

Consolidated Financial Review for the Year Ended March 31, 2002

Company name: **TOKYO ELECTRON LIMITED**
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 URL: <http://www.tel.co.jp>
 Stock exchange listing: Tokyo Stock Exchange 1st Section
 Code number: 8035
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 Board of Directors Meeting: May 10, 2002
 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, 2002 (4/1/01 - 3/31/02)

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 3/31/02	417,825	(42.3)	(18,310)	-	(19,464)	-
Year ended 3/31/01	723,880	64.2	121,086	238.1	119,223	252.3

	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 3/31/02	(19,938)	-	(113.85)	-	(6.2)	(3.0)	(4.7)
Year ended 3/31/01	62,011	212.4	353.76	344.75	20.4	19.4	16.5

Notes:

1. Profit/loss on equity method:

Year ended 3/31/02: None

Year ended 3/31/01: None

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

Year ended 3/31/02: 175,123,740 shares

Year ended 3/31/01: 175,292,610 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 3/31/02	556,915	307,578	55.2	1,756.73
As of 3/31/01	729,511	333,281	45.7	1,901.38

Note:

Number of shares of common stock (consolidated) issued as of:

March 31, 2002	175,086,036 shares
March 31, 2001	175,283,713 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 the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended 3/31/02	77,558	(35,789)	(57,213)	48,409
Year ended 3/31/01	(29,442)	(62,359)	77,182	65,290

(4) Scope of consolidation and application of equity method

Consolidated subsidiaries:	30 companies
Unconsolidated subsidiaries:	0 companies
Affiliates using the equity method:	0 companies

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

Consolidated companies:	Additions: 1 company	Deletions: 1 company
Companies using the equity method:	Additions: 0 companies	Deletions: 0 companies

2. Corporate estimates for the year ending March 31, 2003 (4/1/02 - 3/31/03)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Six months ending 9/30/02	210,500	(8,000)	(4,800)
Year ending 3/31/03	463,000	5,000	3,000

For reference: Estimate of net income per share for the year ending March 31, 2003: 17.13 yen

* Please refer to page 10 of the attached materials for further information on the assumptions that form the basis of the above forecasts.

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.

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 (C.S.S.). 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 (B.U.), 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, the Company established a Compensation Committee, which

determines the salary of the C.E.O., president and discloses the compensation of the four directors who serve concurrently as CSS, 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

Since the year before last, the semiconductor production equipment business has experienced massive changes that have forced both semiconductor manufacturers and equipment manufacturers to fight for their survival. The world is poised for full-scale entry into the broadband era—one of the central developments in information technology. Over the medium to long term, therefore, the semiconductor and semiconductor production equipment industries in which Tokyo Electron is involved will undoubtedly continue to experience high growth in demand for the semiconductors used in digital network and mobile telecommunications devices. In today's market, however, equipment manufacturers face the tough task of simultaneously attaining the highest levels of original technology and extremely low costs on a global scale.

In order to resolve these issues, Tokyo Electron must establish an overwhelming superiority by strategically selecting development themes, focusing its resources and developing distinctive, original technologies. At the same time, it must unite as a group to speed up the development process, shorten lead times, optimize deployment of human resources and reduce manufacturing costs as it strives to achieve the speed and build the corporate structure necessary to win in international competition. Tokyo Electron will also endeavor to live up to its commitment to become a truly globally excellent company: powerful and dynamic, with strong global competitiveness and high growth and earnings capabilities.

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.

Policy Concerning the Reduction in Size of the Stock Trading Unit

As part of its efforts to study and implement measures to offer individual stockholders greater convenience, Tokyo Electron reduced its size of the stock trading unit from 1,000 shares to 100 shares on August 1, 2000. It also worked hard to improve its home page, financial reports and the running of shareholders' meetings.

The Company believes that it has currently achieved greater liquidity for its shares as a result.

Tokyo Electron intends to adopt a careful approach toward making further reductions in the size of the stock trading unit, taking into consideration trends in the stock market, financial performance and other factors.

As of March 31, 2001, the number of unit shareholders had reached 42,319, a massive 11.7-fold increase over the figure as of March 31, 2000. In October 2001, the Tokyo Stock Exchange commended Tokyo Electron as one of the companies that had done most to increase the liquidity of its shares.

Operating Results

1. Summary of Results for the Year Ended March 31, 2002

Overview

World economic trends during the fiscal year under review were marked by signs of a continuing global recession as the impact of the economic slowdown triggered by the collapse of the IT bubble in the US at the end of 2000 rippled out to Europe and Asia. Economic conditions in Japan remained severe because corporate earnings continued to deteriorate as a result of the slowdown in exports, cutbacks in capital investment and other factors.

In the electronics industry, Tokyo Electron's main area of activity, demand for IT-related products such as personal computers, mobile phones and digital appliances stagnated, causing a rapid cooling off in the semiconductor market, which supplies their key components. Signs of an approaching bottom slowly emerged after the start of 2002. Progress in inventory adjustments mitigated the deterioration in the semiconductor supply-demand balance, prices for DRAMs and some other semiconductors increased, and certain semiconductor manufacturers raised their operating rates. Nevertheless, the unprecedented recession in the semiconductor industry had a major impact and put enormous pressure on corporate earnings.

In the face of these tough conditions, Tokyo Electron implemented company-wide measure to cut costs including fixed costs—across the board, and to boost operational efficiency by among other things restructuring its manufacturing and R&D bases. In February 2002, the Company established the Structure Reformation Implementation Group for the purpose of formulating and implementing measures to build a corporate structure capable of coping with the rapid changes taking place in the business environment. However, the core Semiconductor Production Equipment division suffered a substantial decline in sales because of the deterioration in business conditions, while the Company also posted higher valuation losses on product inventories and an increase in stock disposal expenses. As a result, earnings for the fiscal year under review fell sharply compared with the preceding year.

Consolidated net sales fell by 42.3 percent to ¥17,825 million, ordinary losses came to ¥19,464 million, and the net loss for the year amounted to ¥19,938 million. Non-consolidated net sales fell by 46.9 percent to ¥332,573 million, ordinary losses came to ¥9,564 million, and the net loss for the year amounted to ¥6,836 million.

Review of Operations by Division

By division, consolidated sales in the core Semiconductor Production Equipment division turned down sharply compared with the preceding term because stagnation in the semiconductor market led semiconductor and LCD manufacturers to make major cutbacks in capital investment. As a result, orders dropped sharply and net sales fell by 47.4 percent to ¥325,715 million.

In the Computer Network division, net sales increased by 21.2 percent to ¥17,031 million, benefiting from a shift in recent years towards broadband-related items in the product line-up which enabled the division to post steadily higher sales of servers and products for high-speed network technologies.

The Electronic Components division worked to expand sales of advanced devices for personal computers, telecommunications and network-related equipment, but its net sales fell by 17.4 percent year-on-year to ¥73,657 million.

Capital Expenditures and Financing

Consolidated investment in property, plant and equipment during the year ended March 31, 2002 was approximately ¥30.9 billion. Non-consolidated investment in property, plant and equipment was ¥6 billion.

In June 2001, the Company issued ¥5.5 billion worth of bonds with stock purchase warrants in order to be able to offer quasi-stock options, applying the proceeds to group working capital and funds for capital investment.

Allocation of Earnings

Although the Company posted losses as a result of the rapid deterioration in business conditions during the fiscal year, it intends to adhere to its policy of providing returns to shareholders and plans to pay a dividend for the year of ¥ 8 per share, including an interim dividend of ¥ 4.

In light of the Company's performance during this term, Tokyo Electron does not plan to pay bonuses to directors.

Analysis of Cash Flows

Cash flow from operating activities was positive ¥77,558 million. Key factors included net losses before income taxes and depreciation and amortization totaling ¥3,374 million, a decline in accounts receivable and inventory assets, and payments of income taxes.

Cash flow from investing activities was negative ¥5,789 million, primarily because of the acquisition of fixed assets for use in production and R&D.

Cash flow from financing activities was negative ¥57,213 million. Although proceeds from the issuance of bonds with stock purchase warrants were a positive factor, redemption of commercial paper, loan repayments and payments of cash dividends were negatives.

As a result, cash and cash equivalents at the end of the year stood at ¥48,409 million.

Trends in the Fourth Quarter

Looking at consolidated results for the fourth quarter, net sales came to ¥100,966 million, down by 52.8% compared with the same period of the preceding year but up by 58.4% compared with the preceding quarter. However, since the Company posted one-off expenses in the form of product (inventory) appraisal losses and stock disposal expenses, ordinary losses came to ¥15,667 million and the net loss for the year to ¥11,842 million.

By division, consolidated sales came to ¥76,895 million (down 58.1% year-on-year) in the Semiconductor Production Equipment division, ¥5,320 million (up 15.5% year-on-year) in the Computer Network division and ¥18,428 million (down 27.0% year-on-year) in the Electronic Components division.

(For reference)

Consolidated

(Millions of yen)

		1Q	2Q	3Q	4Q	Full year	
Net sales	Semiconductor Production Equip.	Japan	31,405	38,219	13,361	13,738	96,724
		U.S.	20,401	27,362	15,592	31,376	94,732
		Europe	9,413	10,272	3,140	5,492	28,318
		Korea	9,216	7,170	3,514	3,295	23,195
		Taiwan	18,516	18,369	7,968	15,619	60,473
		Other	2,970	10,564	1,360	7,373	22,268
	Total	91,923	111,958	44,937	76,895	325,715	
	Computer Network	4,384	4,023	3,304	5,320	17,031	
	Electronic Components	20,095	19,949	15,184	18,428	73,657	
	Other	417	369	312	322	1,421	
Total	116,821	136,300	63,738	100,966	417,825		
Ordinary income (loss)	200	10,773	(14,770)	(15,667)	(19,464)		
Net income (loss)	(3,513)	6,099	(10,680)	(11,842)	(19,938)		

Non-consolidated

(Millions of yen)

		1Q	2Q	3Q	4Q	Full year	
Net sales	Semiconductor Production Equip.	Japan	31,372	38,152	13,424	13,705	96,655
		U.S.	20,340	26,079	13,706	27,789	87,916
		Europe	8,875	9,422	2,659	4,408	25,366
		Korea	9,212	6,990	3,342	3,240	22,785
		Taiwan	18,562	18,549	7,935	15,469	60,517
		Other	2,970	10,564	1,360	7,373	22,268
	Total	91,333	109,759	42,428	71,987	315,510	
	Computer Network	4,398	4,030	3,309	5,325	17,063	
Total	95,732	113,789	45,738	77,313	332,573		
Ordinary income (loss)	4,387	7,036	(8,014)	(12,972)	(9,564)		
Net income (loss)	3,172	4,590	(4,699)	(9,899)	(6,836)		

2. Forecast for the Year Ending March 31, 2003

Projected Operating Results for the Next Fiscal Year

Consolidated forecast

Billions of yen : Y/Y change

		Interim		Full year	
Net sales		210.5	(16.8%)	463.0	10.8%
	Semiconductor Production Equipment	165.0	(19.1%)	365.0	12.1%
	Computer Network	8.5	1.1%	20.0	17.4%
	Electronic Components	36.0	(10.1%)	76.0	3.2%
	Other	1.0	27.0%	2.0	40.7%
Ordinary income (loss)		(8.0)	-	5.0	-
Net income (loss)		(4.8)	-	3.0	-

Non-consolidated forecast

Billions of yen : Y/Y change

		Interim		Full year	
Net sales		168.5	(19.6%)	375.0	12.8%
	Semiconductor Production Equipment	160.0	(20.4%)	355.0	12.5%
	Computer Network	8.5	0.8%	20.0	17.2%
Ordinary income (loss)		(7.0)	-	(7.0)	-
Net income (loss)		(4.2)	-	(4.2)	-

Projected Allocation of Profit for the Next Fiscal Year

Taking into account the Company's consolidated performance outlook, Tokyo Electron plans to pay total cash dividends of ¥8 per share for the year ending March 31, 2003, comprising interim and year-end dividend of ¥4 per share each.

Note: The performance forecasts and estimates stated in this Financial Review are based on certain assumptions judged to be reasonable at the present time in light of information currently available concerning economic conditions in Japan and overseas, fluctuations in exchange rates and other factors that may have an impact on performance.

They are therefore susceptible to the impact of many uncertainties, including market conditions, competition, the launching of new products and their success or failure, and global conditions in the semiconductor production equipment business. Consequently, actual sales and profits may differ substantially from the projections stated in this Financial Review.

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2002		As of March 31, 2001		Increase (Decrease)	
	Amount	Compo- sition (%)	Amount	Compo- sition (%)	Amount	(%)
(Assets)	556,915	100.0	729,511	100.0	(172,595)	(23.7)
Current Assets	353,423	63.5	548,241	75.2	(194,817)	(35.5)
Cash and time deposits	48,409		65,320			
Trade notes and accounts receivable	157,414		287,968			
Inventories	127,352		161,980			
Deferred taxes	3,401		12,658			
Others	17,465		22,033			
Allowance for doubtful accounts	(620)		(1,720)			
Long-term Assets	203,491	36.5	181,270	24.8	22,221	12.3
Tangible fixed assets	134,510	24.1	124,720	17.1	9,790	7.8
Buildings & structures	68,498		68,593			
Machinery & carriers	29,643		24,233			
Tools, furniture & fixtures	11,322		11,342			
Land	19,907		19,698			
Construction in progress	5,138		853			
Intangible fixed assets	28,753	5.2	27,524	3.7	1,228	4.5
Consolidating adjustments	16,929		18,826			
Others	11,823		8,697			
Investments and other assets	40,227	7.2	29,025	4.0	11,202	38.6
Investment securities	9,535		11,599			
Long-term loans	83		126			
Deferred taxes	22,591		7,394			
Others	8,303		10,148			
Allowance for doubtful accounts	(285)		(242)			
Total Assets	556,915	100.0	729,511	100.0	(172,595)	(23.7)

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2002		As of March 31, 2001		Increase (Decrease)	
	Amount	Compo- sition (%)	Amount	Compo- sition (%)	Amount	(%)
(Liabilities)	249,278	44.8	396,171	54.3	(146,893)	(37.1)
Current liabilities	109,501	19.7	238,441	32.7	(128,939)	(54.1)
Trade notes and accounts payable	26,625		60,541			
Short-term borrowings	20,311		51,431			
Commercial paper	10,000		30,000			
Bonds due within 1 year	20,000		-			
Accrued income taxes	1,663		41,440			
Allowance for employees' bonuses	2,463		10,948			
Stock purchase warrant	694		-			
Others	27,744		44,079			
Long-term liabilities	139,776	25.1	157,730	21.6	(17,953)	(11.4)
Straight bonds	80,000		94,500			
Convertible bonds	15,500		15,502			
Long-term loans	9,951		16,345			
Allowance for retirement and severance benefits	31,714		28,698			
Allowance for retirement and severance benefits for directors	1,269		1,108			
Stock purchase warrant	624		705			
Others	716		870			
(Minority interest)	58	0.0	58	0.0	0	0.8
(Shareholders' equity)	307,578	55.2	333,281	45.7	(25,703)	(7.7)
Common stock	47,213	8.5	47,212	6.5	0	0.0
Additional paid in capital	70,275	12.6	70,274	9.6	0	0.0
Consolidated retained earnings	190,195	34.1	214,920	29.5	(24,725)	(11.5)
Revaluation of investment in securities	1,170	0.2	1,658	0.2	(487)	(29.4)
Foreign currency translation adjustment	3,737	0.7	2,734	0.4	1,003	36.7
Treasury stock, at cost	(5,014)	(0.9)	(3,519)	(0.5)	(1,495)	-
Total liabilities, minority interest and shareholders' equity	556,915	100.0	729,511	100.0	(172,595)	(23.7)

Consolidated Statement of Income

(Millions of yen)

	Year ended March 31, 2002		Year ended March 31, 2001		Increase (decrease)	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	(%)
Net sales	417,825	100.0	723,880	100.0	(306,054)	(42.3)
Cost of sales	302,270	72.3	458,902	63.4	(156,631)	(34.1)
Gross profit	115,555	27.7	264,978	36.6	(149,422)	(56.4)
Selling, general & administrative expenses	133,865	32.1	143,891	19.9	(10,025)	(7.0)
Operating income (loss)	(18,310)	(4.4)	121,086	16.7	(139,396)	-
Non-operating income						
Interest income	294		604			
Dividend income	56		64			
Rent revenue	797		507			
Miscellaneous income	647		452			
Non-operating expenses						
Interest expenses	1,959		2,378			
Rent expenses	501		222			
Foreign currency translation loss	340		424			
Miscellaneous expenses	147		465			
Ordinary income (loss)	(19,464)	(4.7)	119,223	16.5	(138,687)	-
Unusual or infrequent profit						
Prior term adjustment	152		8			
Reversal of allowance for doubtful accounts	1,138		-			
Gain on sale of fixed assets	180		73			
Revenue from government subsidies	-		100			
Others	-		2			
Unusual or infrequent loss						
Loss on proceeds or disposal of fixed assets	851		2,521			
Provision for doubtful accounts	54		-			
Business structure improvement costs	2,671		-			
Devaluation of golf memberships	75		35			
Devaluation of marketable securities	1,235		1,552			
Amortization of discrepancy arising from adoption of retirement benefit accounting standards	-		15,974			
Others	38		191			
Income (loss) before income taxes	(22,919)	(5.5)	99,131	13.7	(122,051)	-
Provision for income taxes and enterprise taxes	2,612	0.6	50,588	7.0	(47,976)	(94.8)
Deferred income taxes	(5,602)	(1.3)	(13,489)	(1.9)	7,887	-
Minority interest	8	0.0	20	0.0	(12)	(59.8)
Net income (loss)	(19,938)	(4.8)	62,011	8.6	(81,949)	-

Consolidated Statement of Retained Earnings

(Millions of yen)

	Year ended March 31, 2002	Year ended March 31, 2001	Increase (Decrease)
	Amount	Amount	Amount
Consolidated retained earnings at the beginning of the period	214,920	157,875	57,044
Decrease in consolidated retained earnings			
Cash dividends	4,030	4,733	(702)
Bonuses to directors	756	234	522
Net income (loss)	(19,938)	62,011	(81,949)
Consolidated retained earnings to be carried forward	190,195	214,920	(24,725)

Consolidated Statement of Cash Flows

(Millions of yen)

	Year ended	Year ended	Increase
	March 31, 2002	March 31, 2001	(Decrease)
	Amount	Amount	Amount
I Cash flow from operating activities			
Income (loss) before income taxes	(22,919)	99,131	(122,051)
Depreciation and amortization	26,294	21,678	4,615
Amortization of consolidating adjustments	1,897	148	1,748
Decrease in allowance for retirement and severance benefits	-	(11,578)	11,578
Increase in allowance for retirement and severance benefits	3,002	28,698	(25,695)
Increase in allowance for retirement and severance benefits for directors	161	1,108	(946)
Decrease/increase in allowance for doubtful accounts	(1,072)	695	(1,767)
Decrease/increase in allowance for employees' bonuses	(8,500)	3,481	(11,982)
Interest and dividend revenue	(350)	(669)	318
Interest expenses	1,979	2,380	(401)
Foreign currency translation income/loss	(187)	100	(287)
Prior term adjustment	(152)	(8)	(144)
Gain/loss on sale of fixed assets	(180)	(44)	(135)
Loss on disposal of fixed assets	850	2,491	(1,640)
Devaluation of investment securities	1,235	1,552	(316)
Devaluation of golf memberships	75	35	39
Decrease/increase in trade notes and accounts receivable	131,251	(121,668)	252,920
Decrease/increase in inventories	28,359	(53,665)	82,025
Decrease/increase in accounts payable	(34,166)	9,709	(43,875)
Decrease/increase in prepaid consumption tax	3,901	(4,859)	8,760
Bonuses to directors	(756)	(234)	(522)
Others	(7,698)	13,292	(20,990)
Subtotal	123,025	(8,221)	131,247
Receipts from interest and dividends	350	670	(320)
Interest paid	(1,970)	(2,295)	325
Income taxes paid	(43,848)	(19,596)	(24,251)
Net cash generated by (used in) operating activities	77,558	(29,442)	107,000
II Cash flow from investing activities			
Payment for time deposits	-	(30)	30
Proceeds from repayment of time deposits	30	-	30
Payment for purchase of tangible fixed assets	(31,006)	(39,155)	8,148
Proceeds from sale of tangible fixed assets	1,605	890	715
Payment for acquisition of intangible fixed assets	(5,390)	(4,568)	(822)
Proceeds from sale of intangible fixed assets	20	5	14
Payment for acquisition of investment securities	(21)	(474)	453
Proceeds from sale of investment securities	0	15	(15)
Payment for purchase of newly consolidated subsidiaries	-	(18,867)	18,867
Loans to third parties	(29)	(41)	12
Collection of loans	73	68	5
Others	(1,070)	(200)	(870)
Net cash used in investing activities	(35,789)	(62,359)	26,569
III Cash flow from financing activities			
Net decrease/increase in short-term borrowings	(34,795)	23,926	(58,722)
Net decrease/increase in commercial paper	(20,000)	30,000	(50,000)
Proceeds from long-term debt	37	8,671	(8,633)
Repayment of long-term debt	(3,017)	(3,757)	739
Proceeds from issuance of bonds	6,094	54,938	(48,843)
Redemption of straight bonds	-	(30,000)	30,000
Net decrease/increase in treasury stock	(1,495)	(1,858)	363
Dividends paid	(4,030)	(4,733)	702
Others	(5)	(4)	(0)
Net cash generated by financing activities	(57,213)	77,182	(134,396)
IV Foreign currency translation difference in cash and cash equivalents	(1,436)	391	(1,827)
V Net decrease in cash and cash equivalents	(16,881)	(14,228)	(2,653)
VI Cash and cash equivalents at the beginning of the period	65,290	79,518	(14,228)
VII Cash and cash equivalents at the end of the period	48,409	65,290	(16,881)

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 and its consolidated subsidiaries are 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, 2002				
	U.S.	Taiwan	Others	Total
Net sales outside Japan	94,773	60,488	76,046	231,309
Consolidated net sales				417,825
Ratio to consolidated net sales (%)	22.7	14.5	18.2	55.4

Notes:

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

2. Principal countries included in others:

Korea
Germany
Singapore
China

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

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 regions outside Japan.

Securities

Year ended 3/31/02 (As of March 31, 2002)

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, 2002	Difference
Value over acquisition cost	1. Shares	5,978	8,092	2,114
	2. Bonds			
	Corporate bonds	5	5	0
	3. Other	113	115	1
	Subtotal	6,096	8,213	2,116
Value below acquisition cost	1. Shares	561	452	(109)
	2. Bonds			
	Corporate bonds	5	4	(0)
	Subtotal	566	457	(109)
Total		6,663	8,670	2,006

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, 2002
Other securities	
Non-listed stock (Excluding over-the-counter shares)	874

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

	Within 1 year	1-5 years	5-10 years
1. Bonds			
Corporate bonds	10	-	-
2. Other	-	-	13
Total	10	-	13

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			
	Corporate bonds	10	10	0
	3. Other	100	100	0
	Subtotal	7,231	10,218	2,986
Value below acquisition cost	1. Shares	608	469	(139)
	2. 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 securities

	Within 1 year	1-5 years	5-10 years
1. Bonds			
Corporate bonds	-	10	-
2. Other	-	-	13
Total	-	10	13

Derivatives transactions

Year ended 3/31/02 (As of March 31, 2002)

Not applicable because derivative instruments to which hedge accounting applies are excluded from disclosure.

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

Not applicable because derivative instruments to which hedge accounting applies are excluded from disclosure.

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.

(Millions of Yen)

2. Retirement benefit obligation

	<u>As of March 31, 2002</u>	<u>As of March 31, 2001</u>
a. Retirement benefit obligation	(56,648)	(46,448)
b. Plan assets	18,020	15,575
c. Unreserved benefit obligation (a+b)	<u>(38,628)</u>	<u>(30,873)</u>
d. Unamortized transition gain	-	-
e. Unrecognized increase of benefit	9,389	2,174
f. Unrecognized decrease of benefit	<u>(2,475)</u>	<u>-</u>
g. Net amount stated on consolidated balance sheets (c+d+e+f)	<u>(31,714)</u>	<u>(28,698)</u>
h. Prepaid pension cost	-	-
i. Allowance for retirement and severance benefits (g-h)	<u><u>(31,714)</u></u>	<u><u>(28,698)</u></u>

Note:

Includes public portion of welfare pension fund.

3. Retirement benefit expenses

	<u>As of March 31, 2002</u>	<u>As of March 31, 2001</u>
a. Service cost #	4,368	3,942
b. Interest cost	1,621	1,417
c. Expected return on plan assets	(467)	(419)
d. Amortization of transition gain	-	15,974
e. Amortization of increase of benefit	544	-
f. Amortization of decrease of benefit	-	-
g. Retirement benefit expenses (a+b+c+d+e+f)	<u><u>6,066</u></u>	<u><u>20,915</u></u>

Note:

Calculated excluding employee contributions to the welfare pension fund.

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

	<u>As of March 31, 2002</u>	<u>As of March 31, 2001</u>
a. Method of allocation of estimated retirement benefit expenses	Straight line method	Straight line method
b. Discount rate	3.00%	3.50%
c. Expected rate of return	3.00%	3.00%
d. Amortized period of decrease of benefit	4 years	-
e. Amortized period of increase of benefit	4 years	4 years
f. Amortized period of unamortized transition gain	Lump sum as incurred	Lump sum during the fiscal year

Production, Orders and Sales

1. Production

(Millions of yen)

Division	Year ended March 31, 2002	Year ended March 31, 2001
	Amount	Amount
Semiconductor Production Equipment	343,240	672,312
Total	343,240	672,312

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, 2002		Year ended March 31, 2001	
	Orders	Backlog	Orders	Backlog
Semiconductor Production Equipment	207,188	139,590	627,573	258,117
Computer Network	16,408	4,566	15,476	5,190
Electronic Components	70,322	8,601	89,178	11,937
Others	1,421	-	1,614	-
Total	295,340	152,759	733,843	275,244

Note: The above amounts do not include consumption taxes.

3. Sales

(Millions of yen)

Division	Year ended March 31, 2002	Year ended March 31, 2001
	Amount	Amount
Semiconductor Production Equipment	325,715	619,001
Computer Network	17,031	14,053
Electronic Components	73,657	89,210
Others	1,421	1,614
Total	417,825	723,880

Note: The above amounts do not include consumption taxes.

For reference

Consolidated Balance Sheet (Quarterly comparison)

(Millions of yen)

	As of March 31, 2002		As of December 31, 2001		Increase (decrease)
	Amount	Compo- sition (%)	Amount	Compo- sition (%)	Amount
(Assets)	556,915	100.0	594,594	100.0	(37,679)
Current Assets	353,423	63.5	412,301	69.3	(58,878)
Cash and time deposits	48,409		51,333		
Trade notes and accounts receivable	157,414		174,924		
Inventories	127,352		160,292		
Others	20,867		26,597		
Allowance for doubtful accounts	(620)		(846)		
Long-term Assets	203,491	36.5	182,293	30.7	21,198
Tangible fixed assets	134,510		129,372		5,138
Intangible fixed assets	28,753		28,681		71
Investments and other assets	40,513		24,484		16,029
Allowance for doubtful accounts	(285)		(245)		(40)
Total Assets	556,915	100.0	594,594	100.0	(37,679)

For reference

Consolidated Balance Sheet (Quarterly comparison)

(Millions of yen)

	As of March 31, 2002		As of December 31, 2001		Increase (decrease)
	Amount	Compo- sition (%)	Amount	Compo- sition (%)	Amount
(Liabilities)	249,278	44.8	276,680	46.5	(27,402)
Current liabilities	109,501	19.7	133,148	22.4	(23,646)
Trade notes and accounts payable	26,625		24,139		
Short-term borrowings	20,311		24,274		
Commercial paper	10,000		35,000		
Bonds due within 1 year	20,000		20,000		
Accrued income taxes	1,663		1,537		
Allowance for employees' bonuses	2,463		2,112		
Stock purchase warrant	694		699		
Others	27,744		25,385		
Long-term liabilities	139,776	25.1	143,532	24.1	(3,755)
Straight bonds	80,000		80,000		
Convertible bonds	15,500		15,500		
Long-term debt	9,951		14,379		
Allowance for retirement and severance benefits	31,714		31,001		
Allowance for retirement and severance benefits for directors	1,269		1,217		
Stock purchase warrant	624		630		
Others	716		803		
(Minority interest)	58	0.0	58	0.0	0
(Shareholders' equity)	307,578	55.2	317,856	53.5	(10,277)
Common stock	47,213	8.5	47,213	8.0	-
Additional paid in capital	70,275	12.6	70,275	11.8	-
Consolidated retained earnings	190,195	34.1	202,038	34.0	(11,842)
Revaluation of investment in securities	1,170	0.2	(344)	(0.1)	1,515
Foreign currency translation adjustment	3,737	0.7	3,762	0.6	(24)
Treasury stock, at cost	(5,014)	(0.9)	(5,089)	(0.8)	74
Total liabilities, minority interest and shareholders' equity	556,915	100.0	594,594	100.0	(37,679)

For reference

Consolidated Statement of Income (Quarterly comparison)

(Millions of yen)

	Three months ended March 31, 2002		Three months ended December 31, 2001		Three months ended September 30, 2001		Three months ended June 30, 2001	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales
Net sales	100,966	100.0	63,738	100.0	136,300	100.0	116,821	100.0
Cost of sales	82,363	81.6	46,959	73.7	94,372	69.2	78,574	67.3
Gross profit	18,602	18.4	16,778	26.3	41,927	30.8	38,246	32.7
Selling, general & administrative expenses	33,981	33.6	31,643	49.6	30,581	22.5	37,659	32.2
Operating income (loss)	(15,379)	(15.2)	(14,864)	(23.3)	11,346	8.3	586	0.5
Non-operating income	440		472		463		419	
Non-operating expenses	729		378		1,037		805	
Ordinary income (loss)	(15,667)	(15.5)	(14,770)	(23.2)	10,773	7.9	200	0.2
Unusual or infrequent profit	380		175		201		714	
Unusual or infrequent loss	4,766		18		116		25	
Income (loss) before income taxes	(20,054)	(19.9)	(14,613)	(22.9)	10,858	8.0	890	0.8
Provision for income taxes and enterprise taxes	(8,214)		(3,933)		4,757		4,400	
Minority interest	2		0		1		3	
Net income (loss)	(11,842)	(11.7)	(10,680)	(16.8)	6,099	4.5	(3,513)	(3.0)

Note:

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