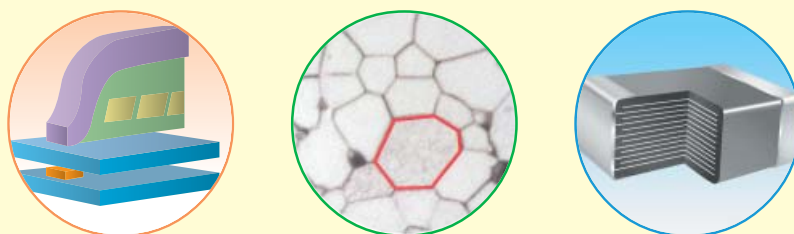


About TDK

TDK was established in 1935 as the world's first company to commercialize a magnetic material called ferrite. In the ensuing years, TDK has developed and commercialized a host of other materials and products. This drive is based on the company's founding spirit of "Contribute to culture and industry through creativity."

Looking ahead, TDK is determined to further refine its core competence in electronic materials technologies and related process technologies to become an "e-material solution provider"—a company that can deliver with perfect timing the innovative products that are of true value to customers.

On the Cover



GMR Head: Pictured is a cross section of a GMR head for a hard disk. The spin valve of GMR heads, which is the part that actually retrieves data from the hard disk, showcases the sophistication of TDK's ultra-precise process, control and materials technologies. This microscopic element is fabricated by stacking many layers of film no thicker than a few nanometers on top of one another. And, incredibly, GMR heads float a mere 10 or so nanometers above a hard disk as it spins at high speed.

Ferrite: A ferrite crystal. Ferrite is a magnetic material that consists primarily of ferric oxide. There are two types of ferrite: soft and hard ferrite. The former, which is used for transformer cores, is created by sintering powder materials in a mold. The latter is created by applying a magnetic charge to soft ferrite. In developing ferrite materials, one of the company's signature products since its foundation, TDK gives full play to its reservoir of materials, powder metallurgy, molding and sintering technologies.

Capacitors: Multilayer ceramic chip capacitors are produced by alternately stacking many layers of conductive and dielectric materials. Why is this significant? Because each layer is no thicker than several microns. TDK's smallest capacitor, the 0603, measures only 0.6mm by 0.3mm, making it ideal for use in compact electronic devices. It is also extremely durable and highly reliable. Capacitors such as these draw on TDK's strengths in materials, multilayering and sintering technologies. A cross-sectional picture of a multilayer chip capacitor is shown above.

Cautionary Statement About Projections

This Annual Report contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings and evaluations, about TDK and its group companies that are not historical facts. These forward-looking statements are based on current forecasts, estimates, assumptions, plans, beliefs and evaluations in light of information available to management at the time this Annual Report was prepared.

In preparing forecasts and estimates, TDK and its group companies have used as their basis, certain assumptions as necessary, in addition to confirmed historical facts. However, due to their nature, there is no guarantee that these statements and assumptions will prove to be accurate in the future. TDK therefore wishes to caution readers that these statements, facts and certain assumptions contained in this earnings release are subject to a number of risks and uncertainties and may prove to be inaccurate.

The electronics markets in which TDK and its group companies operate are highly susceptible to rapid changes. Furthermore, TDK and its group companies operate not only in Japan, but in many other countries. As such, factors that can have significant effects on its results include, but are not limited to, shifts in technology, demand, prices, competition, economic environments and foreign exchange rates.



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