

## [Summary Information and Financial Statements]

### 1. Summary Information Regarding Financial Results for the Second Quarter of Fiscal 2015

#### (1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first half of fiscal 2015, the period from April 1 to September 30, 2014, are as follows.

Looking at the world economy in the first half of fiscal 2015, global recovery continued, mainly due to improvements in corporate earnings, an improving employment environment and firm personal spending. In Japan, the economy temporarily declined due to the consumption tax hike, but then became generally strong, partly due to being underpinned by the depreciation of the yen. Under these economic circumstances, the electronics market, which has a significant bearing on the consolidated performance of TDK, saw production levels differ by finished product. Production of smartphones was much higher than in the same period of fiscal 2014, mainly due to growing demand in the Chinese market and the launch of new mobile handsets by major manufacturer. Production of tablet devices was higher year on year, but a few uncertainties about future growth in demand are also starting to appear. Production of automobiles rose year on year, driven mainly by solid automobile sales in the U.S. Production of PCs remained at the same level year on year, upsetting initial market expectations of a decline, as demand for replacement PCs spurred by the end of support for Windows XP continued after April 2014. Production of hard disk drives (HDDs) was slightly higher than in the same period of the previous fiscal year, due to higher demand for PCs and game consoles.

In this business environment, the TDK Group's consolidated operating results for the first half of fiscal 2015 were as follows.

Term Item	1H of FY2014 (Apr. 1, 2013 - Sep. 30, 2013)		1H of FY2015 (April 1, 2014 - September 30, 2014)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	483,784	100.0	502,275	100.0	4,608,028	18,491	3.8
Operating income	17,035	3.5	27,922	5.6	256,165	10,887	63.9
Income from continuing operations before income taxes	18,081	3.7	27,356	5.4	250,972	9,275	51.3
Net income attributable to TDK	6,404	1.3	18,140	3.6	166,422	11,736	183.3
Per common share :							
Net income attributable to TDK / Basic	Yen 50.90		Yen 144.17		U.S.\$ 1.32		
Net income attributable to TDK / Diluted	Yen 48.32		Yen 140.45		U.S.\$ 1.29		

**Notes:**

1. U.S.\$1=Yen 109, for convenience only.
2. The figures related to the data tape business and the blu-ray business, which became discontinued operations in the year ended March 31, 2014, are restated.

Average first-half yen exchange rates for the U.S. dollar and euro were ¥103.02 and ¥138.96, respectively, as the yen depreciated 4.2% versus the U.S. dollar and 6.9% against the euro, compared with the first half of fiscal 2014. This increased net sales by approximately ¥16.9 billion and operating income by approximately ¥3.2 billion.

## Sales by Product

Term Product	1H of FY2014 (April 1, 2013 - September 30, 2013)		1H of FY2015 (April 1, 2014 - September 30, 2014)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	68,834	14.2	73,798	14.7	677,046	4,964	7.2
Inductive devices	70,518	14.6	75,549	15.0	693,110	5,031	7.1
Other Passive Components	97,079	20.1	106,427	21.2	976,394	9,348	9.6
Passive Components	236,431	48.9	255,774	50.9	2,346,550	19,343	8.2
Recording devices	126,515	26.1	122,813	24.4	1,126,725	(3,702)	-2.9
Other Magnetic Application Products	52,535	10.9	54,687	10.9	501,716	2,152	4.1
Magnetic Application Products	179,050	37.0	177,500	35.3	1,628,441	(1,550)	-0.9
Film Application Products	59,182	12.2	59,719	11.9	547,881	537	0.9
Other	9,121	1.9	9,282	1.9	85,156	161	1.8
Total	483,784	100.0	502,275	100.0	4,608,028	18,491	3.8
Overseas sales	438,011	90.5	455,257	90.6	4,176,670	17,246	3.9

### Notes:

1. U.S.\$1=Yen 109, for convenience only.
2. The figures related to the data tape business and the blu-ray business, which became discontinued operations in the year ended March 31, 2014, are excluded.

### (1) Passive Components Segment

This segment is made up of (1) capacitors, (2) inductive devices, and (3) other passive components. Sales in the passive components segment were ¥255,774 million (U.S.\$2,346,550 thousand), up 8.2% year on year from ¥236,431 million.

The capacitors business is made up of ceramic capacitors, aluminum electrolytic capacitors, and film capacitors. Sales in the capacitors business were ¥73,798 million (U.S.\$677,046 thousand), up 7.2% year on year from ¥68,834 million. Sales of ceramic capacitors increased to the automotive market, and sales of aluminum electrolytic capacitors and film capacitors increased to the automotive and industrial equipment markets.

Sales of inductive devices increased 7.1% year on year from ¥70,518 million to ¥75,549 million (U.S.\$693,110 thousand). Sales increased to the automotive and the ICT (Information and Communications Technology) markets.

Other passive components include high-frequency devices, piezoelectric material products and circuit protection components, and sensors. Sales of other passive components increased 9.6% year on year from ¥97,079 million to ¥106,427 million (U.S.\$976,394 thousand). Sales of high-frequency devices increased to the automotive and the ICT markets. Sales of piezoelectric material products and circuit protection components

increased to the automotive and the ICT markets. Sales of sensors increased to the automotive market.

#### (2) Magnetic Application Products Segment

This segment is made up of (1) recording devices, and (2) other magnetic application products. Segment sales decreased 0.9% year on year, from ¥179,050 million to ¥177,500 million (U.S.\$1,628,441 thousand).

The recording devices business is comprised mainly of HDD heads and HDD suspension assemblies. It recorded consolidated sales of ¥122,813 million (U.S.\$1,126,725 thousand), down 2.9% from ¥126,515 million. The decrease reflected lower sales volumes of HDD heads and HDD suspension assemblies.

Other magnetic application products include power supplies and magnets. Sales increased 4.1% year on year from ¥52,535 million to ¥54,687 million (U.S.\$501,716 thousand). Sales of power supplies increased to the industrial equipment market. Sales of magnets overall were almost on a par with the corresponding period of the previous fiscal year.

#### (3) Film Application Products Segment

This segment includes energy devices (rechargeable batteries) and applied films. Sales increased 0.9% from ¥59,182 million to ¥59,719 million (U.S.\$547,881 thousand).

Sales of energy devices remained at the same level year on year.

#### (4) Other

Other includes mechatronics (production equipment) and other businesses. Segment sales increased 1.8% from ¥9,121 million to ¥9,282 million (U.S.\$85,156 thousand).

The main businesses making up the three reporting segments and Other, which includes products not included in these reporting segments, are as follows.

Classification	Constituent Main Business
Passive Components	Ceramic capacitors, Aluminum electrolytic capacitors, Film capacitors, Inductive devices (Coils/Ferrite cores/Transformers), High-frequency devices, Piezoelectric material products and Circuit protection components, Sensors
Magnetic Application Products	Recording devices, Power supplies, Magnets
Film Application Products	Energy devices (rechargeable batteries), Applied films
Other	Mechatronics (production equipments), other

**[Sales by Region]**

Overseas sales increased 3.9% year on year from ¥438,011 million to ¥455,257 million (U.S.\$4,176,670 thousand). Overseas sales accounted for 90.6% of consolidated net sales, a 0.1 percentage point increase from 90.5% in the first half of fiscal 2014. Detailed information on sales by region can be found in the consolidated supplementary information on page 17.

## **(2) Summary Information Regarding Consolidated Financial Position**

(1) The following table summarizes TDK's consolidated balance sheet as of September 30, 2014.

Total assets	¥1,312,257 million	(5.9% increase)
Total TDK stockholders' equity	¥673,679 million	(6.0% increase)
Stockholders' equity ratio	51.3%	(Unchanged)

As of September 30, 2014, total assets had increased ¥72,668 million compared with March 31, 2014. Net liquidity (cash and cash equivalent, short-term investments) decreased ¥1,221 million. This increase mainly reflected a ¥32,715 million increase in net trade-receivables, a ¥13,579 million increase in inventories and a ¥22,128 million increase in net property, plant and equipment.

Total liabilities increased ¥32,820 million from March 31, 2014. Short-term debt decreased ¥17,338 million, while trade payable, accrued expenses and long-term debt, excluding current installments increased ¥19,917 million, ¥12,260 million and ¥18,607 million, respectively.

TDK stockholders' equity, which is included in total equity, increased ¥38,352 million from March 31, 2014. Accumulated other comprehensive income (loss) increased ¥35,243 million, mainly due to a upturn in foreign currency translation adjustments compared with March 31, 2014 as a result of the yen's depreciation.

(2) Cash Flows

(Yen millions)

	FY 2014 2Q	FY 2015 2Q	Change
Net cash provided by operating activities	57,309	43,915	(13,394)
Net cash used in investing activities	(22,956)	(45,012)	(22,056)
Net cash used in by financing activities	(21,400)	(18,925)	2,475
Effect of exchange rate changes on cash and cash equivalents	8,792	13,415	4,623
Net increase (decrease) in cash and cash equivalents	21,745	(6,607)	(28,352)
Cash and cash equivalents at beginning of period	213,687	250,848	37,161
Cash and cash equivalents at end of period	235,432	244,241	8,809

Operating activities provided net cash of ¥43,915 million (U.S.\$402,890 thousand), a decrease of ¥13,394 million year on year. It mainly came from the excess of the increase in trade receivable and inventories over the increase in net income.

Investing activities used net cash of ¥45,012 million (U.S.\$412,954 thousand), an increase of ¥22,056 million year on year. It mainly came from the increase in capital expenditure and the decrease in proceed from sales and maturity of short-term investments.

Financing activities used net cash of ¥18,925 million (U.S.\$173,624 thousand), a decrease of ¥2,475 million year on year.

### (3) Summary Information Regarding Consolidated Projections

(Fiscal 2015 Consolidated Projections)

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2015, the year ending March 31, 2015, are as follows.

Term  Item	FY2015 Projections (April 1, 2014 - March 31, 2015) announced on October 31, 2014	FY2015 Projections (April 1, 2014 - March 31, 2015) announced on April 28, 2014	FY2014 Results (April 1, 2013 - March 31, 2014)	vs FY2014 Changes	
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,050,000	1,050,000	984,525	65,475	6.7
Operating income	63,000	57,000	36,616	26,384	72.1
Income from continuing operations before income taxes	62,000	56,000	39,772	22,228	55.9
Net income attributable to TDK	37,000	34,000	16,288	20,712	127.2
Capital expenditures	90,000	80,000	68,606	21,394	31.2
Depreciation and amortization	83,000	83,000	82,893	107	0.1
Research and development	68,000	68,000	63,385	4,615	7.3

(Notes)

The TDK Group (defined below) has revised its performance projections from those announced on April 28, 2014. The revisions are based on projections for electronics demand in light of the Group's current information about electronics markets and its main finished products, and the yen is also expected to grow weaker against the U.S. dollar than previously assumed.

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥105.00 and ¥135.00 respectively will be assumed from the third quarter onward.

### Cautionary Statements with Respect to 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 positions could be materially different from any future results, performance, achievements or financial positions 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 except as provided for

in applicable laws and ordinances.

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.

## 2. Other Information

### (1) Changes in Significant Subsidiaries

Media Technology Corporation finalized its liquidation process in the quarter ended June 30, 2014.

### (2) Simplified Accounting Treatment and Special Accounting Treatment

Nothing to report

### (3) Accounting Policy Changes, Accounting Estimate Changes and Restatements

Nothing to report

### (4) Fundamental Policy for Distribution of Earnings, and Fiscal 2015 Dividends

TDK recognizes that achieving growth in corporate value over the long term ultimately translates into higher shareholder value. In line with this recognition, TDK's fundamental policy is to work to consistently increase dividends through growth in earnings per share. By actively investing for growth, mainly in the development of new products and technologies in key fields so as to respond precisely to rapid technological advances in the electronics industry, TDK is aiming to increase long-term corporate value. Accordingly, TDK actively reinvests its profits in business activities and sets dividends taking comprehensively into consideration the return on equity (ROE) and dividends on equity (DOE) on a consolidated basis, as well as changes in the business environment, among other factors.

Projected dividends per share for fiscal 2015 are as follows. TDK keeps initial dividend forecast unchanged.

	(Yen)	
	FY2015	FY2014 Actual
Interim dividend	40.00	30.00
Year-end dividend	(Forecast) 40.00	40.00
Annual dividend	(Forecast) 80.00	70.00