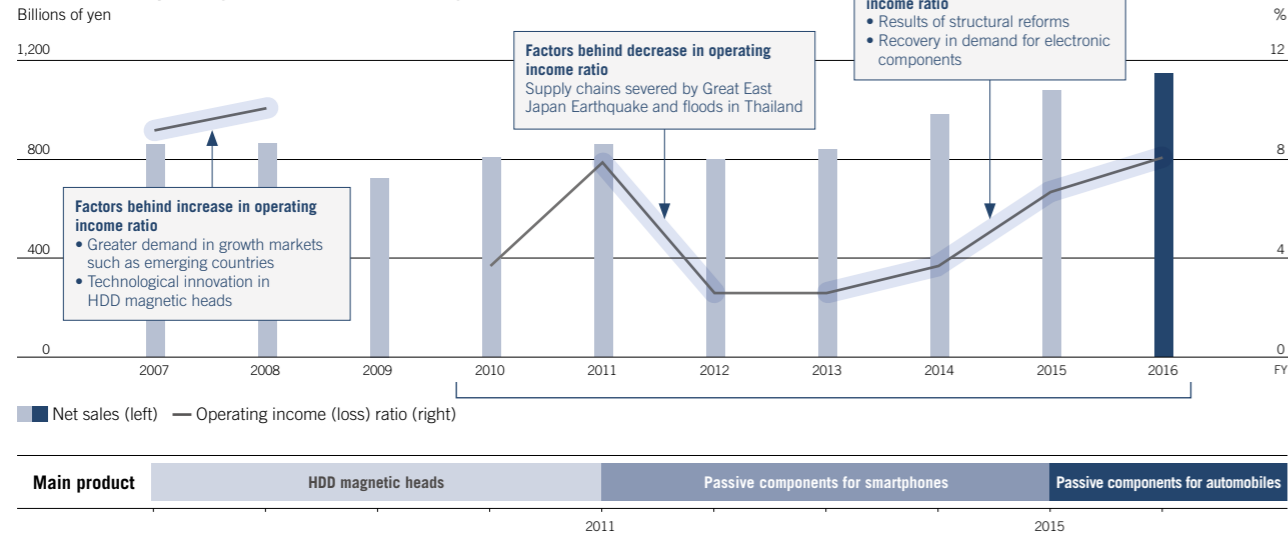


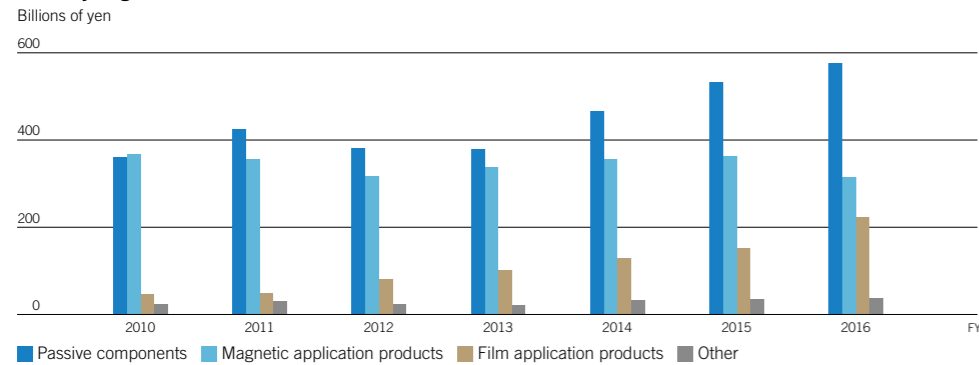
# 10-Year Record

## 10 Years of Financial Trends and Analysis

### Net Sales and Operating Income (Loss) Ratio (Long-Term Trends)



### Sales by Segment from Fiscal 2010 to Fiscal 2016



Note: In accordance with the reorganization in the first quarter of fiscal 2016, certain products under Inductive Devices, Other Passive Components, and Other Magnetic Application Products were reclassified into "Other" that was not a part of these three reportable segments. The previous year's sales were also reclassified to conform to the new segmentation.

### Analysis of Net Sales and Operating Income in Past 10 Years

From fiscal 2003 to fiscal 2008, TDK reviewed its products and businesses through a process of selection and consolidation and achieved continuous growth with HDD magnetic heads as its main business.

Demand for electronic devices slowed, however, when the financial crisis occurred in 2008, and an operating loss was posted in fiscal 2009. TDK undertook active measures, including withdrawing from unprofitable businesses, making improvements, optimizing personnel placement, and consolidating business sites. However, supply chains were disrupted as a result of the Great East Japan Earthquake and extensive flooding in Thailand in 2011, and the impact from changes in the external environment continued.

In response to these effects, TDK began a large-scale organizational restructuring in fiscal 2012 in order to create corporate structures that are less susceptible to impact from changes in the business environment. An important part of this undertaking was reform of the profit structure, which placed particular emphasis on the magnetic application product business centered on HDD magnetic heads. The focus was to increase the profitability of multilayer ceramic capacitors and other passive components. Aging domestic manufacturing sites were closed and consolidated, and measures to optimally place human resources were implemented. Internationally, joint technology development was undertaken to fully realize the effects from integration with Germany's EPCOS Group,

which TDK acquired in fiscal 2009. As a result, the high-frequency components business, which was able to utilize EPCOS's strengths, achieved profitability, and passive components became a pillar of profits in conjunction with the widespread adoption of smartphones and tablet computers. More recently, the multilayer ceramic capacitors business has leveraged strengths including materials and process technologies,

to achieve strong results in distinctive electronic components for automobiles, industrial equipment and energy. The operating income ratio has increased since fiscal 2013 as a result of a recovery in demand for electronic components, the effects of structural reforms, and other factors. Net sales surpassed ¥1 trillion in fiscal 2015 and reached a record high of ¥1,152.3 billion in fiscal 2016.

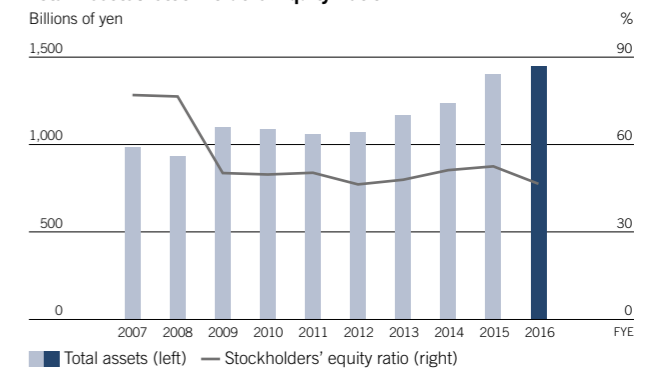
### Analysis of Financial Position during Last 10 Fiscal Years

From fiscal 2008 through fiscal 2009, total assets increased due principally to the acquisition of the EPCOS Group. At the same time, as a result of raising funds, primarily in the form of acquiring stock, total liabilities also increased. This caused the company's stockholders' equity ratio to fall by approximately 20 points to 50%. Currently, the stockholders' equity ratio is on a gradual incline. Since the end of fiscal 2012, net trade receivables, inventories, property, plant and equipment, and other items have each increased alongside higher net sales for certain products. The stockholders' equity ratio increased through the end of fiscal 2015 but fell 6.0 points, to 46.6%, at the end of fiscal 2016 as a result of investment in new products and new business and active M&As.

In order to accommodate rapid technological innovations and intensified sales competition in the electronics industry, TDK has aggressively conducted capital expenditures on an ongoing basis. At the same time, the company's adopted policy

is to make such investments after always considering the balance between supply and demand.

### Total Assets / Stockholders' Equity Ratio



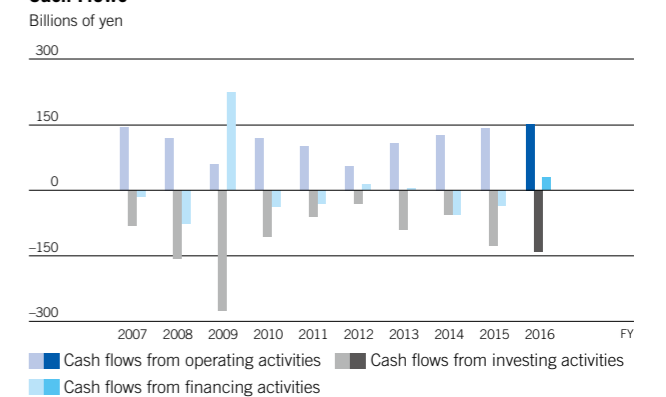
### Analysis of Cash Flow during Last 10 Fiscal Years

During fiscal 2009, TDK conducted a large-scale M&A. Consequently, its free cash flow entered negative territory. However, even while continuing to aggressively conduct capital expenditures, the company has kept its free cash flow in positive territory due to an increase in cash flow from operating activities. TDK's principle is to use cash and deposits, etc. (which includes cash, deposits, short-term investments, and securities), as liquid capital while using funds generated from day-to-day business activities to cover operating capital and capital expenditure funds. The company has been endeavoring over a long period of time to maintain its liquidity at 2.0 months' worth of monthly consolidated net sales or greater. Additionally, in order to improve its capital efficiency, TDK has introduced the Cash Management System (CMS) in Japan, the United States, and Europe.

Through this system, the company centrally manages funds using headquarters functions as much as possible. However, for its subsidiaries that are unable to cover operating capital and capital expenditure funds with cash on hand, the company

is electing to use funds within the TDK Group to the fullest extent possible. In addition, the company has been managing cash on hand to focus on safety and liquidity.

### Cash Flows



# Fiscal 2016

## Operating Results for Fiscal 2016

### Summary of Market Conditions

The electronics market, which has a large bearing on the consolidated performance of TDK, saw production levels differ by finished product. Production of smartphones increased from the previous fiscal year, driven by sustained growth in demand in the Chinese market. Production in the automobile market was slightly higher than the level of the previous fiscal year, driven mainly by solid automobile sales in the United States. Meanwhile, production of PCs declined compared with the previous fiscal year, when there had been firm demand for replacement of PCs spurred by the end of support for Windows XP. Production of hard disk drives (HDDs) declined substantially

compared with the previous fiscal year due to the decreased demand for PCs and the continued replacement of HDDs inside PCs by solid state drives (SSDs), despite demand for data center applications continuing to hold firm.

Sales of passive components mainly for the ICT market centered on smartphones as well as for the automotive market, and sales of film application products increased, making up for the drop in the HDD market. In addition, there was a 9.4% depreciation of the yen versus the U.S. dollar in actual terms during fiscal 2016, which also contributed to the increase in net sales.

### Net Sales and Operating Income by Segment

During fiscal 2016, TDK recorded consolidated net sales of ¥1,152,255 million, up 6.4% from fiscal 2015, and operating income of ¥93,414 million, up 28.9% from fiscal 2015.

The Passive Components segment comprises the company's: (1) capacitors business, (2) inductive devices business, and (3) other passive components business. Segment net sales were ¥575,746 million, up 8.2% year on year. The segment reported profit of ¥66,404 million, up 81.4% from fiscal 2015. In the capacitors business and inductive devices business, sales to the automotive markets increased in particular. Sales of high-frequency devices increased significantly to the ICT market. Other passive components' sales of piezoelectric material products and circuit protection components increased to the ICT market. Sales of sensors increased to the automotive and the industrial equipment markets.

The Magnetic Application Products segment comprises the company's: (1) recording devices business and (2) other magnetic application products business. Segment net sales decreased 13.2% year on year, to ¥315,322 million. Segment

profit decreased 55.5% from fiscal 2015, to ¥13,194 million. Sales of HDD magnetic heads and HDD suspension assemblies declined due to the lackluster HDD production level.

Other magnetic application products sales of power supplies increased to the industrial equipment market, but sales of magnets decreased to the automotive market and the ICT market for use in HDDs.

The Film Application Products segment includes energy devices (rechargeable batteries) and applied films. Segment net sales increased 47.0% year on year, to ¥222,359 million. Segment profit increased 48.0% from fiscal 2015, to ¥36,356 million. Sales of energy devices to the ICT market increased in particular.

The Other segment, which is made up of businesses that do not belong to any of the three reportable segments, comprises mechatronics (production equipment), among others. Net sales for this segment increased 8.0% over fiscal 2015, to ¥38,828 million. Segment earnings increased 229.4% over fiscal 2015, to ¥1,881 million.

### Production Results and Status of Orders Received by Segment

TDK's production results for fiscal 2016 are as follows: ¥577,437 million for a year-on-year increase of 5.8% in the Passive Components segment, ¥310,335 million for a year-on-year decrease of 16.4% in the Magnetic Application Products segment, and ¥229,246 million for a year-on-year increase of 46.4% in the Film Application Products segment. Net orders received for fiscal 2015 are as follows: ¥585,958 million for a year-on-year increase of 3.7% in the Passive Components segment, ¥305,049 million for a year-on-year decrease of

15.9% in the Magnetic Application Products segment, and ¥316,687 million for a year-on-year increase of 32.9% in the Film Application Products segment.

In the Film Application Products segment, both production volume and order volume expanded significantly. As demand for lithium polymer batteries and demand in non-smartphone application areas such as drones is rising, we will be expanding production capacity to meet demand.

### Effect of Foreign Exchange Fluctuations

Regarding average currency rates during fiscal 2016, the yen's value depreciated 9.4% versus the U.S. dollar and 4.5% versus the euro year on year. Exchange rate fluctuations had the effect of increasing net sales by approximately ¥85.3 billion and operating income by approximately ¥17.3 billion in fiscal 2016. Additionally, TDK and certain overseas subsidiaries have

entered agreements for the likes of forward foreign exchange contracts and currency swaps in order to mitigate foreign exchange fluctuation risk. The company's policy regarding said risk is that, in principle, it will hedge up to 50% of foreign currency-denominated net trade receivables expected to be generated over the course of the coming six months.

### Cost and Net Income

Cost of sales in fiscal 2016 increased 3.6% from fiscal 2015, to ¥831,123 million, due to an increase in net sales. However, the cost of sales ratio decreased 2.0 percentage points over fiscal 2015, to 72.1% of net sales. Despite cost increases driven by higher labor costs in China and other emerging markets and strong pressure for price discounts on products, the cost of sales ratio decreased due to contributions from improvements in productivity and lower material prices, lower costs of sales resulting from the effects of structural reforms, improvements to the company's product mix as a result of terminating unprofitable product lines, and an increase in sales volumes. As a result, gross profit increased ¥40,797 million (14.6%) year on year in fiscal 2016, bringing the gross profit ratio to 27.9%.

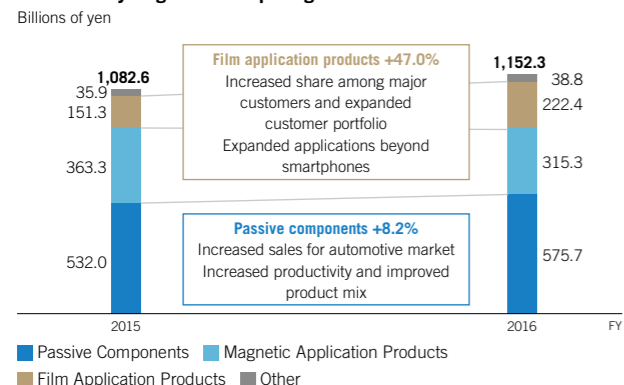
Selling, general and administrative expenses in fiscal 2016 increased ¥19,842 million from fiscal 2015, to ¥227,718 million. The main factors in the increase in expenses are an

increase of ¥8.2 billion due to the effects of currency translation adjustments resulting from the yen's depreciation and an increase in sales expansion drive costs in the company's main businesses. R&D expenses included in selling, general and administrative expenses for fiscal 2016 climbed 20.2% from fiscal 2015, to ¥84,920 million.

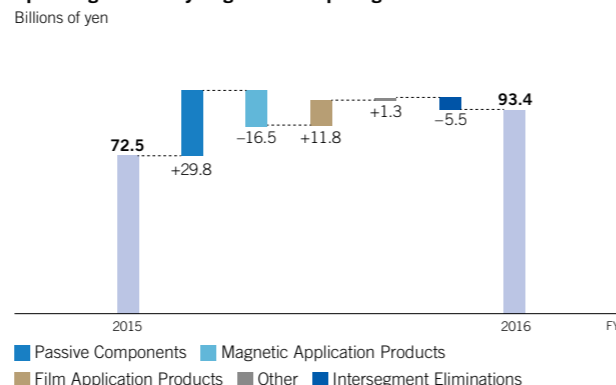
Other income (deductions) deteriorated by ¥3,633 million from fiscal 2015. The main reason is loss on sale of marketable securities and investments in securities and impairment loss of investments in securities increased by ¥1,839 million from fiscal 2015, respectively.

TDK posted net income attributable to TDK of ¥64,828 million, resulting in diluted net income attributable to TDK per common share of ¥504.66. Return on equity improved from 7.2% to 9.2%.

Net Sales by Segment: Comparing Fiscal 2016 and 2015



Operating Income by Segment: Comparing Fiscal 2016 and 2015



### Status of Capital Expenditures

In fiscal 2016, TDK spent ¥160,674 million on capital expenditures. Capital expenditures in the Passive Components segment totaled ¥75,877 million. These expenditures were mainly for the purpose of increasing the production capacity of high-frequency components and inductive devices. Capital expenditures in the Magnetic Application Products segment totaled ¥16,131 million, mainly for the development and production of high-density next-generation HDD magnetic heads at SAE Magnetics

(H.K.) Ltd. Capital expenditures in the Film Application Products segment totaled ¥52,837 million, mainly to boost production of lithium ion polymer batteries at Amperex Technology Ltd.

Capital expenditures in Other totaled ¥2,280 million. Capital expenditures for the R&D divisions at the headquarters totaled ¥13,549 million, mainly for investments in building new plants and in internal IT infrastructure construction and fundamental development research.

### Analysis of Financial Position

#### Assets

Total assets amounted to ¥1,450,585 million as of March 31, 2016, a ¥46,303 million increase from March 31, 2015. Liquidity (cash and cash equivalents, short-term investments, and marketable securities) increased by ¥20,936 million. Property, plant and equipment increased by ¥60,385 million, while net trade receivables decreased by ¥11,871 million.

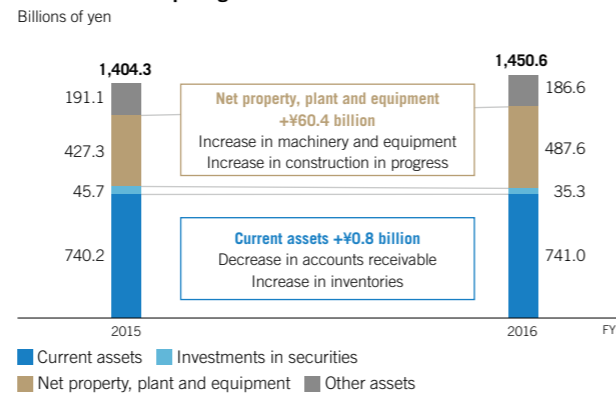
#### Liabilities

Total liabilities amounted to ¥765,952 million, a ¥119,677 million increase from the end of the previous fiscal year. Short-term debt and current installments of long-term debt increased by ¥58,062 million and retirement and severance benefits increased by ¥41,449 million.

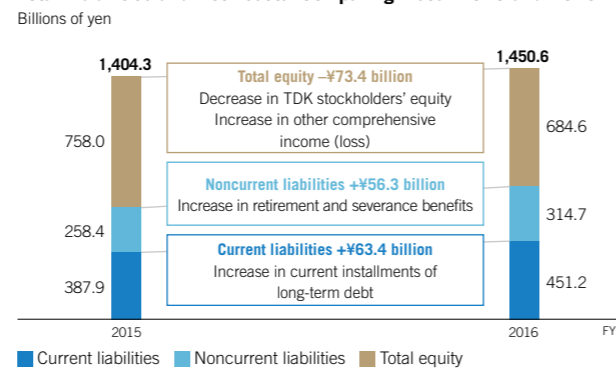
#### Net assets

Total TDK stockholders' equity in net assets decreased by ¥63,500 million year on year to ¥675,361 million. While retained earnings increased by ¥46,349 million, accumulated other comprehensive income (loss) increased by ¥96,403 million, mainly due to decreases in foreign currency translation adjustments and pension liability adjustments.

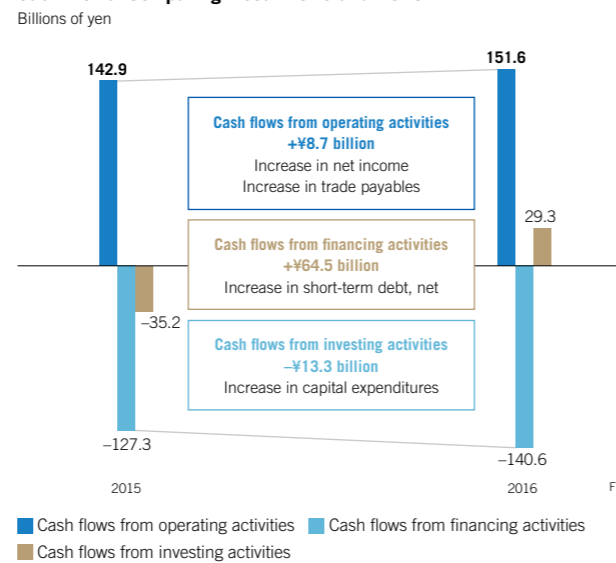
**Total Assets: Comparing Fiscal 2016 and 2015**



**Total Liabilities and Net Assets: Comparing Fiscal 2016 and 2015**



**Cash Flows: Comparing Fiscal 2016 and 2015**



### Cash Flows

#### Cash flows from operating activities

Operating activities provided net cash of ¥151,563 million, a year-on-year increase of ¥8,713 million, mainly due to increases in net income and trade payables.

#### Cash flows from investing activities

Investing activities used net cash of ¥140,585 million, a year-on-year increase of ¥13,273 million, mainly due to an increase in capital expenditures.

#### Cash flows from financing activities

Financing activities provided net cash of ¥29,305 million, a year-on-year change of ¥64,548 million, mainly due to an increase in short-term debt.

As a result of adding in the effects of currency fluctuations, cash and cash equivalents as of March 31, 2016 was ¥285,468 million, an increase of ¥20,364 million from March 31, 2015.

### Outlook for Fiscal 2017 and Medium- to Long-Term Prospects

#### Outlook for Fiscal 2017

With regard to the outlook for the global economy in fiscal 2017, the U.S. economy is expected to grow, but the economies of resource-producing countries will likely slow with the decline in growth in China and falling crude oil prices, as well as concerns regarding the withdrawal of the United Kingdom from the European Union. The impact of currency exchange rates remains uncertain, but demand in electronics markets is expected to continue growing. Net sales are expected to be ¥1,160.0 billion, an increase of 0.7% over fiscal 2016, and operating income is expected to be ¥74.0 billion. We project that sales in the Passive Components segment will be up 3%–6% compared fiscal 2016, sales in the Magnetic Application Products segment will be down 11%–14%, and sales in the Film Application Products segment will increase 12%–15%. With regard to the acquisition of noncurrent assets, TDK plans to make active capital investments in order to reinforce production capacity and technological capabilities, and capital investment

is expected to reach ¥200 billion, up 24.5% over fiscal 2016. R&D expenses are projected to increase 6.0% year on year, to ¥90 billion.

#### Outlook for Fiscal 2017

	Fiscal 2017 Full-Year Projections	Fiscal 2016 Full-Year Results	YoY Change (FY2017 vs. FY2016)	Change (%)
Net sales	1,160,000	1,152,255	7,745	0.7
Operating income	74,000	93,414	(19,414)	(20.8)
Net income	50,000	64,828	(14,828)	(22.9)
Dividends	Annual ¥120	Annual ¥120	—	—
Capital expenditure	200,000	160,674	39,326	24.5
Depreciation and amortization	95,000	83,224	11,776	14.1
R&D expenses	90,000	84,920	5,080	6.0

#### Medium- to Long-Term Management Plan

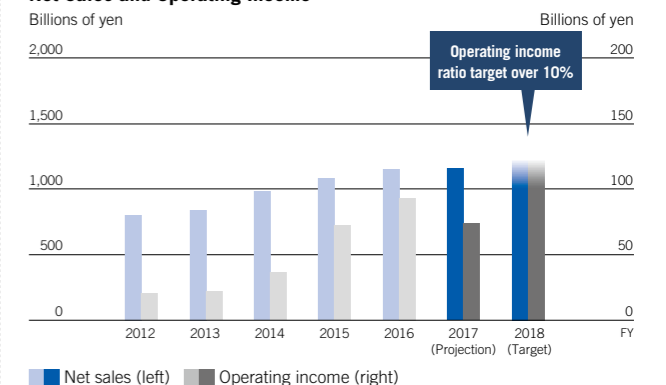
Electronics markets, including the markets for automotive and smartphone components, are generally growing at a steady pace as products incorporate more advanced functions, become slimmer, and achieve higher safety levels. In light of the demands by customers for higher quality and performance in electronic components, including automotive components, the TDK Group has positioned early achievement of zero defect quality as a key issue. We are reinforcing production processes that integrate management of all aspects, from materials to manufacturing, and accelerating *Monozukuri* Innovation in three core areas—raising quality, implementing innovations in procurement and energy efficiency, and cost cutting.

In the first year of our Medium-Term Plan, we carried out five business growth strategies with automotive, ICT, and industrial equipment and energy as our three priority markets. Going forward, we will strengthen cooperation with U.S.-based Qualcomm in a wide range of business fields and use the acquisition of Micronas, a Switzerland-based magnetic sensor company, to accelerate the expansion of strategic growth products and acquire business opportunities in IoT markets (see page 23). In the recording devices business, it is expected that business operations will be difficult as a result of the decline in demand for PCs and the shrinking HDD market. By normalizing the scale of production and using our state-of-the-art technological capabilities to supply products and services, we will strive to remain a needed presence even in shrinking

markets (see page 47). We will steadily carry out thorough countermeasures in some businesses with a focus on an early shift to a high-profit structure.

The headquarters development function that supports these business operations will organize three centers for ICT device development, energy device development, and materials development and establish development structures tailored to market characteristics. TDK will also reinforce R&D functions in the United States, Europe, and China to carry out R&D activities tailored to the specific attributes of each region.

#### Net Sales and Operating Income



# Consolidated Balance Sheets

TDK Corporation and Consolidated Subsidiaries (U.S. GAAP)  
As of March 31, 2016 and 2015

## ASSETS

	2015		2016			Change Millions of yen
	Millions of yen	%	Millions of yen	%	U.S.\$ thousands	
<b>Current assets</b>	740,241	52.7	<b>740,994</b>	<b>51.1</b>	<b>6,557,469</b>	753
Cash and cash equivalents	265,104		<b>285,468</b>		<b>2,526,265</b>	20,364
Short-term investments	20,091		<b>21,964</b>		<b>194,372</b>	1,873
Marketable securities	1,301		—		—	(1,301)
Net trade receivables	238,089		<b>226,218</b>		<b>2,001,929</b>	(11,871)
Inventories	151,012		<b>157,129</b>		<b>1,390,522</b>	6,117
Other current assets	64,644		<b>50,215</b>		<b>444,381</b>	(14,429)
<b>Noncurrent assets</b>	664,041	47.3	<b>709,591</b>	<b>48.9</b>	<b>6,279,566</b>	45,550
Investments in securities	45,733		<b>35,335</b>		<b>312,699</b>	(10,398)
Net property, plant and equipment	427,254		<b>487,639</b>		<b>4,315,389</b>	60,385
Other assets	191,054		<b>186,617</b>		<b>1,651,478</b>	(4,437)
<b>Total</b>	<b>1,404,282</b>	<b>100.0</b>	<b>1,450,585</b>	<b>100.0</b>	<b>12,837,035</b>	46,303

For convenience only, an exchange rate of U.S.\$1 = ¥113 has been used.

## LIABILITIES AND EQUITY

	2015		2016			Change Millions of yen
	Millions of yen	%	Millions of yen	%	U.S.\$ thousands	
<b>Current liabilities</b>	387,877	27.6	<b>451,234</b>	<b>31.1</b>	<b>3,993,221</b>	63,357
Short-term debt	136,098		<b>158,683</b>		<b>1,404,274</b>	22,585
Current installments of long-term debt	751		<b>36,228</b>		<b>320,602</b>	35,477
Trade payables	111,591		<b>112,664</b>		<b>997,027</b>	1,073
Accrued expenses	118,336		<b>123,892</b>		<b>1,096,389</b>	5,556
Other current liabilities	21,101		<b>19,767</b>		<b>174,929</b>	(1,334)
<b>Noncurrent liabilities</b>	258,398	18.4	<b>314,718</b>	<b>21.7</b>	<b>2,785,115</b>	56,320
Long-term debt, excluding current installments	131,483		<b>140,847</b>		<b>1,246,434</b>	9,364
Retirement and severance benefits	105,687		<b>147,136</b>		<b>1,302,088</b>	41,449
Other noncurrent liabilities	21,228		<b>26,735</b>		<b>236,593</b>	5,507
Total liabilities	646,275	46.0	<b>765,952</b>	<b>52.8</b>	<b>6,778,336</b>	119,677
Common stock	32,641		<b>32,641</b>		<b>288,858</b>	—
Additional paid-in capital	39,755		<b>21,083</b>		<b>186,575</b>	(18,672)
Legal reserve	29,685		<b>34,221</b>		<b>302,841</b>	4,536
Retained earnings	661,159		<b>707,508</b>		<b>6,261,133</b>	46,349
Accumulated other comprehensive income (loss)	(5,882)		<b>(102,285)</b>		<b>(905,177)</b>	(96,403)
Treasury stock	(18,497)		<b>(17,807)</b>		<b>(157,584)</b>	690
Total TDK stockholders' equity	738,861	52.6	<b>675,361</b>	<b>46.6</b>	<b>5,976,646</b>	(63,500)
Noncontrolling interests	19,146	1.4	<b>9,272</b>	<b>0.6</b>	<b>82,053</b>	(9,874)
Total equity	758,007	54.0	<b>684,633</b>	<b>47.2</b>	<b>6,058,699</b>	(73,374)
<b>Total</b>	<b>1,404,282</b>	<b>100.0</b>	<b>1,450,585</b>	<b>100.0</b>	<b>12,837,035</b>	46,303

## Consolidated Statements of Income and Statements of Comprehensive Income

TDK Corporation and Consolidated Subsidiaries (U.S. GAAP)  
For the years ended March 31, 2016 and 2015

### CONSOLIDATED STATEMENTS OF INCOME

	2015		2016			Change	
	Millions of yen	(%)	Millions of yen	(%)	U.S.\$ thousands	Millions of yen	(%)
Net sales	1,082,560	100.0	<b>1,152,255</b>	<b>100.0</b>	<b>10,196,947</b>	69,695	6.4
Cost of sales	802,225	74.1	<b>831,123</b>	<b>72.1</b>	<b>7,355,071</b>	28,898	3.6
Gross profit	280,335	25.9	<b>321,132</b>	<b>27.9</b>	<b>2,841,876</b>	40,797	14.6
Selling, general and administrative expenses	207,876	19.2	<b>227,718</b>	<b>19.8</b>	<b>2,015,203</b>	19,842	9.5
Operating income	72,459	6.7	<b>93,414</b>	<b>8.1</b>	<b>826,673</b>	20,955	28.9
Other income (deductions):							
Interest and dividend income	4,075		<b>4,496</b>		<b>39,787</b>	421	
Interest expense	(2,992)		<b>(3,116)</b>		<b>(27,575)</b>	(124)	
Foreign exchange gain (loss)	(1,846)		<b>(2,394)</b>		<b>(21,186)</b>	(548)	
Other-net	2,821		<b>(561)</b>		<b>(4,964)</b>	(3,382)	
Total other income (deductions)	2,058	0.2	<b>(1,575)</b>	<b>-0.1</b>	<b>(13,938)</b>	(3,633)	—
Income before income taxes	74,517	6.9	<b>91,839</b>	<b>8.0</b>	<b>812,735</b>	17,322	23.2
Income taxes	21,738	2.0	<b>25,216</b>	<b>2.2</b>	<b>223,151</b>	3,478	16.0
Income from continuing operations	52,779	4.9	<b>66,623</b>	<b>5.8</b>	<b>589,584</b>	13,844	26.2
Less: Net income attributable to noncontrolling interests	3,339	0.3	<b>1,795</b>	<b>0.2</b>	<b>15,885</b>	(1,544)	-46.2
Net income attributable to TDK	49,440	4.6	<b>64,828</b>	<b>5.6</b>	<b>573,699</b>	15,388	31.1

For convenience only, an exchange rate of U.S.\$1 = ¥113 has been used.

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2015		2016		Change Millions of yen
	Millions of yen	Millions of yen	U.S.\$ thousands	Millions of yen	
Net income	52,779	<b>66,623</b>	<b>589,584</b>	13,844	
Other comprehensive income (loss), net of taxes:					
Foreign currencies translation adjustments	92,481	<b>(61,172)</b>	<b>(541,345)</b>	(153,653)	
Pension liability adjustments	(13,804)	<b>(31,555)</b>	<b>(279,248)</b>	(17,751)	
Net unrealized gains (losses) on securities	4,463	<b>(6,994)</b>	<b>(61,894)</b>	(11,457)	
Total other comprehensive income (loss)	83,140	<b>(99,721)</b>	<b>(882,487)</b>	(182,861)	
Comprehensive income	135,919	<b>(33,098)</b>	<b>(292,903)</b>	(169,017)	
Comprehensive income attributable to noncontrolling interests	6,158	<b>1,371</b>	<b>12,133</b>	(4,787)	
Comprehensive income attributable to TDK	129,761	<b>(34,469)</b>	<b>(305,036)</b>	(164,230)	

For convenience only, an exchange rate of U.S.\$1 = ¥113 has been used.

## Consolidated Statements of Stockholders' Equity

TDK Corporation and Consolidated Subsidiaries (U.S. GAAP)  
For the years ended March 31, 2016 and 2015

2015	Millions of yen								
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total TDK stockholders' equity	Noncontrolling interests	Total equity
Balance as of March 31, 2014	32,641	57,635	26,651	624,919	(87,134)	(19,385)	635,327	16,916	652,243
Equity transaction of consolidated subsidiaries and other		(17,880)		(99)	931	895	(16,153)	(3,556)	(19,709)
Cash dividends				(10,067)			(10,067)	(372)	(10,439)
Transferred to legal reserve			3,034	(3,034)			—		—
Comprehensive income				49,440			49,440	3,339	52,779
Other comprehensive income (loss)					80,321		80,321	2,819	83,140
Total comprehensive income							129,761	6,158	135,919
Acquisition of treasury stock						(7)	(7)		(7)
Sale of treasury stock		(0)				0	0		0
Balance as of March 31, 2015	32,641	39,755	29,685	661,159	(5,882)	(18,497)	738,861	19,146	758,007

2016	Millions of yen								
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total TDK stockholders' equity	Noncontrolling interests	Total equity
Balance as of March 31, 2015	32,641	39,755	29,685	661,159	(5,882)	(18,497)	738,861	19,146	758,007
Equity transaction of consolidated subsidiaries and other		(18,672)		(79)	2,894	702	(15,155)	(11,068)	(26,223)
Cash dividends				(13,864)			(13,864)	(177)	(14,041)
Transferred to legal reserve			4,536	(4,536)			—		—
Comprehensive income				64,828			64,828	1,795	66,623
Other comprehensive income (loss)					(99,297)		(99,297)	(424)	(99,721)
Total comprehensive income							(34,469)	1,371	(33,098)
Acquisition of treasury stock						(12)	(12)		(12)
Sale of treasury stock							—		—
Balance as of March 31, 2016	32,641	21,083	34,221	707,508	(102,285)	(17,807)	675,361	9,272	684,633

2016	U.S.\$ thousands								
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total TDK stockholders' equity	Noncontrolling interests	Total equity
Balance as of March 31, 2015	288,858	351,814	262,699	5,850,965	(52,053)	(163,690)	6,538,593	169,434	6,708,027
Equity transaction of consolidated subsidiaries and other		(165,239)		(699)	25,611	6,212	(134,115)	(97,947)	(232,062)
Cash dividends				(122,690)			(122,690)	(1,567)	(124,257)
Transferred to legal reserve			40,142	(40,142)			—		—
Comprehensive income				573,699			573,699	15,885	589,584
Other comprehensive income (loss)					(878,735)		(878,735)	(3,752)	(882,487)
Total comprehensive income							(305,036)	12,133	(292,903)
Acquisition of treasury stock						(106)	(106)		(106)
Sale of treasury stock							—		—
Balance as of March 31, 2016	288,858	186,575	302,841	6,261,133	(905,177)	(157,584)	5,976,646	82,053	6,058,699

For convenience only, an exchange rate of U.S.\$1 = ¥113 has been used.

# Consolidated Statements of Cash Flows

TDK Corporation and Consolidated Subsidiaries (U.S. GAAP)  
For the years ended March 31, 2016 and 2015

	2015		2016	
	Millions of yen	Millions of yen	U.S.\$ thousands	
<b>Cash flows from operating activities:</b>				
Net income	52,779	66,623	589,584	
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	80,249	83,224	736,496	
Changes in assets and liabilities:				
Decrease (increase) in trade receivables	4,919	(7,262)	(64,266)	
Decrease (increase) in inventories	(4,368)	(10,591)	(93,726)	
Increase (decrease) in trade payables	(12,375)	16,460	145,664	
Increase (decrease) in accrued expenses	7,892	(509)	(4,505)	
Decrease (increase) in other assets and liabilities, net	(3,347)	75	664	
Other-net	17,101	3,543	31,354	
Net cash provided by operating activities	142,850	151,563	1,341,265	
<b>Cash flows from investing activities:</b>				
Capital expenditures	(102,525)	(160,674)	(1,421,894)	
Proceeds from sale and maturity of short-term investments	21,828	30,348	268,566	
Payment for purchase of short-term investments	(30,861)	(27,352)	(242,053)	
Proceeds from sale and maturity of securities	707	4,833	42,770	
Payment for purchase of securities	(248)	(1,112)	(9,841)	
Acquisition of subsidiaries, net of cash acquired	—	(15,165)	(134,203)	
Disbursement for loans made by TDK	(26,321)	(148)	(1,310)	
Receipt from collection of loans made by TDK	1,327	21,605	191,195	
Proceeds from sales of tangible and intangible assets	7,698	3,918	34,673	
Other-net	1,083	3,162	27,982	
Net cash used in investing activities	(127,312)	(140,585)	(1,244,115)	
<b>Cash flows from financing activities:</b>				
Proceeds from long-term debt	34,777	22,700	200,885	
Repayment of long-term debt	(37,320)	(1,289)	(11,407)	
Increase (decrease) in short-term debt, net	(916)	50,213	444,363	
Dividends paid	(10,069)	(13,864)	(122,690)	
Acquisition of noncontrolling interest	(24,633)	(28,504)	(252,248)	
Other-net	2,918	49	433	
Net cash used in financing activities	(35,243)	29,305	259,336	
Effect of exchange rate changes on cash and cash equivalents	33,961	(19,919)	(176,274)	
Net increase in cash and cash equivalents	14,256	20,364	180,212	
Cash and cash equivalents at beginning of period	250,848	265,104	2,346,053	
Cash and cash equivalents at end of period	265,104	285,468	2,526,265	

For convenience only, an exchange rate of U.S.\$1 = ¥113 has been used.

# Corporate Information

TDK Corporation and Consolidated Subsidiaries (U.S. GAAP)  
As of March 31, 2016

**Corporate Name**  
TDK Corporation

**Corporate Headquarters**  
Shibaura Renasite Tower, 3-9-1 Shibaura, Minato-ku,  
Tokyo 108-0023

**Date of Establishment**  
December 7, 1935

**Authorized Number of Shares**  
480,000,000 shares

**Number of Shares Issued**  
129,590,659 shares

**Number of Shareholders**  
26,983

**Common Stock**  
¥32,641,976,312

**Securities Traded**  
Tokyo Stock Exchange (Listed in October 1961)

**Securities Code**  
6762

**Number of Employees (Consolidated)**  
91,648

**Transfer Agent**  
Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome,  
Chiyoda-ku, Tokyo 100-8233

**Independent Registered Public Accounting Firm**  
KPMG AZSA LLC (the Japan member firm of KPMG International)

**ADR Information**  
**Type**  
Level 1 with sponsorship

**ADR Ratio**  
1 common stock = 1 ADR

**Ticker Symbol**  
TTDKY

**CUSIP**  
872351408

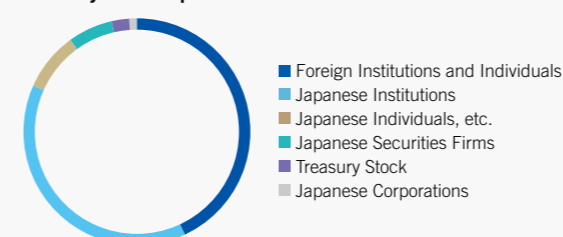
**Depository Bank**  
Citibank, N.A. Shareholder Services  
P.O. Box 43077  
Providence, Rhode Island 02940-3077  
U.S.A.  
Tel: 1-877-248-4237 CITI-ADR (toll free)  
Tel: 1-816-843-4281 (out of U.S.)  
Fax: 1-201-324-3284  
URL: <http://www.citi.com/adr>  
E-mail: [citibank@shareholders-online.com](mailto:citibank@shareholders-online.com)

## Principal Shareholders (10 largest shareholders)

Name of shareholder	Number of shares held (thousands of shares)	Percentage of number of shares held in the total number of issued shares (%)
1. The Master Trust Bank of Japan, Ltd. (Trust account)	18,318	14.14
2. Japan Trustee Services Bank, Ltd. (Trust account)	11,813	9.12
3. JP Morgan Chase Bank 380055	5,690	4.39
4. Trust & Custody Services Bank, Ltd.	3,491	2.69
5. Japan Trustee Services Bank, Ltd. (Trust account 9)	2,622	2.02
6. BNP Paribas Securities (Japan) Limited	2,556	1.97
7. STATE STREET BANK WEST CLIENT-TREATY 505234	1,830	1.41
8. Japan Trustee Services Bank, Ltd. (Trust account 7)	1,678	1.29
9. Nippon Life Insurance Company	1,640	1.27
10. Goldman Sachs Japan Co., Ltd.	1,554	1.20
Total	51,192	39.50

Note: Other than the above, the Company holds 3,468 thousand shares of treasury stock.

## Status by Ownership



## TDK Stock Price and Volume

