

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
AMENDMENT NO. 1
TO
FORM 10-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-30941

AXCELIS TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

34-1818596

(IRS Employer Identification No.)

55 Cherry Hill Drive

Beverly, Massachusetts 01915

(Address of principal executive offices, including zip code)

(978) 787-4000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of class

None

Name of each exchange on which registered

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$0.001 par value

Preferred Share Purchase Rights

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [X] No [].

Aggregate market value of the voting stock held by nonaffiliates of the registrant as of June 30, 2002: **\$1,107,390,847**

Number of shares outstanding of the registrant's Common Stock, \$0.001 par value, as of March 25, 2003: **98,395,258**

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the definitive Proxy Statement for Axcelis Technologies, Inc.'s Annual Meeting of Stockholders to be held on June 26, 2003 are incorporated by reference into Part III of this Form 10-K.

AMENDMENT NO. 1

EXPLANATORY NOTE

We are filing this amendment to our Annual Report on Form 10-K for the fiscal year ended December 31, 2002, originally filed with the Securities and Exchange Commission on March 28, 2003, solely for the purpose of complying with Regulation S-X, Rule 3-09. Rule 3-09 requires that Form 10-K, but not the annual shareholders' report, contain separate financial statements for unconsolidated subsidiaries and investees accounted for by the equity method when such entities are individually significant.

We have determined that our 50% owned joint venture with Sumitomo Heavy Industries, Ltd., known as Sumitomo Eaton Nova Corporation ("SEN"), which is not consolidated in the Axcelis Technologies, Inc. financial statements (and is accounted for under the equity method) was significant under Rule 3-09 in relationship to the Axcelis Technologies, Inc. financial results for the year ended December 31, 2002. Since SEN's fiscal year ended after the date of the filing of our Form 10-K, Rule 3-09 provides that the SEN financial statements may be filed as an amendment to our Form 10-K within 90 days after the end of SEN's fiscal year ended March 31, 2003.

Therefore, this Form 10-K/A amends the following portions of the Axcelis Technologies Form 10-K filed on March 28, 2003:

- Item 8 is being amended by submitting the financial statements of SEN for the fiscal years ended March 31, 2003, 2002 and 2001 (the "SEN Financial Statements") as a separate section of this report immediately following Item 15;
- Item 15 is being amended to:
 - include the list of the SEN Financial statements being filed herewith as required by Item 15(a); and
 - add to the list of exhibits and exhibits filed in accordance with Item 601 of Regulation S-K an Exhibit 23.2, Consent of Ernst & Young - Independent Auditors relating to the SEN Financial Statements, as required by Item 15(c).

As required by Rule 3-09, we will determine with respect to each future fiscal year, whether SEN has been significant with respect to Axcelis' financial results for such year, and file SEN financial statements as necessary to comply with Rule 3-09.

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) The following documents are filed as part of the Company's Form 10-K, as originally filed on March 28, 2003, and as amended by this form 10-K/A:

(1)(A) Financial Statements of Axcelis Technologies, Inc.:

Report of Ernst & Young LLP - Independent Auditors

Consolidated Statements of Operations-For the fiscal years ended December 31, 2002, 2001 and 2000

Consolidated Balance Sheets-December 31, 2002 and 2001

Consolidated Statements of Stockholders' Equity-For the fiscal years ended December 31, 2002, 2001 and 2000

Consolidated Statements of Cash Flows-For the fiscal years ended December 31, 2002, 2001 and 2000

Notes to Consolidated Financial Statements

(1)(B) Financial Statements of Sumitomo Eaton Nova Corporation:

[Report of Ernst & Young - Independent Auditors](#)

[Consolidated Statements of Operations-For the fiscal years ended March 31, 2003, 2002 and 2001](#)

[Consolidated Balance Sheets-March 31, 2003 and 2002](#)

[Consolidated Statements of Shareholders' Equity-For the fiscal years ended March 31, 2003, 2002 and 2001](#)

[Consolidated Statements of Cash Flows-For the fiscal years ended March 31, 2003, 2002 and 2001](#)

[Notes to Consolidated Financial Statements](#)

(2) Financial Statement Schedules:

Schedule II - Valuation and Qualifying Accounts for the fiscal years ended December 31, 2002, 2001 and 2000

All other schedules for which provision is made in the applicable regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(b) Reports on Form 8-K

A Current Report on Form 8-K dated December 11, 2002, was filed with the Securities and Exchange Commission on December 12, 2002, and amended by a Form 8-K/A filed on December 13, 2002. These filings relate to our pending patent infringement litigation. No other reports on Form 8-K were filed by the Company during the quarter ended December 31, 2002.

(c) Exhibits

The exhibits filed as part of this Form 10-K are listed on the Exhibit Index immediately preceding such Exhibits, which Exhibit Index is incorporated herein by reference.

(d) Financial Statement Schedules

The response to this portion of Item 15 is submitted as a separate section of this report.

Report of Ernst & Young, Independent Auditors

The Board of Directors

Sumitomo Eaton Nova Corporation

We have audited the accompanying consolidated balance sheets of Sumitomo Eaton Nova Corporation (the "Company") as of March 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2003, all expressed in Japanese yen. Our audits also included the translation of these statements as of and for the year ended March 31, 2003 into U.S. dollars on the basis described in Note 1. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above expressed in Japanese yen present fairly, in all material respects, the consolidated financial position of Sumitomo Eaton Nova Corporation at March 31, 2003 and 2002, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2003, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statements expressed in U.S. dollars as of and for the year ended March 31, 2002, when considered in relation to the basic financial statements taken as a whole, have been properly translated on the basis described in Note 1.

/s/ ERNST & YOUNG

Tokyo, Japan
April 25, 2003

Sumitomo Eaton Nova Corporation.
Consolidated Statements of Income

Year ended

	2001	Years Ended March 31, 2002	2003	March 31, 2003
	<i>(Thousands of yen)</i>			<i>(U.S. dollars in thousands)</i>
Net sales <i>(Note 6)</i>	¥31,085,155	¥18,047,259	¥17,860,545	\$146,431
Cost of products sold <i>(Note 6)</i>	16,271,032	10,832,128	10,320,596	84,613
Gross profit	14,814,123	7,215,131	7,539,949	61,818
Selling, general and administrative expenses <i>(Note 6)</i>	5,138,400	4,793,246	4,587,471	37,611
Income from operations	9,675,723	2,421,885	2,952,478	24,207
Other income (expense):				
Interest expense	(41,311)	(23,771)	(949)	(8)
Other income (expense), net	(143,214)	118,945	(12,039)	(99)
Income before income taxes	9,491,198	2,517,059	2,939,490	24,100
Income taxes (benefit) <i>(Note 8)</i> :				
Current	4,239,293	666,674	1,342,811	11,009
Deferred	(301,698)	367,311	(129,316)	(1,060)
	3,937,595	1,033,985	1,213,495	9,949
Net income	¥ 5,553,603	¥ 1,483,074	¥ 1,725,995	\$ 14,151

See accompanying Notes to Consolidated Financial Statements

Sumitomo Eaton Nova Corporation Consolidated Balance Sheets

	2002	March 31, 2003	March 31, 2003
	<i>(Thousands of yen)</i>		<i>(U.S. dollars in thousands)</i>
Assets			
Current assets:			
Cash and cash equivalents	¥ 489,483	¥ 3,043,118	\$ 25,317
Trade receivables, net <i>(Note 2)</i>	8,911,312	9,050,300	75,294
Due from affiliates - current <i>(Note 6)</i>	65,115	55,932	465
Inventories <i>(Note 3)</i>	3,555,001	3,849,217	32,023
Deferred income taxes and other current assets <i>(Note 8)</i>	196,401	335,030	2,788
Total current assets	13,217,312	16,333,597	135,887
Property, plant and equipment, net <i>(Note 4)</i>	4,528,828	3,609,819	30,032
Deferred income taxes and other assets <i>(Note 8)</i>	300,038	454,219	3,779
	¥18,046,178	¥20,397,635	\$169,698

Liabilities and shareholders' equity			
Current liabilities:			
Short-term debt (Note 7)	¥ 800,000	¥ —	\$ —
Trade payables:			
Notes	766,468	966,586	8,041
Accounts	895,605	1,915,691	15,938
	1,662,073	2,882,277	23,979
Due to affiliates (Note 6)	1,779,793	1,268,548	10,554
Income taxes payable and other current liabilities	595,440	1,429,582	11,893
Total current liabilities	4,837,306	5,580,407	46,426
Accrued retirement benefits for employees and directors (Note 9)	95,760	108,477	902
Shareholders' equity (Note 10):			
Capital stock:			
Authorized - 20,000 shares			
Issued and outstanding - 12,000 shares	600,000	600,000	2,511
Retained earnings	12,513,112	14,119,107	124,846
Accumulated other comprehensive loss	—	(10,356)	(4,987)
Total shareholders' equity	13,113,112	14,708,751	122,370
	¥18,046,178	¥20,397,635	\$169,698

See accompanying Notes to Consolidated Financial Statements.

Sumitomo Eaton Nova Corporation Consolidated Statements of Shareholders' Equity

	Capital stock	Retained earnings (Note 10)	Accumulated other comprehensive loss	Total
(Thousands of yen)				
Balance at March 31, 2000	¥600,000	¥ 5,656,435	¥ —	¥ 6,256,435
Net income	—	5,553,603	—	5,553,603
Cash dividends	—	(60,000)	—	(60,000)
Balance at March 31, 2001	600,000	11,150,038	—	11,750,038
Net income	—	1,483,074	—	1,483,074
Cash dividends	—	(120,000)	—	(120,000)
Balance at March 31, 2002	600,000	12,513,112	—	13,113,112
Net income	—	1,725,995	—	1,725,995
Minimum pension liability adjustment	—	—	(10,356)	(10,356)
Total comprehensive income	—	—	—	1,715,639
Cash dividends	—	(120,000)	—	(120,000)
Balance at March 31, 2003	¥600,000	¥14,119,107	¥(10,356)	¥14,708,751

	Capital stock	Retained earnings (Note 10)	Accumulated other comprehensive loss	Total
(U.S. dollars in thousands)				
Balance at March 31, 2002	\$2,511	\$ 111,719	\$(14,313)	\$ 99,917
Net income	—	14,151	—	14,151
Minimum pension liability adjustment	—	—	(86)	(86)
Foreign currency translation adjustment	—	—	9,412)	9,412
Total comprehensive income	—	—	—	23,477
Cash dividends	—	(1,024)	—	(1,024)

Balance at March 31, 2003

\$2,511

\$124,846

\$ (4,987)

\$ 122,370

See accompanying Notes to Consolidated Financial Statements.

Sumitomo Eaton Nova Corporation
Consolidated Statements of Cash Flows

	2001	Years Ended March 31, 2002	2003	Year ended March 31, Year ended
	<i>(Thousands of yen)</i>			<i>(U.S. dollars in thousands)</i>
Operating activities:				
Net income	¥ 5,553,603	¥ 1,483,074	¥1,725,995	\$14,151
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	970,662	999,174	963,207	7,897
Deferred income taxes (benefit) provision	(301,698)	367,311	(136,349)	(1,118)
Changes in operating assets and liabilities:				
Trade receivables	(7,072,234)	6,869,172	(138,988)	(1,140)
Due from affiliates	(246,223)	340,248	9,183	75
Inventories	(1,696,284)	3,264,224	(294,216)	(2,412)
Trade payables	2,166,798	(4,412,363)	1,220,204	10,004
Due to affiliates	727,031	(617,062)	(511,245)	(4,191)
Income taxes payable	3,532,557	(3,924,864)	875,472	7,178
Other, net	421,587	(361,788)	(47,044)	(386)
Net cash provided by operating activities	4,055,799	4,077,126	3,666,219	30,058
Investing activities:				
Purchases of property, plant and equipment, net	(1,193,906)	(979,922)	(204,247)	(1,675)
Other, net	(19,115)	4,741	11,663	96
Net cash used by investing activities	(1,213,021)	(975,181)	(192,584)	(1,579)
Financing activities:				
Decrease in short-term borrowings, net	(2,656,000)	(3,400,000)	(800,000)	(6,559)
Cash dividends paid	(60,000)	(120,000)	(120,000)	(1,024)
Other	(8,750)	(5,358)	—	—
Net cash used in financing activities	(2,724,750)	(3,525,358)	(920,000)	(7,583)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	691
Net increase (decrease) in cash and cash equivalents	118,028	(493,413)	2,553,635	21,587
Cash and cash equivalents at beginning of the year	864,868	982,896	489,483	3,730
Cash and cash equivalents at end of the year	¥ 982,896	¥ 489,483	¥3,043,118	\$25,317
Supplementary information				
Interest paid during the year	¥ 40,754	¥ 23,660	¥ 949	\$ 8
Income taxes paid during the year	¥ 639,785	¥ 4,585,607	¥ 467,339	\$ 3,830

See accompanying Notes to Consolidated Financial Statements

Sumitomo Eaton Nova Corporation

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

General

Sumitomo Eaton Nova Corporation (the "Company") was established on April 1, 1983 under the Commercial Code of Japan. The Company is owned equally by Sumitomo Heavy Industries, Ltd. ("SHI"), a Japanese corporation, and Axcelis Technologies, Inc. ("Axcelis"), a U.S. corporation. The Company designs, manufactures, sells and repairs ion implantation equipment and semiconductor equipment primarily for Japanese semiconductor manufacturing customers under a license agreement with Axcelis.

The Company and its subsidiary maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan. Certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements to conform with accounting principles generally accepted in the United States of America. These adjustments were not recorded in the statutory books of account.

Basis of Financial Statements

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All significant intercompany balances and transactions are eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The actual results could differ from those estimates.

Foreign Currency

The Company's functional currency is the Japanese yen. Transaction gains and losses, which arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency, are included in the results of operations as incurred. Transaction gains and losses in each of the years in the three year period ended March 31, 2003 were not material.

The accompanying consolidated financial statements expressed in U.S. dollars have been prepared for use in conjunction with the preparation of the consolidated financial statements of Axcelis and have been translated into U.S. dollars in accordance with Statement of Financial Accounting Standards No. 52, Foreign Currency Translation. Assets and liabilities are translated using the exchange rate in effect at year-end. Statement of income items are translated using the average rates for the year. The effects of these translation adjustments are accumulated and included in accumulated other comprehensive loss, a separate component of shareholders' equity.

Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Inventories

Inventories are stated at the lower of cost or market, cost being determined by the average method.

Long-Lived Assets

Property, plant and equipment is stated on the basis of cost. Depreciation is computed by the declining-balance method over the estimated useful lives of the respective assets (buildings — 6 to 40 years; machinery — 4 to 13 years; and furniture, fixtures and automobiles — 2 to 20 years) except for buildings purchased after April 1, 1998, which are depreciated on the straight-line basis over 31 years.

Long-lived assets are reviewed for impairment losses whenever events or changes in circumstances indicate the carrying amount may not be recoverable. The asset would be considered impaired when the future net undiscounted cash flows generated by the asset are less than its carrying value. An impairment loss would be recognized based on the amount by which the carrying value of the asset exceeds its fair value.

Accumulated Other Comprehensive Income

At March 31, 2003, accumulated other comprehensive loss was comprised of an accumulated foreign currency translation adjustment of ¥0 (U.S.\$9,412 thousand) and the minimum pension liability of ¥10,356 thousand (U.S.\$8 thousand).

Prior to April 1, 2002, the accumulated other comprehensive loss was comprised entirely of a foreign currency translation adjustment.

Concentration of Credit Risk

Financial instruments, which potentially expose the Company to concentrations of credit risk, consist primarily of trade notes and accounts receivable. These financial instruments are carried at cost less an allowance for doubtful accounts, which approximates fair value. Substantially all of the Company's notes and accounts receivable are due from companies in the semiconductor industry located in Japan. The Company performs ongoing credit evaluations of its customers' financial condition and provides an allowance for specific doubtful notes and accounts receivable and generally does not require collateral to secure the notes and accounts receivable.

For the year ended March 31, 2001, three customers accounted for net sales of approximately 31%, 19% and 18%. For the year ended March 31, 2002, one customer accounted for net sales of 22%. Three customers accounted for net sales of 15%, 13% and 11% for the year ended March 31, 2003.

At March 31, 2002 and 2003 accounts receivables from one customer approximated 20% and 22% of consolidated trade receivables, respectively.

Revenue Recognition

The Company recognizes sales at the later of the time of shipment to the customer or the transfer of risk of ownership (which is generally upon customer inspection for machinery sales to domestic customers). Management believes the customer's post delivery acceptance provisions and the installation process have been established to be routine, commercially inconsequential and perfunctory because the process is a replication of the pre-shipment procedures. The majority of the Company's systems are designed and tailored to meet the customer's specifications as outlined in the contract between the customer and the Company. To ensure that the customer's specifications are satisfied, per contract terms, the systems are tested at the Company's facilities prior to shipment, normally with the customer present, under conditions that substantially replicate the customer's production environment and the customer's criteria are confirmed to have been met. The Company has never failed to successfully complete a system installation. Should an installation not be successfully completed, the contractual provisions do not provide for forfeiture, refund or other purchase price concession beyond those prescribed by Japanese Law applicable generally to such transactions. The Company has a demonstrated history of customer acceptance subsequent to shipment and installation of these systems. Service revenues are generated from maintenance contracts.

Shipping and Handling Costs

Shipping and handling costs are included in cost of products sold.

Research and Development Costs

Research and development costs are expensed in the year in which such costs are incurred, except for costs relating to equipment that is acquired or constructed for research and development activities and have alternative future uses. Net amounts capitalized relating to equipment that is used in research and development activities and has alternative future uses amounted to ¥73,758 thousand and is included in property, plant and equipment on the consolidated balance sheet at March 31, 2002. No amounts were capitalized relating to research and development activities for the year ended March 31, 2003. Research and development expense for the years ended March 31, 2001, 2002 and 2003 was ¥2,088,263 thousand, ¥2,074,594 thousand and ¥2,558,337 thousand (U.S.\$20,975 thousand), respectively.

Retirement Benefits

The cost of retirement benefits for seconded employees is incurred by and reimbursed to SHI. The provision for accrued employees' retirement benefits represents the cost for employees who have been employed directly by the Company (see Note 9).

Recent Accounting Pronouncements

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Interest Guarantees of Indebtedness of Others" (the "Interpretation"). The Interpretation requires certain guarantees to be recognized as a liability on the consolidated balance sheet. The liability shall be measured initially at the fair value of the obligation for which the guarantee supports. The Interpretation's initial recognition and initial measurement provisions are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The Interpretation's disclosure requirements are effective for financial statements of interim or annual periods ending after December 15, 2002. The Company has included the new disclosure requirements in the Notes to the Consolidated Financial Statements (see Note 5).

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which is required to be adopted for years beginning after June 15, 2002. Under SFAS No. 143, a liability for an asset retirement obligation is recognized in the period in which it is incurred and is initially measured at fair value. The Company will adopt the new rules on asset retirement obligations effective April 1, 2003. Due to the long-term leasing arrangements of certain buildings, the expected impact of adoption of SFAS No. 143 on the Company's financial position or results of operations has not yet been determined.

Note 2. Trade Receivable

The components of trade receivable follow:

	2002	2003	2003
	<i>(Thousands of yen)</i>		<i>(U.S. dollars in thousands)</i>
Notes	¥ 73,914	¥ 75,826	\$ 631
Accounts	8,861,356	8,984,106	74,743
	8,935,270	9,059,932	75,374
Allowance for doubtful accounts	(23,958)	(9,632)	(80)
	¥8,911,312	¥9,050,300	\$75,294

Note 3. Inventories

The components of inventories follow:

	2002	2003	2003
	<i>(Thousands of yen)</i>		<i>(U.S. dollars in thousands)</i>
Work in process	¥1,987,220	¥2,373,795	\$19,748
Raw materials and parts	1,567,781	1,475,422	12,275
	¥3,555,001	¥3,849,217	\$32,023

Note 4. Property, Plant & Equipment, Net

The components of property, plant and equipment, net follow:

	2002	2003	2003
	<i>(Thousands of yen)</i>		<i>(U.S. dollars in thousands)</i>
Land	¥ 299,485	¥ 299,485	\$ 2,492
Building and land improvements	4,238,033	4,248,389	35,344
Machinery	4,600,736	4,682,890	38,959
Furniture, fixtures and automobiles	2,059,746	2,011,974	16,739
Construction in process	89,448	2,316	19
	11,287,448	11,245,054	93,553
Accumulated depreciation	(6,758,620)	(7,635,235)	(63,521)
	¥ 4,528,828	¥ 3,609,819	\$ 30,032

Note 5. Product Warranty

The Company offers a one year warranty for all of its products, the terms and conditions of which vary depending upon the product sold. The Company estimates the costs that may be incurred under its warranty and records a liability in the amount of such costs at the time product revenue is recognized. Factors that affect the Company's warranty include the number of installed units, historical and anticipated product failure rates, material usage and service labor costs. The Company periodically assesses the adequacy of its recorded warranty and adjusts the amount as necessary.

Changes in the Company's product warranty (included in income taxes payable and other current liabilities on the consolidated balance sheets) for the year ended March 31, 2003 are as follows:

	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Balance at March 31, 2002	¥ 21,200	\$ 174
Warranties issued during the period	35,192	289
Settlements made during the period	(33,092)	(271)
Balance at March 31, 2003	¥ 23,300	\$ 192

Note 6. Transactions with Affiliates

Transactions with affiliates for the years ended March 31, 2001, 2002 and 2003 were as follows (transactions with Axcelis denote transactions with Axcelis or, for periods prior to June 30, 2000, Eaton Corporation, Axcelis' predecessor):

	2001	2002	2003	2003
	<i>(Thousands of yen)</i>			<i>(U.S. dollars in thousands)</i>
Revenues:				
Sales:				
Axcelis and affiliates	¥ 588,501	¥ 619,002	¥ 612,738	\$ 5,024
SHI affiliates	4,821	5,765	—	—
Territory commission and sales assistance fees from Axcelis	52,451	—	—	—
	¥ 645,773	¥ 624,767	¥ 612,738	\$ 5,024
Inventories purchased:				
SHI	¥1,748,084	¥1,375,433	¥1,161,380	\$ 9,522
Axcelis	1,848,660	344,347	599,863	4,918
	¥3,596,744	¥1,719,780	¥1,761,243	\$14,440
Other expenses to affiliates:				
Royalties to Axcelis	¥1,038,955	¥ 493,961	¥ 452,874	\$ 3,713
Commissions to Axcelis affiliates	335,288	287,162	403,412	3,307
Management fees and royalties to SHI	229,239	111,223	101,761	834
Subcontract charges to SHI affiliates	360,066	445,921	335,773	2,753
Other expenses to SHI and affiliates	329,445	345,720	30,065	246
	¥2,292,993	¥1,683,987	¥1,323,885	\$10,853

Balances due from and to affiliates at March 31, 2002 and 2003 were as follows:

	2002	2003	2003
	<i>(Thousands of yen)</i>		<i>(U.S. dollars in thousands)</i>
Due from affiliates:			
SHI and affiliates	¥ 1,965	¥ 476	\$ 4
Axcelis and affiliates	63,150	55,456	461
	¥ 65,115	¥ 55,932	\$ 465
Due to:			
SHI	¥1,166,784	¥ 794,682	\$ 6,611
Axcelis	515,948	390,340	3,247
SHI affiliates	97,061	78,991	657
Axcelis affiliates	—	4,535	39
	¥1,779,793	¥1,268,548	\$10,554

Pension funding for the seconded employees (employees on temporary assignment) is provided through a plan administered by SHI. Under this arrangement, the Company is billed monthly for the pension costs attributable to those individuals. Under the terms of the pension agreement with SHI, no additional costs related to earned benefits are to be borne by the Company. Pension contributions paid to SHI for the years ended March 31, 2001, 2002 and 2003 were ¥127,171 thousand, ¥153,469 thousand and ¥155,201 thousand (U.S.\$1,272 thousand), respectively.

Note 7. Financing Arrangements

Short-Term Debt

Short-term debt consisted of bank overdrafts amounting to ¥800,000 thousand at March 31, 2002 at interest rates ranging from 0.4270% to 0.5650%..

Leases

Rental expenses for equipment, land and office space for the years ended March 31, 2001, 2002 and 2003 amounted to ¥315,936 thousand, ¥300,612 thousand and ¥331,178 thousand (U.S.\$2,715 thousand), respectively. Future minimum noncancelable rental commitments at March 31, 2003 under operating leases are as follows:

Year ended March 31	<i>(Thousands of yen)</i>
2004	¥ 227,058
2005	138,151
2006	73,712
2007	60,780
2008	60,780
Later years	60,780
	¥ 621,261

Note 8. Income taxes

Income taxes include corporation, enterprise, and inhabitants' taxes which, in the aggregate, resulted in statutory tax rates of approximately 41.74% in each of the three years 2001, 2002 and 2003. The difference between income tax expense and the amount computed by applying the statutory income tax rates to income before income taxes is summarized as follows:

	2001	2002	2003	2003
	<i>(Thousands of yen)</i>			<i>(U.S. dollars in thousands)</i>
Tax at statutory rate	¥3,961,626	¥1,050,620	¥1,226,943	\$10,059
Tax effect of:				
Non-deductible expenses	18,201	6,088	6,198	51
Changes in statutory tax rate	—	—	1,776	15
Other items, net	(42,232)	(22,723)	(21,422)	(176)
Income tax expense	¥3,937,595	¥1,033,985	¥1,213,495	\$ 9,949

In March 2003, the Japanese government enacted a tax law change that will result in a decrease in the aggregate statutory tax rate for the Company's fiscal year beginning on April 1, 2004. The effect of this change on the Company's 2003 income tax expense is included in the above table as the change in statutory tax rate.

Deferred income taxes reflect the net tax effect of the temporary differences between the amounts of the assets and liabilities recorded for financial and income tax purposes. Significant components of the Company's deferred tax assets as of March 31, 2002 and 2003 were as follows :

	2002	2003	2003
	<i>(Thousands of yen)</i>		<i>(U.S. dollars in thousands)</i>
Deferred tax assets:			
Accrued enterprise tax	¥ 12,453	¥ 97,212	\$ 809
Loss on disposal of inventory	13,539	10,886	91
Warranty reserve	8,849	9,725	81
Bonus payment reserve	36,485	123,580	1,028
Accrued severance benefit	19,691	43,869	365
Other	73,264	15,358	128
Total deferred tax assets	¥164,281	¥300,630	\$2,502

Note 9. Employees' and Directors' Retirement Benefits

The Company has a defined benefit pension plan that covers substantially all employees. Benefits under the plan are based on the employees' compensation as of the date of retirement and years of service. The Company's policy is to fund amounts which are actuarially determined to provide the plans with sufficient assets to meet future benefit payment requirements. Assets of the plan are invested in equity securities, debt securities, money market instruments, and insured products.

The Company also provides certain defined benefits to its statutory auditors and directors who are not statutory auditors, directors or employees of SHI, Axcelis or one of their affiliates. Their benefits are based on years of service, compensation at retirement and position. This plan is unfunded.

The reconciliation of beginning and ending balances of the projected benefit obligation and plan assets, and the funded status of the Company's plans are as follows :

	2002	2003	2003
	<i>(Thousands of yen)</i>		<i>(U.S. dollars in thousands)</i>
Change in projected benefit obligation			
Projected benefit obligation at beginning of year	¥ 447,041	¥ 568,520	\$ 4,334
Service cost	52,178	52,628	431
Interest cost	12,688	13,449	110
Actuarial gains and losses	64,445	(5,630)	(46)
Foreign currency exchange rate changes	—	—	458
Change in additional minimum liability	—	17,388	145
Benefits paid	(7,832)	(6,056)	(50)
Benefit obligation at end of year	568,520	647,050	5,382
Change in plan assets			
Fair value of plan assets at beginning of year	273,841	329,278	2,510
Actual return on plan assets	(14,570)	(54,383)	(446)
Foreign currency exchange rate changes	—	—	231
Contributions	77,839	75,322	618
Benefits paid	(7,832)	(6,056)	(50)
Fair value of plan assets at end of year	329,278	344,161	2,863
Funded status	(239,242)	(302,889)	(2,519)
Unrecognized transition obligation	86,164	75,393	627
Unrecognized net loss	57,318	119,019	990
Net amount recognized	¥ (95,760)	¥(108,477)	\$ (902)
Total amount recognized in the consolidated balance sheets:			
Net amount recognized	¥ (95,760)	¥ (91,089)	\$ (758)
Minimum pension liability-before income tax	—	(17,388)	(144)
Accrued pension cost	¥ (95,760)	¥(108,477)	\$ (902)

The components of net pension expense of the Company's plans for the years ended March 31, 2003, 2002 and 2001 were as follows:

	2001	2002	2003	2003
		<i>(Thousands of yen)</i>		<i>(U.S. dollars in thousands)</i>
Service cost	¥46,112	¥ 52,178	¥ 52,628	\$ 431
Interest cost	12,688	12,688	13,449	110
Expected return on plan assets	(8,007)	(10,954)	(13,171)	(108)
Net amortization and deferrals	9,738	10,771	10,994	90
Net pension expense	¥60,531	¥ 64,683	¥ 63,900	\$ 523

The aggregate accumulated benefit obligation of this plan was as follows:

	2002	2003	2003	
		<i>(Thousands of yen)</i>		<i>(U.S. dollars in thousands)</i>
Aggregate accumulated benefit obligation	¥372,844	¥415,327	\$3,455	

The discount rates and weighted average rates of increases in future salary levels used in determining the actuarial present value of the projected benefit obligation and the expected long-term rates of return on plan assets for the years ended March 31, 2001, 2002 and 2003 were as follows:

	2001	2002	2003
Discount rate	3.0%	2.5%	2.0%
Weighted average rates of increases in future salary levels	2.67%	2.67%	2.67%
Expected long-term rates of return on plan assets	4.0%	4.0%	4.0%

Note 10. Shareholders' Equity

On October 1, 2001, an amendment ("Amendment") to the Commercial Code of Japan ("Code") became effective. The Amendment eliminates the stated par value of the Company's outstanding shares which results in all outstanding shares having no par value as of October 1, 2001. The Amendment also provides that share issuances after September 30, 2001 will be of shares with no par value. Before the Amendment, the Company's shares had a par value of ¥50 per share.

The Code provides that an amount equal to at least 10% of the amount to be disbursed as a distribution of earnings be appropriated to the legal reserve until the total of such reserve and the additional paid-in capital account equals 25% of the common stock account. The Codes also provides to the extent that the sum of additional paid-in capital account and the legal reserve account exceed 25% of the common stock account then the amount of the excess (if any) is available for appropriations by resolution of the shareholders.

Retained earnings available for dividends under the Code are based on the amount presented in the Company's non-consolidated financial statements, which are prepared in accordance with accounting principles and practices generally accepted in Japan. Under the Code, the amount of retained earnings available for dividends as of March 31, 2003 amounted to ¥19,060 thousand (U.S.\$159 thousand).

Note 11. Financial Instruments

The total carrying amount reported in the balance sheets for financial instruments, cash and cash equivalents, notes and accounts receivables, short-term debt, notes and accounts payables approximates their respective fair value.

Note 12. Supplemental Balance Sheet Information

Changes in allowance for doubtful accounts:

	2001	2002	2003	2003
		<i>(Thousands of yen)</i>		<i>(U.S. dollars in thousands)</i>
Balance at beginning of period	¥43,747	¥ 64,702	¥ 23,958	\$ 182
Charged or credited to SG&A expenses	20,955	(40,744)	(14,326)	(117)
Foreign currency exchange rate changes				15
Balance at end of period	¥64,702	¥ 23,958	¥ 9,632	\$ 80

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Mary G. Puma, President and Chief Executive Officer

CERTIFICATION
of the Principle Executive Officer of Axcelis Technologies, Inc.
under Section 302 of the Sarbanes-Oxley Act of 2002

I, Mary G. Puma, certify that:

1. I have reviewed this annual report on Form 10-K/A of Axcelis Technologies, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report.
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 30, 2003

By: /s/ Mary G. Puma

Mary G. Puma
President and Chief Executive Officer

CERTIFICATION
of the Principle Financial Officer of Axcelis Technologies, Inc.
under Section 302 of the Sarbanes-Oxley Act of 2002

I, Stephen G. Bassett, certify that:

1. I have reviewed this annual report on Form 10-K/A of Axcelis Technologies, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report.
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
- a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 30, 2003

By: /s/ Stephen G. Bassett

Stephen G. Bassett
Chief Financial Officer

AXCELIS TECHNOLOGIES, INC.

INDEX TO EXHIBITS

to Form 10-K for the Year ended December 31, 2002.

These Exhibits are numbered in accordance with the Exhibit Table of Item 601 of Regulation S-K:

<u>Exhibit No.</u>	<u>Description</u>
2.1	Tax Sharing and Indemnification Agreement between Eaton Corporation and the Company. Incorporated by reference from Exhibit 2.5 of the Company's Registration Statement on Form S-1 (Registration No. 333-36330).
3.1	Amended and Restated Certificate of Incorporation of the Company. Incorporated by reference from Exhibit 3.1 of the Company's Registration Statement on Form S-1 (Registration No. 333-36330).
3.2	Bylaws of the registrant, as amended as of January 23, 2002. Incorporated by reference from Exhibit 3.2 of the Company's Form 10-K for the year ended December 31, 2001, filed with the Commission on March 12, 2002.
3.3	Certificate of Designation of Series A Participating Preferred Stock, filed with the Secretary of State of Delaware on July 5, 2000. Incorporated by reference from Exhibit 3.3 of the Company's Form 10-K for the year ended December 31, 2000, filed with the Commission on March 30, 2001.
4.1	Specimen Stock Certificate. Incorporated by reference from Exhibit 4.1 of the Company's Registration Statement on Form S-1 (Registration No. 333-36330).
4.2	Rights Agreement between the Company and EquiServe Trust Company, N.A. Incorporated by reference from Exhibit 4.1 of the Company's Registration Statement on Form S-1 (Registration No. 333-36330).
4.3	Indenture between the Company and State Street Bank and Trust Company, as trustee, including the

form of note, dated as of January 15, 2002. Incorporated by reference from Exhibit 4.1 to the Company's Report on Form 8-K filed with the Commission on January 15, 2002.

- 4.4 Registration Rights Agreement by and among the Company, Morgan Stanley & Co., Incorporated, Salmomon Smith Barney Inc. and SG Cowen Securities Corporation, dated as of January 15, 2002. Incorporated by reference from Exhibit 4.2 to the Company's Report on Form 8-K filed with the Commission on January 15, 2002.
- 4.5 Revolving Credit Agreement dated as of October 11, 2001, among the Company, ABN Amro Bank N.V. and the other lenders named therein, as amended. Pursuant to Regulation S-K, Item 601(b)(4)(iii), this exhibit has not been filed, since the total amount does not exceed 10% of the Company's total assets at this time. The Company will furnish a copy of the Credit Agreement to the Commission on request.
- 10.1* 2000 Stock Plan, as amended on July 31, 2001. Incorporated by reference from Exhibit 10.1 from the Company's Report on Form 10-Q for the quarter ended June 30, 2001, filed with the Commission on August 14, 2001.
- 10.2* Employee Stock Purchase Plan. Incorporated by reference from Exhibit 10.2 from the Company's Report on Form 10-Q filed with the Commission on November 14, 2000.
- 10.3 Form of Indemnification Agreement entered into by the Company with each of its directors and executive officers. Incorporated by reference from Exhibit 10.2 of the Company's Registration Statement on Form S-1 (Registration No. 333-36330).
- 10.4* Form of Change in Control Agreement between the registrant and certain of its executive officers. Incorporated by reference from Exhibit 10.3 of the Company's Registration Statement on Form S-1 (Registration No. 333-36330).
- 10.5* Intentionally omitted.
- 10.6* Intentionally omitted.
- 10.7* Employment Agreement between the Company and Mary G. Puma. Incorporated by reference from Exhibit 10.5 of the Company's Registration Statement on Form S-1 (Registration No. 333-36330).
- 10.8** Organization Agreement dated December 3, 1982 between Eaton Corporation and Sumitomo Heavy Industries, Ltd. relating to Sumitomo Eaton Nova Corporation, as amended. Incorporated by reference from Exhibit 10.6 of the Company's Registration Statement on Form S-1 (Registration No. 333-36330).
- 10.9** Master License Agreement dated January 16, 1996 between Eaton Corporation and Sumitomo Eaton Nova Corporation. Incorporated by reference from Exhibit 10.7 of the Company's Registration Statement on Form S-1 (Registration No. 333-36330).
- 14.1 Ethical Business Conduct at Axcelis, revised through January 2003. Filed with original 10-K on March 28, 2003.
- 21.1 Subsidiaries of the Company. Filed with original 10-K on March 28, 2003.
- 23.1 Consent of Ernst & Young LLP, Independent Auditors. Filed with original 10-K on March 28, 2003.
- 23.2 Consent of Ernst & Young, Independent Auditors, relating to financial statements of Sumitomo Eaton Nova Corporation. Filed herewith.
- 99.1 Factors affecting future operating results as of December 31, 2002. Filed with original 10-K on March 28, 2003.
- 99.2 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes Oxley Act, dated June 30, 2003. Filed herewith.
- 99.3 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act, dated June 30, 2003. Filed herewith.
- 99.4 Charter of the Audit Committee of the Board of Directors of Axcelis, as adopted on January 23, 2003. Filed with original 10-K on March 28, 2003.
- 99.5 Governance Policies adopted by the Board of Directors of Axcelis on September 26, 2002. Filed with original 10-K on March 28, 2003.
- 99.6 Charter of the Nominating and Governance Committee of the Board of Directors, as adopted on September 26, 2002. Filed with original 10-K on March 28, 2003.
- 99.7 Charter of the Compensation Committee of the Board of Directors of Axcelis, as adopted on January 23, 2003. Filed with original 10-K on March 28, 2003.

* Indicates a management contract or compensatory plan.

Certain confidential information contained in the document has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended, or Rule 24b-2 promulgated under the Securities and Exchange Act of 1934, as amended

CONSENT OF ERNST & YOUNG, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-85214) of Axcelis Technologies, Inc. and related Prospectus, the Registration Statement (Form S-8 No 333-49726) pertaining to the Axcelis Technologies, Inc. Employee Stock Purchase Plan and the Registration Statement (Form S-8 No. 333-46768) pertaining to the Axcelis Technologies, Inc. 2000 Stock Plan, of our report dated April 25, 2003, with respect to the consolidated financial statements of Sumitomo Eaton Nova Corporation included in the Axcelis Technologies, Inc. amended Annual Report (Form 10-K/A) for the year ended December 31, 2002.

/s/ ERNST & YOUNG

Tokyo, Japan
June 23, 2003

AXCELIS TECHNOLOGIES, INC.

Certification of the Chief Executive Officer

Pursuant to Section 1350 of Chapter 63 of title 18 of the United States Code

The undersigned Chief Executive Officer of Axcelis Technologies, Inc., a Delaware corporation, hereby certify, for the purposes of Section 1350 of Chapter 63 of title 18 of the United States Code (as implemented by Section 906 of the Sarbanes-Oxley Act of 2002) as follows:

This Form 10-K/A annual report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and the information contained herein fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned have executed this Certification as of June 30, 2003.

/s/ Mary G. Puma

Mary G. Puma
Chief Executive Officer of Axcelis Technologies, Inc.

AXCELIS TECHNOLOGIES, INC.

Certification of the Chief Financial Officer

Pursuant to Section 1350 of Chapter 63 of title 18 of the United States Code

The undersigned Chief Financial Officer of Axcelis Technologies, Inc., a Delaware corporation, hereby certify, for the purposes of Section 1350 of Chapter 63 of title 18 of the United States Code (as implemented by Section 906 of the Sarbanes-Oxley Act of 2002) as follows:

This Form 10-K/A annual report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and the information contained herein fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned have executed this Certification as of June 30, 2003.

/s/ Stephen G. Bassett

Stephen G. Bassett
Chief Financial Officer of Axcelis Technologies, Inc.