoroughly with this issue. Furthermore, in November 2000 we established a Nomination Committee within the Board of Directors, whose purpose is to select candidates for directors elected at the shareholders' meeting and the C.E.O., president appointed by the Board of Directors. The Company also instituted internal regulations regarding the process by which candidates for the position of auditor are selected, in order to ensure the independence of auditors appointed at the shareholders' meeting.

Tokyo Electron will continue to emphasize effective corporate governance in order to secure and maintain management transparency and objectivity.

Management Tasks

The slowdown in the U.S. economy led to inventory adjustments in the thriving markets for personal computers and mobile phones. As a result, the semiconductor and semiconductor production equipment industries are currently headed for somewhat of a rough landing, and the Company's orders have started to decline during the second half of the current fiscal year.

However, with the advent of the broadband age—one of the central developments in information technology (IT)—the demand for semiconductors used in digital network and mobile telecommunications devices is increasing, and the semiconductor and semiconductor production equipment industries are expected to exhibit high growth over the medium to long term as compared to other industries.

Under these circumstances, Tokyo Electron is working to build a highly profitable structure by shortening production lead time through the use of IT and making sales and service activities more efficient. The Company has also adopted a medium- to long-term perspective with regard to strategic development making effective use of state-of-the-art technology. Through the aggressive implementation of these measures, the Company will strive to strengthen competitiveness, bring products to the market in a timely manner, and become a world-class equipment supplier. In addition, the Company was one of the first to adopt a medium- to long-term incentive system designed to motivate managers to achieve medium-term performance targets and instill a greater sense of participation in management. This system has already begun to show results, and the Company will continue its active efforts in this regard.

These measures demonstrate Tokyo Electron's commitment to become a truly globally excellent company: powerful and dynamic, with strong global competitiveness and high growth and earnings capabilities.

2. Operating Results

(1) Summary of Results for the Year Ended March 31, 2001

Overview

Looking at global economic trends during the period under review, the U.S. economy, which had continued to exhibit high growth over the long term, began to show signs of slowing around the end of last year as a result of low share prices as well as inventory, facility and employment adjustments. The European economy remained solid, but since the beginning of the year has showed signs of being affected by the slowdown in the U.S. economy. Economic conditions in Asia were favorable in 2000, but cooled off rapidly since the start of 2001 following a decline in semiconductor demand as a result of the sluggish U.S. economy. In Japan, there were signs of recovery in private capital investment, but the slowdown in the U.S. economy quickly dampened exports during the second half, and conditions remained challenging.

In the semiconductor and LCD-related industries as well as the field of information technology, in which Tokyo Electron participates, there was a sharp rise in demand for IT-related products such as personal computers, mobile phones, network-related products and digital appliances, which fueled rapid growth in the semiconductor market worldwide.

As a result, the Company's performance improved measurably, resulting in the largest year-

on-year improvement ever. Consolidated net sales increased 64.2 percent to ¥723,880 million, and ordinary income soared 252.3 percent to ¥119,223 million. Net income rose 212.4 percent to ¥62,011 million. In non-consolidated results, net sales increased 72.1 percent to ¥626,807 million, ordinary income rose 262.2 percent to ¥59,698 million, and net income jumped 280.6 percent to ¥30,934 million.

Results by Division

The core Semiconductor Production Equipment division benefited from substantial increases in capital investment by semiconductor and LCD manufacturers both in Japan and abroad, with net sales rising 74.3 percent to ¥619,001 million. In order to strengthen medium-term production capacity, the Company constructed a second facility at the Tokyo Electron Kyushu Ltd. Koshi Plant. In addition, the Company carried out acquisitions as a means of introducing promising technologies from overseas and strengthening development capabilities.

The Computer Network division focused on expanding sales of servers and products for high-speed network technologies. As a result, net sales increased 13.7 percent to ¥14,053 million.

The Electronic Components Division worked to expand sales of advanced devices for personal computers, telecommunications and network-related equipment. Net sales in this division increased 23.8 percent to ¥89,210 million.

Capital Investment and Financing

Consolidated investment in property, plant and equipment during the year ended March 31, 2001 was ¥49.4 billion. Non-consolidated investment in property, plant and equipment was ¥5.4 billion.

In June 2000, the Company issued ¥4.5 billion of bonds with stock purchase warrants in order to be able to offer quasi-stock options. In August 2000, the Company issued ¥50 billion in straight bonds, which were used for working capital and capital expenditures within the TEL Group.

Cash Flows

Cash flow activities for the fiscal year were as follows:

Cash flow from operating activities was negative ¥29,442 million. Key factors included an

increase in earnings before income taxes, which was insufficient to compensate for the substantial increase in accounts receivable as a result of stronger sales.

Cash flow from investing activities was negative ¥62,359 million, largely due to expenses related to the construction of a new facility at the Tokyo Electron Kyushu Ltd. Koshi Plant complex and the acquisition of tangible fixed assets such as equipment for evaluation purposes.

Cash flow from financing activities was ¥77,182 million. Positive factors included an increase in borrowings and proceeds from the issuance of bonds with stock purchase warrants and straight bonds, while the redemption of mature bonds and the payment of dividends had a negative effect.

As a result, cash and cash equivalents at the end of the year were ¥65,290 million.

Important Subsequent Events

At the meeting of the Board of Directors on May 16, 2001, it was resolved to issue unsecured bonds with stock purchase warrants with a payment date of June 8, 2001, in order to grant executives of Tokyo Electron Ltd. and board members/executives of the TEL Group warrants to purchase TEL stock.

Note: The amount to be raised for the issuance will be decided on May 23, 2001, but it is currently projected to be ¥5,500 million for bonds and ¥770 million for warrants.

Allocation of Earnings

Based on the management policy towards distribution of profits stated above, in light of the results for the fiscal year the Company plans to declare a cash dividend of ¥19 per share at the shareholders' meeting scheduled to be held in June 2001. Combined with the interim dividend of ¥19 per share, this will bring total cash dividends for the year to ¥38 per share, an increase of ¥24 per share over the previous fiscal year. This will result in a non-consolidated payout ratio of 21.5 percent, non-consolidated return on equity of 11.4 percent (based on the average of shareholders' equity at the beginning and end of the fiscal year) and non-consolidated dividends on equity of 2.3 percent. ROE on a consolidated basis was 20.4 percent.

Taking into account the Company's performance for the year, Tokyo Electron plans to propose bonuses to directors totaling ¥114 million.

**(For reference)
Consolidated**

(Millions of yen)

		1Q	2Q	3Q	4Q	Full year	
Net sales	Semiconductor Production Equip.	Japan	27,699	41,728	50,987	76,053	196,469
		U.S.	21,771	32,833	40,041	45,510	140,157
		Europe	6,845	11,739	16,382	15,495	50,462
		Korea	18,004	15,750	9,487	16,668	59,912
		Taiwan	41,798	37,638	30,929	20,781	131,147
		Other	11,678	11,867	8,174	9,130	40,851
	Total	127,798	151,558	156,003	183,640	619,001	
	Computer Network	2,329	3,810	3,308	4,604	14,053	
	Electronic Components	20,324	21,421	22,204	25,259	89,210	
	Other	359	478	528	247	1,614	
Total	150,812	177,269	182,045	213,752	723,880		
Ordinary income	26,909	26,956	34,207	31,148	119,223		
Net income	15,240	14,178	19,966	12,626	62,011		

Non-consolidated

(Millions of yen)

		1Q	2Q	3Q	4Q	Full year	
Net sales	Semiconductor Production Equip.	Japan	27,636	41,699	50,897	76,035	196,267
		U.S.	21,606	32,275	39,084	43,529	136,495
		Europe	6,308	11,152	14,359	17,461	49,281
		Korea	17,925	15,607	9,573	16,639	59,745
		Taiwan	41,726	37,481	30,605	20,087	129,899
		Other	11,678	11,867	8,174	9,130	40,851
	Total	126,880	150,083	152,694	182,882	612,540	
	Computer Network	2,402	3,898	3,333	4,632	14,267	
	Total	129,283	153,982	156,027	187,515	626,807	
	Ordinary income	14,670	12,150	17,585	15,292	59,698	
Net income	8,387	6,520	10,051	5,975	30,934		

(2) Forecast for the Year Ending March 31, 2002

Overall Results

Consolidated forecast

(Billions of yen, Y/Y change)

		Interim		Full year	
Net sales		265.0	(-19.2%)	556.0	(-23.2%)
	Semiconductor Production Equipment	212.0	(-24.1%)	437.0	(-29.4%)
	Computer Network	7.0	(14.0%)	17.0	(21.0%)
	Electronic Components	45.0	(7.8%)	100.0	(12.1%)
	Other	1.0	(19.3%)	2.0	(23.9%)
Ordinary income		7.0	(-87.0%)	25.0	(-79.0%)
Net income		3.5	(-88.1%)	14.0	(-77.4%)

Non-consolidated forecast

(Billions of yen, Y/Y change)

		Interim		Full year	
Net sales		217.0	(-23.4%)	450.0	(-28.2%)
	Semiconductor Production Equipment	210.0	(-24.2%)	433.0	(-29.3%)
	Computer Network	7.0	(11.1%)	17.0	(19.1%)
Ordinary income		4.0	(-85.1%)	13.0	(-78.2%)
Net income		2.5	(-83.2%)	7.5	(-75.8%)

Note: The above estimates are based on certain assumptions judged to be reasonable at the present time, and may differ substantially from actual business results.

Allocation of Earnings for the Next Fiscal Year

Taking into account the Company's performance outlook, Tokyo Electron plans to pay total cash dividends of ¥14 per share for the year ending March 31, 2002, comprising interim and year-end dividends of ¥7 per share each. As a result, the Company forecasts a non-consolidated payout ratio of 32.8 percent.

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2001		As of March 31, 2000		Increase (decrease)	
	Amount	Compo- sition (%)	Amount	Compo- sition (%)	Amount	(%)
(Assets)	729,511	100.0	499,499	100.0	230,011	46.0
Current Assets	548,241	75.2	375,157	75.1	173,083	46.1
Cash and time deposits	65,320		79,518			
Trade notes and accounts receivable	287,968		165,053			
Marketable securities	-		834			
Inventories	161,980		112,481			
Deferred taxes	12,658		5,305			
Others	22,033		12,991			
Allowance for doubtful accounts	(1,720)		(1,028)			
Long-term Assets	181,270	24.8	123,248	24.7	58,021	47.1
Tangible fixed assets	124,720	17.1	97,726	19.6	26,994	27.6
Buildings & structures	68,593		50,828			
Machinery & carriers	24,233		20,477			
Tools, furniture & fixtures	11,342		8,988			
Land	19,698		16,554			
Construction in progress	853		876			
Intangible fixed assets	27,524	3.7	5,696	1.1	21,828	383.2
Consolidating adjustments	18,826		-			
Others	8,697		5,696			
Investments and other assets	29,025	4.0	19,826	4.0	9,199	46.4
Investment securities	11,599		9,009			
Long-term loans	126		153			
Deferred taxes	7,394		2,144			
Others	10,148		8,752			
Allowance for doubtful accounts	(242)		(234)			
Foreign currency translation adjustment	-	-	1,093	0.2	(1,093)	-
Total Assets	729,511	100.0	499,499	100.0	230,011	46.0

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2001		As of March 31, 2000		Increase (decrease)	
	Amount	Compo- sition (%)	Amount	Compo- sition (%)	Amount	(%)
(Liabilities)	396,171	54.3	225,861	45.2	170,309	75.4
Current liabilities	238,441	32.7	146,457	29.3	91,983	62.8
Trade notes and accounts payable	60,541		50,103			
Short-term borrowings	51,431		26,696			
Commercial paper	30,000		-			
Bonds due within 1 year	-		30,000			
Accrued income taxes	41,440		11,843			
Allowance for employees' bonuses	10,948		7,375			
Others	44,079		20,439			
Long-term liabilities	157,730	21.6	79,404	15.9	78,325	98.6
Straight bonds	94,500		40,000			
Convertible bonds	15,502		15,601			
Long-term loans	16,345		11,676			
Allowance for retirement and severance benefits #	-		11,581			
Allowance for retirement and severance benefits #	28,698		-			
Allowance for retirement and severance benefits for directors	1,108		-			
Stock purchase warrant	705		-			
Others	870		545			
(Minority interest)	58	0.0	34	0.0	23	67.2
(Shareholders' equity)	333,281	45.7	273,602	54.8	59,678	21.8
Common stock	47,212	6.5	47,163	9.4	49	0.1
Additional paid in capital	70,274	9.6	70,225	14.1	49	0.1
Consolidated retained earnings	214,920	29.5	157,875	31.6	57,044	36.1
Revaluation of investment in securities	1,658	0.2	-	-	1,658	-
Foreign currency translation adjustment	2,734	0.4	-	-	2,734	-
Treasury stock, at cost	(3,519)	(0.5)	(1,661)	(0.3)	(1,858)	111.9
Total liabilities, minority interest and shareholders' equity	729,511	100.0	499,499	100.0	230,011	46.0

Note:

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

Consolidated Statement of Income

(Millions of yen)

	Year ended March 31, 2001		Year ended March 31, 2000		Increase (decrease)	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	(%)
Net sales	723,880	100.0	440,728	100.0	283,151	64.2
Cost of sales	458,902	63.4	303,838	68.9	155,063	51.0
Gross profit	264,978	36.6	136,890	31.1	128,087	93.6
Selling, general & administrative expenses	143,891	19.9	101,074	23.0	42,817	42.4
Operating income	121,086	16.7	35,816	8.1	85,270	238.1
Non-operating income						
Interest income	604		216			
Dividend income	64		60			
Rent revenue	507		387			
Others	452		944			
Non-operating expenses						
Interest expenses	2,378		1,959			
New stock issuing expenses	4		24			
New bond issuing expenses	277		100			
Rent expenses	222		268			
Foreign currency translation loss	424		911			
Others	183		320			
Ordinary income	119,223	16.5	33,838	7.7	85,384	252.3
Unusual or infrequent profit						
Prior term adjustment	8		397			
Gain on sale of fixed assets	73		410			
Revenue from government subsidies	100		100			
Others	2		-			
Unusual or infrequent loss						
Loss on proceeds or disposal of fixed assets	2,521		2,168			
Patent royalties for prior years	-		1,574			
Devaluation of golf memberships	35		1,253			
Devaluation of marketable securities	1,552		20			
Amortization of discrepancy arising from adoption of retirement benefit accounting standards	15,974		-			
Others	191		41			
Earnings before income taxes	99,131	13.7	29,689	6.7	69,442	233.9
Provision for income taxes and enterprise taxes	50,588	7.0	14,544	3.3	36,043	247.8
Deferred income taxes	(13,489)	(1.9)	(4,708)	(1.1)	(8,780)	186.5
Minority interest	20	0.0	5	0.0	15	311.6
Net income	62,011	8.6	19,847	4.5	42,163	212.4

Consolidated Statement of Retained Earnings

(Millions of yen)

	Year ended March 31, 2001	Year ended March 31, 2000	Increase (Decrease)
	Amount	Amount	Amount
Consolidated retained earnings at beginning of year	157,875	144,714	13,160
Deferred income taxes - cumulative effect from prior periods	-	2,717	(2,717)
Decrease in consolidated retained earnings			
Cash dividends	4,733	2,095	2,637
Bonuses to directors	234	-	234
Decrease resulting from increase in consolidated subsidiaries	-	7,309	(7,309)
Net income	62,011	19,847	42,163
Consolidated retained earnings to be carried forward	214,920	157,875	57,044

Consolidated Statement of Cash Flows

(Millions of yen)

	Year Ended	Year Ended	Increase
	March 31, 2001	March 31, 2000	(Decrease)
	Amount	Amount	Amount
I Cash flow from operating activities			
Earnings before income taxes	99,131	29,689	69,442
Depreciation and amortization	21,678	19,445	2,232
Amortization of consolidating adjustments	148	-	148
Increase in allowance for employees' bonuses	3,481	3,174	306
Increase/decrease in allowance for retirement and severance benefits	(11,578)	2,153	(13,731)
Increase in allowance for retirement and severance benefits	28,698	-	28,698
Increase in allowance for retirement and severance benefits for directors	1,108	-	1,108
Increase in allowance for doubtful accounts	695	212	483
Interest and dividend revenue	(669)	(276)	(392)
Interest expenses	2,380	1,963	417
Foreign currency translation loss	100	747	(646)
New bond issuing expenses	277	100	177
New stock issuing expenses	4	24	(19)
Prior term adjustment	(8)	(397)	389
Gain/loss on sale of fixed assets	(44)	(391)	347
Loss on disposal of fixed assets	2,491	2,149	342
Devaluation of investment securities	1,552	20	1,532
Devaluation of golf memberships	35	1,253	(1,218)
Increase in trade notes and accounts receivable	(121,668)	(31,675)	(89,993)
Increase in inventories	(53,665)	(27,196)	(26,469)
Increase in accounts payable	9,709	22,415	(12,706)
Increase in prepaid consumption tax	(4,859)	(3,542)	(1,316)
Bonuses to directors	(234)	-	(234)
Others	13,009	10,656	2,353
Subtotal	(8,221)	30,527	(38,748)
Receipts from interest and dividends	670	280	390
Interest paid	(2,295)	(1,922)	(372)
Income taxes paid	(19,596)	(3,757)	(15,838)
Net cash generated by (used in) operating activities	(29,442)	25,126	(54,569)
II Cash flow from investing activities			
Payment for time deposits	(30)	-	(30)
Proceeds from repayment of time deposits	-	150	(150)
Payment for purchase of tangible fixed assets	(39,155)	(14,577)	(24,577)
Proceeds from sale of tangible fixed assets	890	1,566	(676)
Payment for acquisition of intangible fixed assets	(4,568)	(4,100)	(467)
Proceeds from sale of intangible fixed assets	5	26	(20)
Payment for acquisition of investment securities	(474)	(500)	25
Proceeds from sale of investment securities	15	103	(87)
Payment for purchase of newly consolidated subsidiaries	(18,867)	-	(18,867)
Loans to third parties	(41)	(68)	26
Collection of loans	68	90	(21)
Others	(200)	1,117	(1,318)
Net cash used in investing activities	(62,359)	(16,192)	(46,166)
III Cash flow from financing activities			
Net increase in short-term borrowings	23,926	13,021	10,904
Net increase/decrease in commercial paper	30,000	(10,000)	40,000
Proceeds from long-term debt	8,671	5,700	2,971
Repayment of long-term debt	(3,757)	(2,477)	(1,280)
Proceeds from issuance of bonds	54,938	19,899	35,038
Redemption of straight bonds	(30,000)	-	(30,000)
Net increase in treasury stock	(1,858)	(454)	(1,404)
Dividends paid	(4,733)	(2,095)	(2,637)
Others	(4)	(24)	19
Net cash generated by financing activities	77,182	23,569	53,612
IV Foreign currency translation difference in cash and cash equivalents	391	(468)	859
V Net increase in cash and cash equivalents	(14,228)	32,036	(46,264)
VI Cash and cash equivalents at beginning of year	79,518	46,760	32,757
VII Cash and cash equivalents of newly consolidated subsidiaries at beginning of year	-	721	(721)
VIII Cash and cash equivalents at end of year	65,290	79,518	(14,228)

Note:

Negative figures in the consolidated statement of cash flows represent outflows of cash and cash equivalents.

Segment Information

1. Segment information by business type

Tokyo Electron Limited group is primarily engaged in manufacturing and marketing industrial electronic equipment, and are deemed to operate in a single segment. Segment information has therefore been omitted.

2. Segment information by country

Segment information by country is abbreviated, as both net sales and the assets of the consolidated subsidiaries situated outside Japan are less than 10% of consolidated net sales or assets.

3. Net sales outside Japan

(Millions of yen)

Year ended March 31, 2001				
	U.S.	Taiwan	Others	Total
Net sales outside Japan	140,228	131,152	153,226	424,608
Consolidated net sales				723,880
Ratio to consolidated net sales (%)	19.4	18.1	21.2	58.7

(Millions of yen)

Year ended March 31, 2000				
	Taiwan	U.S.	Others	Total
Net sales outside Japan	101,065	65,637	90,038	256,741
Consolidated net sales				440,728
Ratio to consolidated net sales (%)	23.0	14.9	20.4	58.3

Notes:

1. Classifications of countries and regions are based on geographical proximity.

2. Principal countries included in others:

Korea
U.K.
France
Germany
Singapore

3. Net sales outside Japan represent net sales of Tokyo Electron Limited and its consolidated subsidiaries to countries and region outside Japan.

Securities

Year ended 3/31/01 (As of March 31, 2001)

1. Trading securities
No items applicable
2. Held-to-maturity marketable securities
No items applicable
3. Other marketable securities

(Millions of yen)

	Type	Acquisition cost	Value at March 31, 2001	Difference
Value over acquisition cost	1. Shares	7,121	10,107	2,985
	2. Bonds			
	[1]Government/local government bond	-	-	-
	[2]Corporate bond	10	10	0
	[3]Other	-	-	-
	3. Other	100	100	0
	Subtotal	7,231	10,218	2,986
Value below acquisition cost	1. Shares	608	469	(139)
	2. Bonds			
	[1]Government/local government bond	-	-	-
	[2]Corporate bond	-	-	-
	[3]Other	-	-	-
	3. Other	13	12	(0)
	Subtotal	622	482	(140)
Total		7,854	10,700	2,846

4. Other marketable securities sold during the fiscal year

Total profit/loss on marketable securities is omitted because the amount is insignificant.

5. Non-marketable securities

	Value at March 31, 2001
Other securities	
Non-listed stock (Excluding over-the-counter shares)	898

6. Planned redemptions of securities with maturities and held-to-maturity bonds included in other marketable s

	Within 1 year	1-5 years	5-10 years
1. Bonds			
[1]Government/local government bond	-	-	-
[2]Corporate bond	-	10	-
[3]Other	-	-	-
2. Other	-	-	13
Total	-	10	13

Market values of securities

Year ended 3/31/00 (As of March 31, 2000)

(Millions of yen)

	Type	Value at March 31, 2001	Market value	Valuation gain (loss)
Current assets	Shares	824	1,720	895
	Bonds	10	10	0
	Other	-	-	-
	Subtotal	834	1,731	896
Long-term assets	Shares	8,086	12,098	4,011
	Bonds	-	-	-
	Other	113	109	(4)
	Subtotal	8,199	12,207	4,007
Total		9,034	13,939	4,904

Notes:

1. Market quotations:

[1] Marketable securities listed on stock exchanges in Japan are stated at their closing prices on the Tokyo Stock Exchange and other exchanges as of the balance sheet date.

[2] Beneficiary certificates of security investment trusts are stated at standard prices.

2. Book value of securities, the market value of which is not disclosed in the above table, in the consolidated balance sheet:

Fixed assets: Unlisted shares excluding securities traded on the over-the-counter market 809 million yen

Market values and valuation gains and losses on derivatives transactions

Year ended 3/31/01 (As of March 31, 2001)
No items applicable

Year ended 3/31/00 (As of March 31, 2000)

Related currency		(Millions of yen)			
	Type	As of March 31, 2000		Market value	Valuation gain (loss)
		Contract price			
			Over 1 year		
Transaction excluding transaction in market	Foreign currency forward contracts				
	Sell				
	US\$	17,921	5	18,156	(235)
	Buy				
	US\$	5,747	1	5,742	(4)
	JPN Yen	95	-	95	(0)
Total		-	-	-	(240)

Notes:

1. Market value is stated using forward exchange rate.
2. The table above excludes receivables, payables and other monetary items denominated in foreign currencies hedged by forward exchange contracts, which are translated into Japanese yen at the contracted exchange rate and therefore already presented in the balance sheet.

Retirement benefits

1. Applied retirement benefit plan

The Company and its domestic consolidated subsidiaries have a defined benefit plan consisting of a welfare pension plan and lump-sum severance payments. Certain overseas subsidiaries also have defined benefit plans.

2. Retirement benefit obligation (as of March 31, 2001)

		(Millions of yen)
a.	Retirement benefit obligation	(46,448)
b.	Plan assets	15,575
<hr/>		
c.	Unreserved benefit obligation (a+b)	(30,873)
d.	Unamortized transition gain	-
e.	Unrecognized increase of benefit	2,174
f.	Unrecognized decrease of benefit	-
<hr/>		
g.	Net amount stated on consolidated balance sheets (c+d+e+f)	(28,698)
h.	Prepaid pension cost	-
<hr/>		
i.	Allowance for retirement and severance benefits (g-h)	(28,698)

Note:

Includes public portion of welfare pension fund.

3. Retirement benefit expenses (4/1/00-3/31/01)

a.	Service cost	#	3,942
b.	Interest cost		1,417
c.	Expected return on plan assets		(419)
d.	Amortization of transition gain		15,974
e.	Amortization of increase of benefit		-
f.	Amortization of decrease of benefit		-
<hr/>			
g.	Retirement benefit expenses (a+b+c+d+e+f)		20,915

Note:

Calculated excluding employee contributions to the welfare pension fund.

4. Basis of calculation for retirement benefit obligation, etc.

a.	Method of allocation of estimated retirement benefit expenses	Straight line method
b.	Discount rate	3.50%
c.	Expected rate of return	3.00%
d.	Amortized period of decrease of benefit	-
e.	Amortized period of increase of benefit	4 years
f.	Amortized period of unamortized transition gain	Lump sum during the fiscal year

Production, Orders and Sales

1. Production

(Millions of yen)

Division	Year ended March 31, 2001	Year ended March 31, 2000
	Amount	Amount
Semiconductor Production Equipment	672,312	351,485
Total	672,312	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	Year ended March 31, 2001		Year ended March 31, 2000	
	Orders	Backlog	Orders	Backlog
Semiconductor Production Equipment	627,573	258,117	520,472	249,545
Computer Network	15,476	5,190	13,150	3,767
Electronic Components	89,178	11,937	77,558	11,968
Others	1,614	-	1,217	-
Total	733,843	275,244	612,399	265,281

Note: The above amounts do not include consumption taxes.

3. Sales

(Millions of yen)

Division	Year ended March 31, 2001	Year ended March 31, 2000
	Amount	Amount
Semiconductor Production Equipment	619,001	355,102
Computer Network	14,053	12,357
Electronic Components	89,210	72,051
Others	1,614	1,217
Total	723,880	440,728

Notes:

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 March 31, 2001		As of December 31, 2000		Increase (decrease)
	Amount	Compo- sition(%)	Amount	Compo- sition(%)	Amount
(Assets)	729,511	100.0	651,758	100.0	77,752
Current Assets	548,241	75.2	500,085	76.7	48,155
Cash and time deposits	65,320		61,538		3,782
Trade notes and accounts receivable	287,968		237,750		50,217
Inventories	161,980		174,076		(12,095)
Others	34,691		28,103		6,588
Allowance for doubtful accounts	(1,720)		(1,383)		(336)
Long-term Assets	181,270	24.8	151,673	23.3	29,596
Tangible fixed assets	124,720		118,176		6,544
Intangible fixed assets	27,524		8,822		18,701
Investments and other assets	29,025		24,674		4,351
Total Assets	729,511	100.0	651,758	100.0	77,752

(For reference)

Consolidated Balance Sheet (Quarterly comparison)

(Millions of yen)

	As of March 31, 2001		As of December 31, 2000		Increase (decrease)
	Amount	Compo- sition(%)	Amount	Compo- sition(%)	Amount
(Liabilities)	396,171	54.3	332,618	51.0	63,553
Current liabilities	238,441	32.7	188,908	29.0	49,533
Trade notes and accounts payable	60,541		65,644		(5,103)
Short-term borrowings	51,431		58,964		(7,532)
Commercial paper	30,000		-		30,000
Accrued income taxes	41,440		24,886		16,553
Allowance for employees' bonuses	10,948		8,880		2,068
Others	44,079		30,532		13,547
Long-term liabilities	157,730	21.6	143,710	22.0	14,020
Straight bonds	94,500		94,500		-
Convertible bonds	15,502		15,507		(5)
Long-term debt	16,345		12,007		4,338
Allowance for retirement and severance benefits	28,698		18,567		10,131
Allowance for retirement and severance benefits	1,108		1,072		35
Stock purchase warrant	705		713		(8)
Others	870		1,341		(470)
(Minority interest)	58	0.0	49	0.0	8
(Shareholders' equity)	333,281	45.7	319,091	49.0	14,190
Common stock	47,212	6.5	47,210	7.3	2
Additional paid in capital	70,274	9.6	70,272	10.8	2
Consolidated retained earnings	214,920	29.5	202,294	31.0	12,626
Revaluation of investment in securities	1,658	0.2	1,376	0.2	281
Foreign currency translation	2,734	0.4	1,513	0.2	1,221
Treasury stock, at cost	(3,519)	(0.5)	(3,575)	(0.5)	56
Total liabilities, minority interest and shareholders' equity	729,511	100.0	651,758	100.0	77,752

(For reference)

Consolidated Statement of Income (Quarterly comparison)

(Millions of yen)

	Three months ended March 31, 2001		ended December 31, 2000		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	Amount	Ratio to net sales
Net sales	213,752	100.0	182,045	100.0	177,269	100.0	150,812	100.0
Cost of sales	137,714	64.4	110,975	61.0	115,664	65.2	94,547	62.7
Gross profit	76,037	35.6	71,069	39.0	61,605	34.8	56,265	37.3
Selling, general & administrative expenses	44,377	20.8	36,699	20.1	33,852	19.1	28,961	19.2
Operating income	31,660	14.8	34,370	18.9	27,752	15.7	27,303	18.1
Non-operating income	447		417		326		436	
Non-operating expenses	959		579		1,121		830	
Ordinary income	31,148	14.6	34,207	18.8	26,956	15.2	26,909	17.8
Unusual or infrequent profit	125		19		(104)		143	
Unusual or infrequent loss	12,966		2,156		3,088		2,064	
Income before income taxes	18,307	8.6	32,070	17.6	23,764	13.4	24,989	16.6
Provision for income taxes and enterprise taxes	5,674		12,097		9,581		9,745	
Minority interest	6		6		4		3	
Net income	12,626	5.9	19,966	11.0	14,178	8.0	15,240	10.1

Note:

Income tax adjustment includes Provision for income taxes and enterprise taxes.