



Annual Report 2014





President's Interview

Bringing Together the Power of Our Entire Group and Pursuing Further Growth with the Aim of Achieving Full-Scale Growth in Our Business Results

Takehiro Kamigama
President & CEO

Q1

How were business results during the fiscal year under review? | P02

Q2

Please tell us about TDK's growth strategy for the future. | P03

Q3

Where are TDK's biggest strengths with regard to business? | P05

Q4

What is TDK's stance and philosophy regarding CSR? | P06

Q5

What is the TDK Group's outlook for FY March 2015? | P07



President's Interview

Bringing Together the Power of Our Entire Group and Pursuing Further Growth with the Aim of Achieving Full-Scale Growth in Our Business Results

Takehiro Kamigama
President & CEO



Q1. How were business results during the fiscal year under review?

The effects of structural reforms and the effects of the depreciated yen led to a significantly higher increase in revenue and income than our forecasts at the beginning of the fiscal year.

TDK's business results in the fiscal year ended March 2014 significantly exceeded our forecasts at the beginning of the term. This is due to various factors, including economic growth both domestically and overseas, a recovery in the electronics market, and the effects of structural reforms that we have been pursuing these past few years. We posted consolidated net sales of ¥984.5 billion, an increase of 16.9% year on year. Operating income also grew by 66.0% to ¥36.6 billion.



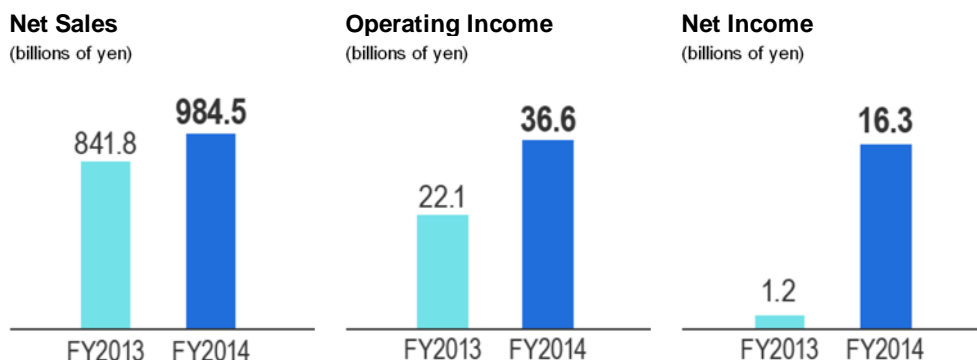
When viewed by segment, our passive components segment, which still was in the red during the last term, has now returned to profitability and contributed significantly to our improved business results. In addition to an improved business constitution brought about by structural reforms, sales in the automotive and the industrial equipment markets, as well as sales in the markets for home information appliances and for communications equipment that includes smartphones and tablets, showed a positive trend. These developments resulted in net sales of passive components of ¥471.7 billion, a year-on-year increase of 24.3%. Operating income under this segment entered the black for the first time in three terms as well, having improved considerably from negative ¥11.1 billion to ¥15.4 billion yen.

On the other hand, although net sales in our magnetic application products segment grew by 7.8% year on year to ¥364.3 billion, operating income fell by 24.3% to ¥28.1 billion. Various factors are behind this development. The recording devices business, which experienced special demand during the previous term due to the floods in Thailand, saw a drastic drop this year, particularly in terms of quantities sold. Circumstances this fiscal year also differed in that under the magnet business and recording device business (specifically, the HDD suspension business), insurance income following the floods in Thailand in the amount of ¥5.8 billion was posted during the previous fiscal year.

Under the film application products segment, sales of energy devices (rechargeable batteries) for home information appliances and communications equipment consisting mostly of smartphones and tablets progressed favorably, and new customers were also acquired. These and other factors resulted in net sales increasing by 25.7% year on year to reach ¥129.3 billion. Operating income under this segment also grew by 4.7% to ¥13.4

billion.

The average exchange rate for the U.S. dollar during the fiscal year was ¥100.26, representing a depreciation in the yen by 20.8% over budgeted figures at the beginning of the year. Similarly, the euro was ¥134.42, which represents a 25.6%-lower yen. For a globally-structured organization such as the TDK Group, where more than 90% of net sales are derived from overseas, this exchange rate fluctuation is highly significant, and led to an increase in both revenue and income with net sales reaching ¥147.5 billion and operating income reaching ¥24.3 billion.



*FY2013: Fiscal year ended March 2013



Q2. Please tell us about TDK's growth strategy for the future.

Having completed the reform of our business structure involving major investments, we will now promote portfolio management to achieve well balanced growth of the various segments.

While pursuing a structural reform in our passive components business centered on capacitors over the past two years, we have also pursued an expansion of the film application products segment. As a result, passive components returned to profitability in FY March 2014, and film application products also are steadily generating more sales and income. Furthermore, we completed our withdrawal from the data tape and Blu-ray businesses. Along with a number of other changes, the end of FY March 2014 therefore marks the completion of the reform of our business structure involving major investments.



As a result, the scenario for a well-balanced business portfolio of three segments is in place, giving due consideration to profitability. In addition to the magnetic application products business centered on magnetic heads for HDDs, which is a stable business with high profit margins, we have the passive components business and the film application products business. Starting from the next fiscal year, we will be pursuing further growth in these segments, each of which represents a forte of TDK. Maintaining proper balance among the three segments will be crucial in these efforts.

As one of the measures towards this aim, we have reorganized our marketing framework from April 2014, creating three separate branches for the priority markets of "Automotive", "ICT (Information and Communication Technology)," and "Industrial Equipment / Energy." Within each market, the following five priority businesses will be targeted through a concentration of management resources: inductive devices, RF components, piezoelectric material components, HDD magnetic heads, and rechargeable batteries.

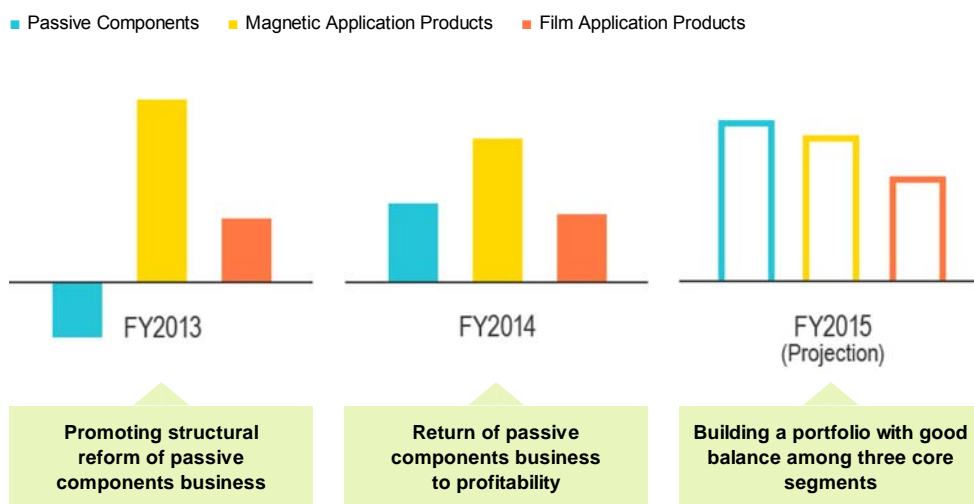
As for market-specific strategies, in the automotive market, we already have a high market share in capacitors, inductive devices and other electronic components for power train applications, but we will also make efforts to further expand sales of products utilizing new materials such as high-efficiency power supplies, DC-DC converters, and battery chargers. The target is an increase in total sales market share from the 17% figure of FY March 2014 to 20% at an early point beyond FY March 2015. In the medium to long term, we are aiming to expand sales of products based on applied technology. For example, TMR sensors developed through the application of magnetic head technology can be used as angle sensors and for various other applications in cars. We also intend to boost sales of batteries for electric vehicles, and have already partially started mass production in this area which is likely to see further growth. In the magnet business, the development of new materials and new processes should provide the momentum for a renewed strengthening of our position. Demand for electronic components in the automotive market will no doubt further rise, driven by the trend towards increased reliance on electrical equipment and a more widespread adoption of environment friendly cars such as hybrid electric and electric vehicles. The TDK Group will no doubt realize solid growth in this market.

In the ICT market, we will continue to focus on high-growth markets such as smartphones and tablets. In particular, we will promote expanded sales of products with high added value, including voice coil motors (VCM) for high-speed autofocus in camera modules, actuators for optical image stabilizers (OIS), and lithium polymer batteries.

Regarding SAW (Surface Acoustic Wave) filters and other RF components, we are applying the IC collaboration strategy of working together with semiconductor manufacturers, using it as a basis for having reference designs accepted by major end product manufacturers. In China, where the spread of 4G services based on TD-LTE technology is progressing, as well as in other key markets such as the U.S. and South Korea, we are strongly promoting products such as diversity modules, TC-SAW (Temperature Compensated SAW) filters, and BAW (Bulk Acoustic Wave) filters. While on one hand working hard to secure orders, we are also forging ahead with solutions for enhancing our productivity and profitability, such as moving towards larger wafer sizes and introducing further miniaturized package products, to strengthen our competitiveness in the market place.

In the industrial equipment / energy market, we will be promoting increased sales of inverter components, DC-DC converters, stationary rechargeable battery; energy storage systems (ESS), capacitors, line noise filters, reactors, power sensors, and other power devices for energy infrastructure applications such as power generation facilities using renewable energy sources.

Operating income by segment



*FY2013: Fiscal year ended March 2013



Q3. Where are TDK's biggest strengths with regard to business?

Our core competence is materials technology in magnetics and related fields, along with advanced manufacturing capabilities featuring nano-level precision. These enable us to offer next-generation added-value products.

The greatest strength of TDK is the power to innovate—harnessing original developments and technology to create products that are beyond the reach of other manufacturers. We will continue to rely on our core competence, which is materials technology in magnetics and related fields, along with high-precision machining technology featuring nano-level precision to bring new products with true value to the market.

In particular, we are on track to achieving another breakthrough by applying thin film process technology developed in the magnetic heads field to the manufacture of other electronic components. In the RF components field for example, the demand for even more compact and low-profile products is bound to increase, as wearable devices in the form of wristwatches or glasses become more widespread. Here, TDK will apply its thin film process technology from the magnet heads field to develop the next generation of low-profile SAW filters, BAW filters, and other components. Engineers from EPCOS in Germany are already working with TDK engineers specializing in magnetic heads to improve manufacturing processes of high-frequency components, and the project is beginning to show results. Manufacturing facilities for magnetic heads have a short amortization period, and diverting amortized facilities to production sites of RF components can bring significant advantages both in terms of quality and cost.

Advantages can also be expected in the healthcare field, for example, with regard to wearable terminals that contribute to health management by monitoring blood pressure, body temperature and other vital parameters. The various sensors and power management components used in such healthcare devices need to be extremely thin and compact, and we are planning to develop added-value products in this field, in collaboration with semiconductor manufacturers and other parties.





Q4. What is TDK's stance and philosophy regarding CSR?

Being a business trusted by all of its stakeholders, and contributing to society through business activities such as providing products and technologies that help to save energy.

The fundamental stance that informs all CSR activities of the TDK Group is expressed by our corporate motto "Contribute to culture and industry through creativity." When each and every member of our organization endeavors to implement this motto in their daily work, TDK as a company becomes an entity that is trusted by its stakeholders.

Through its business activities, TDK can contribute to society in many different ways, but a major aspect where we can make a difference is creating products that help to realize significant energy savings. Our wide range of power supply related products is being utilized not only in everyday consumer products such as smartphones and computers but also in in-vehicle equipment and in energy infrastructure facilities such as wind power and solar power generation systems. However, the energy efficiency of current power supplies still is around 90% at most, which means that some 10% of energy is lost in the conversion process. If efficiency can be improved even by a seemingly small value such as 1%, the energy savings that can be achieved for society at large are considerable. I believe that there still is room for innovation and improvement with regard to power supply efficiency. Besides obvious measures such as improved design and manufacturing processes, we must also take a fresh look at materials, and this is where TDK's extensive technological expertise comes in, for example in process technology such as thin film layering and winding techniques, and in materials technology including magnetic materials and dielectrics. By making use of these strengths, we will continue to develop new materials and innovate production technology with the aim of achieving higher efficiency in power supplies.

In Japan, the need to save energy has become even more pressing in the aftermath of the Great East Japan Earthquake. Contributing to power savings through higher efficiency power supplies is of course an important aspect, but TDK is also engaged in renewable energy related projects such as offshore wind farms. By developing various products including magnets for use in wind power generators, as well as energy storage products, we are helping to build a new energy infrastructure aimed at the realization of a sustainable society.

Also, automobiles including hybrid electric vehicles (HEV) and electric vehicles (EV) are relying more and more on electronics and informatization, and here TDK is providing high-efficiency power supply systems, various types of sensors etc. that help to make cars safer and more environment friendly.

Furthermore, going beyond the energy savings aspect, by offering our sensors and electronic components also for use in applications such as diagnosis equipment in health care and nursing care, as well as for wearable devices, we aim to help improve the quality of life.

It goes without saying that the trust of stakeholders can only be gained by management practices that give due consideration to the global environment and to human rights. In 2011, TDK became the first company in the electronics industry of Japan to declare carbon neutrality as an official goal, demonstrating our serious dedication to environmentally



sound management. As a global organization with more than 90% of its net sales being derived from overseas, we are firmly committed to respecting diversity and to employment and training policies that transcend national borders and are independent of nationality or gender.



Q5. What is the TDK Group's outlook for FY March 2015?

We expect net sales of ¥1.05 trillion based on factors such as increased sales of RF components in the ICT sector and the growth of the lithium polymer battery market.

For FY March 2015 estimates, we used an exchange rate of ¥100 to the U.S. dollar and ¥135 to the euro.

In our passive components segment, we expect continued growth in sales of automotive components as well as an expansion in sales of products for the ICT sector, particularly RF components. Compared to the current term, we anticipate growth of about 10% to 15%, with significantly improved income as well. With regards to our magnetic application segment, capital investment in the industrial equipment sector has recovered, pointing towards an upswing in our power supply business. However, our HDD head business, which accounts for a large proportion of sales in this segment, continues to be affected by falling demand for HDDs for computers. Given this situation, the market for high-end products used in data centers cannot be expected to grow rapidly. Therefore, we expect growth in this segment as a whole to remain flat at about -5% to 0%. However, on the income side, we believe that we will be able to secure operating income on par with that of the previous fiscal year driven mainly by improved earnings in our magnet business and power supply business, which suffered difficulties during the previous fiscal year. In our film application products segment, thinner and higher-capacity lithium polymer batteries, among other contributors, are expected to boost demand for components. We therefore expect this segment to grow year on year by 20% to 25%, accompanied by an increase in income.

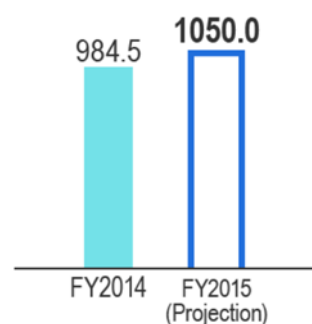
Taking the above into consideration, our estimated consolidated business results for the year ending March 2015 are ¥1.05 trillion in sales, representing a year-on-year increase of 6.7%, and ¥57.0 billion in operating income, representing a year-on-year increase of 55.7%. Our expected operating income margin is 5.4%. Dividends are expected to be ¥40 per share for both the first and second half of the term, which is ¥80 a year. Net sales exceeding ¥1 trillion will be a first since TDK was founded.

However, these business results projections, in particular the operating income ratio of 5.4%, still fall short of desirable levels. We will therefore continue to review the earnings structure in each business segment, and implement thorough reforms in whatever businesses have room for improvement. Furthermore, while aiming for a solid expansion in our sales in growth markets, we will apply our new sales framework realigned according to priority strategic markets towards offering wide-ranging solutions to customers.

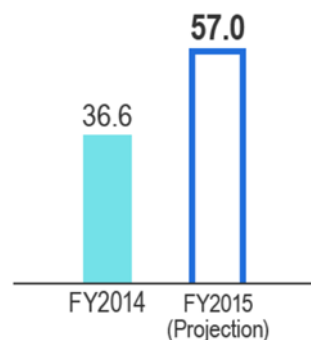


TDK has positioned FY March 2015 as the final run-up period to full-scale growth in our business results from the next term onwards. We will continue to bring together the power of our entire group as we pursue further growth.

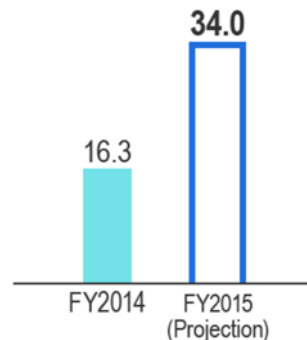
Net Sales
(billions of yen)



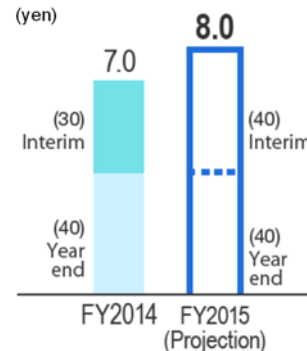
Operating Income
(billions of yen)



Net Income
(billions of yen)



Dividends per Common Share
(yen)



FY2014: Fiscal year ended March 2014



Special Feature: Nanotech & Thin Film Solutions

Nanotechnology and thin film technology from TDK exemplified by magnetic heads lead the way towards further innovation.

TDK has world-leading nano- and thin-film technologies. By integrating these cutting-edge technologies with various core competences, TDK is creating new technologies that provide exciting new solutions for our lives.



TDK Nanotechnology and Thin-Film Innovation | P10



RF Components
BAW Filter | P11



Inductive Devices
Thin Film Power Inductors | P12



Semiconductor Embedded Substrate
SESUB (Semiconductor Embedded in SUBstrate) | P13



Embedded Components
Embedded Thin Film Capacitors (TFCP) | P14



Sensors
Automotive Sensors | P15

Smart Glass

Smartphone

Smart Watch

Tablet

Health Devices

Electric Car

Q1

What is amazing about TDK's nanotechnology and thin-film technologies?

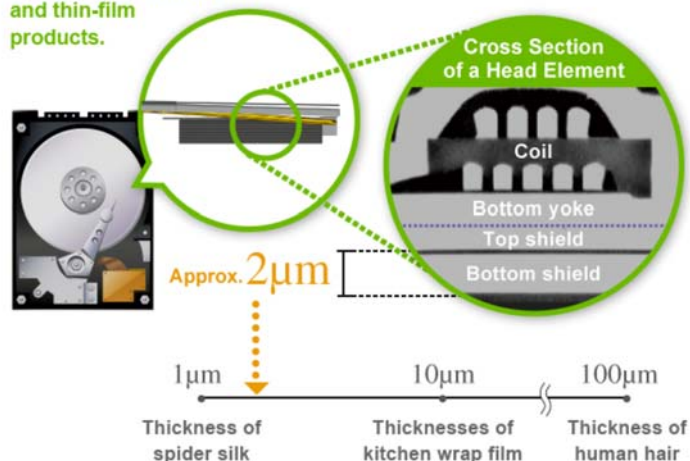
A1

The TDK nanotechnology and thin-film technologies developed through HDD magnetic heads is world-leading technology.

TDK has been the world leader in the HDD magnetic head field. As a result of industry consolidation, TDK has become the only specialized magnetic head maker, and this too is proof of the superiority of its technology. TDK's magnet heads make use of nanotechnologies and thin films just 2 μm thick. This technology is used to form multiple thin layers measured in microns or sub-microns on the surface of materials similar to semiconductor manufacturing processes. TDK has provided more than 7 billion high-quality, thin-film heads to the world. These high-precision thin-film technologies are truly at the world's highest levels.

TDK applies the nanotechnologies and thin-film technologies that it developed through HDD magnetic heads in electronic materials such as capacitor materials, metal magnetic materials, and RF components. As a part of its efforts to reinforce these technologies even further, TDK established the Thin-Film Device Center in November 2013 and is working on new innovations.

HDD heads are representative of TDK's nanotechnologies and thin-film products.



Q2

What are the application areas of TDK's nanotechnologies and thin-film technologies?

A2

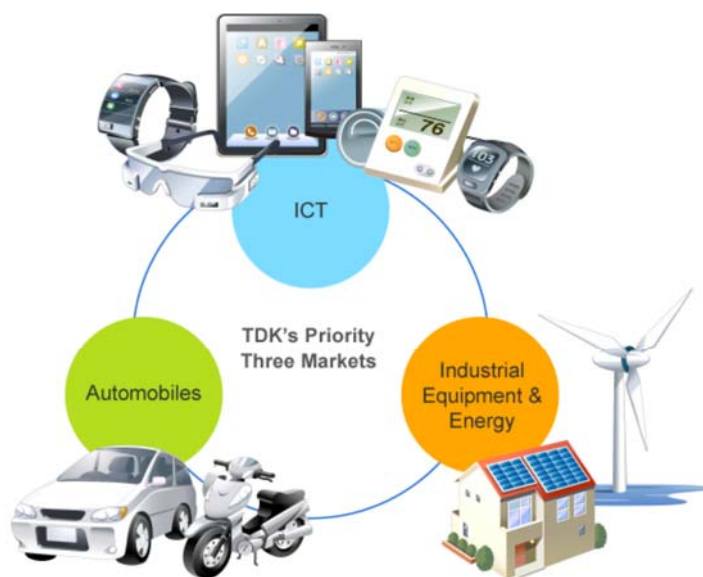
Applications are expected in ICT devices such as wearable terminals as well as eco-cars, energy, healthcare, and more.

Wearable devices are expected to undergo rapid advances to a degree that the 2020 Tokyo Olympics are referred to as the wearable Olympics.

TDK will actively develop its nanotechnology and thin-film solutions into priority markets for ICT* devices such as wearable terminals as well as eco-cars, energy, and healthcare.

* Information and Communication Technology

TDK has proprietary basic technology and will use its strengths in nanotechnology and thin-film products!



Global Market Forecast for Nanotechnology Products

■ Nanomaterials ■ Nanotools ■ Nanodevices



Source: BCC Research, "Nanotechnology: A Realistic Market Assessment"

innovation **1**

RF Components

The shift towards multi-band operation and widespread adoption of LTE is boosting demand for miniaturized low-profile RF components and modules.

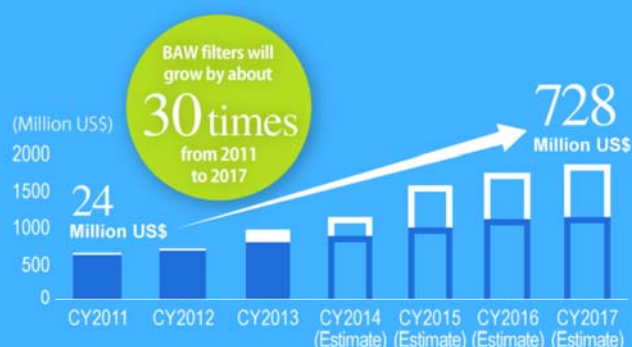
The transmitter and receiver circuitry in a smartphone or similar device uses a large number of RF components. BAW (Bulk Acoustic Wave) filters are RF filters that employ a thin film of piezoelectric material and offer outstanding RF bandwidth characteristics, especially for the TD-LTE* telecommunication standard that is fast gaining acceptance in China and elsewhere. At a time when miniaturization is increasingly demanded, high-quality RF components compatible with the 4G era are needed.

* Time Division Long Term Evolution



BAW Filter Market Forecast

■ BAW (Bulk Acoustic Wave) filter
■ SAW (Surface Acoustic Wave) filter



Source: Navian Inc.'s report

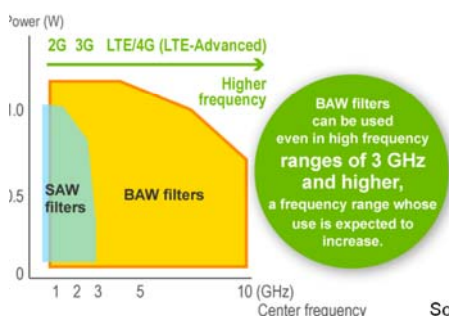
In response,
TDK ...

BAW Filter

Revolutionary thin-film packaging (TFP) makes possible ultra-compact, ultra-low-profile, RF components and modules.

TDK established revolutionary thin-film packaging (TFP) technology that uses thin film and MEMS technologies and uses it to provide advanced RF components and modules for full-fledged 4G era mobile terminals. TDK also supplies BAW filters, demand for which is expected to grow, and ultra-low-profile SAW/BAW duplexers comprising SAW filters, as well as RF modules and more.

Applicable Frequencies for SAW Filters and BAW Filters



Source: TDK materials



innovation **2**

Inductive Devices

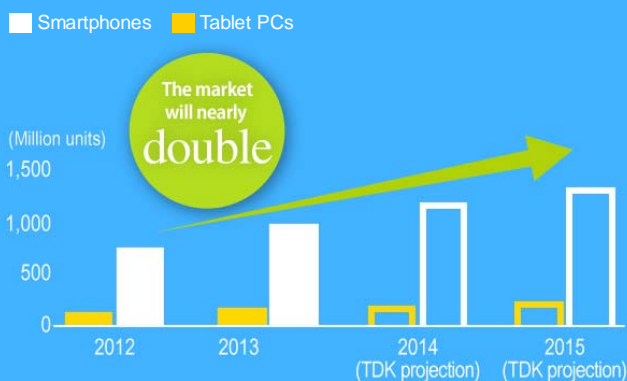
Demands are being made for mobile devices to be smaller and thinner, offer multiple functions, and consume less power.

The market for mobile devices including smartphones, tablet PCs, and ultrabooks is expected to grow substantially in the future.

Technological breakthroughs are needed, and in addition to smaller and thinner devices with multiple functions, battery lives must be extended by reducing power consumption.



Market Forecast for Smartphones and Tablet PCs

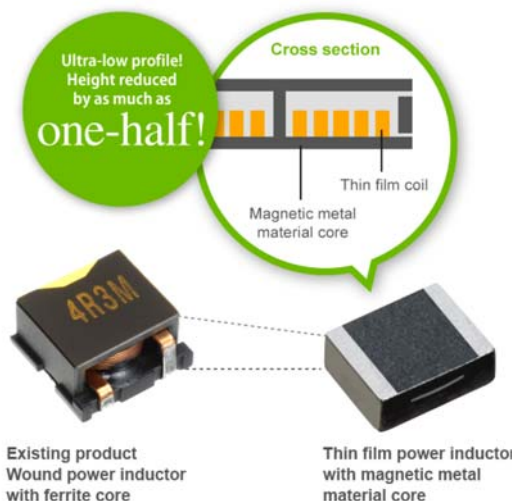


In response,
TDK ...

Thin Film Power Inductors

High-precision thin film coil patterning results in lower losses. TDK is achieving reduced power supply space requirements and lower power consumption.

Smartphones and other mobile devices incorporate multiple miniaturized power supplies with power inductors as key components. Thin film inductors from TDK feature a core made of magnetic metal material and employ techniques such as wafer processes and advanced plating technology to create a highly-precise thin film coil. High current support, low loss, and a small footprint and low insertion height make the products ideal for use as power supply modules in mobile terminals.



innovation **3**

Semiconductor Embedded Substrate

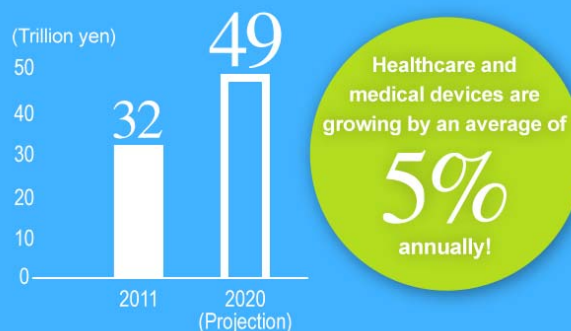
Wearable terminals, health care devices, and similar products require circuit boards with even more functions and more efficient space-saving designs.

The Internet of Things (IoT) that links various devices and terminals to the Internet has lately attracted considerable attention. For example, smartphones and healthcare devices can be linked wirelessly to transmit data to family in a remote location or a doctor in a hospital, and wearing smart glasses enables a user to link to map information and obtain directions to a destination.

Smaller and space-saving designs are an urgent issue for circuit boards, typified by those used in wearable devices.



Global Market Forecast for Healthcare and Medical Devices



Source: JEITA materials

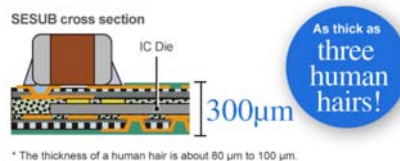
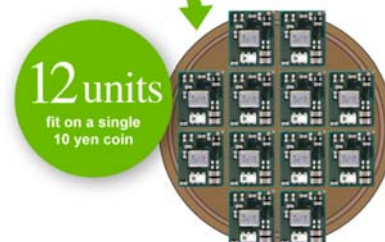
In response,
TDK ...

SESUB (Semiconductor Embedded in SUBstrate)

An advanced solution that involves embedding IC chips in the substrate. The result is highly-miniaturized modules with superior functionality and high integration.

Embedding integrated circuit chips whose profile has been lowered to several tens of microns into a substrate creates a four-layer board with a thickness of a mere 300 microns. Excellent noise suppression and thermal dissipation enhance the degree of design freedom. High-performance modules with small dimensions and outstanding characteristics can be created.

The range of possible applications includes power management units (PMU) for smartphones, wearable devices such as smart watches and smart glasses, and healthcare devices including blood oxygen densitometers. The technology is also optimal for fitness devices such as wristband type activity trackers.



Bluetooth modules

Compact, low-profile, low energy consumption.

Low-noise DC-DC converters and Bluetooth modules with communications functions have also been successfully developed.

innovation **4**

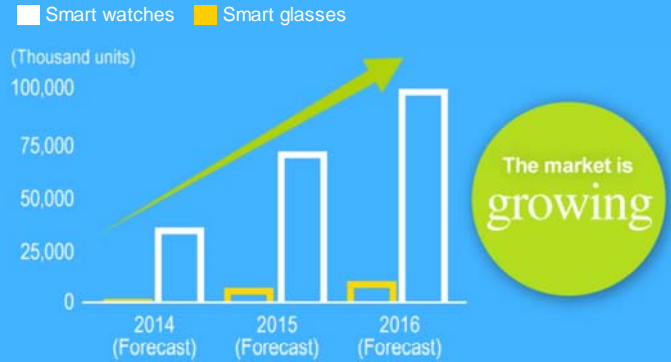
Embedded Components

Technology for embedding electronic components in circuit boards to make breakthroughs in the limits of mounting density is attracting attention.

With the appearance of various wearable terminals including smart watches, smart glasses, and accessory-type communications terminals, conventional methods of making electronic components smaller and thinner are approaching the limits where further miniaturization will be difficult. As a result, technologies for embedding electronic components in circuit boards rather than mounting the components on the board as in the past are entering the limelight.



Global Market for Smart Glasses and Smart Watches



The market is growing

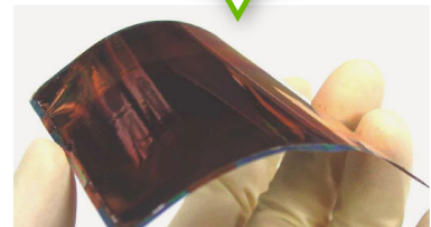
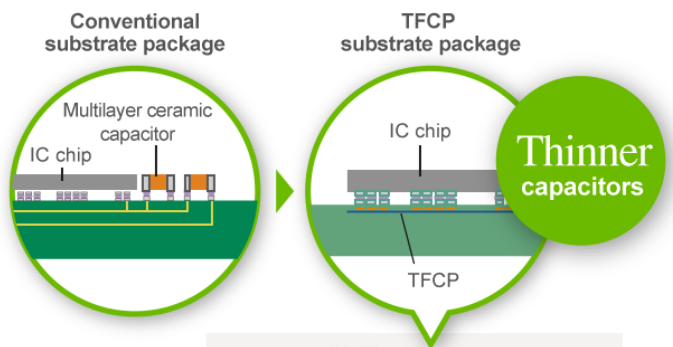
Source: Yano Research Institute Ltd., "2013 Smartphone-Linked Service and Device Market Outlook"

In response,
TDK ...

Embedded Thin Film Capacitors (TFCP)

**TDK develops a completely novel type of capacitor!
Ultra-thin and flexible.**

TDK developed a new type of capacitor that uses a dielectric film vapor-deposited on nickel foil, made possible by the application of cutting-edge sputtering techniques usually employed for manufacturing HDD heads. Extremely thin dimensions allow embedding in the IC package substrate, resulting in a drastically reduced mounting footprint. As the entire product is flexible and can be freely shaped, it lends itself to new applications and is ideal for designing compact modules for the next generation of ICT devices such as the wearable terminals now on the horizon.



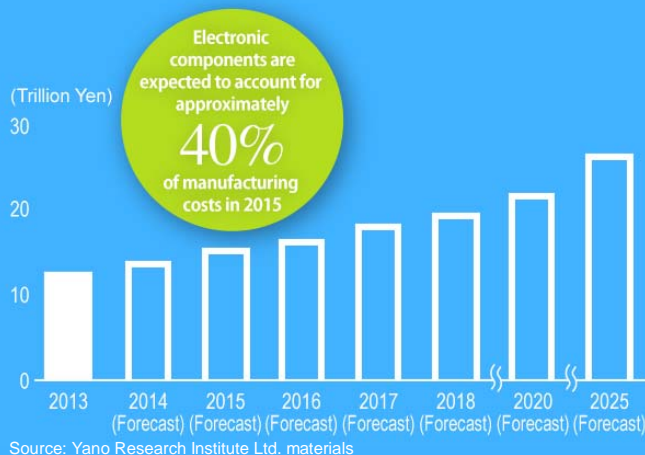
innovation **5**
Sensors

The roles of automotive sensors are becoming ever more important for developing safe, secure, comfortable, and environmentally-friendly eco-cars.

Automobiles are equipped with various sensors. For example, sensors provide advanced control of engines and motors according to the vehicle status to provide safe, comfortable, and low-energy driving. Achieving this requires more precise sensors.



Market Forecast for Automotive Electronic Components and Systems



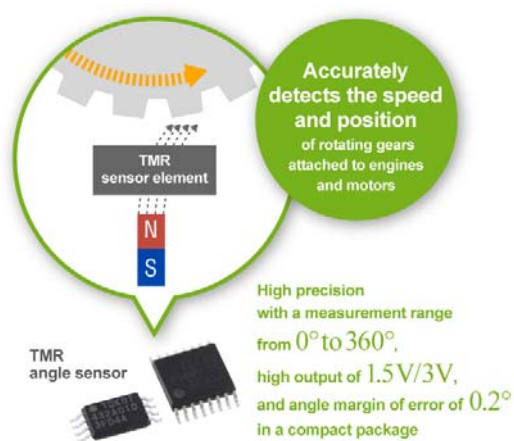
In response,
TDK ...

Automotive Sensors

High-accuracy sensors using TMR elements from HDD heads contribute to further improved fuel efficiency in eco-cars.

TDK supplies various sensors optimized for automotive applications such as TMR angle sensors that use TMR elements from HDD heads, electric current sensors, and temperature sensors.

TDK's TMR angle sensors are manufactured by means of highly advanced thin-film process technology similar to methods used in semiconductor manufacturing. The products are used as high-precision gear tooth sensors that detect the rotation speed and position of gears attached to engines and motors, angle sensors for electronic power steering (EPS) motors, and angle sensors that accurately detect the angle of the steering wheel. TDK supports further improvements in the fuel efficiency of eco-cars as well as safe and comfortable driving.



Financial Results

Taking a broad overview of the electronics market, which has a bearing on the consolidated business results of TDK, the production of smartphones, which have been experiencing increasing demand, was driven largely by the release of new device models by major manufacturers, thereby raising production levels significantly over the last fiscal year. The production of tablet devices, which also saw an increase in demand, similarly demonstrated considerably elevated levels over the previous fiscal year. Propped up by brisk sales in the United States, the production of automobiles in the market as a whole increased over the last fiscal year. Additionally, the market environment for industrial equipment also gradually improved over the previous fiscal year due to a recovery in capital expenditure for the likes of semiconductor manufacturing equipment and FA equipment.

Meanwhile, although last-minute demand prior to the consumption tax hike in Japan appeared to help push up demand for PCs slightly in that country, as a whole, PC production levels fell below those during the previous fiscal year under the impact of growth in the tablet device market. For hard disk drives (HDDs) as well, although there were signs of an increase in demand for HDDs for next-generation game consoles as well as HDDs for PCs spurred by the end of support for Windows XP, production levels for HDDs fell relative to the last fiscal year, during which special demand prompted by the large floods in Thailand was temporarily present.

Amid such operating conditions, the consolidated business results of the TDK Group came to ¥984,525 million in net sales, a year-on-year increase of 16.9% over the ¥841,847 million in net sales reported for the previous fiscal year, and ¥36,616 million in operating income, a year-on-year increase of 66.0% over the ¥22,054 million in operating income reported for the previous fiscal year.

Net Sales

(millions of yen)



Operating Income

(millions of yen)



Net Income

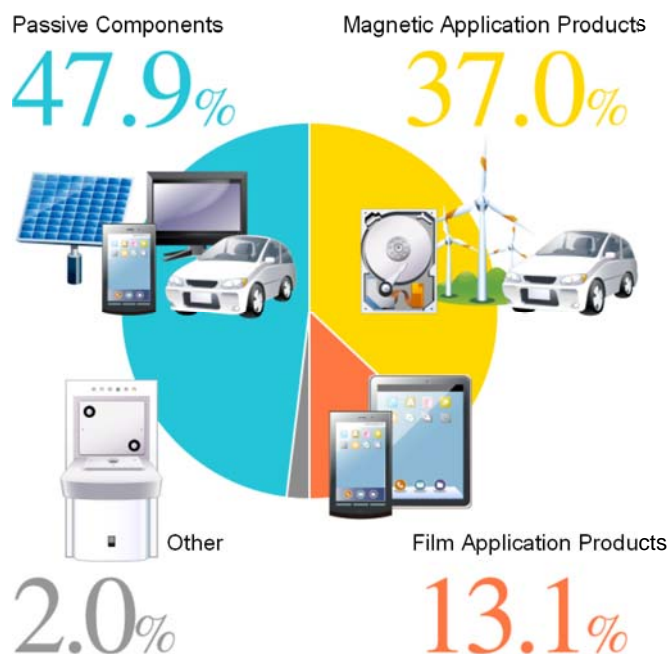
(millions of yen)



*FY2011: Fiscal year ended March 2011

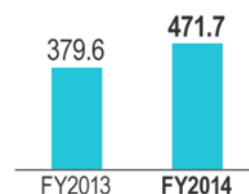
Note: Operating results relating to the data tape business and Blu-ray business are separately presented as discontinued operations in consolidated statements of income for FY2014. Also reclassifications are made to consolidated statement of income for FY2012 and FY2013 to conform to the presentation used for FY2014.

Sales by Segment



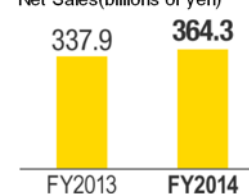
Passive Components

Net Sales (billions of yen)



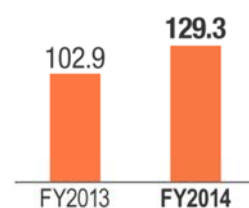
Magnetic Application Products

Net Sales (billions of yen)



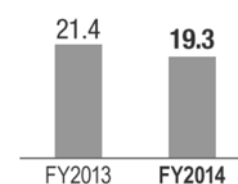
Film Application Products

Net Sales (billions of yen)



Other

Net Sales (billions of yen)



*FY2013: Fiscal year ended March 2013

Financial Highlights

Years ended March 31 or as of March 31

(millions of yen)

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Net Sales	655,792	657,853	795,180	862,025	866,285	727,400	805,194	871,943	802,534	841,847	984,525
(Overseas sales)	487,169	473,828	621,522	690,673	714,172	610,944	703,190	763,046	691,962	736,015	890,520
Cost of sales	476,407	484,323	585,780	622,819	635,529	605,943	614,341	654,180	624,271	668,258	763,572
Selling, general, and administrative expenses	122,875	119,886	142,052	159,106	158,921	159,878	158,976	153,442	157,886	151,535	184,337
Transfer to the government of the substitutional portion of the Employees' Pension Fund:											
Subsidy from the government									(33,533)		
Loss on settlement									27,347		
Gain on sales of business to Imation Corp.							(15,340)				
Restructuring cost	—	—	6,825	510	—	15,884	4,922	—	—	—	—
Production realignment cost									6,570	—	—
Realignment-related gain; Sale of properties									(6,732)	—	—
Operating income (loss)	56,510	59,830	60,523	79,590	87,175	(54,305)	26,955	64,321	20,539	22,054	36,616
Income (loss) before income taxes				88,665	91,505	(81,630)					
Income (loss) from continuing operations before income taxes	55,847	60,728	66,103				23,088	60,620	14,668	19,765	39,772
Income taxes	12,133	23,284	21,057	16,985	19,948	(17,041)	9,401	15,105	11,970	14,616	17,936
Income (loss) from continuing operations	43,355	36,965	44,411				13,687	45,515	2,698	5,149	21,836
Loss (income) from discontinued operations	1,254	3,665	310				(805)	(511)	(4,399)	(619)	(3,602)
Net income (loss) attributable to TDK	42,101	33,300	44,101	70,125	71,461	(63,160)	13,520	45,264	(2,454)	1,195	16,288

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Per common share (Yen):											
Net income (loss) attribute to TDK basic	317.80	251.71	333.50	529.88	551.72	(489.71)	104.82	350.90	(19.06)	9.50	129.47
Net income (loss) attributable to TDK diluted	317.69	251.56	333.20	529.29	551.19	(489.71)	104.74	350.57	(21.42)	5.36	120.97
Net cash flow	700.46	650.47	775.50	1,022.45	1,101.11	204.75	750.77	948.98	589.91	623.37	787.06
Net assets	4,352	4,832	5,311	5,759	5,557	4,297	4,215	4,142	3,957	4,460	5,049
Dividends per common share (Yen)	55.00	70.00	90.00	110.00	130.00	130.00	60.00	80.00	80.00	70.00	70.00
Payout ratio (%)	17.3	27.8	27.0	20.8	23.4	—	57.2	22.8	—	736.8	54.1
Total assets	770,319	808,001	923,503	989,304	935,533	1,101,036	1,091,458	1,060,853	1,072,829	1,169,642	1,239,589
Stockholders' equity	576,219	639,067	702,419	762,712	716,577	554,218	543,756	534,273	498,159	561,169	635,327
Working capital	360,555	379,746	397,131	449,830	300,859	281,536	286,370	199,186	219,918	232,693	279,504
Capital expenditures	44,471	61,005	73,911	70,440	84,312	98,425	64,370	78,638	99,653	85,606	68,606
Depreciation and amortization	50,726	52,806	58,540	65,337	71,297	89,567	83,392	77,264	78,492	77,369	82,893
Research and development	32,948	36,348	45,528	50,058	57,387	57,645	53,874	52,608	51,968	53,520	63,385
Ratio of overseas production to net sales (%)	58.6	59.0	61.7	62.2	70.1	74.0	80.5	83.7	85.8	82.5	86.7
Number of employees	36,804	37,115	53,923	51,614	60,212	66,429	80,590	87,809	79,175	79,863	83,581

Note: Operating results relating to the data tape business and Blu-ray business are separately presented as discontinued operations in consolidated statements of income for FY2014. Also reclassifications are made to consolidated statement of income for FY2012 and FY2013 to conform to the presentation used for FY2014.

Board Members

Directors



Company Auditors



Corporate Officers



Takehiro Kamigama
President and CEO
and General Manager of
Humidifier Countermeasures
HQ



Atsuo Kobayashi
Executive Vice President
In charge of Applied Films
Business Division, Flash
Memory Applied Devices
Business Division, EMC & RF
Engineering Business Division
General Manager of Magnet
Products Business Group
General Manager of Power
Systems Business Group



Hiroyuki Uemura
Executive Vice President
TDK-EPC President & CEO,
General Manager of Ceramic
Capacitors Business Group



Seiji Osaka
Senior Vice President
TDK-EPC SEVP* & COO



Shinya Yoshihara
Senior Vice President
General Manager of
Manufacturing HQ, General
Manager of New Business
Promotion Office of
Manufacturing HQ and Deputy
General Manager of Humidifier
Countermeasures HQ



Junji Yoneyama
Senior Vice President
In charge of Corporate Systems
Reformation, Human
Resources, General Affairs,
Legal, CSR Promotion



Kaoru Matsuoka
Senior Vice President
General Manager of Technology
HQ and General Manager of
Advanced Technology
Development Center of
Technology HQ



Noboru Saito
Senior Vice President
General Manager of Electronic
Components Sales & Marketing
Group, and General Manager of
ICT Group of Electronic
Components Sales & Marketing
Group



Robin Zeng
Senior Vice President
General Manager of Energy
Devices Business Group



Takakazu Momozuka
Corporate Officer
In charge of Finance &
Accounting and BPR Project



Mitsuru Nagata
Corporate Officer
Deputy General Manager of
Electronic Components Sales &
Marketing Group, and General
Manager of Automotive Group of
Electronic Components Sales &
Marketing Group



Joachim Zichlarz
Corporate Officer
TDK-EPC SEVP* & CFO



Joachim Thiele
Corporate Officer
Deputy General Manager of
Electronic Components Sales &
Marketing Group, and General
Manager of Industry & Energy
Group of Electronic
Components Sales & Marketing
Group



Keiichi Imamoto
Corporate Officer
Deputy General Manager of
Magnet Products Business
Group



Shigenao Ishiguro
Corporate Officer
General Manager of Data
Storage & Thin Film Technology
Components Business Group



Satoru Sueki
Corporate Officer
General Manager of Quality
Assurance Group of
Manufacturing HQ

※SEVP: Senior Executive Vice President

As of June 27, 2014



Forward Looking Statements

This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings and evaluations, about TDK or its group companies (TDK Group). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs and evaluations of TDK Group in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors. TDK Group therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK Group's actual results, performance, achievements or financial position could be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements, and TDK Group undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material.

The electronics markets in which TDK Group operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK Group include, but are not limited to, shifts in technology, fluctuations in demand, prices, interest and foreign exchange rates, and changes in economic environments, conditions of competition, laws and regulations.