

(4) Notes Concerning Going Concern Assumptions

Nothing to report.

(5) Segment Information

TDK has four reporting segments: Passive Components, Sensor Application Products, Magnetic Application Products and Film Application Products, as well as Other, which includes products not included in these four reporting segments.

In addition, TDK newly established Sensor Systems Business Company on April 1, 2017, and established Sensor Application Products segment from the quarter ended June 30, 2017 in accordance with the change of control segment of certain businesses. Sensors of Passive Components, Magnetic Sensors of Magnetic Application Products and certain products of Other were reclassified into newly established reporting segment of Sensor Application Products from the quarter ended June 30, 2017.

Furthermore, in accordance with the reorganization in 1Q of FY2018, certain products of Other were reclassified into Passive Components and certain products of Magnetic Application Products were reclassified into Other.

In accordance with the above, the prior year's figures are also reclassified to conform to the new segmentation.

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
Sensor Application Products	Temperature and Pressure Sensors, Magnetic Sensors, MEMS Sensors
Magnetic Application Products	HDD Heads, HDD Suspension Assemblies, Power Supplies, Magnets
Film Application Products	Energy Devices (Rechargeable Batteries)
Other	Mechatronics (Production Equipment), Others

Previous 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

[9-month-period results]

Sales by industry segment

		The 9-month-period of FY2017 (April 1, 2016 - December 31, 2016)		The 9-month-period of FY2018 (April 1, 2017 - December 31, 2017)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	414,893	45.9	327,700	34.0	2,900,000	(87,193)	-21.0
	Intersegment	2,567		3,098		27,416	531	20.7
	Total	417,460		330,798		2,927,416	(86,662)	-20.8
Sensor Application Products	External customers	31,391	3.5	58,209	6.0	515,124	26,818	85.4
	Intersegment	33		74		655	41	124.2
	Total	31,424		58,283		515,779	26,859	85.5
Magnetic Application Products	External customers	243,922	26.9	252,489	26.2	2,234,416	8,567	3.5
	Intersegment	85		146		1,292	61	71.8
	Total	244,007		252,635		2,235,708	8,628	3.5
Film Application Products	External customers	193,342	21.4	289,039	29.9	2,557,867	95,697	49.5
	Intersegment	-		-		-	-	-
	Total	193,342		289,039		2,557,867	95,697	49.5
Other	External customers	20,405	2.3	37,260	3.9	329,735	16,855	82.6
	Intersegment	19,999		26,186		231,734	6,187	30.9
	Total	40,404		63,446		561,469	23,042	57.0
Intersegment eliminations		(22,684)		(29,504)		(261,097)	(6,820)	
Total		903,953	100.0	964,697	100.0	8,537,142	60,744	6.7

Note:

U.S.\$1=Yen 113, for convenience only.

Segment profit (loss) by industry segment

		The 9-month-period of FY2017 (April 1, 2016 - December 31, 2016)		The 9-month-period of FY2018 (April 1, 2017 - December 31, 2017)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		53,632	12.9	34,984	10.7	309,593	(18,648)	-34.8
Sensor Application Products		(4,324)	-13.8	(14,579)	-25.0	(129,017)	(10,255)	-
Magnetic Application Products		16,957	7.0	19,283	7.6	170,646	2,326	13.7
Film Application Products		36,254	18.8	57,602	19.9	509,752	21,348	58.9
Other		(5,116)	-25.1	(1,304)	-3.5	(11,540)	3,812	-
Sub total		97,403	10.8	95,986	9.9	849,434	(1,417)	-1.5
Corporate and Eliminations		(20,576)		(21,272)		(188,248)	(696)	
Operating income		76,827	8.5	74,714	7.7	661,186	(2,113)	-2.8

Notes:

1. U.S.\$1=Yen 113, for convenience only.
2. % to sales of each corresponding segment

[3rd quarter results]

Sales by industry segment

		3Q of FY2017 (October 1, 2016 - December 31, 2016)		3Q of FY2018 (October 1, 2017 - December 31, 2017)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	143,011	44.1	112,722	33.1	997,540	(30,289)	-21.2
	Intersegment	1,020		1,158		10,248	138	13.5
	Total	144,031		113,880		1,007,788	(30,151)	-20.9
Sensor Application Products	External customers	10,474	3.2	21,617	6.3	191,301	11,143	106.4
	Intersegment	11		9		80	(2)	-18.2
	Total	10,485		21,626		191,381	11,141	106.3
Magnetic Application Products	External customers	87,674	27.0	86,878	25.5	768,832	(796)	-0.9
	Intersegment	28		50		442	22	78.6
	Total	87,702		86,928		769,274	(774)	-0.9
Film Application Products	External customers	76,364	23.5	105,859	31.0	936,805	29,495	38.6
	Intersegment	-		-		-	-	-
	Total	76,364		105,859		936,805	29,495	38.6
Other	External customers	7,249	2.2	14,050	4.1	124,336	6,801	93.8
	Intersegment	7,243		8,152		72,142	909	12.6
	Total	14,492		22,202		196,478	7,710	53.2
Intersegment eliminations		(8,302)		(9,369)		(82,912)	(1,067)	
Total		324,772	100.0	341,126	100.0	3,018,814	16,354	5.0

Note:

U.S.\$1=Yen 113, for convenience only.

Segment profit (loss) by industry segment

		3Q of FY2017 (October 1, 2016 - December 31, 2016)		3Q of FY2018 (October 1, 2017 - December 31, 2017)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		19,123	13.4	12,337	10.9	109,177	(6,786)	-35.5
Sensor Application Products		(1,547)	-14.8	(3,931)	-18.2	(34,788)	(2,384)	-
Magnetic Application Products		7,028	8.0	8,325	9.6	73,673	1,297	18.5
Film Application Products		16,171	21.2	23,647	22.3	209,265	7,476	46.2
Other		(950)	-13.1	(444)	-3.2	(3,929)	506	-
Sub total		39,825	12.3	39,934	11.7	353,398	109	0.3
Corporate and Eliminations		(7,311)		(7,489)		(66,274)	(178)	
Operating income		32,514	10.0	32,445	9.5	287,124	(69)	-0.2

Notes:

1. U.S.\$1=Yen 113, for convenience only.
2. % to sales of each corresponding segment

(6) Notes Concerning Significant Changes in Stockholders' Equity

Nothing to report.