

[Summary Information and Financial Statements]

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

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first nine months of fiscal 2017, the period from April 1, 2016 to December 31, 2016, are as follows.

Looking at the first nine months of fiscal 2017, the global economy maintained a gradual pace of growth. The economies of China and other Asian countries sustained higher rates of growth than developed countries, albeit at a slightly slower pace than before. The U.S. and European economies maintained positive growth, as corporate business conditions and personal consumption held firm. In the third quarter, it became certain that the new Trump administration would take power. The global economic outlook and the exchange rates of various countries' currencies against the U.S. dollar began to show signs of shifting due to various lines of speculation, including concerns about excessive protectionism, countered by positive expectations for the new administration's fiscal policies, such as infrastructure investment and tax cuts.

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 nine months of fiscal 2017 were as follows.

Summary (April 1, 2016 - December 31, 2016)

Term Item	The 9-month-period of FY2016 (Apr. 1, 2015 - Dec. 31, 2015)		The 9-month-period of FY2017 (April 1, 2016 - December 31, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	889,342	100.0	903,953	100.0	7,792,698	14,611	1.6
Operating income	75,872	8.5	76,827	8.5	662,302	955	1.3
Income before income taxes	73,936	8.3	76,429	8.5	658,871	2,493	3.4
Net income attributable to TDK	56,414	6.3	57,089	6.3	492,147	675	1.2
Per common share :							
Net income attributable to TDK / Basic	Yen 447.54		Yen 452.53		U.S.\$ 3.90		
Net income attributable to TDK / Diluted	Yen 429.05		Yen 443.82		U.S.\$ 3.83		

Note:

U.S.\$1=Yen 116, for convenience only.

Average yen exchange rates for the U.S. dollar and the euro during the first nine months of fiscal 2017 were ¥106.67 and ¥118.15, respectively, as the yen appreciated 12.3% against the U.S. dollar and 12.1% against the euro. This decreased net sales by approximately ¥123.0 billion and operating income by approximately ¥25.7 billion.

Sales by Product

Term Product	The 9-month-period of FY2016 (April 1, 2015 - December 31, 2015)		The 9-month-period of FY2017 (April 1, 2016 - December 31, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
	Capacitors	115,010	12.9	101,746	11.3	877,120	(13,264)
Inductive Devices	118,851	13.4	107,762	11.9	928,983	(11,089)	-9.3
Other Passive Components	212,193	23.9	220,079	24.3	1,897,233	7,886	3.7
Passive Components	446,054	50.2	429,587	47.5	3,703,336	(16,467)	-3.7
Recording Devices	173,793	19.5	194,014	21.5	1,672,535	20,221	11.6
Other Magnetic Application Products	72,624	8.2	64,667	7.1	557,474	(7,957)	-11.0
Magnetic Application Products	246,417	27.7	258,681	28.6	2,230,009	12,264	5.0
Film Application Products	173,842	19.5	193,342	21.4	1,666,741	19,500	11.2
Other	23,029	2.6	22,343	2.5	192,612	(686)	-3.0
Total	889,342	100.0	903,953	100.0	7,792,698	14,611	1.6
Overseas sales	822,225	92.5	826,985	91.5	7,129,181	4,760	0.6

Notes:

1. U.S.\$1=Yen 116, 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 ¥429,587 million (U.S.\$ 3,703,336 thousand), down 3.7% year on year from ¥446,054 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥101,746 million (U.S.\$ 877,120 thousand), down 11.5% year on year from ¥115,010 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 9.3% year on year from ¥118,851 million to ¥107,762 million (U.S.\$ 928,983 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 increased by 3.7%

year on year from ¥212,193 million to ¥220,079 million (U.S.\$1,897,233 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 automotive and the ICT markets. 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 5.0% year on year, from ¥246,417 million to ¥258,681 million (U.S.\$ 2,230,009 thousand).

Recording Devices comprises mainly HDD Heads, HDD Suspension Assemblies and Magnetic Sensors. It recorded sales of ¥194,014 million (U.S.\$ 1,672,535 thousand), up 11.6% from ¥173,793 million. Sales of HDD Heads increased despite the slump in the HDD market. The sales of Magnetic Sensors made by Micronas Semiconductor Holding AG, which was acquired in March 2016, and the HDD Suspension Assemblies of Hutchinson Technology Incorporated, which was acquired in October 2016, were included within the sales of Recording Devices in the first nine months of fiscal 2017.

Other Magnetic Application Products include Power Supplies and Magnets. Sales decreased by 11.0% year on year from ¥72,624 million to ¥64,667 million (U.S.\$ 557,474 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 11.2% from ¥173,842 million to ¥193,342 million (U.S.\$ 1,666,741 thousand).

Sales of Energy Devices increased significantly to the ICT market.

4) Other

Other includes Mechatronics (Production Equipment) and Others. Segment sales decreased by 3.0% from ¥23,029 million to ¥22,343 million (U.S.\$ 192,612 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 increased by 0.6% year on year from ¥822,225 million to ¥826,985 million (U.S.\$ 7,129,181 thousand). Overseas sales accounted for 91.5% of consolidated net sales, a 1.0 percentage point decrease from 92.5% in the first nine months 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 December 31, 2016.

Total assets	¥1,676,789 million	(15.6% increase)
Total TDK stockholders' equity	¥719,887 million	(6.6% increase)
Stockholders' equity ratio	42.9%	(3.7 point decrease)

As of December 31, 2016, total assets increased by ¥226,225 million compared with March 31, 2016. Net liquidity (cash and cash equivalent, short-term investments) increased by ¥4,267 million and net trade receivables increased by ¥56,728 million.

Total liabilities increased by ¥182,708 million from March 31, 2016. Long-term debt, excluding current installments increased by ¥93,532 million and trade payables increased by ¥73,180 million.

Some portions of assets and liabilities from High-Frequency Devices, which were ¥180,313 million and ¥40,977 million, were reclassified into assets held for sale and liabilities held for sale in 3Q of FY2017 for the purpose of a transferring business to a joint venture with Qualcomm Incorporated.

Total TDK stockholders' equity, which is included in total equity, increased by ¥44,526 million from March 31, 2016. Retained earnings increased by ¥38,575 million.

2) Cash Flows

(Yen millions)

	The 9-month-period of FY 2016	The 9-month-period of FY 2017	Change
Net cash provided by operating activities	117,528	115,364	(2,164)
Net cash used in investing activities	(103,424)	(137,845)	(34,421)
Net cash provided by financing activities	46,168	43,065	(3,103)
Effect of exchange rate changes on cash and cash equivalents	(2,378)	4,606	6,984
Cash and cash equivalents included in assets held for sale	-	(16,747)	(16,747)
Net increase in cash and cash equivalents	57,894	8,443	(49,451)
Cash and cash equivalents at beginning of period	265,104	285,468	20,364
Cash and cash equivalents at end of period	322,998	293,911	(29,087)

Operating activities provided net cash of ¥115,364 million (U.S.\$994,518 thousand), a decrease of ¥2,164 million year on year.

Investing activities used net cash of ¥137,845 million (U.S.\$1,188,319 thousand), an increase of ¥34,421 million year on year. It mainly came from increases in capital expenditures and acquisition of subsidiaries.

Financing activities provided net cash of ¥43,065 million (U.S.\$371,250 thousand), a decrease of ¥3,103 million year on year.

(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.

(Notes)

Term Item	FY2017 (April 1, 2016 - March 31, 2017)	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 January '17	Projection in October '16	Projection in April '16	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,150,000	1,140,000	1,160,000	1,152,255	(2,255)	-0.2
Operating income	213,000	76,000	74,000	93,414	119,586	128.0
Income before income taxes	212,000	75,000	73,000	91,839	120,161	130.8
Net income attributable to TDK	145,000	52,000	50,000	64,828	80,172	123.7
Capital expenditures	190,000	190,000	200,000	160,674	29,326	18.3
Depreciation and amortization	90,000	90,000	95,000	83,224	6,776	8.1
Research and development	90,000	90,000	90,000	84,920	5,080	6.0

TDK agreed with Qualcomm Incorporated (“Qualcomm”) to form a joint venture to enable delivery of RF front-end (RFFE) modules and RF filters, under the name of RF360 Holdings Singapore PTE. Ltd. (“RF360”), as disclosed under “Announcement on Agreement to Establish of Joint Venture and Expand Collaboration with Qualcomm” on January 13, 2016. The agreement was made between Qualcomm’s indirect, wholly-owned subsidiary, Qualcomm Global Trading PTE. Ltd. (“QGT”), and other Qualcomm affiliates, including Qualcomm Technologies, Inc. and TDK and other TDK affiliates. TDK now expects to execute the transfer of business to the joint venture based on the agreement. Accordingly, TDK expects to record a gain on transfer (operating income of ¥149.0 billion) in fiscal 2017 in conjunction with the transfer of a 51% equity interest in RF360 held by EPCOS AG, a wholly-owned subsidiary of TDK, to QGT. Moreover, TDK expects to record restructuring expenses to strengthen its future earnings structure. In addition to these factors, based on TDK’s demand projections for electronic components in light of information currently available and on a view that the yen is expected to grow weaker against the U.S. dollar than previously assumed, TDK has decided to revise its projections for consolidated operating results.

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥110 and ¥118 respectively will be assumed from the fourth 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 adoption of this Update did not have a material impact on TDK’s results of operations or financial position.

(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