

(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 Energy Application Products, as well as Other, which includes products not included in these four reporting segments.

In addition, TDK newly established Energy Solutions Business Company on April 1, 2018, and established Energy Application Products segment from the quarter ended June 30, 2018 in accordance with the change of control segment of certain businesses. Energy Devices (Rechargeable Batteries) of Film Application Products, Power Supplies of Magnetic Application Products and certain products of Other were reclassified into newly established reporting segment of Energy Application Products from the quarter ended June 30, 2018.

Furthermore, in accordance with the reorganization in 1Q of FY2018, certain products of Passive Components were reclassified into Other, certain products of Other were reclassified into Passive Components and certain products of Sensor 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, Magnets
Energy Application Products	Energy Devices (Rechargeable Batteries) , Power Supplies
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
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

[9-month-period results]

Sales by industry segment

		The 9-month-period of FY2018 (April 1, 2017 - December 31, 2017)		The 9-month-period of FY2019 (April 1, 2018 - December 31, 2018)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	311,809	32.3	331,524	30.9	2,986,703	19,715	6.3
	Intersegment	3,208		2,577		23,216	(631)	-19.7
	Total	315,017		334,101		3,009,919	19,084	6.1
Sensor Application Products	External customers	58,070	6.0	59,178	5.5	533,135	1,108	1.9
	Intersegment	65		78		702	13	20.0
	Total	58,135		59,256		533,837	1,121	1.9
Magnetic Application Products	External customers	210,685	21.9	212,276	19.8	1,912,396	1,591	0.8
	Intersegment	144		609		5,487	465	322.9
	Total	210,829		212,885		1,917,883	2,056	1.0
Energy Application Products	External customers	342,450	35.5	425,720	39.7	3,835,315	83,270	24.3
	Intersegment	2		9		81	7	350.0
	Total	342,452		425,729		3,835,396	83,277	24.3
Other	External customers	41,683	4.3	44,045	4.1	396,802	2,362	5.7
	Intersegment	25,899		23,172		208,757	(2,727)	-10.5
	Total	67,582		67,217		605,559	(365)	-0.5
Intersegment eliminations		(29,318)		(26,445)		(238,243)	2,873	
Total		964,697	100.0	1,072,743	100.0	9,664,351	108,046	11.2

Note:

U.S.\$1=Yen 111, for convenience only.

Segment profit (loss) by industry segment

		The 9-month-period of FY2018 (April 1, 2017 - December 31, 2017)		The 9-month-period of FY2019 (April 1, 2018 - December 31, 2018)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		36,662	11.8	45,110	13.6	406,396	8,448	23.0
Sensor Application Products		(14,038)	-24.2	(14,972)	-25.3	(134,883)	(934)	-
Magnetic Application Products		15,576	7.4	12,234	5.8	110,216	(3,342)	-21.5
Energy Application Products		59,381	17.3	78,983	18.6	711,559	19,602	33.0
Other		1,059	2.5	(3,968)	-9.0	(35,748)	(5,027)	-
Sub total		98,640	10.2	117,387	10.9	1,057,540	18,747	19.0
Corporate and Eliminations		(20,969)		(22,449)		(202,243)	(1,480)	
Operating income		77,671	8.1	94,938	8.9	855,297	17,267	22.2

Notes:

1. U.S.\$1=Yen 111, for convenience only.
2. % to sales of each corresponding segment
3. The prior year's results are reclassified due to adaption of Accounting Standards Update("ASU") 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost". As a result of this reclassification, operating income increased by ¥2,957 million. Please refer to page 12 for more detailed information.

[3rd quarter results]

Sales by industry segment

		3Q of FY2018 (October 1, 2017 - December 31, 2017)		3Q of FY2019 (October 1, 2018 - December 31, 2018)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	109,267	32.0	106,702	30.4	961,279	(2,565)	-2.3
	Intersegment	1,174		885		7,973	(289)	-24.6
	Total	110,441		107,587		969,252	(2,854)	-2.6
Sensor Application Products	External customers	21,591	6.3	19,701	5.6	177,486	(1,890)	-8.8
	Intersegment	8		38		343	30	375.0
	Total	21,599		19,739		177,829	(1,860)	-8.6
Magnetic Application Products	External customers	72,531	21.3	66,410	18.9	598,288	(6,121)	-8.4
	Intersegment	50		572		5,153	522	-
	Total	72,581		66,982		603,441	(5,599)	-7.7
Energy Application Products	External customers	124,966	36.6	145,372	41.5	1,309,658	20,406	16.3
	Intersegment	-		2		18	2	-
	Total	124,966		145,374		1,309,676	20,408	16.3
Other	External customers	12,771	3.8	12,618	3.6	113,676	(153)	-1.2
	Intersegment	8,124		8,535		76,891	411	5.1
	Total	20,895		21,153		190,567	258	1.2
Intersegment eliminations		(9,356)		(10,032)		(90,378)	(676)	
Total		341,126	100.0	350,803	100.0	3,160,387	9,677	2.8

Note:

U.S.\$1=Yen 111, for convenience only.

Segment profit (loss) by industry segment

		3Q of FY2018 (October 1, 2017 - December 31, 2017)		3Q of FY2019 (October 1, 2018 - December 31, 2018)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		13,552	12.4	14,709	13.8	132,513	1,157	8.5
Sensor Application Products		(3,720)	-17.2	(5,468)	-27.8	(49,261)	(1,748)	-
Magnetic Application Products		6,883	9.5	7,827	11.8	70,514	944	13.7
Energy Application Products		24,327	19.5	24,635	16.9	221,937	308	1.3
Other		(198)	-1.6	(1,212)	-9.6	(10,919)	(1,014)	-
Sub total		40,844	12.0	40,491	11.5	364,784	(353)	-0.9
Corporate and Eliminations		(7,387)		(7,733)		(69,667)	(346)	
Operating income		33,457	9.8	32,758	9.3	295,117	(699)	-2.1

Notes:

1. U.S.\$1=Yen 111, for convenience only.
2. % to sales of each corresponding segment
3. The prior year's results are reclassified due to adaption of Accounting Standards Update("ASU") 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost". As a result of this reclassification, operating income increased by ¥1,012 million. Please refer to page 12 for more detailed information.

(6) Notes Concerning Significant Changes in Stockholders' Equity

Nothing to report.