UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K/A
(Amendment No. 1)

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 31, 2001

Or

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

For the transition period from -------------------- to --------------------

Commission File Number: 0-20289

KEMET Corporation
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	57-0923789 (IRS Employer Identification No.)
2835 KEMET Way, Simpsonville, South Carolina (Address of principal executive offices)	29681 (Zip Code)

Registrant's telephone number including area code: (864)963-6300

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

<TABLE>
<CAPTION>

Title of each class	Name of each exchange on which registered
<S>	<C>

</TABLE>

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

Common Stock, $.01 Par Value
- --
(Title of class)

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. [X] 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. [X]

Aggregate market value of voting Common Stock held by non-affiliates of the registrant as of June 1, 2001, computed by reference to the closing sale price of the registrant's Common Stock was approximately $1,607,574,363.

Number of shares of each class of Common Stock outstanding as of June 1, 2001:

Common Stock, $.01 Par Value 87,725,617

EXPLANATORY NOTE

This Annual Report on Form 10-K/A is being filed for the sole purpose of correcting a technical formatting error contained in several of the tables in the Company's Annual Report on Form 10-K originally filed on June 15, 2001. No other changes to the original filing are contained in this filing.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of the definitive Proxy Statement relating to the annual meeting of Stockholders to be held on July 25, 2001: Part III

PART I

ITEM 1. BUSINESS

General

KEMET Corporation and subsidiaries ("KEMET" or the "Company") is the world's largest manufacturer of solid tantalum capacitors, the fourth largest manufacturer of multilayer ceramic capacitors ("MLCC"), and a leader in the development of solid aluminum capacitors, based on net sales for the calendar year ending December 31, 2000. According to industry sources, solid tantalum, ceramic, and solid aluminum capacitors, which can be surface mount, are the two fastest growing sectors of the United States capacitor industry. In fiscal year 2001, KEMET generated net sales of $1,406.1 million, up 71% from $822.1 million in fiscal year 2000. International sales accounted for approximately 54% of the net sales for fiscal year 2001. During fiscal year 2001, the Company shipped approximately 36.1 billion capacitors, comprised of approximately 35,000 different types of capacitors.

Capacitors are electronic components that store, filter, and regulate electrical energy and current flow and are one of the essential passive components used on circuit boards. Virtually all electronic applications and products contain capacitors. Capacitors alter the relationship of currents and voltages in a given electrical system, filter or smooth out electrical signals where required, and retard signals of low frequencies while permitting signals of higher frequencies to pass with minimal attenuation. Different types of capacitors are distinguished based on dielectric material, configuration, encapsulation capacitance level and tolerance, performance characteristics, marking and packaging. In addition, capacitors differ based on the method employed to attach them to the circuit board. Surface-mounting allows capacitors to be soldered directly to a circuit board, rather than having lead wires passed through holes to be soldered on the reverse side of a board.

A wide variety of electronic applications utilize KEMET capacitors. These applications include communication systems, data processing equipment, personal computers, cellular phones, automotive electronic systems, and military and aerospace systems.

KEMET utilizes a direct sales force to market its capacitors to the world's most successful OEMs, Electronics Manufacturing Services providers, and electronics distributors. The Company's customers include Alcatel, Arrow Electronics, Avnet, Celestica, Compaq, Dell, Flextronics, Ford, General Motors, Hewlett-Packard, IBM, Intel, Jabil, Jaco, Lucent Technologies, Motorola, Natsteel, Nokia, Pioneer, Qualcomm, SCI, Siemens, Solectron, TTI and Visteon (formerly part of Ford).

Since its divestiture from Union Carbide ("UCC") in December 1990, the Company's mission has been to be the preferred capacitor supplier to the world's most successful electronics companies and to establish a distinctive competence that differentiates KEMET as the unquestioned best-in-class supplier. The core values that support this vision are:

- Best trained and motivated people;
- Company-wide quality concept (as evidenced by ISO 9000 and QS-9000 registration at all of KEMET's facilities);
- An easy-to-buy-from philosophy (supported by the Company's direct sales force and executed by KEMET's key account teams);
- Lowest cost producer (by achieving significant production cost savings through the focused plant concept and the transfer to and expansion of manufacturing operations in Mexico where the Company can take advantage of lower overall costs); and
- Leading edge of technology (as evidenced by the Company's continued increase in expenditures for new product development and the design and development of new machinery and equipment).

Background of Company

KEMET's operations began in 1919 as a business of UCC to manufacture component parts for vacuum tubes. As vacuum tubes were gradually replaced by solid-state transistors, the Company changed its manufacturing focus from vacuum tube parts to tantalum capacitors, and later added ceramic capacitors to meet the expected need for capacitors in electronic circuit boards. The Company entered the market for tantalum capacitors in 1958 as one of approximately 25 United States manufacturers. By 1966, the Company was the United States' market leader in tantalum capacitors, a position that it still holds in an industry consisting of three major tantalum capacitor manufacturers. In 1969, the

Company began production of ceramic capacitors as one of approximately 35 United States manufacturers. Within five years, the Company was the second largest United States manufacturer of ceramic capacitors and fourth in the world.

The current Company was formed in 1990 by certain members of the Company's current management, Citicorp Venture Capital, Ltd. ("CVC"), and other investors that acquired the outstanding common stock of KEMET Electronics Corporation from UCC.

Public Offerings, Recapitalization and Stock Purchases

In October 1992, the Company completed an initial public offering of its common stock and a related recapitalization to simplify its capital structure. In June 1993, the Company completed an additional public offering of common stock and used the net proceeds to reduce outstanding indebtedness.

In January 2000, the Company sold 6,500,000 shares of its common stock in a public offering for $142.6 million in net cash proceeds after deducting underwriting fees and offering expenses. Included in the offering were 2,193,220 shares sold by a stockholder of the Company which were shares of non-voting common stock that were converted into common stock on a share-for-share basis. The net proceeds were used to repay outstanding debt under the Company's short-term credit facility and to fund capital expenditures.

In August 2000, the Company announced that its Board of Directors had authorized a program to purchase up to 4.0 million shares of its common stock in the open market. At March 31, 2001, the Company made direct purchases of 1.6 million shares for $29,315 and had outstanding put option obligations for 1.9 million shares with an average exercise price of $18.31 under the program. The program was fulfilled in April 2001, at which time the Company announced that its Board of Directors had authorized a second 4.0 million share stock purchase program. The amount and timing of purchases will depend on market conditions and other factors. The program will be funded from existing cash, and a combination of direct purchases and/or put options may be used to execute the program.

Stock Splits

In September 1995, the Board of Directors declared a two-for-one stock split whereby one additional common share, par value $.01, was issued for each common share outstanding to shareholders of record on September 13, 1995.

In May 2000, the Company's Board of Directors declared a two-for-one stock split. The record date for the split was May 24, 2000, with distribution of the additional shares on June 1, 2000. All references in the consolidated financial statements to number of shares outstanding, price per share, per-share amounts and stock option plan data have been restated to reflect the split.

Refinancing of Outstanding Senior Debt

In October 1996, the Company refinanced the entire balance of its outstanding revolving credit facility and swingline credit facility with new credit facilities. These new credit facilities, each of which had an initial term of five years, include a $150.0 million revolving credit facility and a $10.0 million swingline credit facility. (The term of each of these credit facilities was extended by one year to October 18, 2002.) In May 1998, the Company sold $100 million of its Senior Notes due May 4, 2010.

The Capacitor Industry

The Company estimates that worldwide capacitor consumption was approximately $20.0 billion in the calendar year ending December 31, 2000, with tantalum and multilayer-ceramic capacitors comprising approximately 49% of the market. According to industry sources, tantalum capacitors and MLCC's accounted for approximately 81% of the $4.1 billion market for capacitors consumed in the United States in 2000 and constituted the two fastest growing sectors of the United States capacitor market.

Because of their fundamental nature and widespread application, demand for capacitors tends to reflect the general demand for electronic products, which has been growing over the past several years. Growth in the electronics market and the corresponding growth in the capacitor market has been fueled by:

- the development of new products and applications, such as cellular phones, personal computers and electronic controls for engines and machinery;

- the increase in the electronic content of existing products, such as home appliances, medical equipment and automobiles; and

- the growth in the number of capacitors required in certain complex

electronic products that use state-of-the-art microprocessors.

The capacitor industry has shifted its manufacturing focus from traditional leaded capacitors toward surface-mount capacitors in order to increase circuit board densities, decrease the size of electronic components, and more highly automate production. Surface-mount capacitors are generally smaller than similar leaded capacitors and can be mounted on both sides of a circuit board. To meet the increased demand for surface-mount capacitors, the Company has invested $550.9 million in capital expenditures during the past five fiscal years with a substantial portion spent to expand surface-mount manufacturing capacity.

Our Strategy

KEMET has used its position as a leading, high-quality manufacturer of capacitors to capitalize on the increasingly demanding requirements of its customers. Key elements of the Company's strategy include the following business objectives:

Maintaining Long-Term Customer Relationships. KEMET continually seeks to maintain the number of business relationships it has with leading electronics companies and to increase the percentage of each key customers' requirements which the Company supplies under these relationships. Key customers have moved toward long-term buying relationships with a limited number of capacitor manufacturers as a method to increase long-term quality and reduce the overall cost of acquiring component products. Key customers are demanding increased levels of service to provide ease of ordering, just-in-time delivery to multiple facilities, flexible scheduling, computerized paperless purchasing, specialized packaging, and a full breadth of product offerings. KEMET believes that it has responded to each of these customer needs and positioned the Company to capture a larger portion of OEMs' capacitor supply requirements. In addition, KEMET will continue to develop and expand preferred supplier relationships with its customers to ensure its ability to meet their rapidly changing demands. Preferred supplier and other similar long-term relationships accounted for more than 90% of KEMET's net sales for fiscal year 2001.

Providing Product Breadth and Service Flexibility. KEMET manufactures a full line of products with different specifications in order to respond to the needs of its customers. During fiscal year 2001, the Company manufactured approximately 36.1 billion capacitors, comprised of approximately 35,000 different types of capacitors, with types being distinguished by dielectric material, configuration, encapsulation, capacitance level and tolerance, performance characteristics, marking, and packaging.

KEMET believes that it is a market leader in reliable and timely delivery of capacitor products. As most key customers have moved to just-in-time inventory management, the timeliness and reliability of shipments by their suppliers have become increasingly important. The Company has designed its manufacturing facilities and order entry system to respond quickly to customer needs and has invested over $10.0 million in an easy-to-buy-from order entry system. KEMET's order entry system provides on-line pricing, scheduled delivery dates, and accurate inventory information and provides a direct link between the Company and its major distributors.

Manufacturing High-Quality Products. KEMET is a leader in an industry in which customers require high-quality standards and exacting product specifications. The Company emphasizes continuous product improvement and a company-wide commitment to quality. As a result, KEMET has received numerous quality awards from customers such as Alcatel, AT&T, Ford, General Instrument, General Motors, Honeywell, Intel, Motorola, Rockwell International, Rolm Systems, Solectron, Sun Microsystems, Texas Instruments, and 3Com.

Investing in Surface-Mount Manufacturing Capacity. Demand for capacitors has continued to evolve from leaded toward surface-mount capacitors, as KEMET's customers continue to increase circuit board densities and shift to more highly automated production techniques. The Company believes that by increasing surface-mount capacity to meet the demands of its OEM customers, it will increase sales in the growing surface-mount capacitor market. During the past five fiscal years, the Company has invested $550.9 million in capital expenditures, a substantial portion of which was spent to expand surface-mount manufacturing capacity. KEMET intends to make further capital investments in surface-mount manufacturing capacity in order to serve the growing needs of its customers. For fiscal year 2001, sales of surface-mount capacitors accounted for approximately 90% of the net sales, as compared to 86% for fiscal year 2000 and 81% for fiscal year 1999.

Improving Current Products and Developing New Products. KEMET's customers increasingly look for greater capacitance in smaller products, higher frequency response for fast microprocessors, and lower resistance to extend battery life in portable electronics. To respond to its customers' needs, the Company has several high capacitance, high frequency response, low electrical series resistance (ESR) product development initiatives. The Company has a technical alliance with NEC Corporation to produce KO-CAPS (high-capacitance, low ESR , organic polymer tantalum capacitors). Advanced tantalum capacitors

also include MATS (ultra-low ESR, multiple anode tantalums). A technical alliance with Showa Denko K.K. allows the Company to produce AO-CAPS (solid conductive polymer aluminum surface-mount capacitors.) The Company's inaugural shipments of KO-CAPS and MATS began in early fiscal 2001 and shipments of AO-CAPS began late in fiscal 2001. Another significant product development initiative includes high capacitance, base metal electrode ceramic capacitors.

Remaining an Overall Low-cost Producer. KEMET's customers are under worldwide competitive pressure to reduce their product costs and these pressures are passed along to component manufacturers. The Company believes that it has achieved a leading position as an overall low-cost producer of capacitors. To maintain this position, it is constantly seeking to reduce material and labor costs, develop cost-efficient manufacturing equipment and processes, and design manufacturing plants for efficient production.

KEMET has been able to reduce the manufacturing cost of its products by increasing materials utilization efficiency and production yields. In addition, the Company has been successful at reducing assembly direct labor costs by locating plants in areas with relatively low-cost labor. KEMET capacitors have been assembled in Mexico for over 30 years.

KEMET has a dedicated engineering team that continues to develop faster and more efficient automated manufacturing, assembly, testing, and packaging machines and processes. The Company has designed each of its manufacturing and assembly facilities to produce one product or a family of closely related products. KEMET's management believes that this focused approach to manufacturing allows each facility to shorten manufacturing time, optimize product flow, and avoid long and costly equipment retooling and employee training time, all of which lead to overall reduced costs.

Capacitors

Capacitors are electronic components consisting of conducting materials separated by a dielectric or insulating material (such as tantalum, ceramic, aluminum, film, paper or mica), which allow a capacitor to interrupt the flow of electrical current. They are divided between leaded and surface-mount capacitors, describing the method by which the capacitors are attached to the circuit board.

KEMET manufactures a full line of capacitors using three types of dielectrics, solid tantalum, multilayer ceramic and solid aluminum, which were introduced late in fiscal year 2000. Most customers buy both tantalum and ceramic capacitors from the Company. KEMET manufactures these types of capacitors in many different sizes and configurations. The Company produces leaded capacitors, which are attached to a circuit board using lead wires, and surface-mount capacitors, which are attached directly to the circuit board without lead wires.

The choice of capacitor dielectric is driven by the engineering specifications and application of the component product into which the capacitor is incorporated. Product design engineers in the electronics industry typically select capacitors on the basis of capacitance levels, size and cost. Tantalum and ceramic capacitors continue to be the preferred dielectrics in new design applications, as compared to capacitors made of other dielectrics. Tantalum and ceramic capacitors are commonly used in conjunction with integrated circuits, and are best suited for applications requiring lower to medium capacitance values. Generally, ceramic capacitors are more cost-effective at lower capacitance values, tantalum capacitors are more cost-effective at higher capacitance values, and solid aluminum capacitors are expected to be more cost effective at higher capacitance values.

Management believes that sales of surface mount capacitors, including MLCC's, solid tantalum, and solid aluminum capacitors will continue to grow more rapidly than other types of capacitors in both the United States and worldwide markets because technological breakthroughs in electronics are regularly expanding the number and type of applications for these products. Tantalum, MLCC, and solid aluminum capacitors have special properties valuable for surface-mount applications.

Leaded and Surface-Mount Capacitors

The Company manufactures both leaded and surface-mount capacitors. The capacitors are distinguished based on the method by which they are attached to the circuit board. Despite the differences in configuration between leaded and surface-mount capacitors, both types of capacitors rely on similar technology.

The manufacture of the internal capacitor element is the same whether it is ultimately incorporated into a leaded or surface-mount capacitor. Consequently, much of the know-how and some of the capital equipment required to produce these products is common. The primary distinction between leaded and surface-mount capacitors occurs in the assembly, testing and finishing stages, which utilize different equipment and processes. Surface-mount capacitors must be able to withstand temperatures up to 260 degrees Centigrade during circuit board assembly and are placed on circuit boards using

high-speed automatic placement equipment. These requirements result in quality and process standards greater than those demanded for leaded components.

The Company believes it has taken advantage of the growth of the surface-mount capacitor market and is an industry leader in designing and marketing surface-mount capacitors. Demand has shifted from leaded to surface-mount capacitors because surface-mount capacitors are more commonly incorporated into new product designs which rely on higher density circuit boards. As a result, worldwide sales of leaded capacitors have been declining over the past six years and have been offset by an increase in worldwide sales of surface-mount capacitors. Consequently, although KEMET intends to make further capital investments in surface-mount manufacturing capacity to serve the growing needs of its customers, the Company's results of operations and growth prospects could be adversely affected in the event that the Company does not continue to increase its production and sales of surface-mount capacitors.

The following table shows the respective percentages of the Company's sales of surface-mount capacitors and leaded capacitors for the fiscal years ended March 31, 2001, 2000, and 1999.

<TABLE>
<CAPTION>

Net Sales (dollars in millions)

Fiscal Years Ended March 31,

	2001		2000		1999	
	Sales	Percent	Sales	Percent	Sales	Percent
Surface-mount	$1,261.9	90%	$711.0	86%	$459.3	81%
Leaded	144.2	10%	111.1	14%	106.3	19%
	$1,406.1	100%	$822.1	100%	$565.6	100%

</TABLE>

Markets and Customers

KEMET's products are sold to a variety of OEMs in a broad range of industries including the computer, communications, automotive, military and aerospace industries. KEMET also sells an increasing number of its products to EMS providers, which also serve OEMs in these industries. The Company is not dependent on any one customer or group of related customers. Two customers in fiscal year 2001 and one customer in fiscal years 2000 and 1999 accounted for over 10% of the Company's net sales. The Company's top 50 customers accounted for approximately 91% of the Company's net sales during fiscal year 2001.

Preferred supplier and similar long-term relationships with key customers accounted for over 90% of the Company's net sales in fiscal years 2001, 2000, and 1999.

The following table presents an overview of the diverse industries that incorporate the Company's capacitors into their products and the general nature of those products.

<TABLE>
<CAPTION>

Industry	Products
Automotive	Audio systems, power train electronics, instrumentation, airbag systems, anti-lock braking systems, electronic engine controls, air conditioning controls, and security systems
Business Equipment	Copiers, point-of-sale terminals, and fax machines
Communications	Cellular phones, modems, telephones, switching equipment, and relays
Computer-related	Personal computers, workstations, mainframes, computer peripheral equipment, power supplies, disk drives, printers, and local area networks

Industrial	Electronic controls, measurement equipment, instrumentation, and medical electronics
Military/Aerospace	Avionics, radar, guidance systems, and satellite, communications

</TABLE>

KEMET produced a small percentage of its capacitors under military specification standards sold for both military and commercial uses during fiscal year 2001. The Company does not sell any of its capacitors directly to the U.S. government. Although the Company does not track sales of capacitors by industry, the Company estimates that sales of its capacitors to OEMs which produce products principally for the military and aerospace industries accounted for less than 2% of its net sales during fiscal year 2001. Certain of the Company's other customers may also purchase capacitors for products in the military and aerospace industries.

Sales and Distribution

KEMET's domestic sales, and most of its international sales, are made through the Company's direct sales and customer service employees. The Company's domestic sales staff is located in seven regional offices, fourteen local offices, and five satellite offices. A substantial majority of the Company's international sales are made through four regional, three local, and nine satellite offices in Europe, six Far East locations, two Canadian locations, and one Mexican location. The Company also has independent sales representatives located in Argentina, Brazil, Israel, Puerto Rico, Canada, and the United States.

KEMET markets and sells its products in its major markets with a direct sales force in contrast to its competitors which generally utilize independent commissioned representatives or a combination of representatives and direct sales employees. The Company believes its direct sales force creates a distinctive competence in the market place and has established an enviable relationship with its customers. With a global sales organization that is customer-based, KEMET's direct sales personnel from around the world serve on KEMET Key Account Teams. These teams are committed to serving any customer location in the world with a dedicated KEMET representative. This approach requires a unique blend of accountability and responsibility to specific customer locations, guided by an overall account strategy for each key customer.

Electronics distributors are an important distribution channel in the electronics industry and accounted for approximately 39%, 39%, and 29% of the Company's net sales in fiscal years 2001, 2000, and 1999, respectively. In fiscal year 2001, two distributors of passive components each accounted for more than 10% of net sales.

The Company's distributor policy includes the inventory price protection and "ship-from-stock and debit" programs common in the industry. The price protection policy protects the value of the distributors' inventory in the event the Company reduces its published selling price to distributors. The Company has established a rolling 12-month financial reserve for this program. The ship-from-stock and debit program provides a mechanism for the distributor to meet a competitive price after obtaining authorization from the local Company sales office. This program allows the distributor to ship its higher-priced inventory and debit the Company for the difference between KEMET's list price and the lower authorized price for that specific transaction. Each sale under this program requires specific authorization. The Company expenses these authorized discounts on a monthly basis and the expense is included in calculating net sales.

International Sales

During fiscal year 2001, net sales outside of North America were approximately $763.7 million of capacitors, representing approximately 54% of the Company's net sales. Although management believes that the Company is able to provide a level of delivery and service that is competitive with local suppliers, the Company's capacitor market shares in European and Asian markets tend to be significantly lower than in the United States because some international electronics manufacturers prefer to purchase components from local producers. As a result, a large percentage of the Company's export sales are made to foreign operations of U.S. manufacturers. A portion of the Company's European sales are denominated in local currencies and the Euro; therefore, a significant appreciation of the U.S. dollar against such foreign currencies or the Euro would reduce the gross profit realized by the Company on its European sales as measured in U.S. dollars. Substantially all of the Company's European export shipments are made duty-paid, free delivery as required by local market conditions (see note 9 to Consolidated Financial Statements).

Inventory and Backlog

Although the Company manufactures and inventories standardized products, a portion of its products are produced to meet specific customer requirements. Cancellations by customers of orders already in production could have an impact on inventories; however, cancellations have not been significant to date.

The backlog of outstanding orders for the Company's products was $168.6 million, and $354.2 million, at March 31, 2001 and 2000, respectively. The Company believes the decrease was primarily a result of a industry-wide cyclical correction of a long-term growth phase that originated in the fourth quarter of fiscal year 2001 as opposed to the growing demand in the prior fiscal year. The current backlog is expected to be filled during the next three months. Most of the orders in the Company's backlog may be canceled by its customers, in whole or in part, although some may be subject to penalty.

Competition

The market for tantalum and ceramic capacitors is highly competitive. The capacitor industry is characterized by, among other factors, a long-term trend toward lower prices for capacitors, low transportation costs, and few import barriers. Competitive factors that influence the market for the Company's products include product quality, customer service, technical innovation, pricing, and timely delivery. The Company believes that it competes favorably on the basis of each of these factors.

The Company's major domestic competitors include AVX Corporation in the production of tantalum and ceramic capacitors and Vishay Intertechnology, Inc., in the production of tantalum and MLCC ceramic capacitors. The Company's major foreign competitors include AVX Corporation in the production of tantalum and ceramic capacitors, Murata Manufacturing Company Ltd. and TDK Corporation in the production of ceramic capacitors, and NEC Corporation in the production of tantalum capacitors.

Raw Materials

The most expensive raw materials used in the manufacture of the Company's products are tantalum powder, palladium and silver. These materials are considered commodities and are subject to price volatility. Tantalum powder is primarily purchased under annual contracts, while palladium and silver are primarily purchased on the spot and forward markets, depending on market conditions. For example, if the Company believes that prices are likely to rise, it may purchase a significant amount of its annual requirements for forward delivery.

There are presently three suppliers that process tantalum ore into capacitor-grade tantalum powder. Tantalum powder is a metal used in the manufacture of tantalum capacitors and is primarily purchased under annual contracts. Management believes the tantalum needed has generally been available in sufficient quantities to meet manufacturing requirements. However, the increase in demand for tantalum capacitors during fiscal year 2001, along with the limited number of tantalum powder suppliers, led to increases in tantalum prices and impacted availability. Tight supplies of tantalum raw material and some tantalum powders caused the price to increase from under $50 per pound

early in calendar 2000 to over $300 per pound late in the year. The Company was able to pass price increases to its customers due to the strong demand for capacitors but may not be able to do so in the future. Although the price of tantalum is down from its peak, the Company is exploring various alternative sources of supply to ensure a supply of tantalum at reasonable prices.

During fiscal 2001, the Company entered into a 50/50 joint venture agreement with Australian Gold Mines NL ("AGM") to establish an independent source of tantalum to meet the increasing demand for tantalum capacitors from key customers. This transaction closed in April 2001. The Company's initial investment in the joint venture is approximately $4.9 million, and the Company acquired a 10 percent interest in AGM for approximately $2.3 million. The Company has the right to acquire all processed tantalum products from the initial production plant, which began operations in the quarter ended March 31, 2001, and from any future processing operations. The products are expected to be toll converted into tantalum powder necessary for the production of capacitors. The Company anticipates that current mining operations will initially provide up to 10% to 15% of its annual tantalum requirements.

Although palladium is presently found primarily in South Africa and Russia, the Company believes that there are a sufficient number of domestic and foreign suppliers from which the Company can purchase its palladium requirements. Although palladium required by the Company has generally been available in sufficient quantities, the limited number of suppliers could lead to higher prices, and the inability of the Company to pass any increase on to its customers could have an adverse effect on the margin of those products in which the metal is used. The Company continues to take actions to minimize the impact of future palladium price increases on its profit margins. The Company

has a major product development initiative to shift from the production of MLCCs using palladium\silver electrodes to processes using base metal electrodes, such as nickel. At March 31, 2001, the Company had displaced approximately 50% of the palladium that it otherwise would have used to manufacture MLCCs.

Silver and aluminum have been generally been available in sufficient quantities, and the Company believes there are a sufficient number of suppliers from which the Company can purchase its requirements.

Patents and Trademarks

At March 31, 2001, the Company held 60 United States and 100 foreign patents and 9 United States and 71 foreign trademarks. The Company has entered into few licensing arrangements for technology or products as it believes that the success of its business is not materially dependent on the existence or duration of any patent, license, or trademark, other than the name "KEMET." The Company's engineering and research and development staffs have developed and continue to develop proprietary manufacturing processes and equipment designed to enhance the Company's manufacturing facilities and reduce costs.

Research and Development

Research and Development expenses were $26.2 million for fiscal year 2001 compared to $23.9 million for fiscal year 2000. These amounts include expenditures for product development, such as aluminum capacitors introduced in fiscal year 2001, and the design and development of machinery and equipment for new processes and cost reduction efforts. Most of the Company's products and manufacturing processes have been designed and developed by Company engineers. The Company continues to invest in new technology to improve product performance and production efficiencies.

Environmental

The Company is subject to various Mexican and United States federal, state, and local environmental laws and regulations relating to the protection of the environment, including those governing the handling and management of certain chemicals used and generated in manufacturing electronic components. Based on the annual costs incurred by the Company over the past several years,

management does not believe that compliance with these laws and regulations will have a material adverse effect on the Company's capital expenditures, earnings or competitive position. The Company believes, however, that it is reasonably likely that the trend in environmental litigation, laws, and regulations will continue to be toward stricter standards. Such changes in the law and regulations may require the Company to make additional capital expenditures which, while not currently estimable with certainty, are not presently expected to have a material adverse effect on the Company's financial condition. See "Legal Proceedings" for a discussion of certain other environmental matters.

Employees

As of May 31, 2001, KEMET had approximately 12,200 employees, of whom approximately 3,600 were located in the United States, approximately 8,400 were located in Mexico, and the remainder were located in the Company's foreign sales offices. The Company believes that its future success will depend in part on its ability to recruit, retain, and motivate qualified personnel at all levels of the Company. While none of its United States employees are unionized, the Company has approximately 6,000 hourly employees in Mexico represented by labor unions as required by Mexican law. The Company has not experienced any major work stoppages and considers its relations with its employees to be good. In addition, the Company's labor costs in Mexico are denominated in pesos, and Mexican inflation or a significant depreciation of the United States dollar against the Mexican peso would increase the Company's labor costs in Mexico.

ITEM 2. PROPERTIES

KEMET is headquartered in Greenville, South Carolina, and has a total of 16 manufacturing plants and distribution centers located in the southeastern United States and Mexico. The manufacturing operations are in Simpsonville, Mauldin, Fountain Inn, and Greenwood, South Carolina; Shelby, North Carolina; Matamoros, Monterrey, and Ciudad Victoria, Mexico. The Company's existing manufacturing and assembly facilities have approximately 2.2 million square feet of floor space and are highly automated with proprietary manufacturing processes and equipment.

The Mexican facilities operate under the Maquiladora Program. In general, a company that operates under the program is afforded certain duty and tax preferences and incentives on products brought back into the United States. The Company has operated in Mexico since 1969 and over 65% of its employees are located in Mexico. The Company's Mexican facilities in Matamoros are located within five miles of Brownsville, Texas, with easy access for daily

shipments of work-in-process and finished products. The Company also has manufacturing facilities in Monterrey which commenced operations in 1991. The Company constructed and put into production a new manufacturing plant in Monterrey in 1997. During fiscal year 2000, the Company began production in a new manufacturing facility for tantalum capacitors in Ciudad Victoria, Mexico. The Company's manufacturing processes and standards, including compliance with applicable environmental and worker safety laws and regulations, are essentially identical in the United States and Mexico. The Company's Mexican operations, like its United States operations, have won numerous quality, environmental, and safety awards.

Each of the Company's manufacturing and assembly facilities produces one product or a family of closely related products. Management believes that this focused approach to manufacturing allows each facility to shorten manufacturing time, optimize product flow, and avoid long and costly equipment retooling and employee training time, all of which leads to overall reduced costs.

The Company has developed just-in-time manufacturing and sourcing systems. These systems enable the Company to meet customer requirements for faster deliveries while minimizing the need to carry significant inventory levels. The Company continues to emphasize flexibility in all of its manufacturing operations to improve product delivery response times.

Management believes that substantially all of its property and equipment is in good condition and that it has sufficient capacity to meet its current and projected manufacturing and distribution needs for leaded capacitors. The Company continues to add capacity to meet its projected manufacturing and distribution needs for surface-mount capacitors.

The following table provides certain information regarding the Company's principal facilities:

<TABLE>
<CAPTION>

Location	Square Footage	Type of Interest	Description Of Use	Date Constructed Acquired or First Occupied by Company
Greenville, South Carolina	372,000	Owned	Manufacturing/Headquarters	1963
Matamoros, Mexico (2)	291,000	Owned	Manufacturing	1985
Monterrey, Mexico (1)	275,000	Owned	Manufacturing	1991
Ciudad Victoria, Mexico	259,000	Owned	Manufacturing	1999
Fountain Inn, South Carolina	249,000	Owned	Manufacturing	1985
Monterrey, Mexico	229,000	Owned	Manufacturing	1996
Mauldin, South Carolina	129,000	Owned	Manufacturing	1971
Shelby, North Carolina	117,000	Owned	Manufacturing	1982
Greenwood, South Carolina	113,000	Owned	Manufacturing	1981
Mauldin, South Carolina	80,000	Leased	Distribution/Storage	1976
Matamoros, Mexico	68,000	Owned	Manufacturing	1977

Brownsville, Texas	60,000	Leased	Shipping/Distribution
1992			

</TABLE>

(1) Includes two separate manufacturing facilities.
(2) Includes three separate manufacturing facilities.

ITEM 3. LEGAL PROCEEDINGS

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA") and certain analogous state laws, impose retroactive, strict liability upon certain defined classes of persons associated with releases of hazardous substances into the environment. Among those liable under CERCLA (known collectively as "potentially responsible parties" or "PRPs") is any person who "arranged for disposal" of hazardous substances at a site requiring response action under the statute. While a company's liability under CERCLA is often based upon its proportionate share of overall waste volume or other equitable factors, CERCLA has been widely held to permit imposition of joint and several liability on each PRP. The Company has periodically incurred, and may continue to incur, liability under CERCLA and analogous state laws with respect to sites used for off-site management or disposal of Company-derived wastes. The Company has been named as a PRP at the Seaboard Chemical Site in Jamestown, North Carolina. The Company is participating in the clean-up as a "de minimis" party and does not expect its total exposure to be material. In addition, Union Carbide Corporation (Union Carbide), the former owner of the Company, is a PRP at certain sites relating to the off-site disposal of wastes from properties presently owned by the Company. The Company is participating in coordination with Union Carbide in certain PRP-initiated activities related to these sites. The Company expects that it will bear some portion of the liability with respect to these sites; however, any such share is not presently expected to be material to the Company's financial condition. In connection with the acquisition in 1990, Union Carbide agreed, subject to certain limitations, to indemnify the Company with respect to the foregoing sites.

The Company or its subsidiaries are at any one time parties to a number of lawsuits arising out of their respective operations, including workers' compensation or work place safety cases, some of which involve claims of substantial damages. Although there can be no assurance, based upon information known to the Company, the Company does not believe that any liability which might result from an adverse determination of such lawsuits would have a material adverse effect on the Company's financial condition or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matter was submitted to a vote of security holders during the Company's quarter ended March 31, 2001.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

As of December 9, 1999, the Company's Common Stock began trading on the New York Stock Exchange under the symbol KEM. Prior to that date, the Common Stock was traded on the Nasdaq Stock Market under the symbol KMET. The Company had approximately 51,200 stockholders as of June 1, 2001, of which 399 were stockholders of record. The following table represents the high and low sale prices of the Common Stock as reported by the appropriate exchange for the periods indicated and are adjusted to reflect additional shares issued on June 1, 2000 in connection with the two-for-one stock split:

<TABLE>
<CAPTION>

	Fiscal 2001		Fiscal 2000	
	High	Low	High	Low
<S>	<C>	<C>	<C>	<C>
First Quarter	$44.22	$24.19	$11.63	$ 5.72
Second Quarter	33.94	22.50	16.50	10.57
Third Quarter	29.19	13.75	22.69	13.19
Fourth Quarter	23.31	14.25	40.00	16.00

</TABLE>

The Company has not declared or paid any cash dividends on its Common Stock

since the initial public offering in October 1992. The Company currently intends to retain earnings to support its growth strategy and does not anticipate paying dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Company's Board of Directors and will depend upon, among other factors, the capital requirements, operating results and financial condition of the Company. See "Management's Discussion and Analysis of Results of Operations and Financial Condition-Liquidity and Capital Resources" contained in this Form 10-K for fiscal year 2001.

ITEM 6. SELECTED FINANCIAL DATA

Dollars in thousands Except per share data	Years Ended March 31, 2001	2000	1999	1998	1997
Income Statement Data:					
Net sales	$ 1,406,147	$ 822,095	$ 565,569	$ 667,721	$ 555,319
Operating income	566,986	124,315	22,604	82,202	62,415
Interest income	(16,713)	(2,079)	-	-	-
Interest expense	7,507	9,135	9,287	7,305	5,709
Net earnings	$ 352,346	$ 70,119	$ 6,150	$ 49,190	$ 37,169
Per Common Share Data:					
Net earnings per common share-diluted	$4.00	$0.85	$0.08	$0.62	$0.47
Net earnings per common share-basic	$4.05	$0.87	$0.08	$0.63	$0.48
Weighted average shares outstanding -diluted	88,181,118	82,411,634	79,027,860	78,854,328	78,553,356
-basic	86,930,965	80,650,376	78,441,440	78,146,444	77,474,320
Balance Sheet Data:					
Total assets	$ 1,366,530	$ 927,256	$ 663,690	$ 642,109	$ 543,244
Working capital	460,055	260,154	90,371	48,772	63,068
Long-term debt	100,000	100,000	144,000	104,000	102,900
Stockholders' equity	886,176	547,456	313,674	306,260	252,123
Other Data:					
Cash flow from operating activities	$ 385,521	$ 177,717	$ 20,817	$ 88,153	$ 55,818
Capital expenditures	210,559	82,009	59,047	114,516	84,755
Research and development	26,188	23,918	21,132	23,766	20,753

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Business Outlook

The fiscal year ended March 31, 2001, was the most financially successful year

in the history of the Company. The Company's net income for the year ended March 31, 2001, of $352.3 million, exceeded the earnings from all previous periods combined. The Company also ended the fiscal year in the strongest financial position in its history with $360.8 million in cash, $100.0 million in long-term debt, and $886.2 million in shareholders' equity. The Company believes this performance validates its business model as well as the capabilities of its experienced management team. The Company anticipates using these resources to take advantage of significant market opportunities, including high-frequency tantalum, high-capacitance ceramic, and new solid aluminum capacitors. The electronics industry is a high-growth, cyclical industry. The extraordinary financial results for the fiscal year ended March 31, 2001 coincidentally came near the end of a cycle that began with the Asian crisis in fiscal year 1999.

The industry is now in another correction phase of the long-term growth trend. The Company is of the opinion that the rapidity with which this inventory/capacity correction is occurring is unprecedented compared to previous cycles. The Company's near-term visibility is limited because of the general uncertainty in the industry. The Company estimates, given the high level of economic uncertainty, that revenues for the quarter ending June 30, 2001, will be down over 40% from the quarter ended March 31, 2001, due to an inventory correction in the electronics industry. The backlog entering the quarter ending June 30, 2001, of $168.6 million, is less than half that of a year ago. Selling prices for tantalum capacitors increased significantly during the 15 months ended March 31, 2001, due to strong demand and the dramatic rise in the cost of tantalum ore. The Company expects selling prices for tantalum capacitors to decline industry-wide during calendar 2001 as demand decreases due to the inventory correction and shortages in the world supply of tantalum powder are alleviated. The Company thinks that the gross margin percentage for the fiscal year ending March 31, 2002, will average in the range of 30% to 35%. The Company believes the quarter ending June 30, 2001, will be the low point in the correction phase of the current cycle. In this environment, the Company will continue to focus its efforts on cost reduction and development of new products so it will again be well positioned to benefit as the industry recovers. Please refer to the discussion under the caption "Safe Harbor Statement" below for a discussion of certain risks and uncertainties relating to the statements above.

During fiscal year 2001, the Company entered into a 50/50 joint venture agreement with Australasian Gold Mines NL ("AGM") to establish an independent source of tantalum to meet the increasing demand for tantalum capacitors from key customers. This transaction closed in April 2001. The Company's initial investment in the joint venture is approximately $4.9 million. The Company also acquired a 10 percent interest in AGM for approximately $2.3 million. The Company has the right to acquire all processed tantalum products from the initial production plant, which began operations in the March quarter, and from any future processing operations. These tantalum products are expected to be toll converted into tantalum powder necessary for the production of capacitors. The Company anticipates that current mining operations will initially provide up to 15% of its annual tantalum requirements.

Comparison of Fiscal Year 2001 to Fiscal Year 2000

Net sales for fiscal year 2001 were $1,406.1 million, which represented a 71% increase from fiscal year 2000 net sales of $822.1 million. The increase in net sales was attributed to the strong growth in demand for electronic products such as computers and peripherals, cell phones, and automotive electronic systems. Average selling prices continued an upward trend that

began in the prior fiscal year. Unit volumes increased approximately 15% to 36.1 billion units in fiscal year 2001, from 31.5 billion units in fiscal year 2000. The Company experienced growth in both domestic and export markets as domestic sales increased 57% and export sales increased 85%.

Cost of sales, exclusive of depreciation, for the year ended March 31, 2001, was $693.7 million as compared to $569.7 million for the year ended March 31, 2000. As a percentage of net sales, cost of sales, exclusive of depreciation, for fiscal year 2001 was 49% as compared to 69% for fiscal year 2000. The decrease in cost of sales as a percentage of net sales was attributed to higher average selling prices during fiscal year 2001, gains from manufacturing efficiencies due to higher unit volume, and the results of the Company's cost reduction programs such as reduced palladium usage in ceramic capacitors.

Selling, general, and administrative expenses for the year ended March 31, 2001, were $55.7 million, or 4% of net sales, as compared to $48.5 million, or 6% of net sales, for the year ended March 31, 2000. The decrease in selling, general, and administrative expenses as a percentage of sales is primarily due to the impact of higher sales volume and increased average selling prices.

Research, development, and engineering expenses were $26.2 million for fiscal year 2001, compared to $23.9 million for fiscal year 2000. These costs reflect the Company's continuing commitment to the development and introduction of new products, such as aluminum capacitors, along with the improvement of product

performance and production efficiencies.

Depreciation and amortization for fiscal year 2001 was $63.6 million, an increase of $7.9 million, or 14%, from $55.7 million for fiscal year 2000. The increase resulted primarily from depreciation expense associated with increased capital expenditures during the current and prior fiscal years.

Operating income was $567.0 million for fiscal year 2001, compared to $124.3 million for fiscal year 2000. The increase in operating income resulted primarily from the increase in net sales and improvements in cost of sales as discussed above.

Income tax expense for fiscal year 2001 was 38% of net earnings before income taxes. Both federal and state taxes increased over fiscal year 2000 as loss carryforwards and credits were not available in fiscal year 2001 to the extent they were available in the prior fiscal year.

Comparison of Fiscal Year 2000 to Fiscal Year 1999

Net sales for fiscal year 2000 were $822.1 million, which represents a 45% increase from fiscal year 1999 net sales of $565.6 million. The increase in net sales was attributed to the strong growth in demand for electronic products such as computers and peripherals, cell phones, and automotive electrical systems. This growth in demand led to increased unit volume and an improvement in the pricing environment as average selling prices increased from their previously depressed levels. Demand for surface-mount capacitors contributed to the growth as net sales increased 55% to $711.0 million for fiscal year 2000. The Company experienced growth in both domestic and export markets as domestic sales increased 39% and export sales increased 52%, partially due to the recovery of the Asian economy.

Cost of sales, exclusive of depreciation, for the year ended March 31, 2000, was $569.7 million as compared to $428.4 million for the year ended March 31, 1999. As a percentage of net sales, cost of sales, exclusive of depreciation, for fiscal year 2000 was 69% as compared to 76% for fiscal year 1999. The decrease in cost of sales as a percentage of net sales was attributed to higher sales in fiscal year 2000, gains from manufacturing efficiencies due to higher unit volume, and the results of the Company's cost reduction programs such as reduced palladium usage in ceramic capacitors.

Selling, general, and administrative expenses for the year ended March 31, 2000, were $48.5 million, or 6% of net sales, compared to $46.6 million, or 8% of net sales, for the year ended March 31, 1999. The decrease in selling,

general, and administrative expenses as a percentage of sales is primarily due to the impact of higher sales volume and increased average selling prices.

Research, development, and engineering expenses were $23.9 million for fiscal year 2000, compared to $21.1 million for fiscal year 1999. These costs reflect the Company's continuing commitment to the development and introduction of new products, along with the improvement of product performance and production efficiencies.

Depreciation and amortization for fiscal year 2000 was $55.7 million, an increase of $8.8 million, or 19%, from $46.9 million for fiscal year 1999. The increase resulted primarily from depreciation expense associated with increased capital expenditures during the current and prior fiscal years.

Operating income was $124.3 million for fiscal year 2000, compared to $22.6 million for fiscal year 1999. The increase in operating income resulted primarily from the increase in net sales and improvements in cost of sales as discussed above.

Income tax expense for fiscal year 2000 was 34% of net earnings before income taxes. The decrease from the federal statutory rate of 35% is primarily the result of increased foreign sales corporation benefits and lower state tax expense.

Quarterly Results of Operations

The following table sets forth certain quarterly information for the years ended March 31, 2001 and 2000. This information is unaudited but, in the opinion of the Company's management, reflects all adjustments (consisting only of normal recurring adjustments) necessary to present fairly this information when read in conjunction with the Consolidated Financial Statements and notes thereto included elsewhere herein.

<TABLE>
<CAPTION>

	Fiscal year ended March 31, 2001			
Dollars in thousands except per	First	Second	Third	Fourth

share data	Quarter	Quarter	Quarter	Quarter	Total
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$ 329,169	$ 364,049	$ 374,930	$ 337,999	$ 1,406,147
Gross profit (exclusive of depreciation) (1)	159,333	187,875	194,011	171,269	712,488
Net earnings	$ 80,235	$ 96,264	$ 97,403	$ 78,444	$ 352,346
Net earnings per common share (basic)	$ 0.92	$ 1.10	$ 1.11	$ 0.91	$ 4.05
Net earnings per common share (diluted)	$ 0.90	$ 1.08	$ 1.10	$ 0.90	$ 4.00
Weighted average shares outstanding (basic)	87,324,021	87,414,074	87,416,454	86,362,252	86,930,965
Weighted average shares outstanding (diluted)	88,915,974	88,804,300	88,678,409	87,414,105	88,181,118

<CAPTION>

	Fiscal year ended March 31, 2000				
Dollars in thousands except per share data	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$ 162,649	$ 186,187	$ 215,139	$ 258,120	$ 822,095
Gross profit (exclusive of depreciation) (1)	39,665	49,794	65,501	97,429	252,389
Net earnings	$ 4,694	$ 9,199	$ 18,160	$ 38,066	$ 70,119
Net earnings per common share (basic)	$ 0.06	$ 0.12	$ 0.23	$ 0.44	$ 0.87
Net earnings per common share (diluted)	$ 0.06	$ 0.11	$ 0.22	$ 0.44	$ 0.85
Weighted average shares outstanding (basic)	78,571,116	78,822,996	79,713,170	85,554,814	80,650,376
Weighted average shares outstanding (diluted)	79,778,122	80,614,798	81,199,048	87,379,088	82,411,634

</TABLE>

(1) Gross profit (exclusive of depreciation) as a percentage of net sales fluctuates from quarter to quarter due to a number of factors, including net sales fluctuations, product mix, the timing and expense of moving product lines to lower cost locations, and the relative mix of sales between distributors and original equipment manufacturers.

Liquidity and Capital Resources

The Company's liquidity needs arise from working capital requirements, capital expenditures, and principal and interest payments on its indebtedness. The Company intends to satisfy its liquidity requirements primarily with funds provided by operations and borrowings under its bank credit facilities.

During fiscal year 2001, the Company generated $385.5 million in net cash from operating activities as compared to $177.7 million in fiscal year 2000. In turn, this led to a significant increase in cash and short-term investments to $360.8

million from $199.4 million at March 31, 2001 and 2000, respectively. The increase in cash flow from operating activities was primarily a result of the increase in net income and, to a lesser extent, the timing of cash flows from current assets and liabilities, such as accounts receivable, inventory, accounts payable, accrued liabilities, and income taxes payable.

Inventories increased to $202.3 million at March 31, 2001, from $131.0 million at March 31, 2000, due to an increase in units as well as higher raw material prices. Current liabilities increased to $285.1 million at March 31, 2001, versus $189.1 million at March 31, 2000, commensurate with the increase in business activity in fiscal year 2001 versus fiscal year 2000.

The Company invested $210.6 million in capital expenditures in fiscal year 2001 versus $82.0 million in fiscal year 2000, and expects to invest approximately $100.0 to $150.0 million in fiscal year 2002. The fiscal year 2001 capital was primarily invested in surface-mount manufacturing capacity as the Company expects continued future growth in capacitor demand.

The Company is subject to restrictive covenants which, among others, restrict its ability to make loans or advances or to make investments, and require it to meet financial tests related principally to funded debt, cash flows, and net worth. At March 31, 2001, the Company was in compliance with such covenants. Borrowings are secured by guarantees of certain of the Company's wholly-owned subsidiaries.

During fiscal year 2000, the Company's long-term debt decreased $44.0 million, as the Company reduced its indebtedness with the proceeds from the January 2000 Secondary Offering. At March 31, 2001, the Company had unused availability under its revolving credit facility and its swingline credit facility, both of which expire in October 2002, of $150.0 million and $10.0 million, respectively.

On January 20, 2000, the Company sold 6,500,000 shares of its common stock in a public offering for $142.6 million in net cash proceeds after deducting underwriting fees and offering expenses. Included in the offering were 2,193,220 shares sold by a stockholder of the Company which were shares of non-voting common stock that were converted into common stock on a share-for-share basis. The net proceeds were used to repay outstanding debt under the Company's short-term credit facility and to fund capital expenditures.

In August 2000, the Company announced that its Board of Directors had authorized a program to purchase up to 4.0 million shares of its common stock in the open market. As of March 31, 2001, the Company had made direct purchases of 1.6 million shares for $29.3 million and had outstanding put option obligations for 1.9 million shares with an average exercise price of $18.31 under the program. The program was fulfilled in April 2001, at which time the Company announced that its Board of Directors had authorized a second 4.0 million stock purchase program. The amount and timing of purchases will depend on market conditions and other factors. The program will be funded from existing cash, and a combination of direct purchases and put options may be used to execute the program.

Additional liquidity is generated by the Company through its accounts receivable discounting arrangements. For the past several years, KEMET Electronics, S.A., a wholly-owned subsidiary of the Company, has been a party

to accounts receivable discounting agreements with both Swiss Bank Corporation and Union Bank of Switzerland. As a result of the merger of these two entities in 1998, KEMET Electronics, S.A., entered into a single replacement discounting agreement with UBS AG on November 19, 1998, which allows for the sale of up to $80.0 million of accounts receivable at any one time outstanding at a discount rate of .60% above LIBOR.

In May 1998, the Company sold $100.0 million of its Senior Notes pursuant to the terms of a Note Purchase Agreement dated as of May 1, 1998, between the Company and the eleven purchasers of the Senior Notes named therein. These Senior Notes have a final maturity date of May 4, 2010, with required principal repayments beginning on May 4, 2006. The Senior Notes bear interest at a fixed rate of 6.66%, with interest payable semiannually beginning November 4, 1998. The terms of the Note Purchase Agreement include various restrictive covenants typical of transactions of this type, and require the Company to meet certain financial tests including a minimum net worth test and a maximum ratio of debt to total capitalization. The net proceeds from the sale of the Senior Notes were used to repay existing indebtedness and for general corporate purposes.

The Company presently has a total of eight manufacturing facilities in Matamoros, Monterrey, and Ciudad Victoria, Mexico, with over 60% of the Company's employees located there. In fiscal year 2001, the volatility of the Mexican peso did not have a material impact on the Company's performance.

As discussed in Note 12 to the Consolidated Financial Statements, the Company or its subsidiaries are at any one time parties to a number of lawsuits arising

out of their respective operations, including workers' compensation or work place safety cases and environmental issues, some of which involve claims of substantial damages. Although there can be no assurance, based upon information known to the Company, the Company does not believe that any liability which might result from an adverse determination of such lawsuits would have a material adverse effect on the Company.

The Company believes its strong financial position will permit the financing of its business needs and opportunities. It is anticipated that ongoing operations will be financed primarily by internally generated funds. In addition, the Company has the flexibility to meet short-term working capital and other temporary requirements through utilization of borrowings under its bank credit facilities.

Adoption of Accounting Standards

Effective October 1, 2000, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and hedging activities. It requires the recognition of all derivative instruments as either assets or liabilities in the consolidated balance sheet and measurement of those instruments at fair value. The accounting treatment of changes in fair value is dependent upon whether or not a derivative instrument is designated as a hedge and, if so, the type of hedge. For derivatives designated as cash flow hedges, to the extent effective, changes in fair value are recognized in accumulated other comprehensive income ("AOCI") until the hedged item is recognized in earnings. Ineffectiveness is recognized immediately in earnings. For derivatives designated as fair value hedges, changes in fair value are recognized in earnings.

Prior to adoption of SFAS No. 133, the Company recorded gains and losses related to the hedges of forecasted foreign currency transactions directly to earnings ("Other income and expense"), and gains and losses related to hedges of firm commitments were deferred and recognized in earnings as adjustments of carrying amounts when the transactions occurred.

The adoption of SFAS No. 133 did not result in a significant transition adjustment and is therefore not separately captioned in the statement of earnings as cumulative effect of a change in accounting principle. The transition adjustment as of October 1, 2000, was a gain of approximately $0.9 million net of tax, and is included in cost of goods sold for the period.

The Company adopted the Securities and Exchange Commission's Staff Accounting Bulletin No. 101 (the "SAB") effective January 1, 2001. The SAB requires that a company recognize revenue only when all of the following criteria are met:

(1) Persuasive evidence of an arrangement exists;

(2) Delivery has occurred or services have been rendered;

(3) The seller's price to the buyer is fixed or determinable; and

(4) Collectibility is reasonably assured.

Upon adoption of (2) the SAB, there was no impact on the Company's results of operations or financial condition.

Safe Harbor Statement

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The Company intends that these forward-looking statements be subject to the safe harbor created by that provision. These forward-looking statements involve risks and uncertainties beyond the Company's control. The inclusion of this forward-looking information should not be regarded as a representation by the Company that the future events, plans or expectations contemplated by the Company will be achieved. Furthermore, past performance in operations and share price is not necessarily predictive of future performance. Finally, the Company cannot assume responsibility for certain information that is based upon market estimates.

The Company wishes to caution readers that the following important factors, among others, in some cases have affected, and in the future could affect, KEMET's actual results and could cause KEMET's actual consolidated results for the first quarter of fiscal year 2002 and beyond to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Company whether contained herein, in other documents subsequently filed by the Company with the SEC, or in oral statements:

A moderating growth rate in end-use products which incorporate the Company's

products and the effects of a down-turn in the general economy or in general business conditions;

Underutilization of KEMET's plants and factories, or of any plant expansion or new plant, including, but not limited to, those in Mexico, resulting in production inefficiencies and higher costs; start-up expenses, inefficiencies, delays, and increased depreciation costs in connection with the start of production in new plants and expansions; capacity constraints that could limit the ability to continue to meet rising demand for surface-mount capacitors;

Occurrences affecting the slope or speed of decline of the pricing curve for the Company's products, or affecting KEMET's ability to reduce product and other costs and to increase productivity; the effect of changes in the mix of products sold and the resulting effects on gross margins;

Difficulties in obtaining raw materials, supplies, power, natural resources, and any other items needed for the production of capacitors; the effects of quality deviations in raw materials, particularly tantalum powder and ceramic dielectric materials; the effects of significant price increases for tantalum or palladium, or an inability to obtain adequate supplies of tantalum from the limited number of suppliers;

The amount and rate of growth in the Company's selling, general, and administrative expenses, and the impact of unusual items resulting from KEMET's ongoing evaluation of its business strategies, asset valuations, and organizational structure;

The acquisition of fixed assets and other assets, including inventories and receivables; the making or incurring of any expenditures and expenses, including, but not limited to, depreciation and research and development expenses; any revaluation of assets or related expenses; and the amount of and any changes to tax rates;

The effect of any changes in trade, monetary, and fiscal policies, laws, and regulations; other activities of governments, agencies, and similar organizations; social and economic conditions, such as trade restrictions or prohibitions, inflation, and monetary fluctuations; import and other charges or taxes; the ability or inability of KEMET to obtain, or hedge against, foreign currency; foreign exchange rates and fluctuations in those rates, particularly a strengthening of the U.S. dollar; nationalization; unstable governments and legal systems; intergovernmental disputes; the costs and other effects of legal and administrative cases and proceedings (whether civil, such as environmental and product-related, or criminal); settlements, investigations, claims, and changes in those items; developments or assertions by or against the Company relating to intellectual property rights and intellectual property licenses; adoptions of new or changes in accounting policies and practices and the application of such policies and practices; the effects of changes within KEMET's organization, particularly at the executive officer level, or in compensation and benefit plans; the amount, type, and cost of the financing which the Company has and any changes to that financing; the effects of severe weather on KEMET's operations, including disruptions at manufacturing facilities; the effects of a disruption in KEMET's computerized ordering systems; and the effects of a disruption in KEMET's communications systems.

Effect of Inflation

Inflation generally affects the Company by increasing the cost of labor, equipment, and raw materials. The Company does not believe that inflation has had any material effect on the Company's business over the past three years.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest Rate Risk

The Company's debt financing alternatives include a revolving credit agreement which is priced on a floating rate basis at a spread over U.S. dollar LIBOR. Accordingly, any movement in U.S. dollar LIBOR would impact the Company's interest expense, except for the fact that the outstanding balance under this facility at March 31, 2001, was $0. The Company has not historically used interest rate swaps, interest rate caps, or other derivative financial instruments for the purpose of hedging fluctuations in interest rates on its floating rate debt.

Foreign Currency Exchange Rate Risk

A portion of the Company's sales to its customers in Europe are denominated in local European currencies, thereby creating an exposure to foreign currency exchange rate risk. Also, a portion of the Company's cost in its Mexican operations are denominated in Mexican pesos, creating an exposure to exchange rate risk. In order to minimize its exposure to such risk, the Company will periodically enter into forward foreign exchange contracts in which the net long

or short position in a local European currency or Mexico peso is hedged against the U.S. dollar.

The impact of changes in the relationship of other currencies to the U.S. dollar has historically not been significant, and such changes in the future are not expected to have a material impact on the Company's results of operations or cash flows. The Company does not use derivative financial instruments for speculative purposes or if there is no underlying business transaction supporting or related to the derivative financial instrument.

Commodity Price Risk

The Company purchases various precious metals used in the manufacture of capacitors and is therefore exposed to certain commodity price risks. These precious metals consist primarily of palladium and tantalum.

Palladium is a precious metal used in the manufacture of multilayer ceramic capacitors and is mined primarily in Russia and South Africa. Currently, the Company uses forward contracts and spot buys to secure the acquisition of palladium and manage the price volatility in the market. There has been a dramatic increase in the price of palladium attributed to delays from the Russian supply of the metal which has caused the price to fluctuate between $554 and $1,090 per troy ounce during fiscal year 2001. As a result, the Company is aggressively pursuing ways to reduce palladium usage in ceramic capacitors and minimize the price risk.

Tantalum powder is a metal used in the manufacture of tantalum capacitors and is primarily purchased under annual contracts. Management believes the tantalum needed has generally been available in sufficient quantities to meet manufacturing requirements. However, the increase in demand for tantalum capacitors during fiscal year 2001, along with the limited number of tantalum powder suppliers, led to increases in tantalum prices and impacted availability. Tight supplies of tantalum raw material and some tantalum powders caused the price to increase from under $50 per pound early in calendar 2000 to over $300 per pound late in the year. The Company was able to pass price increases to its customers due to the strong demand for capacitors but may not be able to do so in the future. Although the price of tantalum is down from its peak, the Company is exploring various alternative sources of supply to ensure a supply of tantalum at reasonable prices.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is submitted as a separate section of this Form 10-K. See Item 14.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CERTAIN KEY EMPLOYEES OF THE REGISTRANT

<TABLE>
<CAPTION>

Name	Age	Position	Years with Company (1)
<S>	<C>	<C>	<C>
David E. Maguire	66	Chairman, Chief Executive Officer and Director	42
Charles M. Culbertson II	52	President and Chief Operating Officer	21
Glenn H. Spears (2)	62	Executive Vice President and Secretary	23
Harris L. Crowley, Jr.	51	Senior Vice President, Technology, New Products and Engineering	26
D. Ray Cash	52	Senior Vice President, Chief Financial Officer, and Assistant Secretary	31
William W. Johnson	49	Vice President, Sales Worldwide	9
Raymond L. Beck, Jr.	51	Vice President, Quality and Marketing	30

C. Ross Patterson, Jr.	45	Vice President and Chief Information Officer	3
Larry W. Sheppard	57	Vice President, Human Resources	31
James A. Bruorton III	52	Vice President, Worldwide Distribution	28
Eugene J. DiCianni	51	Vice President of Sales, Americas	26
Derek Payne	64	Vice President/Managing Director, Europe	25
Ravi G. Sastry	41	Vice President, International Sales and Managing Director, Asia	17
James P. McClintock	45	Vice President, Ceramic Operations	22
Manuel A. Cappella	53	Vice President/Managing Director of Mexico, Tantalum	29
Dr. Larry A. Mann	44	Vice President, Ceramic Technology	12
Dr. Daniel F. Persico	46	Vice President, Tantalum Technology	4
Michael W. Boone	50	Treasurer/Director of Finance and Secretary	14
Charles E. Volpe	63	Director	-
Stewart A. Kohl	45	Director	-
E. Erwin Maddrey, II	60	Director	-
Paul C. Schorr IV	34	Director	-

(1) Includes service with UCC.

(2) Retired effective April 1, 2001.
</TABLE>

Directors and Executive Officers

David E. Maguire, Chairman, Chief Executive Officer and Director, has served as Chairman since August 1992. Mr. Maguire served as Chief Executive Officer, President, and Director from November 1997 until June 1999, and from December 1990 until October 1996. Mr. Maguire also served as Chairman, President and Chief Executive Officer of KEMET Electronics Corporation, a wholly owned subsidiary, since April 1987. From January 1959 until April 1987, Mr. Maguire served in a number of capacities with the KEMET capacitor business of Union Carbide, most recently as Vice President from June 1978 until April 1987.

Charles M. Culbertson II, President and Chief Operating Officer, was named such in June 1999. Mr. Culbertson had been Senior Vice President and General Manager, Tantalum, since November 1997 and had been Vice President and General Manager of Tantalum Surface-Mount Capacitors since January 1996. Since June 1980, Mr. Culbertson has served in a number of engineering and management positions in the Company. Mr. Culbertson also serves on the board of directors of Australasian Gold Mines NL.

Glenn H. Spears, Former Executive Vice President and Secretary, named such in October 1999, retired effective April 1, 2001. Mr. Spears had been Senior Vice President and Secretary since October 1992. Mr. Spears had been Vice President and Secretary since December 1990 and had also served as Vice President and Secretary of KEMET Electronics Corp since April 1987. From June 1977 until April 1987, Mr. Spears served in a number of managerial capacities with the KEMET capacitor business of Union Carbide, including Director of Human Resources and Plant Manager.

Harris L. Crowley, Jr., Senior Vice President, Technology, and Engineering, was named such in June 1999. Mr. Crowley had been Senior Vice President and General Manager, Ceramics, since November 1997. Prior thereto, Mr. Crowley had been Vice President and General Manager of Ceramic Capacitors since January 1996, Vice President and General Manager of Ceramic Surface-Mount Capacitors since September 1993, and Vice President of Product Marketing (Ceramics) since October 1992. Prior to that time, Mr. Crowley had been Product Marketing Manager (Ceramics) for the Company since December 1990, and had served KEMET Electronics Corp in that same capacity since April 1987.

D. Ray Cash, Senior Vice President/Chief Financial Officer and Assistant Secretary was named such in August 2000 and his duties include responsibility for the Administration and Finance functions. Mr. Cash is Assistant Secretary and was named such in April 1997. Mr. Cash had been Senior Vice President of Administration and Treasurer since in April 1997. Mr. Cash had been Vice President of Administration since December 1990. Mr. Cash had also served as Vice President of Administration for KEMET Electronics since April 1987. Prior thereto, Mr. Cash had served in a number of different capacities with the KEMET

capacitor business of Union Carbide, most recently as Director of Administration. Mr. Cash also serves on the board of directors of Specialty Electronics, Inc.

Charles E. Volpe, Director, was named such in December 1990. Mr. Volpe also served as Executive Vice President and Chief Operating Officer, and most recently served as President and Chief Operating Officer from October 1995 until his retirement on March 31, 1996. Mr. Volpe served as a Vice President from March 1996 until July 1997. Mr. Volpe had also served as Executive Vice President and Director of KEMET Electronics Corp since April 1987. From August 1966 until April 1987, Mr. Volpe served in a number of capacities with the KEMET capacitor business of Union Carbide, most recently as General Manager. Mr. Volpe is also a director of Encad Inc.

Stewart A. Kohl, Director, was named such in May 1992. Mr. Kohl has been a Managing General Partner in The Riverside Company, an investment company, since October 1993. Mr. Kohl was previously a Vice President of Citicorp North America, Inc., and had been employed by various subsidiaries of Citicorp North America, Inc., since 1988. Mr. Kohl also serves on the board of directors of Agri-Max, Inc., HammerBlow Corporation, Hudson Sharp Machine Company, Porcelain Products Company, Shorebanc Holding Company.

E. Erwin Maddrey, II, Director, was named such in May 1992. Mr. Maddrey is President and Chief Executive Officer of Maddrey and Associates. Mr. Maddrey was the President, Chief Executive Officer, and Chairman of Delta Apparel Company, a textile manufacturer, and its predecessors from 1984 through June 2000. Prior thereto, Mr. Maddrey served as President and Chief Operating Officer and director of Riegel Textile Corporation. Mr. Maddrey also serves on the board of directors of Blue Cross of South Carolina, Delta Woodside Industries, Inc., Delta Apparel Company, Duckhead Apparel Company and Renfro Corp.

Paul C. Schorr IV, Director, was unanimously elected by members of the Board of Directors on April 21, 1998. Mr. Schorr is currently Managing Director of Citicorp Venture Capital, Ltd., a private equity firm, and had held various positions of increasing responsibility with Citicorp Venture since 1996. Prior to that time, he served as an Engagement Manager with McKinsey & Company, Inc. from 1993. Mr. Schorr also serves on the boards of AMI Semiconductor, ChipPAC Incorporated and Fairchild Semiconductor International, Inc.

Other Key Employees

William W. Johnson, Vice President, Sales Worldwide, was named such in July 1996. Mr. Johnson was previously a plant manager with Vitramon, Incorporated, which was acquired by Vishay Intertechnology, Inc., a manufacturer and supplier of a broad line of passive electronic components. Also during his tenure with Vitramon, Incorporated, Mr. Johnson was Director of Sales and Marketing.

Raymond L. Beck Jr., Vice President, Quality and Marketing, was named such in November 1997. Prior to that time, Mr. Beck had been Vice President of Ceramic Product Management since January 1995. Mr. Beck has served in various sales and marketing positions including Regional Sales Manager and Ceramic Surface-Mount Capacitor Product Manager with Union Carbide and KEMET since October 1971.

C. Ross Patterson, Jr., Vice President and Chief Information Officer, was named such in January 1999. Mr. Patterson was previously Group Director, Information Systems, with Glaxo Wellcome Inc., based in Research Triangle Park, NC Glaxo Wellcome, a subsidiary of London-based Glaxo Wellcome plc, is a leading research-based pharmaceutical firm. Mr. Patterson served in various Information Systems capacities beginning in November 1986.

Larry W. Sheppard, Vice President, Human Resources, was named such in January 1995. Mr. Sheppard has served in various employee relations capacities with Union Carbide and KEMET in Greenville, SC, and Columbus, GA, since December 1969.

James A. Bruorton, III, Vice President, Worldwide Distribution, was named such in July 1996. Mr. Bruorton has served in various sales and marketing capacities with Union Carbide and KEMET since September 1973.

Eugene J. DiCianni, Vice-President of Sales, Americas, was named such in December 1997. Mr. DiCianni has served in various sales capacities with Union Carbide and KEMET since August 1975.

Derek Payne, Vice President/Managing Director, Europe, was named such in August 1995. Mr. Payne has been Managing Director for KEMET Electronics S.A., a wholly-owned subsidiary of KEMET Electronics Corporation, located in Geneva, Switzerland, since April 1988. Prior thereto, Mr. Payne held various sales and marketing positions with Union Carbide and KEMET Electronics since March 1977. Mr. Payne will retire on November 1, 2001.

Ravi G. Sastry, Vice President of International Sales, was named such in March 2001 and continues to be Managing Director of Asia as named in December 1997. Mr. Sastry had been Vice President/Managing Director, Asia since December 1997.

Mr. Sastry has served in various sales, marketing, and manufacturing capacities with Union Carbide and KEMET since August 1983.

James P. McClintock, Vice President, Ceramic Operations, was named such in July 2000. Prior to that, Mr. McClintock has been Vice President of U.S. Ceramic Operations, since June 1999. Prior to that, Mr. McClintock was Vice President, Tantalum. Mr. McClintock has served in various engineering and manufacturing capacities with Union Carbide and KEMET since January 1979.

Manuel A. Cappella, Vice President/Managing Director of Mexico, Tantalum, was named such in April 1997. Mr. Cappella has served in various engineering and manufacturing capacities for Union Carbide and KEMET since January 1977. Prior thereto, Mr. Cappella held various engineering positions with Union Carbide in South America beginning in March 1972.

Dr. Larry A. Mann, Vice President, Ceramic Technology, was named such in June 1999. Dr Mann had been Director of Ceramic Technology since June 1995.

Dr. Daniel F. Persico, Vice President, Tantalum Technology, was named such in June 1999. Dr. Persico had been Director of Tantalum Technology since November 1997. Dr. Persico worked with Cabot Corporation from 1995 - November 1997 as Director of Technology and subsequently as Business Unit Manager.

Michael W. Boone, Treasurer/Director of Finance and Secretary, was named Secretary in April 2001, Treasurer in August 2000 and Director of Finance in March 1997. Mr. Boone joined KEMET in June 1987 as Manager of Credit and Cash Management.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated by reference from the Company's definitive proxy statement for its annual stockholders' meeting to be held on July 25, 2001. The information specified in Item 402(k) and (1) of Regulation S-K and set forth in the Company's definitive proxy statement for its annual stockholders' meeting to be held on July 25, 2001, is not incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is incorporated by reference from the Company's definitive proxy statement for its annual stockholders' meeting to be held on July 25, 2001.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Item 13 is incorporated by reference from the Company's definitive proxy statement for its annual stockholders' meeting to be held on July 25, 2001.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) (1) Financial Statements

The following financial statements are filed as a part of this report:

Independent Auditors' Report
Consolidated Financial Statements:
- Consolidated Balance Sheets as of March 31, 2001 and 2000
- Consolidated Statements of Earnings for the years ended March 31, 2001, 2000, and 1999
- Consolidated Statements of Stockholders' Equity and Comprehensive Income for the years ended March 31, 2001, 2000, and 1999
- Consolidated Statements of Cash Flows for the years ended March 31, 2001, 2000, and 1999
- Notes to Consolidated Financial Statements

(a) (2) Financial Statement Schedules.

None.

(a) (3) Exhibits.

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed with the Commission.

23.3 Consent of Independent Auditors

Exhibits Incorporated by Reference

The Exhibits listed below have been filed with the Commission and are incorporated herein by reference to the exhibit number and file number of such documents which are stated in parentheses.

4.1 Eighth Amendment to Credit Agreement among KEMET Corporation, Wachovia Bank, N.A. as agent, and the Banks named in the Credit Agreement dated as of the 31st day of October 2000 (incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the year ended March 31, 2001).

4.2 Seventh Amendment to Credit Agreement among KEMET Corporation, Wachovia Bank, N.A. as agent, and the Banks named in the Credit Agreement dated as of the 1st day of June 2000 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000).

10.1 Amendment No. 1 to KEMET Corporation 1992 Key Employee Stock Option Plan effective October 23, 2000 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2000,

(b) Reports on Form 8-K.

No reports were filed on Form 8-K during the fiscal year and fiscal quarter ended March 31, 2001.

Independent Auditors' Report

The Board of Directors
KEMET Corporation:

We have audited the accompanying consolidated balance sheets of KEMET Corporation and subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of earnings, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended March 31, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of KEMET Corporation and subsidiaries as of March 31, 2001 and 2000, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

Greenville, South Carolina KPMG LLP
April 27, 2001

<TABLE>
<CAPTION>

KEMET CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
March 31, 2001 and 2000
Dollars in thousands except per share data

	March 31,	
	2001	2000
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 360,758	$ 75,735
Short-term investments (note 15)	-	123,687
Accounts receivable (notes 10 and 11)	96,583	94,127
Inventories:		
Raw materials and supplies	79,002	53,532
Work in process	81,975	58,220
Finished goods	41,300	19,207
Total inventories	202,277	130,959
Prepaid expenses and other current assets (note 15)	50,493	4,688
Deferred income taxes (note 7)	35,018	20,099
Total current assets	745,129	449,295
Property and equipment, net (note 11)	567,262	423,399
Intangible assets, net (note 2)	44,027	46,198
Other assets	10,112	8,364
Total assets	$1,366,530	$ 927,256
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable, trade (note 10)	$ 201,767	$ 123,708
Accrued expenses (note 11)	49,229	42,045
Income taxes payable	34,078	23,388
Total current liabilities	285,074	189,141
Long-term debt (note 3)	100,000	100,000
Other non-current obligations (note 4)	51,084	54,757
Deferred income taxes (note 7)	44,196	35,902
Total liabilities	480,354	379,800
Stockholders' equity (notes 8, 13 and 16):		
Common stock, par value $.01, authorized 300,000,000 shares, issued 87,619,477 and 87,025,908 shares at March 31, 2001 and 2000, respectively	876	870
Additional paid-in capital	322,068	308,724
Retained earnings	590,192	237,846
Accumulated other comprehensive income	2,355	16
Treasury stock, at cost (1,600,040 shares at March 31, 2001)	(29,315)	-
Total stockholders' equity	886,176	547,456
Commitments and contingencies (notes 10 and 12)		
Total liabilities and stockholders' equity	$1,366,530	$ 927,256

</TABLE>

See accompanying notes to consolidated financial statements.

<TABLE>
<CAPTION>

KEMET CORPORATION AND SUBSIDIARIES
Consolidated Statements of Earnings
Dollars in thousands except per share data

	Years ended March 31,		
	2001	2000	1999
<S>	<C>	<C>	<C>
Net sales	$1,406,147	$ 822,095	$ 565,569
Operating costs and expenses:			
Cost of goods sold, exclusive of depreciation	693,659	569,706	428,409
Selling, general and administrative expenses	55,713	48,457	46,552
Research and development	26,188	23,918	21,132

Depreciation and amortization	63,601	55,699	46,872
Total operating costs and expenses	839,161	697,780	542,965
Operating income	566,986	124,315	22,604
Other income and expense:			
Interest income	(16,713)	(2,079)	-
Interest expense	7,507	9,135	9,287
Other expense (note 11)	7,892	11,695	4,273
Earnings before income taxes	568,300	105,564	9,044
Income tax expense (note 7)	215,954	35,445	2,894
Net earnings	$ 352,346	$ 70,119	$ 6,150
Net earnings per share (notes 13, 14 and 16):			
Basic	$4.05	$0.87	$0.08
Diluted	$4.00	$0.85	$0.08
Weighted-average shares outstanding:			
Basic	86,930,965	80,650,376	78,441,440
Diluted	88,181,118	82,411,634	79,027,860

See accompanying notes to consolidated financial statements.
</TABLE>

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<CAPTION>

KEMET CORPORATION AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity and Comprehensive Income
Dollars in thousands

	Common Stock		Additional Paid-in	Retained
	Shares	Amount	Capital	Earnings
<S>	<C>	<C>	<C>	<C>
Balance at March 31, 1998	78,321,358	$783	$143,908	$161,577
Comprehensive income:				
Net earnings	-	-	-	6,150
Foreign currency translation gain	-	-	-	-
Total comprehensive income	-	-	-	-
Exercise of stock options (note 8)	53,120	-	164	-
Tax benefit on exercise of stock options	-	-	72	-
Purchases of stock by Employee Savings Plan	135,322	2	946	-
Balance at March 31, 1999	78,509,800	785	145,090	167,727
Comprehensive income:				
Net earnings	-	-	-	70,119
Foreign currency translation loss	-	-	-	

				-
Total comprehensive income	-	-	-	-
Exercise of stock options (note 8)	1,944,260	20	11,052	-
Tax benefit on exercise of stock options	-	-	9,315	-
Purchases of stock by Employee Savings Plan	71,848	-	724	-
Secondary offering (note 16)	6,500,000	65	142,543	-
Balance at March 31, 2000	87,025,908	870	308,724	237,846
Comprehensive income:				
Net earnings	-	-	-	352,346
Unrealized gain on foreign exchange contracts, net of tax of $1,398	-	-	-	-
Foreign currency translation loss	-	-	-	-
Total comprehensive income	-	-	-	-
Exercise of stock options (note 8)	549,720	5	3,204	-
Tax benefit on exercise of stock options	-	-	4,325	-
Purchases of stock by Employee Savings Plan	43,889	1	1,094	-
Put options proceeds (note 13)	-	-	4,721	-
Treasury stock purchases (note 16)	(1,600,040)	-	-	-
Balance at March 31, 2001	86,019,477	$876	$322,068	$590,192

<CAPTION>

<S>	Accumulated Other Comprehensive Income <C>	Treasury Stock <C>	Total Stock-holders' Equity <C>
Balance at March 31, 1998	$ (8)	$ -	$306,260
Comprehensive income:			
Net earnings	-	-	6,150
Foreign currency translation gain	80	-	80
Total comprehensive income	-	-	6,230
Exercise of stock options (note 8)	-	-	164
Tax benefit on exercise of stock options	-	-	72
Purchases of stock by Employee Savings Plan	-	-	948
Balance at March 31, 1999	72	-	313,674
Comprehensive income:			
Net earnings	-	-	70,119
Foreign currency translation loss	(56)	-	(56)
Total comprehensive income	-	-	70,063
Exercise of stock options (note 8)	-	-	11,072
Tax benefit on exercise of stock options	-	-	9,315
Purchases of stock by Employee Savings Plan	-	-	724
Secondary offering (note 16)	-	-	142,608
Balance at March 31, 2000	16	-	547,456
Comprehensive income:			
Net earnings	-	-	352,346
Unrealized gain on foreign exchange contracts, net of tax of $1,398	2,594	-	2,594
Foreign currency translation loss	(255)	-	(255)
Total comprehensive income	-	-	354,685
Exercise of stock options (note 8)	-	-	3,209
Tax benefit on exercise of stock options	-	-	4,325
Purchases of stock by Employee Savings Plan	-	-	1,095
Put options proceeds (note 13)	-	-	4,721
Treasury stock purchases (note 16)	-	(29,315)	(29,315)
Balance at March 31, 2001	$2,355	$(29,315)	$886,176

</TABLE>

See accompanying notes to consolidated financial statements.

KEMET CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Dollars in thousands

<TABLE>
<CAPTION>

<S>	Years ended March 31, 2001 <C>	2000 <C>	1999 <C>
Sources (uses) of cash			
Operating activities:			
Net earnings	$ 352,346	$ 70,119	$ 6,150
Adjustments to reconcile net earnings to net cash from operating activities:			
Depreciation and amortization	63,601	55,699	46,872
Post-retirement and unfunded pension	(3,662)	(14,586)	(236)
Loss on sale and disposal of equipment	5,266	11,579	985
Deferred income taxes	(6,625)	2,931	9,997
Changes in other non-current assets and liabilities	(1,759)	(2,950)	(782)
Changes in assets and liabilities:			
Accounts receivable	(2,456)	(38,025)	4,256
Inventories	(71,318)	(5,140)	(11,136)
Prepaid expenses and other current assets	(45,805)	(55)	(36)
Accounts payable, trade	78,059	58,958	(23,961)
Accrued expenses and income taxes	17,874	39,187	(11,292)
Net cash provided by operating activities	385,521	177,717	20,817
Investing activities:			
Purchases of short-term investments	(202,354)	(123,687)	-
Proceeds from maturity of short-term investments	326,041	-	-
Additions to property and equipment	(210,559)	(82,009)	(59,047)
Other	2,339	81	(197)
Net cash used by investing activities	(84,533)	(205,615)	(59,244)
Financing activities:			
Proceeds from sale of common stock to Employee Savings Plan	1,095	724	947
Proceeds from exercise of stock options including related tax benefit	7,534	20,387	236
Proceeds from secondary offering	-	142,608	-
Proceeds from put options (note 13)	4,721	-	-
Purchases of treasury stock	(29,315)	-	-
Net payments to revolving loan and demand note	-	(64,000)	(60,000)
Issuance of senior notes, net of debt issue costs	-	-	99,357
Net cash provided (used) by financing activities	(15,965)	99,719	40,540
Net increase in cash	285,023	71,821	2,113
Cash and cash equivalents at beginning of period	75,735	3,914	1,801
Cash and cash equivalents at end of period	$ 360,758	$ 75,735	$ 3,914
Supplemental Cash Flow Statement Information			
Interest paid	$ 7,361	$ 9,477	$ 7,730
Income taxes paid	$ 209,186	$ 7,179	$ 3,065

</TABLE>

See accompanying notes to consolidated financial statements.

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS AND ORGANIZATION
KEMET Corporation and subsidiaries ("KEMET" or the "Company") is the world's largest manufacturer of solid tantalum capacitors, the fourth largest manufacturer of multilayer ceramic capacitors, and a leader in the development of solid aluminum capacitors. The Company is headquartered in Greenville, South Carolina, and has thirteen manufacturing plants located in South Carolina, North Carolina, and Mexico. Additionally, the Company has wholly-owned foreign subsidiaries which primarily sell KEMET's products in foreign markets.

PRINCIPLES OF CONSOLIDATION
The accompanying consolidated financial statements of the Company include the accounts of its wholly-owned subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

CASH EQUIVALENTS

Cash equivalents consist of direct obligations of U.S. government agencies and investment-grade commercial paper with an initial term of less than three months. For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

SHORT-TERM INVESTMENTS

Short-term investments consist of direct obligations of U.S. government agencies and investment-grade commercial paper with original maturities of greater than three months, but less than one year. These investments are considered to be held-to-maturity and are therefore stated at cost that approximates market value.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are utilized by the Company to reduce exposures to volatility of foreign currencies and commodities impacting the cost of its products. The Company does not enter into financial instruments for trading or speculative purposes.

Effective October 1, 2000, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and hedging activities. It requires the recognition of all derivative instruments as either assets or liabilities in the consolidated balance sheet and measurement of those instruments at fair value. The accounting treatment of changes in fair value is dependent upon whether or not a derivative instrument is designated as a hedge and, if so, the type of hedge. For derivatives designated as cash flow hedges, to the extent effective, changes in fair value are recognized in accumulated other comprehensive income until the hedged item is recognized in earnings. Ineffectiveness is recognized immediately in earnings. For derivatives designated as fair value hedges, changes in fair value are recognized in earnings.

Prior to adoption of SFAS No. 133, the Company recorded gains and losses related to the hedges of forecasted foreign currency transactions directly to earnings ("Other income and expense"), and gains and losses related to hedges of firm commitments were deferred and recognized in earnings as adjustments of carrying amounts when the transactions occurred.

The adoption of SFAS No. 133 did not result in a significant transition adjustment and is therefore not separately captioned in the statement of earnings as cumulative effect of a change in accounting principle. The transition adjustment as of October 1, 2000, was a gain of approximately $0.9 million net of tax, and is included in cost of goods sold for the period.

INVENTORIES

Inventories are stated at the lower of cost or market. These costs do not include depreciation or amortization, the impact of which is not material to the consolidated financial statements. The cost of most inventories is determined by the "first-in, first-out" (FIFO) method. Approximately 7% and 6% of inventory costs of certain raw materials at March 31, 2001 and 2000, respectively, have been determined on the "last-in, first-out" (LIFO) basis. It is estimated that if all inventories had been costed using the FIFO method, they would have been approximately $902 and $854 higher than reported at March 31, 2001 and 2000, respectively.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. Depreciation is calculated principally using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful lives of the assets or the terms of the respective leases. Expenditures for maintenance are expensed; expenditures for renewals and improvements are generally capitalized. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed and any gain or loss is recognized. Reviews are regularly performed to determine whether facts and circumstances exist which indicate that the carrying amount of assets may not be recoverable. The Company assesses the recoverability of its assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining life against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets.

INTANGIBLE ASSETS

Patents and technology are amortized using the straight-line method over twenty-five years. Goodwill and trademarks are amortized using the straight-line method over a forty-year period. The Company assesses the recoverability of its intangible assets by determining whether the amortization of the intangible's balance over its remaining life can be recovered through undiscounted future operating cash flows of the acquired assets. The amount of intangible impairment, if any, is measured based on

projected discounted future operating cash flows. The assessment of the recoverability of intangibles will be impacted if estimated future operating cash flows are not achieved.

OTHER ASSETS

Other assets consist principally of the cash surrender value of life insurance policies.

DEFERRED INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

STOCK-BASED COMPENSATION

The Company applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and its related interpretations in accounting for stock options. As such, compensation expense would be recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. The Company has elected the "disclosure only" provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," which provide pro forma disclosure of earnings as if stock compensation were recognized on the fair value basis.

CONCENTRATIONS OF CREDIT RISK

The Company sells to customers located throughout the United States and the world. Credit evaluations of its customers' financial conditions are performed periodically, and the Company generally does not require collateral from its customers.

FOREIGN OPERATIONS

Financial statements of the Company's Mexican operations are prepared using the U.S. dollar as its functional currency. Translation of the Mexican operations, as well as gains and losses from non-U.S. dollar foreign currency transactions, such as those resulting from the settlement of foreign receivables or payables, are reported in the Consolidated Statements of Earnings.

Translation of other foreign operations to U.S. dollars occurs using the current exchange rate for balance sheet accounts and an average exchange rate for results of operations. Such translation gains or losses are recognized as a component of equity in "Accumulated Other Comprehensive Income."

COMPREHENSIVE INCOME

Comprehensive income consists of net earnings and foreign currency translation gains or losses and unrealized gains and losses from forward contracts and is presented in the Consolidated Statements of Stockholders' Equity and Comprehensive Income.

REVENUE RECOGNITION

Revenue is recognized from sales when a product is shipped. A portion of sales is made to distributors under agreements allowing certain rights of return and price protection on unsold merchandise held by distributors (see note 10). The Company adopted the Securities and Exchange Commission's Staff Accounting Bulletin No. 101 (the "SAB") effective January 1, 2001. The SAB requires that a company recognize revenue only when all of the following criteria are met: (1) Persuasive evidence of an arrangement exists; (2) Delivery has occurred or services have been rendered; (3) The seller's price to the buyer is fixed or determinable; and (4) Collectibility is reasonably assured. Upon adoption of the SAB, there was no impact on the Company's results of operations or financial condition.

EARNINGS PER SHARE

The Company calculates earnings per share in accordance with SFAS No. 128, "Earnings per Share." Basic earnings per share is computed using the weighted-average number of shares outstanding. Diluted earnings per share is computed using the weighted-average number of shares outstanding adjusted for the incremental shares attributed to outstanding options to purchase common stock.

On June 1, 2000, the Company issued additional shares in connection with the two-for-one stock split. The per common share amounts in the Consolidated Financial Statements and accompanying notes have been adjusted to reflect the stock splits.

ENVIRONMENTAL COST

The Company recognizes liabilities for environmental remediation when it is probable that a liability has been incurred and can be reasonably estimated.

The Company determines its liability on a site-by-site basis, and it is not discounted or reduced for possible recoveries from insurance carriers. Expenditures that extend the life of the related property or mitigate or prevent future environmental contamination are capitalized.

BUSINESS SEGMENTS
The Company has determined, using the criteria in SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," that it operates in a single reporting segment. The Company's products may be categorized generally based upon primary raw material (tantalum or ceramic) or method of attachment (surface-mount or leaded), and are sold to original equipment manufacturers, electronics manufacturing services providers, and electronics distributors. Two customers each accounted for more than 10% of net sales in the fiscal year ended March 31, 2001, and one customer accounted for more than 10% of net sales in the fiscal years ended March 31, 2000 and 1999. Geographic information is included in note 9.

USE OF ESTIMATES
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. In addition, they affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and assumptions.

RECLASSIFICATION
Certain prior year amounts have been reclassified to conform to 2001 presentation and the effect of the June 1, 2000, stock split (see note 16).

NOTE 2: INTANGIBLE ASSETS
Intangible assets consist of the following (dollars in thousands):

<TABLE>
<CAPTION>

	March 31, 2001	March 31, 2000
<S>	<C>	<C>
Goodwill	$40,709	$40,709
Trademarks	10,000	10,000
Patents and technology	12,000	12,000
Other	1,143	1,143
	63,852	63,852
Accumulated amortization	19,825	17,654
Intangible assets, net	$44,027	$46,198

</TABLE>

NOTE 3: DEBT
A summary of long-term debt follows (dollars in thousands):

<TABLE>
<CAPTION>

	March 31, 2001	March 31, 2000
<S>	<C>	<C>
Senior notes, interest payable semiannually at a rate of 6.66% with a final maturity date of May 4, 2010	$100,000	$100,000
	100,000	100,000
Less current installments	-	-
Long-term debt, excluding current installments	$100,000	$100,000

</TABLE>

In May 1998, the Company sold $100,000 of its Senior Notes pursuant to the terms of a Note Purchase Agreement dated May 1, 1998, between the Company and the eleven purchasers of the Senior Notes named therein. The Senior Notes have

a final maturity date of May 4, 2010, and begin amortizing on May 4, 2006. The Senior Notes bear interest at a fixed rate of 6.66%, with interest payable semiannually beginning November 4, 1998. The aggregate maturities of the debt subsequent to March 31, 2001, follow: 2007, $20,000; 2008, $20,000; 2009, $20,000; 2010, $20,000; and 2011, $20,000.

The Company had two unsecured and unused credit facilities during the fiscal year ended March 31, 2001: a $150.0 million revolving credit facility and a $10.0 million swingline credit facility. The annual fee for the revolving credit facility is approximately $190 and both facilities expire on October 18, 2002.

The Company is subject to restrictive covenants under its loan agreements which, among others, restrict its ability to make loans or advances or to make investments and require it to meet financial tests related principally to funded debt, cash flows, and net worth. At March 31, 2001, the Company was in compliance with such covenants. Borrowings are secured by guarantees of certain of the Company's wholly owned subsidiaries.

NOTE 4: OTHER NON-CURRENT OBLIGATIONS

Non-current obligations are summarized as follows (dollars in thousands):

<TABLE>
<CAPTION>

	March 31, 2001	March 31, 2000
<S>	<C>	<C>
Accrued pension benefit liability (note 5)	$12,098	$18,337
Accrued post-retirement medical plan liability (note 6)	36,820	34,243
Other	2,166	2,177
Other non-current obligations	$51,084	$54,757

</TABLE>

Included as a part of other non-current obligations is the Company's accrual for environmental liabilities.

NOTE 5: EMPLOYEE PENSION AND SAVINGS PLANS

The Company has a non-contributory pension plan (Plan) which covers substantially all employees in the United States who meet age and service requirements. The Plan provides defined benefits that are based on years of credited service, average compensation (as defined), and the primary social security benefit. The effective date of the Plan is April 1, 1987.

The cost of pension benefits under the Plan is determined by an independent actuarial firm using the "projected unit credit" actuarial cost method. Currently payable contributions to the Plan are limited to amounts that are currently deductible for income tax reporting purposes, and are included in accrued expenses in the consolidated balance sheets.

Components of net periodic pension cost include the following (dollars in thousands):

<TABLE>
<CAPTION>

	Years ended March 31, 2001	2000	1999
<S>	<C>	<C>	<C>
Service cost	$ 4,246	$ 4,544	$ 3,472
Interest cost	8,462	8,071	6,494
Expected return on assets	(8,862)	(6,323)	(6,084)
Amortization of:			
Transition asset	(6)	(6)	(6)
Prior service cost	(84)	(83)	(90)
Actuarial loss	-	650	-
Gain on curtailment of employee benefit plan	-	-	(1,818)
Total net periodic pension cost	$ 3,756	$ 6,853	$ 1,968

</TABLE>

The weighted-average rates used in determining pension cost for the Plan are

as follows:

<TABLE>
<CAPTION>

<S>	Years ended March 31, 2001 <C>	2000 <C>	1999 <C>
Discount rate	7.00%	7.50%	7.00%
Rate of compensation increase	5.00%	5.00%	4.00%
Expected return on Plan assets	9.00%	9.00%	9.50%

</TABLE>

A reconciliation of the Plan's projected benefit obligation, fair value of the Plan assets, and funding status is as follows (dollars in thousands):

<TABLE>
<CAPTION>

<S>	March 31, 2001 <C>	2000 <C>
Projected benefit obligation:		
Net obligation at beginning of year	$111,698	$ 96,830
Service cost	4,246	4,544
Interest cost	8,462	8,071
Actuarial gain	8,991	7,164
Gross benefits paid	(4,739)	(4,911)
Net benefit obligation at end of year	$128,658	$111,698
Fair value of Plan assets:		
Fair value of Plan assets at beginning of year	$ 94,880	$ 62,153
Actual return on Plan assets	(7,743)	11,343
Employer contributions	11,500	26,295
Gross benefits paid	(4,739)	(4,911)
Fair value of Plan assets at end of year	$ 93,898	$ 94,880
Funding status:		
Funded status at end of year	(34,760)	(16,818)
Unrecognized net actuarial loss	31,687	6,091
Unrecognized prior service cost	(399)	(482)
Unrecognized net transition asset	-	(7)
Net accrued benefit liability	$ (3,472)	$(11,216)

</TABLE>

The Company sponsors an unfunded Deferred Compensation Plan for key managers. This plan is non-qualified and provides certain key employees defined pension benefits which would equal those provided by the Company's non-contributory pension plan if the plan were not limited by the Employee Retirement Security Act of 1974 and the Internal Revenue Code. Expenses related to the deferred compensation plan totaled $1,504 in fiscal 2001, $988 in fiscal 2000, and $885 in fiscal 1999. Total benefits accrued under this plan were $8,626 at March 31, 2001, and $7,121 at March 31, 2000.

In addition, the Company has a defined contribution plan (Savings Plan) in which all U.S. employees who meet certain eligibility requirements may participate. A participant may direct the Company to contribute amounts, based on a percentage of the participant's compensation, to the Savings Plan through the execution of salary reduction agreements. In addition, the participants may elect to make after-tax contributions. The Company will make annual matching contributions to the Savings Plan of 30% to 50%. The Company contributed $2,061 in fiscal 2001, $1,801 in fiscal 2000, and $1,786 in fiscal 1999.

NOTE 6: POST-RETIREMENT MEDICAL AND LIFE INSURANCE PLANS
The Company provides health care and life insurance benefits for certain retired employees who reach retirement age while working for the Company. The components of the expense for post-retirement medical and life insurance benefits are as follows (dollars in thousands):

<TABLE>
<CAPTION>

	Years ended March 31, 2001	2000	1999

<S>	<C>	<C>	<C>
Service cost	$1,268	$1,479	$ 701
Interest cost	2,985	2,834	2,086
Amortization of actuarial (gain) loss	111	248	(23)
Curtailment gain	-	-	(611)
Total net periodic benefits cost	$4,364	$4,561	$2,153

</TABLE>

A reconciliation of the post-retirement medical and life insurance plan's projected benefit obligation, fair value of plan assets, and funding status is as follows (dollars in thousands):

<TABLE>
<CAPTION>

	March 31,	
	2001	2000
<S>	<C>	<C>
Projected benefit obligation:		
Net obligation at beginning of year	$ 40,396	$ 29,241
Service cost	1,268	1,479
Interest cost	2,985	2,834
Actuarial gain	347	8,880
Gross benefits paid	(1,786)	(2,038)
Net benefit obligation at end of year	$ 43,210	$ 40,396
Fair value of plan assets:		
Employer contributions	$ 1,786	$ 2,038
Gross benefits paid	(1,786)	(2,038)
Fair value of plan assets at end of year	$ -	$ -
Funding status:		
Funded status at end of year	$(43,210)	$(40,396)
Unrecognized net actuarial loss	6,390	6,153
Net accrued benefit liability	$(36,820)	$(34,243)

</TABLE>

The weighted-average rates used in determining post-retirement medical and life insurance costs are as follows (dollars in thousands):

<TABLE>
<CAPTION>

	Years ended March 31,		
	2001	2000	1999
<S>	<C>	<C>	<C>
Discount rate	7.00%	7.50%	7.00%
Rate of compensation increase	5.00%	5.00%	4.00%
Health care cost trend on covered charges:	8.0% decreasing to ultimate trend of 6.0% in 2008	9.5% decreasing to ultimate trend of 7.0% in 2008	8.0% decreasing to ultimate trend of 7.0% in 2008
Sensitivity of retiree welfare results			
Effect of a one percentage point increase in assumed health care cost trend:			
- On total service and interest cost components	$ 143	$ 538	$ 140
- On post-retirement benefit obligation	$ 933	$ 3,487	$ 1,023
Effect of a one percentage point decrease in assumed health care cost trend:			
- On total service and interest cost components	$ (131)	$ (472)	$ (128)

- On post-retirement benefit obligation	$ (885)	$(3,196)	$ (970)

</TABLE>

NOTE 7: INCOME TAXES

<TABLE>
<CAPTION>
The components of earnings before income taxes consist of (dollars in thousands):

	Years ended March 31,		
	2001	2000	1999
<S>	<C>	<C>	<C>
Domestic	$530,128	$ 91,373	$4,449
Foreign	38,172	14,191	4,595
	$568,300	$105,564	$9,044

</TABLE>

<TABLE>
<CAPTION>
The provision for income tax expense for continuing operations (dollars in thousands):

	Years ended March 31,		
	2001	2000	1999
<S>	<C>	<C>	<C>
Current			
Federal	$197,522	$27,342	$(9,810)
State & Local	16,384	1,051	232
Foreign	10,071	4,121	2,475
	223,977	32,514	(7,103)
Deferred			
Federal	(7,859)	2,568	9,969
State & Local	(499)	193	447
Foreign	335	170	(419)
	(8,023)	2,931	9,997
Provision for income taxes	$215,954	$35,445	$ 2,894

</TABLE>

<TABLE>
<CAPTION>
A reconciliation of the statutory federal income tax rate to the effective income tax rate is as follows:

	Years ended March 31,		
	2001	2000	1999
<S>	<C>	<C>	<C>
Statutory federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal taxes	1.9	0.8	4.9
Foreign sales corporation	(1.8)	(1.9)	(10.7)
Goodwill amortization	.1	0.3	3.8
Other	2.8	(0.6)	(1.0)
Effective income tax rate	38.0%	33.6%	32.0%

</TABLE>

<TABLE>
<CAPTION>
The components of deferred tax assets and liabilities are as follows (dollars in thousands):

	March 31,	
	2001	2000
<S>	<C>	<C>

Deferred tax assets:		
Pension benefits	$ 4,424	$ 6,768
Medical benefits	14,296	12,116
Sales and product allowances	35,853	15,911
All other	1,896	5,365
	56,469	40,160
Deferred tax liabilities:		
Depreciation and differences in basis	$(57,095)	$(50,892)
Amortization of intangibles	(4,678)	(5,071)
Tax effect of hedging	(1,398)	-
All other	(2,476)	-
	(65,647)	(55,963)
Net deferred income tax liability	$ (9,178)	$(15,803)

</TABLE>

The net deferred income tax liability is reflected in the accompanying 2001 and 2000 balance sheets as a $35,018 and $20,099 current asset and a $44,196 and $35,902 non-current liability, respectively.

Based on the scheduled reversal of deferred tax liabilities and projected future taxable income, the Company believes that the deferred tax assets will ultimately be realized. Accordingly, no valuation allowance has been provided for in 2001 or 2000.

At March 31, 2001, unremitted earnings of the subsidiaries outside the United States were deemed to be permanently invested. No deferred tax liability was recognized with regard to such earnings. It is not practicable to estimate the income tax liability that might be incurred if such earnings were remitted to the United States.

NOTE 8: STOCK OPTION PLANS

The Company has two option plans that reserve shares of common stock for issuance to executives and key employees. The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation." On July 1, 2000, the Company adopted the provisions of FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation," which requires variable accounting treatment on certain re-priced options. This requires that any increase in the stock price above the July 1, 2000, adoption date stock price be recognized immediately as compensation expense. For fiscal years 2001, 2000, and 1999, no compensation cost has been recognized for the stock option plans. Had compensation costs for the Company's two stock option plans been determined based on the fair value at the grant date for awards in fiscal years 2001, 2000, and 1999, consistent with the provisions of SFAS No. 123, the Company's net earnings and earnings per share would have been reduced to the pro forma amounts indicated below (dollars in thousands except per share data):

<TABLE>
<CAPTION>

		Years ended March 31,		
		2001	2000	1999
<S>		<C>	<C>	<C>
Net earnings	As reported	$352,346	$70,119	$ 6,150
	Pro forma	$348,628	$64,286	$ 4,203
Earnings per share:				
Basic	As reported	$ 4.05	$ 0.87	$ 0.08
	Pro forma	$ 4.01	$ 0.80	$ 0.06
Diluted	As reported	$ 4.00	$ 0.85	$ 0.08
	Pro forma	$ 3.95	$ 0.78	$ 0.06

</TABLE>

The pro forma amounts indicated above recognize compensation expense on a straight-line basis over the vesting period of the grant. The pro forma effect on net income for fiscal year 2001 is not representative of the pro forma effects on net income in future years because it does not take into consideration pro forma compensation expense related to grants made prior to 1996.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: expected life of 5 years for 2001, 2000, and 1999; a risk-free

interest rate of 5.1% for 2001, 6.8% for 2000, and 5.4% for 1999; expected volatility of 58.0% for 2001, 49.7% for 2000, and 45.1% for 1999; and a dividend yield of 0.0% for all three years.

Under the 1992 Executive Stock Option Plan approved by the Company in April 1992, 1,905,120 options were granted to certain executives. In May 1992, the Company also approved the 1992 Key Employee Stock Option Plan, which authorizes the granting of options to purchase 2,310,000 shares of Common Stock. In addition, stockholders approved the 1995 Executive Stock Option Plan at the 1996 Annual Meeting. This plan provides for the issuance of options to purchase 3,800,000 shares of common stock to certain executives.

These plans provide that shares granted come from the Company's authorized but unissued common stock. The prices of the options granted thus far pursuant to these plans are no less than 100% of the value of the shares on the date of grant. Also, the options may not be exercised within two years from the date of grant and no options will be exercisable after ten years from the date of grant.

In fiscal 1999, the Company's Board of Directors approved an option re-price program for the Key Employee Stock Option Plan and Executive Stock Option Plan, effective February 1, 1999, and April 1, 1999, respectively. Under this program, options to purchase 658,260 shares under the Key Employee Stock Option Plan and 1,048,000 shares under the Executive Stock Option Plan at prices ranging from $9.63 to $16.07 per share were canceled and reissued at $5.00 and $6.00 per share, respectively. The reissued price was the fair market value at that time. The vesting date of the options originally granted in 1995 and 1996 was changed to April 2000. The vesting date for those options originally issued in 1997 remained at October 1999. A summary of the status of the Company's three stock option plans as of March 31, 2001, 2000, and 1999, and changes during the years ended on those dates is presented below:

<TABLE>
<CAPTION>

	March 31,					
	2001		2000		1999	
Fixed Options	Shares	Weighted-Average Exercisable Price	Shares	Weighted-Average Exercisable Price	Shares	Weighted-Average Exercisable Price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Options outstanding at beginning of year	2,632,020	$10.09	3,286,000	$ 6.81	2,502,040	$10.10
Options granted	828,000	17.51	2,379,000	10.71	1,859,140	5.48
Options exercised	(549,720)	5.62	(1,944,260)	5.83	(53,120)	3.51
Options cancelled	(69,280)	11.10	(1,088,720)	9.66	(1,032,060)	12.55
Options outstanding at end of year	2,841,020	$13.12	2,632,020	$10.09	3,286,000	$ 6.81
Option price range at end of year	$2.50 to $ 19.38		$2.50 to $16.07		$2.50 to $16.07	
Option price range for exercised shares	$2.50 to $ 16.07		$2.50 to $16.07		$2.50 to $7.10	
Options available for grant at end of year	2,647,870		1,412,590		2,414,580	
Options exercisable at end of year	723,020		504,210		624,860	
Weighted-average fair value of options granted during the year	$ 9.61		$ 7.54		$ 2.69	

</TABLE>

The following table summarizes information about stock options outstanding at March 31, 2001:

	Options Outstanding			Options Exercisable	
Range of Exercisable Prices	Number Outstanding at 3/31/01	Weighted-Average Remaining Contractual Life	Weighted-Average Exercisable Price	Number Exercisable At 3/31/01	Weighted-Average Exercisable Price
$ 2.50	9,200	1.6 Years	$ 2.50	9,200	$ 2.50
$ 5.00 To $ 6.75	713,820	6.0 Years	$ 5.62	713,820	$ 5.62
$14.50 To $19.38	2,118,000	9.0 Years	$15.70	-	$ -
	2,841,020	8.2 Years	$13.12	723,020	$ 5.58

NOTE 9: GEOGRAPHIC INFORMATION (DOLLARS IN THOUSANDS):

	Years ended March 31, (1)		
	2001	2000	1999
United States	$ 642,406	$408,890	$293,428
Asia Pacific	273,853	190,289	119,938
Germany	124,980	49,670	34,142
Mexico (2)	86,779	-	-
Other countries (3)	278,129	173,246	118,061
	$1,406,147	$822,095	$565,569

(1) Revenues are attributed to countries or regions based on the location of the customer. The Company sold $231,801 and $148,158 to two customers and each accounted for more than 10% of net sales in the fiscal year ended March 31, 2001. One customer accounted for more than 10% of net sales as the Company sold $129,600 and $59,367 to it in the fiscal years ended March 31, 2000 and 1999, respectively.
(2) Did not exceed 5% of sales in 2000 and 1999 and included with "Other countries."
(3) No country in this group exceeded 5% of consolidated net sales.

The following geographic information includes long-lived assets based on physical location (dollars in thousands):

	March 31,		
	2001	2000	1999
United States	$314,980	$243,385	$247,966
Mexico	251,331	179,092	157,795
Other	951	922	974
	$567,262	$423,399	$406,735

NOTE 10: COMMITMENTS

(a) The Company has agreements with distributor customers which, under certain conditions, allow for returns of overstocked inventory and provide protection against price reductions initiated by the Company. Allowances for these commitments are included in the consolidated balance sheets as reductions in trade accounts receivable (note 11). The Company adjusts sales to distributors for anticipated returns and price protection changes based on historical experience. Charges against sales in fiscal 2001, fiscal 2000, and fiscal 1999 were $72,575, $54,212, and $43,592 respectively. Actual applications against the allowances in fiscal 2001, fiscal 2000, and fiscal 1999, were $35,603, $44,623, and $43,885, respectively.

(b) A subsidiary of the Company sells certain receivables discounted at .60% above LIBOR for the number of days the receivables are outstanding, with a recourse provision not to exceed 5% of the face amount of the factored receivables. The Company has issued a joint and several guarantee in an aggregate amount up to but not to exceed $4,000 to guarantee this recourse provision. The Company transferred receivables and incurred factoring costs of $529,946 and $5,236 in fiscal 2001, $372,656 and $3,444 in fiscal 2000, and $258,619 and $2,988 in fiscal 1999.

Included in accounts payable, trade, is $30,310 and $44,212 at March 31, 2001 and 2000, respectively, which represents factored receivables collected but not remitted.

(c) The Company's leases consist primarily of manufacturing equipment and expire principally between 2001 and 2006. A number of leases require that the Company pay certain executory costs (taxes, insurance, and maintenance) and contain certain renewal and purchase options. Annual rental expense for operating leases are included in results of operations and were approximately $7,346 in fiscal 2001, $8,300 in fiscal 2000, and $10,229 in fiscal 1999. Future minimum lease payments over the next five fiscal years under non-cancelable operating leases at March 31, 2001, are as follows (dollars in thousands):

<TABLE>
<CAPTION>

	2002	2003	2004	2005	2006	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Minimum lease payments	$3,997	2,245	852	422	50	$7,566

</TABLE>

NOTE 11: SUPPLEMENTARY BALANCE SHEET AND INCOME STATEMENT DETAIL (DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

		March 31,	
		2001	2000
<S>	<C>	<C>	<C>
Accounts receivable:			
Trade		$143,681	$103,139
Other		6,273	6,767
		149,954	109,906
Less:			
Allowance for doubtful accounts		882	262
Allowance for price protection and customer returns (note 10)		52,489	15,517
Net accounts receivable		$ 96,583	$ 94,127
Property and equipment, at cost	Useful life		
Land and land improvements	20 years	$ 12,817	$ 12,946
Buildings	20-40 years	94,462	86,465
Machinery and equipment	10 years	653,645	522,514
Furniture and fixtures	4-10 years	41,368	36,989
Construction in progress	-	75,894	41,326
Total property and equipment		878,186	700,240
Accumulated depreciation		310,924	276,841
Net property and equipment		$567,262	$423,399
Accrued expenses:			
Salaries, wages and related employee costs		$ 23,795	$ 18,254
Vacation		9,526	8,752
Other		15,908	15,039
Total accrued expenses		$ 49,229	$ 42,045

</TABLE>

<TABLE>
<CAPTION>

	Years ended March 31,		
	2001	2000	1999
<S>	<C>	<C>	<C>

Other (income) /expense			
Loss on retirement of assets	$ 3,380	$ 9,405	$ 985
Accounts receivable discounting	5,236	3,444	2,988
Unrealized gain on foreign currency forward contracts	(941)	(1,682)	-
Other	217	528	300
	$ 7,892	$11,695	$ 4,273

</TABLE>

NOTE 12: LEGAL PROCEEDINGS

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (CERCLA), and certain analogous state laws impose retroactive, strict liability upon certain defined classes of persons associated with releases of hazardous substances into the environment. Among those liable under CERCLA (known collectively as "potentially responsible parties" or "PRPs") is any person who "arranged for disposal" of hazardous substances at a site requiring response action under the statute. While a company's liability under CERCLA is often based upon its proportionate share of overall waste volume or other equitable factors, CERCLA has been widely held to permit imposition of joint and several liabilities on each PRP. The Company has periodically incurred, and may continue to incur, liability under CERCLA and analogous state laws with respect to sites used for off-site management or disposal of Company-derived wastes. The Company has been named as a PRP at the Seaboard Chemical Site in Jamestown, North Carolina. The Company is participating in the clean-up as a "de minimis" party and does not expect its total exposure to be material. In addition, Union Carbide Corporation (Union Carbide), the former owner of the Company, is a PRP at certain sites relating to the off-site disposal of wastes from properties presently owned by the Company. The Company is participating, in coordination with Union Carbide, in certain PRP-initiated activities related to these sites. The Company expects that it will bear some portion of the liability with respect to these sites; however, any such share is not presently expected to be material to the Company's financial condition or results of operations. In connection with the acquisition in 1990, Union Carbide agreed, subject to certain limitations, to indemnify the Company with respect to the foregoing sites.

The Company or its subsidiaries are at any one time parties to a number of lawsuits arising out of their respective operations, including workers' compensation or work place safety cases, some of which involve claims of substantial damages. Although there can be no assurance, based upon information known to the Company, the Company does not believe that any liability which might result from an adverse determination of such lawsuits would have a material adverse effect on the Company's financial condition or results of operations.

NOTE 13: PUT OPTIONS

During the fiscal year ended March 31, 2001, the Company sold put options to institutional parties as part of a program to purchase up to 4.0 million (note 16) of its common shares. Premiums generated from the sale of the put options were $4.7 million and have been accounted for as Additional Paid-In Capital. The fair value of the put options at March 31, 2001, totaled $4.4 million. The Company had the maximum potential obligation to purchase 1.9 million shares of its common stock at a weighted average purchase price of $18.31 for an aggregate of $34.8 million at March 31, 2001. The put options are exercisable only at maturity and expire between April and October 2001. The Company has the right to settle the put options through physical settlement or net share settlement using shares of the Company's common stock.

NOTE 14: EARNINGS PER SHARE

Basic and diluted earnings per share are calculated as follows (dollars in thousands except per share data):

<TABLE>
<CAPTION>

	Years ended March 31,		
	2001	2000	1999
<S>	<C>	<C>	<C>
Net earnings	$352,346	$70,119	$ 6,150
Weighted-average shares outstanding			

(Basic)	86,930,965	80,650,376	78,441,440
Stock Options	1,250,153	1,761,258	586,420
Weighted-average shares outstanding (Diluted)	88,181,118	82,411,634	79,027,860
Basic earnings per share	$4.05	$0.87	$0.08
Diluted earnings per share	$4.00	$0.85	$0.08

</TABLE>

NOTE 15: DERIVATIVES, HEDGING, AND OTHER FINANCIAL INSTRUMENTS

The Company uses certain derivative financial instruments to reduce exposures to volatility of foreign currencies and commodities impacting the costs of its products.

HEDGING FOREIGN CURRENCIES

Certain operating expenses at the Company's Mexican facilities are paid in Mexican pesos. In order to hedge these forecasted cash flows, management purchases forward contracts to buy Mexican pesos for periods and amounts consistent with the related underlying cash flow exposures. These contracts are designated as hedges at inception and monitored for effectiveness on a routine basis. At March 31, 2001, the Company had outstanding forward exchange contracts that mature within one year to purchase Mexican pesos with notional amounts of $89.3 million. The fair values of these contracts at March 31, 2001, totaled $5.0 million, which is recorded as a derivative asset on the Company's balance sheet as other current assets. Changes in the derivatives' fair values are deferred and recorded as a component of "Accumulated Other Comprehensive Income (Loss)" (AOCI), until the underlying transaction is recorded in earnings. When the hedged item affects earnings, gains or losses are reclassified from AOCI to the consolidated statement of earnings as cost of goods sold. The Company anticipates all amounts in AOCI as of March 31, 2001, will be reclassified into earnings within one year. Any

ineffectiveness in the Company's hedging relationships is recognized immediately in earnings.

Prior to adoption of SFAS No. 133 (as amended by SFAS No. 138), the Company recorded gains from foreign currency contracts of $0.9 million, $1.7 million, and $0 in 2001, 2000, and 1999, respectively, as a component of other income and expense in its statement of earnings. Subsequent to adoption of the new standard, the Company recorded $2.8 million of gains from foreign currency contracts as a component of cost of goods sold in 2001.

The Company formally documents all relationships between hedging instruments and hedged items, as well as risk management objectives and strategies for undertaking various hedge transactions.

HEDGING COMMODITY PRICES

The Company occasionally enters into contracts for the purchase of its raw materials, primarily palladium, which are considered to be derivatives or imbedded derivatives with underlyings not clearly and closely related to the host contract. As such, the fair values of these imbedded derivatives are recorded on the balance sheet as derivative assets or liabilities and the change in fair values is recorded as a component of cost of goods sold. At March 31, 2001, the Company had derivative assets from these imbedded derivatives of $3.7 million included in other current assets on the balance sheet, and the change in fair values of such derivatives since adoption of the new standard in fiscal 2001 was a gain of $2.1 million.

All other contracts to purchase raw materials qualify for the normal purchases exclusion and are not accounted for as derivatives.

OTHER FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable approximate their fair values. The fair value of the Company's debt outstanding at March 31, 2001 and 2000 was $96.5 million and $92.1 million, respectively, which was determined based on quotes from lending institutions.

NOTE 16: COMMON STOCK

In August 2000, the Company announced that its Board of Directors had authorized a program to purchase up to 4.0 million shares of its common stock in the open market. Through March 31, 2001, the Company had acquired 1.6 million shares for $29.3 million and had outstanding put option obligations for 1.9 million shares with an average exercise price of $18.31. The program was fulfilled in April 2001, at which time the Company announced that its Board of Directors had authorized a second 4.0 million stock purchase program. The amount and timing of purchases will depend on market conditions and other factors. The program will be funded from existing cash and a combination of direct purchases and/or put options may be used to execute the program.

On May 15, 2000, the Company's Board of Directors declared a two-for-one stock split. The record date for the split was May 24, 2000, with distribution of the additional shares on June 1, 2000. All references in the consolidated financial statements to number of shares outstanding, price per share, per share amounts, and stock option plan data have been restated to reflect the split.

On January 20, 2000, the Company sold 6,500,000 shares of its common stock in a public offering for $142.6 million in net cash proceeds after deducting underwriting fees and offering expenses. Included in the offering were 2,193,220 shares sold by a stockholder of the Company which were shares of non-voting common stock that were converted into common stock on a share-for-share basis. The net proceeds to the Company were used to repay outstanding debt under the Company's short-term credit facility and to fund capital expenditures.

NOTE 17: INVESTMENT IN JOINT VENTURE

During the fiscal year ended March 31, 2001, the Company entered into a 50/50 joint venture agreement with Australasian Gold Mines NL (AGM) to establish an independent source of tantalum to meet the increasing demand for tantalum capacitors from key customers. This transaction closed in April 2001. The Company's initial investment in the joint venture is approximately $4.9 million. The Company also acquired a 10 percent interest in AGM for approximately $2.3 million. The Company has the right to acquire all processed tantalum products from the initial production plant, which began operations in the quarter ended March 31, 2001, and from any future processing operations of the joint venture. These tantalum products are expected to be toll converted into tantalum powder necessary for the production of capacitors.

SIGNATURES

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.

KEMET Corporation
(Registrant)

Date: June 15, 2001

/s/ D. Ray Cash

D. Ray Cash
Senior Vice President, Chief Financial Officer, and Assistant Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: June 15, 2001

/s/ David E. Maguire

David E. Maguire
Chairman and Chief Executive Officer

Date: June 15, 2001

/s/ Charles M. Culbertson II

Charles M. Culbertson II
President and Chief Operating Officer

Date: June 15, 2001

/s/ D. Ray Cash

D. Ray Cash

Senior Vice President, Chief Financial Officer
and Assistant Secretary (Principal Accounting
and Financial Officer)

Date: June 15, 2001 /s/ Charles E. Volpe

Charles E. Volpe
Director

Date: June 15, 2001 /s/ Stewart A. Kohl

Stewart A. Kohl
Director

Date: June 15, 2001 /s/ E. Erwin Maddrey, II

E. Erwin Maddrey, II
Director

Date: June 15, 2001 /s/ Paul C. Schorr IV

Paul C. Schorr IV
Director

Exhibit 23.3

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
KEMET Corporation:

We consent to incorporation by reference in the Registration Statements as listed below, of our report dated April 27, 2001, relating to the consolidated balance sheets of KEMET Corporation and subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of earnings, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended March 31, 2001, which reports are included in the March 31, 2001 annual report on Form 10-K/A of KEMET Corporation.

Form	Registration Number	Registration Name
S-8	33-67849	Kemet Corporation 1995 Executive Stock Option Plan
S-8	33-60092	Kemet Employee Savings Plan
S-8	33-96226	Kemet 1992 Key Employee Stock Option Plan
S-3	33-98912	Kemet 1992 Executive Stock Options

/s/ KPMG LLP

KPMG LLP

Greenville, South Carolina
June 29, 2001