

Agreement to Establish Joint Venture and Expand collaboration with Qualcomm and TDK Growth Strategy

**TDK Corporation
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◆ Presentation

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- **Agreement to Establish Joint Venture and Expand Collaboration**
- **TDK Growth Strategy**

◆ Q&A

■ Agreement to establish Joint Venture with Qualcomm for RF Components

- TDK has reached an agreement with Qualcomm for the launch of a joint venture company to engage in the supply of RF components.
- The joint venture will initially be owned 49 percent by TDK and 51 percent by Qualcomm. The plan is for a carve-out of the assets and patents related to the filter and module design and manufacture from TDK and its subsidiaries. The major share of these assets will be transferred to the joint venture, with some to be directly acquired by Qualcomm.
- Qualcomm will hold an option to acquire the remaining shares in the joint venture 30 months after the closing date, while TDK will have the option to sell off those shares.
- In the event that Qualcomm exercises its option to acquire or TDK exercises its option to sell -TDK's interest in the joint venture, the aggregate transaction value is expected to be approximately \$3 billion US dollars.

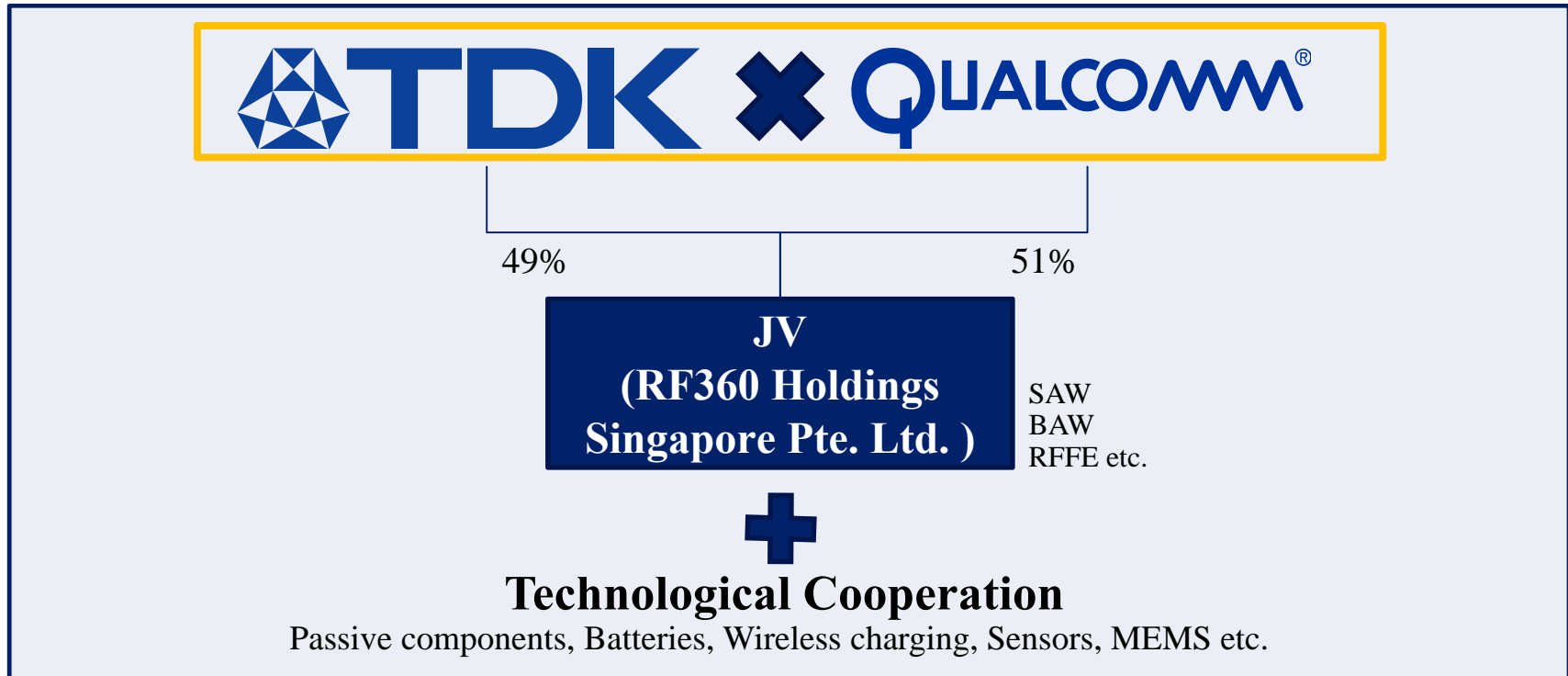
■ Deepening collaboration between TDK and Qualcomm

- Along with the decision to establish a joint venture, TDK and Qualcomm have also agreed to expand their technical collaboration in passive components, batteries, wireless charging, sensors, MEMS and various other wide-ranging state-of-the-art technologies.

Agreement to Establish Joint Venture and Expand Collaboration (JV Scheme)



The joint venture will be positioned to strategically fuse the value chain comprised of the design, manufacturing and sales competencies of both partners, thereby striving to maximize its strength as a business entity capable of addressing the full range of next-generation technology and needs.

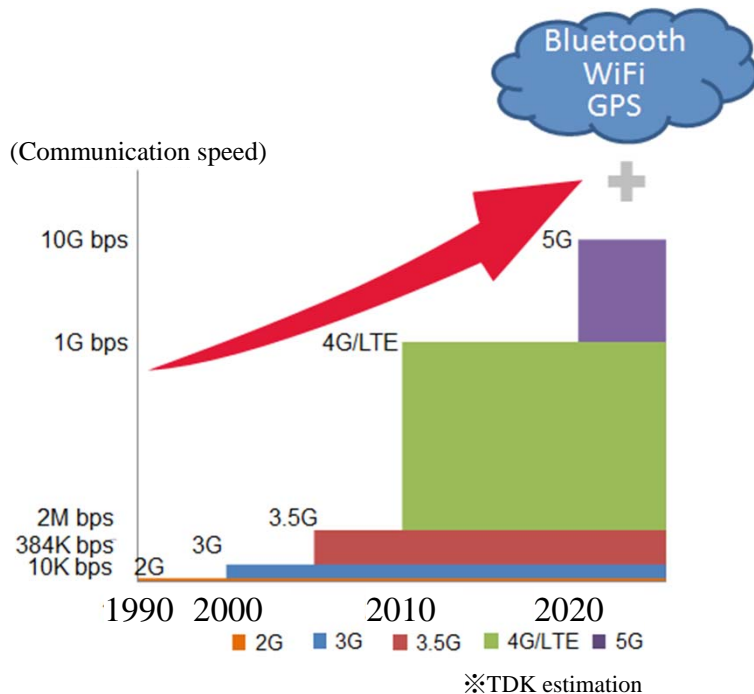


Delivering truly complete RF front-end solutions to the ecosystems for next-generation mobile communications -> Existing customers + New customers

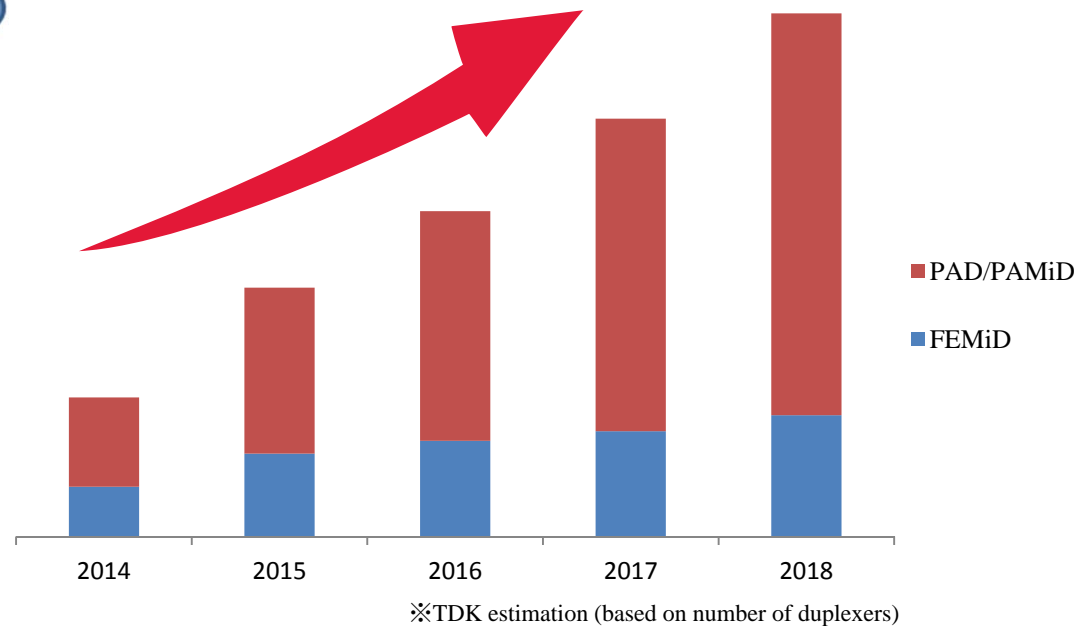
Agreement to Establish Joint Venture and Expand Collaboration (Evolution of the Environment Surrounding the RF Component Industry)



Against the backdrop of the rapid advances made in mobile communications and the growing number of Internet of Things (IoT) applications, RF components and solutions must support a higher and increasing complexity in the RF architecture of 4G LTE devices and next-generation mobile communication networks and technologies. This trend has been accompanied by the growing demands for modularization and further integration as well.



The Expanding Importance of Modules



PAMiD: PA Module with integrated Duplexer
FEMiD: Front-End Module with integrated Duplexer

In gearing up to excel in the IoT field, Qualcomm has emerged as a key global player in sectors other than smartphones as well.

Product announcements

Recap

Smartphones

- Snapdragon 820
80+ designs
- Letv with Snapdragon 820
and Qualcomm®
Snapdragon Sense™ ID



Networking

- Robust Wi-Fi 11ad
ecosystem momentum
- Wi-Fi SON
comprehensive platform

Automotive

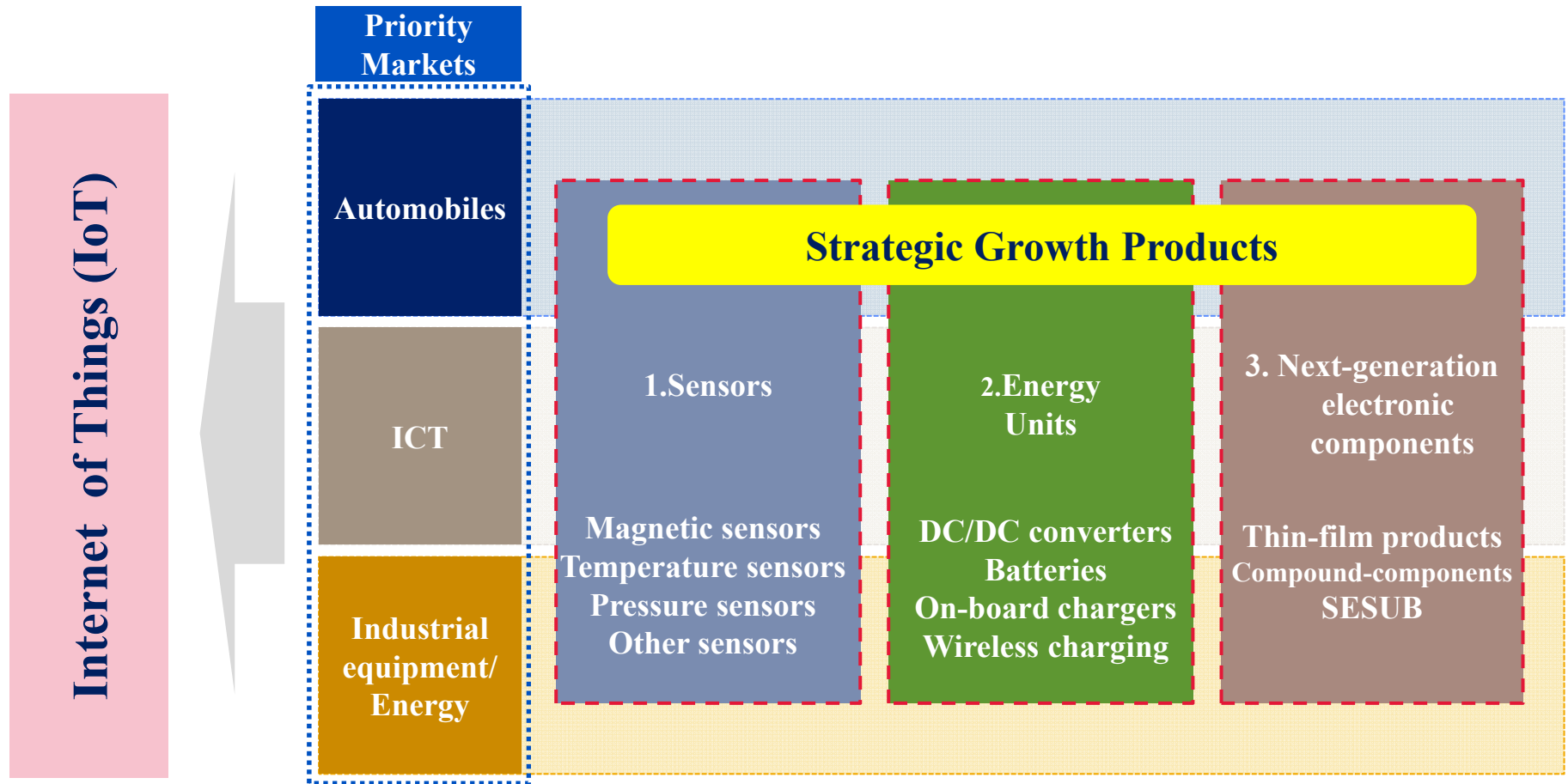
- Audi + Snapdragon
602A Automotive Processor
- New Snapdragon 820
Automotive Processor

IoT

- Complete family of
4G LTE modems for IoT
- Snapdragon 212 Smart
Home Reference Platform
- Tencent, ZEROTECH
and Snapdragon Flight
- CSR102X Bluetooth
Smart SoC
- aptX HD
- Novartis connected inhaler

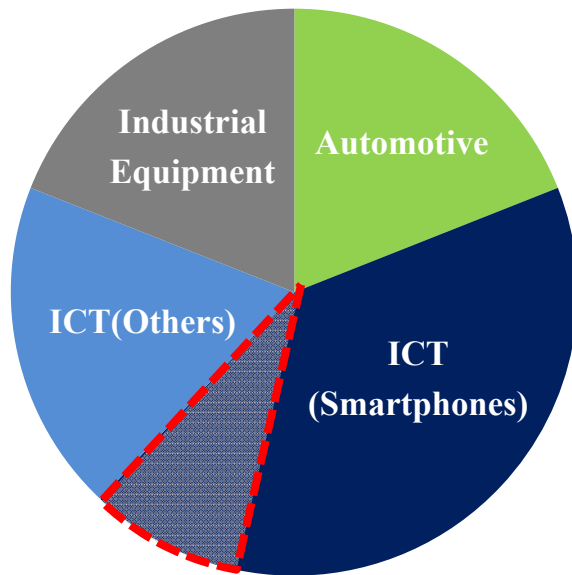
Accelerate expansion of strategic growth products by strengthening of the business collaboration with Qualcomm

→To land business opportunities in the IoT business through priority markets.



Strengthened Business Collaboration with Qualcomm

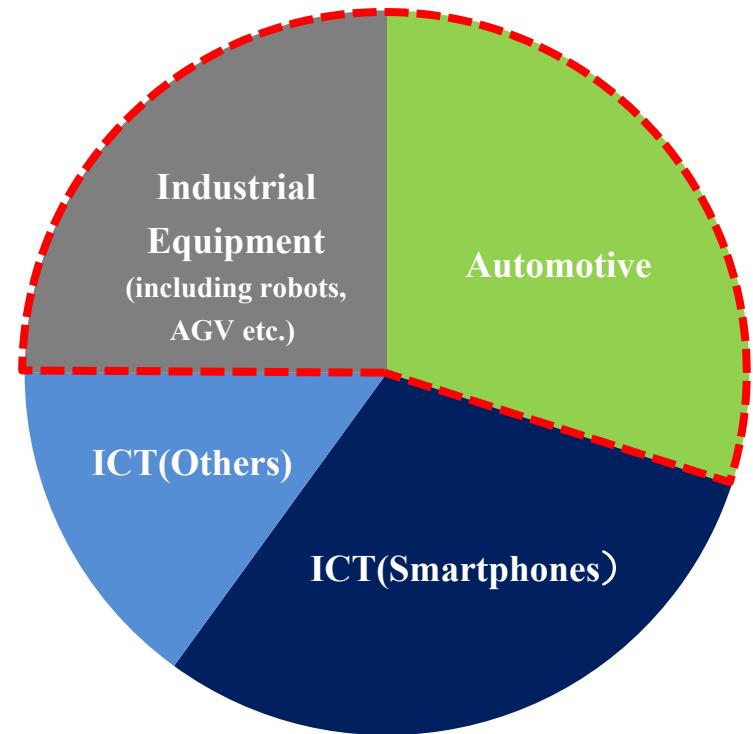
Current Sales



Strategic Reallocation of Resources

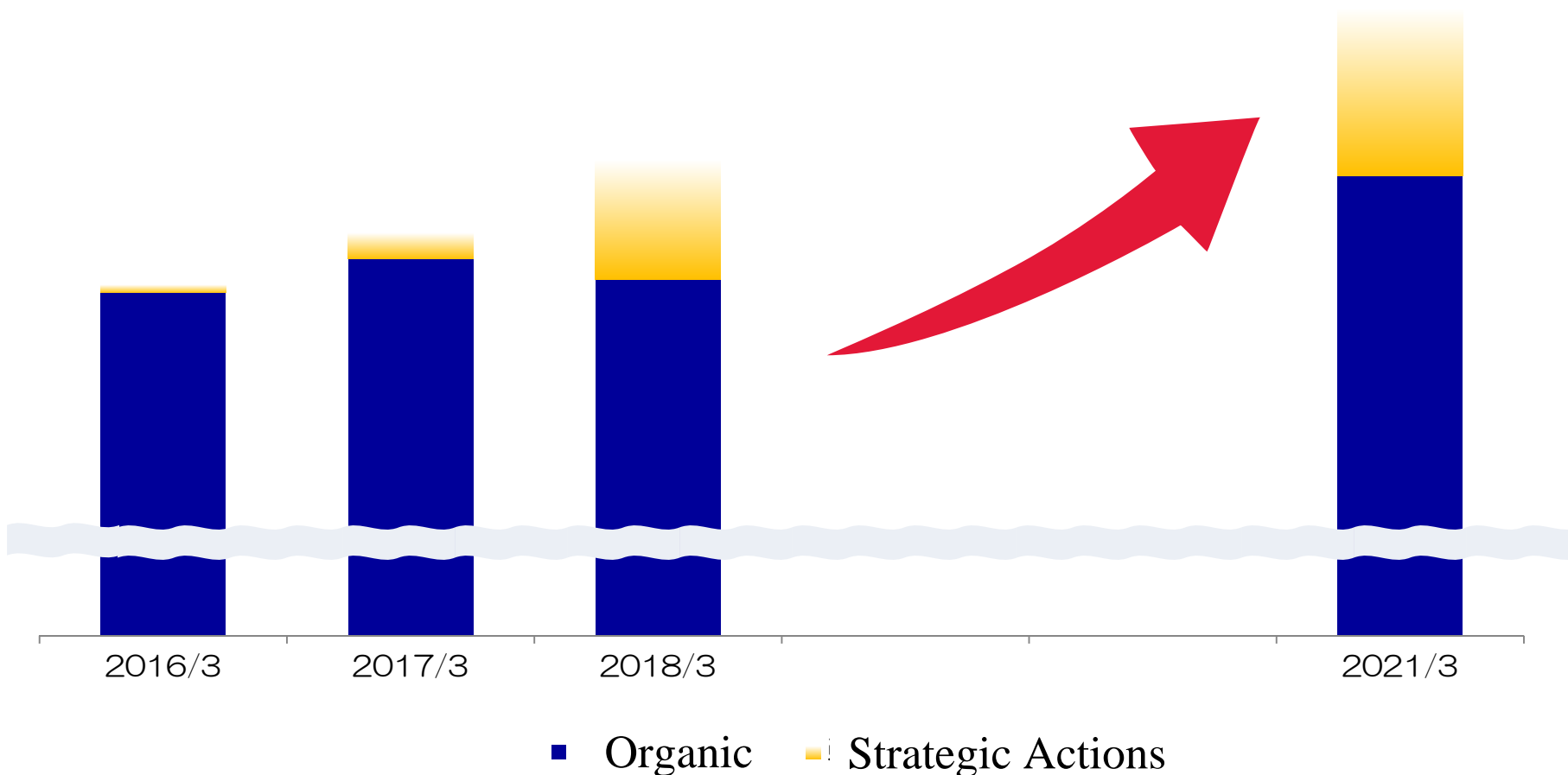


Image of 5 years later



Business in Scope of Transaction

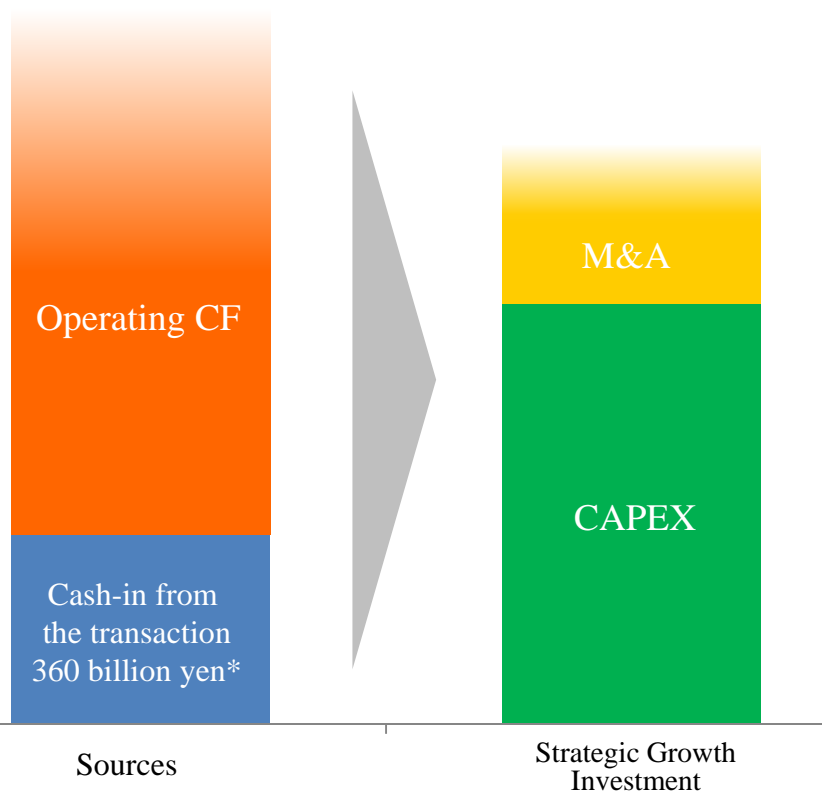
Sales growth by organic growth and strategic actions



2016/3 : FY March 2016

Strategic Growth Investment and Its Sources

Mid-term Target



- | | |
|-------------------------------|--|
| Return to Shareholders | <ul style="list-style-type: none"> ■ Stabilize or increase dividends through EPS growth ■ Target a 30% dividend payout ratio |
| Growth Investment | <ul style="list-style-type: none"> ■ Investment in new products, new businesses, and M&A ■ Increase production capacity of existing businesses |

	FY March 2015 Results	FY March 2018 Target
Operating Income Margin	6.7%	Over 10%
ROE	7.2%	Over 10%

* USD = JPY 120

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