

# CONSOLIDATED SIX-YEAR SUMMARY

Tokyo Electron Limited and its Subsidiaries

Years ended March 31, 2000, 1999, 1998, 1997, 1996 and 1995

	Thousands of U.S. dollars		Millions of yen				
	2000	2000	1999	1998	1997	1996	1995
Net sales .....	<b>\$4,151,945</b>	<b>¥440,729</b>	¥313,820	¥455,585	¥432,785	¥401,775	¥251,683
Semiconductor production equipment <sup>1</sup> .....	<b>3,345,294</b>	<b>355,103</b>	242,240	380,184	355,877	334,983	188,661
Computer systems <sup>1</sup> .....	<b>116,411</b>	<b>12,357</b>	12,878	15,262	14,408	14,314	14,071
Electronic components .....	<b>678,766</b>	<b>72,051</b>	57,734	60,139	62,500	52,478	48,951
Other .....	<b>11,474</b>	<b>1,218</b>	968	-	-	-	-
Operating income .....	<b>337,409</b>	<b>35,816</b>	6,383	63,296	60,389	67,754	24,425
Income before income taxes .....	<b>279,689</b>	<b>29,689</b>	6,038	62,834	60,487	65,098	22,648
Net income .....	<b>186,981</b>	<b>19,848</b>	1,866	30,009	29,975	30,964	9,731
Domestic sales .....	<b>1,733,274</b>	<b>183,987</b>	149,838	230,550	256,808	264,660	187,305
Overseas sales .....	<b>2,418,671</b>	<b>256,742</b>	163,982	225,035	175,977	137,115	64,378
Depreciation and amortization .....	<b>183,194</b>	<b>19,446</b>	17,921	12,652	10,167	7,730	5,911
Capital expenditures <sup>2</sup> .....	<b>221,441</b>	<b>23,506</b>	23,478	33,302	18,456	25,606	14,884
R&D expenses .....	<b>349,835</b>	<b>37,135</b>	26,842	26,813	20,988	17,277	12,068
Total assets .....	<b>4,705,596</b>	<b>499,499</b>	414,903	493,600	387,077	400,050	318,275
Total shareholders' equity .....	<b>2,577,513</b>	<b>273,603</b>	257,716	261,009	207,476	180,842	153,267
Number of employees .....		<b>8,946</b>	7,835	7,287	6,277	5,616	4,751
	U.S. dollars		Yen				
Net income per share of common stock: <sup>3</sup>							
Basic .....	<b>\$ 1.07</b>	<b>¥ 113.53</b>	¥ 10.70	¥ 174.68	¥ 181.97	¥ 188.05	¥ 59.11
Diluted <sup>4</sup> .....	<b>1.04</b>	<b>110.64</b>	10.70	168.43	172.74	178.25	59.11
Cash dividends per share of common stock:							
Actual .....	<b>0.13</b>	<b>14.00</b>	12.00	30.00	28.00	24.00	16.00
Adjusted <sup>3</sup> .....	<b>0.13</b>	<b>14.00</b>	12.00	30.00	25.45	21.82	14.55
Number of shares outstanding (thousands) ..		<b>175,660</b>	174,624	174,569	150,189	149,706	149,674
Number of shareholders .....		<b>7,147</b>	8,576	9,562	11,097	12,676	12,231
			Percent				
ROE .....		<b>7.5</b>	0.7	12.8	15.4	18.5	6.5
Operating income margin .....		<b>8.1</b>	2.0	13.9	14.0	16.9	9.7
Shareholders' equity ratio .....		<b>54.8</b>	62.1	52.9	53.6	45.2	48.2
Asset turnover (times) .....		<b>0.96</b>	0.69	1.03	1.10	1.12	0.86
	U.S. dollars		Thousands of yen				
Net sales per employee .....	<b>\$ 464,107</b>	<b>¥ 49,265</b>	¥ 40,054	¥ 62,520	¥ 68,948	¥ 71,541	¥ 52,975

1 Results are retroactively restated due to a structural reorganization in fiscal 1997. The LCD Department, formerly part of Computer systems, has been included in Semiconductor production equipment.

2 Capital expenditures represent the gross increase in property, plant and equipment, intangible assets and other depreciable assets in each fiscal year.

3 Per share amounts prior to the year ended March 1998 have been restated to reflect a 1.1-for-1 stock split.

4 Dilution is not assumed for years ended March 1995 and March 1999.

# CONSOLIDATED BALANCE SHEET

Tokyo Electron Limited and its Subsidiaries  
March 31, 2000 and 1999

ASSETS	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
<b>Current assets:</b>			
Cash and time deposits.....	¥ 79,519	¥ 46,910	\$ 749,119
Marketable securities (Note 3).....	835	835	7,866
Trade notes and accounts receivable.....	175,153	140,746	1,650,052
Allowance for doubtful accounts.....	(1,029)	(1,134)	(9,694)
Inventories (Note 4).....	112,481	88,085	1,059,642
Deferred tax assets (Note 7).....	5,306	–	49,986
Prepaid expenses and other current assets <sup>1</sup> .....	2,892	15,306	27,245
Total current assets.....	375,157	290,748	3,534,216
<b>Investments and other assets:</b>			
Investments in securities (Note 3).....	9,010	8,633	84,880
Intangible and other assets <sup>1</sup> .....	14,367	23,430	135,346
Deferred tax assets (Note 7).....	2,145	–	20,207
Total investments and other assets.....	25,522	32,063	240,433
Foreign currency translation adjustment.....	1,094	–	10,306
<b>Property, plant and equipment:</b>			
Land.....	16,554	17,163	155,949
Buildings.....	89,795	81,527	845,926
Machinery and equipment.....	67,520	62,777	636,081
Construction in progress.....	877	97	8,262
Total property, plant and equipment.....	174,746	161,564	1,646,218
Less: Accumulated depreciation.....	77,020	69,472	725,577
Net property, plant and equipment.....	97,726	92,092	920,641
<b>Total assets</b> .....	<b>¥499,499</b>	<b>¥414,903</b>	<b>\$4,705,596</b>

See accompanying Notes to Consolidated Financial Statements.

<sup>1</sup> Due to a change in reporting entity, short-term loans to subsidiaries and affiliates in 1999 are included in prepaid expenses and other current assets in 1999. Also, investments in and advances to subsidiaries and affiliates in 1999 are included in intangible and other assets in 1999.



# CONSOLIDATED STATEMENT OF INCOME

Tokyo Electron Limited and its Subsidiaries  
Years ended March 31, 2000, 1999 and 1998

	Millions of yen			Thousands of U.S. dollars
	2000	1999	1998	2000
<b>Net sales</b> .....	<b>¥440,729</b>	¥313,820	¥455,585	<b>\$4,151,945</b>
Cost of sales .....	<b>303,839</b>	225,962	304,825	<b>2,862,355</b>
<b>Gross profit</b> .....	<b>136,890</b>	87,858	150,760	<b>1,289,590</b>
Selling, general and administrative expenses .....	<b>101,074</b>	81,475	87,464	<b>952,181</b>
<b>Operating income</b> .....	<b>35,816</b>	6,383	63,296	<b>337,409</b>
<b>Other income (expenses):</b>				
Interest and dividend income .....	<b>276</b>	898	1,664	<b>2,600</b>
Interest expenses .....	<b>(1,960)</b>	(2,003)	(1,640)	<b>(18,464)</b>
Patent royalties for prior years .....	<b>(1,575)</b>	–	–	<b>(14,837)</b>
Devaluation of golf memberships .....	<b>(1,253)</b>	–	–	<b>(11,804)</b>
Other, net .....	<b>(1,615)</b>	760	(486)	<b>(15,215)</b>
<b>Income before income taxes</b> .....	<b>29,689</b>	6,038	62,834	<b>279,689</b>
Provision for income taxes (Note 7):				
Current .....	<b>14,545</b>	4,167	32,825	<b>137,023</b>
Deferred .....	<b>(4,709)</b>	–	–	<b>(44,362)</b>
Minority interest .....	<b>5</b>	5	–	<b>47</b>
<b>Net income</b> .....	<b>¥ 19,848</b>	¥ 1,866	¥ 30,009	<b>\$ 186,981</b>
<b>Per share of common stock:</b>				
		Yen		U.S. dollars
Net income — basic .....	<b>¥ 113.53</b>	¥ 10.70	¥ 174.68	<b>\$ 1.07</b>
Net income — diluted .....	<b>110.64</b>	10.70	168.43	<b>1.04</b>
Cash dividends .....	<b>14.00</b>	12.00	30.00	<b>0.13</b>

See accompanying Notes to Consolidated Financial Statements.

# CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Tokyo Electron Limited and its Subsidiaries  
Years ended March 31, 2000, 1999 and 1998

	Millions of yen			Thousands of U.S. dollars
	2000	1999	1998	2000
<b>Common stock</b>				
Balance at beginning of year.....	¥ 45,532	¥ 45,445	¥ 30,755	\$ 428,940
Conversion of convertible bonds (Note 8) .....	1,631	87	5,476	15,365
Exercise of warrants .....	-	-	9,214	-
Balance at end of year .....	47,163	45,532	45,445	444,305
<b>Additional paid-in capital</b>				
Balance at beginning of year.....	68,594	68,507	53,823	646,199
Conversion of convertible bonds (Note 8) .....	1,631	87	5,476	15,365
Exercise of warrants .....	-	-	9,208	-
Balance at end of year .....	70,225	68,594	68,507	661,564
<b>Retained earnings</b>				
Balance at beginning of year.....	144,715	147,082	122,914	1,363,307
Increase (decrease) resulting from change in reporting entity, net.....	(7,309)	(210)	(816)	(68,856)
Cumulative effect of applying deferred tax accounting ..	2,717	-	-	25,596
Net income for year .....	19,848	1,866	30,009	186,981
Cash dividends .....	(2,095)	(3,665)	(4,689)	(19,736)
Bonuses to directors.....	-	(358)	(336)	-
Balance at end of year .....	157,876	144,715	147,082	1,487,292
<b>Treasury stock, at cost</b> (Note 9) .....	<b>(1,661)</b>	<b>(1,125)</b>	<b>(25)</b>	<b>(15,648)</b>
(1998: 4,101 shares; 1999: 247,191 shares; 2000: 303,761 shares)				
<b>Total shareholders' equity</b> .....	<b>¥273,603</b>	<b>¥257,716</b>	<b>¥261,009</b>	<b>\$2,577,513</b>

See accompanying Notes to Consolidated Financial Statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Tokyo Electron Limited and its Subsidiaries  
Year ended March 31, 2000

	Millions of yen	Thousands of U.S. dollars
	2000	2000
<b>Cash flow from operating activities:</b>		
Income before income taxes .....	¥29,689	\$279,689
Depreciation and amortization .....	19,446	183,194
Increase in allowance for retirement and severance benefits .....	2,153	20,283
Increase in allowance for doubtful accounts .....	213	2,007
Increase in allowance for employees' bonuses .....	3,175	29,911
Interest and dividend revenue .....	(276)	(2,600)
Interest expenses .....	1,964	18,502
Foreign currency translation loss .....	747	7,037
Bond issuance cost .....	101	951
Stock issuance cost .....	24	226
Gain (loss) from prior year adjustment .....	(398)	(3,749)
Gain (loss) on sale of fixed assets .....	(392)	(3,693)
Loss on disposal of fixed assets .....	2,149	20,245
Loss from devaluation of golf memberships .....	1,253	11,804
Increase in trade notes and accounts receivable .....	(31,675)	(298,398)
Increase in inventories .....	(27,196)	(256,203)
Increase in accounts payable .....	22,416	211,173
Increase in prepaid consumption tax .....	(3,542)	(33,368)
Others .....	10,676	100,573
Subtotal .....	30,527	287,584
Receipts from interest and dividends .....	280	2,638
Interest paid .....	(1,923)	(18,116)
Income taxes paid .....	(3,757)	(35,394)
<b>Net cash generated by operating activities .....</b>	<b>25,127</b>	<b>236,712</b>
<b>Cash flow from investing activities:</b>		
Proceeds from repayment of time deposits .....	150	1,413
Payment for purchase of property, plant and equipment .....	(14,577)	(137,325)
Proceeds from sale of property, plant and equipment .....	1,566	14,753
Payment for acquisition of intangible assets .....	(4,100)	(38,625)
Proceeds from sale of intangible assets .....	26	245
Payment for acquisition of investment securities .....	(500)	(4,710)
Proceeds from sale of investment securities .....	103	970
Loans to third parties .....	(68)	(641)
Collection of loans .....	90	848
Others .....	1,118	10,533
<b>Net cash used in investing activities .....</b>	<b>(16,192)</b>	<b>(152,539)</b>
<b>Cash flow from financing activities:</b>		
Increase in short-term borrowings .....	13,022	122,675
Decrease in commercial paper .....	(10,000)	(94,206)
Proceeds from long-term debt .....	5,700	53,698
Repayment of long-term debt .....	(2,477)	(23,335)
Proceeds from issuance of bonds .....	19,899	187,461
Increase in treasury stock .....	(454)	(4,277)
Dividends paid .....	(2,095)	(19,736)
Others .....	(25)	(236)
<b>Net cash generated by financing activities .....</b>	<b>23,570</b>	<b>222,044</b>
Foreign currency translation difference in cash and cash equivalents .....	(469)	(4,418)
<b>Net increase in cash and cash equivalents .....</b>	<b>32,036</b>	<b>301,799</b>
Cash and cash equivalents at beginning of year .....	46,761	440,518
Cash and cash equivalents of newly consolidated subsidiaries at beginning of year .....	722	6,802
<b>Cash and cash equivalents at end of year .....</b>	<b>¥79,519</b>	<b>\$749,119</b>

Please refer to Note 2 (k) regarding cash flow data for prior years.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Tokyo Electron Limited and its Subsidiaries

## 1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements of Tokyo Electron Limited and its subsidiaries (hereinafter "the Company") have been prepared from those that have been filed with the Minister of Finance of Japan as required by the Securities and Exchange Law and that conform with accounting principles generally accepted in Japan.

For the convenience of readers outside Japan, however, the presentation of the consolidated financial statements and the information contained therein have been modified in some respects.

## 2. Summary of Significant Accounting Policies

### (a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and all of its 28 subsidiaries. Seven subsidiaries reported as non-consolidated subsidiaries in prior fiscal years are consolidated in 2000 due to the increasing significance of their aggregated impact to the consolidated financial statements. The effect of this change has been shown as decreasing the cumulative retained earnings of prior years by ¥7,309 million at the beginning of the year ended March 31, 2000.

All significant inter-company accounts, transactions and unrealized profits or losses have been eliminated in consolidation. The fiscal years of all the subsidiaries end on March 31, the fiscal year-end of the Parent Company.

U.S. dollar amounts included herein are solely for the convenience of readers and are made at the rate of ¥106.15 to \$1.00, the exchange rate prevailing at March 31, 2000. The translation should not be construed as a representation that the Japanese yen amounts shown could be converted into U.S. dollars at that or any other rate.

### (b) Foreign currency translation

Current assets and liabilities denominated in foreign currencies are translated into Japanese yen at the rate prevailing at the balance sheet date, except for those hedged by forward exchange contracts, which are translated at the contracted rates. Non-current assets and liabilities denominated in foreign currencies are translated at historical rates.

The financial statements of foreign subsidiaries have been translated in accordance with current accounting standards in Japan.

### (c) Marketable securities and investments in securities

Marketable securities and investments in securities are stated principally at cost, cost being determined principally by the weighted average method.

### (d) Inventories

Inventories other than raw materials are stated principally at cost, cost being determined principally by the individual method.

Raw materials are stated principally at cost, cost being determined principally by the moving-average method.

### (e) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is computed on the declining-balance method for the Parent Company and its domestic subsidiaries at rates based on the estimated useful lives of assets as prescribed by Japanese tax laws, while the straight-line method is mainly applied for foreign subsidiaries over the estimated useful lives of their assets.

### (f) Retirement and severance benefits

The Parent Company and certain of its subsidiaries have funded pension plans to provide retirement and severance benefits to substantially all directors, statutory auditors, and employees to the extent of the amount required according to internal regulations for directors and statutory auditors, and the maximum amount allowable according to each country's tax laws or internal regulations for employees. Under the plans, employees are entitled to lump-sum payments based on the current rate of pay and the length of service upon retirement or termination of employment for reasons other than cause for dismissal.

### (g) Leases

Finance lease transactions, unless the lessee practically acquires legal title to the leased asset, are treated as operating lease transactions.

### (h) Income taxes

In accordance with the revised accounting standards effective April 1, 1999, the Company records deferred tax assets and liabilities on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

### (i) Derivatives

The Company makes use of derivatives only to reduce exchange risk of foreign currencies. The amount of derivatives is limited to the extent of foreign currency assets, debt and actual orders, and the Company does not trade in derivatives for investment purposes.

### (j) Per share information

Net income per share is computed based on the weighted average number of shares of common stock outstanding during each year.

Dividends per share have been presented on an accrual basis and include, in each fiscal year ended March 31, dividends approved or to be approved after such March 31 but applicable to the year then ended.

### (k) Statement of cash flows

Beginning from the year ended March 31, 2000, the Company presents the consolidated statement of cash flows with the format instructed by the revised Securities and Exchange Law effective April 1,

1999. The Company has not retroactively restated the prior year's presentation, and therefore prior year figures are not presented so as not to mislead readers outside Japan. Following is a summary of cash flows already presented in prior years.

	Millions of yen	
	1999	1998
Net cash generated by operating activities .....	¥ 49,828	¥ 17,473
Net cash used in investing activities .....	(24,346)	(45,326)
Net cash generated by (used in)		
financing activities .....	(48,189)	66,878
Effect of exchange rate changes .....	(1,440)	873
Net increase (decrease) in cash and		
cash equivalents .....	(24,147)	39,898
Cash and cash equivalents at end of year .....	¥47,745	¥71,892

#### (I) Cash and cash equivalents

Cash and cash equivalents presented in the statement of cash flows include cash on hand, cash in banks and time deposits whose expiration dates are within three months.

### 3. Marketable Securities and Investments in Securities

Marketable securities at March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of
	2000	1999	U.S. dollars
Listed stock .....	¥825	¥825	\$7,772
Other .....	10	10	94
Total .....	¥835	¥835	\$7,866

Investments in securities at March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of
	2000	1999	U.S. dollars
Listed stock .....	¥8,086	¥8,107	\$76,175
Mutual funds .....	810	216	7,631
Other .....	114	310	1,074
Total .....	¥9,010	¥8,633	\$84,880

### 4. Inventories

Inventories at March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of
	2000	1999	U.S. dollars
Finished products .....	¥ 38,909	¥32,595	\$ 366,547
Work in process,			
raw materials and supplies .....	73,572	55,490	693,095
Total .....	¥112,481	¥88,085	\$1,059,642

### 5. Pledged Assets

The Company did not hold any assets pledged as collateral at March 31, 2000 and 1999.

### 6. Short-Term Borrowings and Long-Term Debt

Short-term bank loans are represented by 365-day notes issued by the Company to banks and bore interest at the average annual rate of 1.47% at March 31, 2000. Long-term debt at March 31, 2000 and 1999 was as follows:

	Millions of yen		Thousands of
	2000	1999	U.S. dollars
0.90% unsecured convertible			
bonds due 2003 .....	¥15,601	¥18,864	\$146,971
2.45% unsecured bonds			
due 2000 .....	30,000	30,000	282,619
2.00% unsecured bonds			
due 2002 .....	20,000	20,000	188,413
1.39% unsecured bonds			
due 2004 .....	20,000	-	188,413
Other loans from banks .....	14,376	10,381	135,430
Current portion .....	(32,699)	(1,536)	(308,045)
Total .....	¥67,278	¥77,709	\$633,801

The 0.90% yen unsecured convertible bonds due 2003 are convertible at the option of holders into common stock through September 29, 2003. At March 31, 2000, the conversion price was ¥3,150.00 per share, subject to adjustment in certain events.

### 7. Income Taxes

The Parent Company and its domestic subsidiaries are subject to several taxes based on income, with an aggregate statutory tax rate of approximately 42% in 2000 and 48% in 1999.

Significant components of the deferred tax assets and liabilities of the Company as of March 31, 2000 were as follows:

	Millions of yen		Thousands of
	2000	1999	U.S. dollars
<b>Deferred tax assets</b>			
Tax loss carryforwards .....	¥ 4,882		\$ 45,992
Elimination of unrealized gain on inventories .....	3,172		29,882
Allowance for bonuses .....	1,350		12,718
Elimination of unrealized gain			
on fixed assets .....	1,173		11,050
Enterprise taxes payable .....	1,007		9,487
Allowance for retirement benefits .....	838		7,894
Devaluation of golf memberships .....	519		4,889
Other .....	2,188		20,613
Subtotal of deferred tax assets .....	15,129		142,525
Valuation allowance .....	(5,936)		(55,921)
<b>Total amount of deferred tax assets .....</b>	<b>9,193</b>		<b>86,604</b>
<b>Deferred tax liabilities</b>			
Allowance for extraordinary depreciation .....	(1,028)		(9,684)
Elimination of unrealized gain			
on allowance for doubtful accounts .....	(314)		(2,958)
Allowance for domestic market			
development for imported products .....	(252)		(2,374)
Other .....	(173)		(1,630)
<b>Total amount of deferred tax liabilities .....</b>	<b>(1,767)</b>		<b>(16,646)</b>
<b>Net deferred tax assets .....</b>	<b>¥ 7,426</b>		<b>\$ 69,958</b>



The differences between the aggregate statutory tax rate and the effective tax rate of the Company for financial statement purposes for the year ended March 31, 2000 were as follows:

Domestic statutory tax rate.....	<b>42.05%</b>
Non-recognition of temporary differences.....	<b>-4.27</b>
Tax credits and others.....	<b>-2.57</b>
Permanent differences such as non-taxable dividend income.....	<b>-1.87</b>
Tax rate difference.....	<b>-1.42</b>
Expenses not deductible for tax purposes.....	<b>0.86</b>
Others.....	<b>0.35</b>
Effective tax rate.....	<b>33.13</b>

## 8. Shareholders' Equity

The Company issued 1,035,853 shares and 55,237 shares of common stock in 2000 and 1999, respectively, in connection with conversion of convertible bonds.

Conversion of convertible bonds into common stock has been accounted for in accordance with the provisions of the Japanese Commercial Code by crediting one-half of the conversion price to both the common stock account and the additional paid-in capital account.

## 9. Share Repurchase Under Stock Option Program

At the Annual Shareholders' Meeting held on June 26, 1998 and on June 29, 1999, stock option plans were approved in order to further increase directors' incentive and motivation to raise corporate performance with the aim of maximizing corporate value. Pursuant to this approval, from July 1, 1998 to March 31, 2000, the Company repurchased 299,000 shares of its common stock with a total value of ¥1,612 million.

## 10. Leases

Information relating to finance leases, excluding those leases for which the ownership of the leased assets is considered to be transferred to the lessee, as of and for the years ended March 31, 2000 and 1999, was as follows:

Leased assets not recorded in the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Acquisition cost.....	<b>¥52</b>	¥76	<b>\$480</b>
Accumulated depreciation.....	<b>37</b>	53	<b>339</b>
Net leased property.....	<b>¥15</b>	¥23	<b>\$141</b>

Future minimum lease payments (Machinery and Equipment) :

	Millions of yen		Thousands of U.S. dollars
	2000	2000	2000
Due within one year.....	<b>¥11</b>	<b>4</b>	<b>\$103</b>
Due over one year.....	<b>4</b>	<b>38</b>	<b>38</b>
Total.....	<b>¥15</b>	<b>42</b>	<b>\$141</b>

Lease payments and depreciation computed by the straight-line method over the lease terms with no residual value and imputed interest expense were ¥11 million in the year ended March 31, 2000 and ¥16 million in the year ended March 31, 1999.

Future minimum operating lease payments:

	Millions of yen		Thousands of U.S. dollars
	2000	2000	2000
Due within one year.....	<b>¥ 98</b>	<b>76</b>	<b>\$ 923</b>
Due over one year.....	<b>76</b>	<b>716</b>	<b>716</b>
Total.....	<b>¥174</b>	<b>792</b>	<b>\$1,639</b>

## 11. Segment Information

The Company does not disclose segment information as it operates in a single segment.

## 12. Contingent Liabilities

The Company did not hold any contingent liabilities at March 31, 2000 and 1999.

## 13. Subsequent Event

On June 9, 2000, 1.59% unsecured bonds with warrants due 2006 were issued as approved at the Board Meeting held on May 17, 2000. This was in relation to the stock-based compensation plan introduced and implemented as of the same date of the issuance of the bonds with warrants. Under this plan, the bond portion (¥4,500 million) was sold to the public and the warrant portion (¥715,950 thousand) was repurchased by the Company and granted to its eligible employees worldwide as an incentive linked to the Company's future stake. A summary of terms and conditions of the bonds with warrants are as follows:

Bond amount.....	¥4,500 million
Interest rate.....	1.59%
Issued stocks.....	Common stock, ¥50 par value
Exercise price.....	¥14,070
Exercise period.....	July 1, 2002 – June 8, 2006

# INDEPENDENT AUDITORS' REPORT

## To the Board of Directors, Tokyo Electron Limited

We have examined the consolidated balance sheets of Tokyo Electron Limited and its consolidated subsidiaries as of March 31, 2000 and 1999, the related statements of income and shareholders' equity for each of the three years in the period ended March 31, 2000, and the statement of cash flows for the year ended March 31, 2000, all expressed in yen. Our examinations were made in accordance with auditing standards generally accepted in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

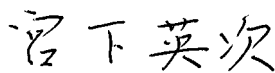
In our opinion, the consolidated statements present fairly the financial position of Tokyo Electron Limited and its consolidated subsidiaries at March 31, 2000 and 1999, the results of their operations for each of the three years in the period ended March 31, 2000, and their cash flows for the year ended March 31, 2000, in conformity with accounting principles generally accepted in Japan applied on a consistent basis.

The amounts expressed in U.S. dollars have been translated on the basis described in Note 2-a.

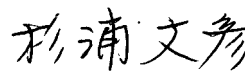
Tokyo, Japan  
June 28, 2000



Masatoshi Yoshino  
Certified Public Accountant



Eiji Miyashita  
Certified Public Accountant



Fumihiko Sugiura  
Certified Public Accountant