

[Summary Information and Financial Statements]

1. Summary Information Regarding Financial Results for the Second Quarter of Fiscal 2017

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first half of fiscal 2017, the period from April 1 to September 30, 2016, are as follows.

Looking at the first half of fiscal 2017, the global economy maintained a gradual recovery overall, driven by employment growth and continued strong personal consumption in the U.S., and a continued recovery of the economy in Europe. On the downside, growth in the economies of China and other Asian countries showed signs of slowing.

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 same period of the previous fiscal year, driven by sustained growth in demand in the Chinese market. Production in the automobile market was slightly higher than in the same period of the previous fiscal year, driven mainly by solid automobile sales in Europe and the U.S. Meanwhile, production of PCs declined compared to the same period of the previous fiscal year. Production of hard disk drives (HDDs) declined substantially compared to the same period of the previous fiscal year due to the decreased demand for PCs and the continued replacement of the HDDs inside PCs by solid state drives (SSDs).

In this business environment, the TDK's consolidated operating results for the first half of fiscal 2017 were as follows.

Summary (April 1, 2016 - September 30, 2016)

Term Item	1H of FY2016 (Apr. 1, 2015 - Sep. 30, 2015)		1H of FY2017 (April 1, 2016 - September 30, 2016)			Change		
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)	
Net sales	587,614	100.0	579,181	100.0	5,734,465	(8,433)	-1.4	
Operating income	45,575	7.8	44,313	7.7	438,743	(1,262)	-2.8	
Income before income taxes	44,082	7.5	44,326	7.7	438,871	244	0.6	
Net income attributable to TDK	31,469	5.4	32,674	5.6	323,505	1,205	3.8	
Per common share :								
Net income attributable to TDK / Basic	Yen 249.69		Yen 259.01		U.S.\$ 2.56			
Net income attributable to TDK / Diluted	Yen 239.43		Yen 254.26		U.S.\$ 2.52			

Note:

U.S.\$1=Yen 101, for convenience only.

Average yen exchange rates for the U.S. dollar and the euro during the first half of fiscal 2017 were ¥105.41 and ¥118.36, respectively, as the yen appreciated 13.5% against the U.S. dollar and 12.4% against the euro. This decreased net sales by approximately ¥85.7 billion and operating income by approximately ¥18.1 billion.

Sales by Product

Term Product	1H of FY2016 (April 1, 2015 - September 30, 2015)		1H of FY2017 (April 1, 2016 - September 30, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	78,587	13.4	68,102	11.7	674,277	(10,485)	-13.3
Inductive Devices	79,904	13.6	71,167	12.3	704,624	(8,737)	-10.9
Other Passive Components	143,998	24.5	142,390	24.6	1,409,802	(1,608)	-1.1
Passive Components	302,489	51.5	281,659	48.6	2,788,703	(20,830)	-6.9
Recording Devices	115,292	19.6	123,296	21.3	1,220,752	8,004	6.9
Other Magnetic Application Products	49,332	8.4	43,028	7.4	426,020	(6,304)	-12.8
Magnetic Application Products	164,624	28.0	166,324	28.7	1,646,772	1,700	1.0
Film Application Products	106,218	18.1	116,978	20.2	1,158,198	10,760	10.1
Other	14,283	2.4	14,220	2.5	140,792	(63)	-0.4
Total	587,614	100.0	579,181	100.0	5,734,465	(8,433)	-1.4
Overseas sales	543,249	92.4	529,405	91.4	5,241,634	(13,844)	-2.5

Notes:

1. U.S.\$1=Yen 101, for convenience only.
2. In accordance with the reorganization in 1Q of FY2017, certain products of Other were reclassified into Inductive Devices and Other Passive Components and certain products of Film Application Products were reclassified into Other. The prior year's sales are also reclassified to conform to the new segmentation.

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 ¥281,659 million (U.S.\$ 2,788,703 thousand), down 6.9% year on year from ¥302,489 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥68,102 million (U.S.\$ 674,277 thousand), down 13.3% year on year from ¥78,587 million. Sales of Ceramic Capacitors increased to the automotive market, while decreased to the ICT (Information and Communications Technology) and the industrial equipment markets. Sales of Aluminum Electrolytic Capacitors and Film Capacitors decreased mainly to the industrial equipment market.

Sales of Inductive Devices decreased by 10.9% year on year from ¥79,904 million to ¥71,167 million (U.S.\$ 704,624 thousand). Sales increased to the automotive market, while decreased to the ICT market.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products, Circuit Protection Components, and Sensors. Sales of Other Passive Components decreased by 1.1% year on year from ¥143,998 million to ¥142,390 million (U.S.\$ 1,409,802 thousand). Sales of High-Frequency Devices increased to the ICT market, their major market. Sales of Piezoelectric Material Products and Circuit Protection Components increased to the industrial equipment market, while decreased to the ICT market. Sales of Sensors decreased mainly to the industrial equipment market.

2) Magnetic Application Products Segment

This segment is made up of (1) Recording Devices, and (2) Other Magnetic Application Products. Segment sales increased 1.0% year on year, from ¥164,624 million to ¥166,324 million (U.S.\$ 1,646,772 thousand).

Recording Devices comprises mainly HDD Heads, HDD Suspension Assemblies and Magnetic Sensors. It recorded sales of ¥123,296 million (U.S.\$ 1,220,752 thousand), up 6.9% from ¥115,292 million. Sales of HDD Heads increased despite the slump in the HDD market. The sales of Magnetic Sensors made by Micronas Semiconductor Holding AG were included within the sales of Recording Devices in the first half of fiscal 2017 following its acquisition in March 2016.

Other Magnetic Application Products include Power Supplies and Magnets. Sales decreased by 12.8% year on year from ¥49,332 million to ¥43,028 million (U.S.\$ 426,020 thousand).

Sales of Power Supplies decreased mainly to the industrial equipment market. Also, sales of Magnets decreased mainly to the ICT market for use in HDDs.

3) Film Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries). Segment sales increased by 10.1% from ¥106,218 million to ¥116,978 million (U.S.\$ 1,158,198 thousand).

Sales of Energy Devices increased significantly to the ICT market.

4) Other

Other includes Mechatronics (Production Equipment) and Others. Segment sales decreased by 0.4% from ¥14,283 million to ¥14,220 million (U.S.\$ 140,792 thousand).

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

New 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, Circuit Protection Components, Sensors
Magnetic Application Products	HDD Heads, HDD Suspension Assemblies, Magnetic Sensors, Power Supplies, Magnets
Film Application Products	Energy Devices (Rechargeable Batteries)
Other	Mechatronics (Production Equipment), Others

[Sales by Region]

Overseas sales decreased by 2.5% year on year from ¥543,249 million to ¥529,405 million (U.S.\$ 5,241,634 thousand). Overseas sales accounted for 91.4% of consolidated net sales, a 1.0 percentage point decrease from 92.4% in the first half of fiscal 2016. Detailed information on sales by region can be found in the consolidated supplementary information on page 18.

(2) Summary Information Regarding Consolidated Financial Position

1) The following table summarizes TDK's consolidated balance sheet as of September 30, 2016.

Total assets	¥1,483,534 million	(2.3% increase)
Total TDK stockholders' equity	¥601,641 million	(10.9% decrease)
Stockholders' equity ratio	40.6%	(6.0 point decrease)

As of September 30, 2016, total assets increased by ¥32,970 million compared with March 31, 2016. Net liquidity (cash and cash equivalent, short-term investments) decreased by ¥2,926 million. On the other hand, net trade receivables increased by ¥35,940 million and net property, plant and equipment increased by ¥19,755 million.

Total liabilities increased by ¥108,821 million from March 31, 2016. Short-term debt increased by ¥68,958 million and trade payables increased by ¥43,303 million.

Total TDK stockholders' equity, which is included in total equity, decreased by ¥73,720 million from March 31, 2016. Accumulated other comprehensive income (loss) decreased by ¥93,163 million, mainly due to a decrease in foreign currency translation adjustments compared with March 31, 2016.

2) Cash Flows

(Yen millions)

	1H of FY 2016	1H of FY 2017	Change
Net cash provided by operating activities	60,910	54,600	(6,310)
Net cash used in investing activities	(67,387)	(87,542)	(20,155)
Net cash provided by (used in) financing activities	(3,395)	62,334	65,729
Effect of exchange rate changes on cash and cash equivalents	(2,239)	(30,140)	(27,901)
Net decrease in cash and cash equivalents	(12,111)	(748)	11,363
Cash and cash equivalents at beginning of period	265,104	285,468	20,364
Cash and cash equivalents at end of period	252,993	284,720	31,727

Operating activities provided net cash of ¥54,600 million (U.S.\$540,594 thousand), a decrease of ¥6,310 million year on year. There was an increase in net trade receivables.

Investing activities used net cash of ¥87,542 million (U.S.\$866,752 thousand), an increase of ¥20,155 million year on year. It mainly came from an increase in capital expenditures.

Financing activities provided net cash of ¥62,334 million (U.S.\$617,168 thousand), changed by ¥65,729 million year on year. It mainly came from an increase in short-term debt.

(3) Summary Information Regarding Consolidated Projections

(Fiscal 2017 Consolidated Projections)

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2017, the year ending March 31, 2017, are as follows.

Term Item	FY2017 (April 1, 2016 - March 31, 2017)	FY2017 (April 1, 2016 - March 31, 2017)	FY2016 (April 1, 2015 - March 31, 2016)	vs FY2016 Changes	
	Projection in October '16	Projection in April '16	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,140,000	1,160,000	1,152,255	(12,255)	-1.1
Operating income	76,000	74,000	93,414	(17,414)	-18.6
Income before income taxes	75,000	73,000	91,839	(16,839)	-18.3
Net income attributable to TDK	52,000	50,000	64,828	(12,828)	-19.8
Capital expenditures	190,000	200,000	160,674	29,326	18.3
Depreciation and amortization	90,000	95,000	83,224	6,776	8.1
Research and development	90,000	90,000	84,920	5,080	6.0

(Notes)

TDK (as defined below) has revised its performance projections from those announced on April 28, 2016. The revisions are based on demand projections for electronic components in light of information currently available to TDK regarding the electronics markets and major finished products, and on a view that the yen is also expected to grow stronger against the U.S. dollar than previously assumed.

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥100 and ¥110 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 Corporation and/or its group companies ("TDK"). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of TDK in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors.

TDK therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK'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 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 operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK 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

TDK disposed the whole share of TDK (Shanghai) Electro-Energy Co., Ltd. in the quarter ended September 30, 2016.

(2) Simplified Accounting Treatment and Special Accounting Treatment

Nothing to report.

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

Simplifying the Presentation of Debt Issuance Costs

In April 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-03 “Simplifying the Presentation of Debt Issuance Costs”.

The amendments in this Update require debt issuance costs to be presented as a deduction from the related debt liability. TDK adopted this Update on April 1, 2016. As a result, the bond issuance cost that used to be a part of Other assets is presented as a deduction from Long-term debt in the prior year’s consolidated financial statement.

The adoption of this Update did not have a material impact on TDK’s results of operations or financial position.

Simplifying the Accounting for Measurement – Period Adjustments

In September 2015, the FASB issued ASU 2015-16 “Simplifying the Accounting for Measurement – Period Adjustments”. The amendments in this Update require that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. This Update is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. TDK adopted this Update prospectively for adjustments to provisional amounts that occur after the effective date of this Update.

The effect of adopting this Update on TDK’s results of operations and financial position depends on the status of the business combinations with measurement periods ending on or after April 1, 2016.

(4) Fundamental Policy for Distribution of Earnings, and Fiscal 2017 Dividends

TDK recognizes that achieving increase in corporate value over the medium- and long-term ultimately translates into higher shareholder value. In line with this understanding, 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 innovation in the electronics industry, TDK is aiming to increase a medium- and long-term corporate value. Accordingly, TDK actively reinvests its earning in business activities and determines its dividends taking into consideration comprehensive factors, including 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 2017 are as follows. TDK keeps initial dividend forecast unchanged.

(Yen)

	FY2017	FY2016 Actual
Interim dividend	60.00	60.00
Year-end dividend	(Forecast) 60.00	60.00
Annual dividend	(Forecast) 120.00	120.00