2) Summary

Consolidated results for the first quarter of fiscal 2001, the three-month period from April 1, 2000 through June 30, 2000, are as follows:

TDK Corporation today reported consolidated results for the first quarter of fiscal 2001, the three-month period ended June 30, 2000. In relation to the first quarter of the previous fiscal year, net sales climbed 6.7% to ¥175,322 million (US$1,653,981 thousand) and operating profit rose 13.5% to ¥19,233 million (US$181,443 thousand). Income before income taxes increased 5.9% to ¥19,091 million (US$180,104 thousand), net income advanced 9.4% to ¥12,835 million (US$121,085 thousand) and net income per common share was ¥96.37 (US$0.91).

First quarter average yen exchange rates for the U.S. dollar and euro were ¥107 and ¥100, respectively, as the yen appreciated 12% versus the dollar and 22% versus the euro compared with the previous year’s first quarter. This had the net effect of reducing net sales by approximately ¥16.4 billion and operating profit by approximately ¥6.8 billion.

Effective from the current fiscal year, TDK has adopted a revised presentation for sector information and renamed some product categories. Based on this revised reporting system, sales in the electronic materials and components segment increased 11.6% to ¥144,708 million (US$1,365,170 thousand).

Within this segment, sales in the electronic materials sector surged 26.5% to ¥52,614 million (US$496,359 thousand). Driving growth was much higher demand for multilayer chip capacitors and ferrite cores used in mobile phones and other communications devices, PCs and peripherals, and audio and visual products. Sales growth was especially strong for multilayer chip capacitors. Mobile phones, PCs and peripherals, and digital devices all contributed to this strong performance. Sales in the electronic devices sector were up 15.5% to ¥36,308 million (US$342,528 thousand). An increase in orders from the same sources that fueled growth in electronic materials led to higher sales in many product categories in this sector. Contributing most to the sales increase were high-frequency products such as high-frequency modules and voltage controlled oscillators, both key mobile phone components. In the recording devices sector, sales decreased 3.5% to ¥49,383 million (US$465,877 thousand). Sales volumes of GMR heads were higher following the March 2000 acquisition of Headway Technologies, Inc., but this growth was erased by the effects of falling sales prices and the yen’s strength. Sales in the semiconductors & others sector increased 17.1% to ¥6,403 million (US$60,406 thousand). This was mainly attributable to a strong performance by semiconductors for LAN applications and modems used in set-top boxes.
Recording media & systems sales were down 11.6% to ¥30,614 million (US$288,811 thousand). Expansion in demand for CD-Rs led to higher sales volume, but prices fell sharply because of an oversupply of these disks. Further affecting segment results were lower audiotape volume as this market contracts and lower prices for videotapes and MiniDiscs.

By region, sales in Japan rose 5.8% to ¥60,595 million (US$571,651 thousand), mostly the result of solid demand for multilayer chip capacitors. In Europe, higher orders for multilayer chip capacitors and high-frequency components for GSM mobile phones led to a 15.3% increase in sales to ¥21,829 million (US$205,934 thousand). In Asia (excluding Japan) and Others, sales were up 7.0% to ¥65,815 million (US$620,896 thousand) due to strong performances by products in the electronic materials and electronic devices sectors, mainly for use in PCs and peripherals.

In the Americas, sales increased 2.0% to ¥27,083 million (US$255,500 thousand). The tendency of companies in this region to design products internally but manufacture in Asia held down sales growth in relation to other regions. Further holding back results in this region was a decline in Recording media & systems sales.

The overall result was a 7.2% increase in overseas sales to ¥114,727 million (US$1,082,330 thousand). As a result, overseas sales rose from 65.1% to 65.4% of consolidated net sales.
Outlook for Fiscal Year Ending March 31, 2001

TDK’s revised projections for consolidated results in the current fiscal year are shown below. These figures are based on the following assumptions:

- The Yen-U.S. dollar exchange rate during the fiscal year was initially estimated to be ¥100. TDK currently estimates average rates of ¥107 for the first half and ¥100 for the second half.

- In the Electronic materials and components segment, TDK expects strong performances during the fiscal year’s first half by multilayer chip capacitors for communications equipment and PCs, high-frequency components for mobile phones and GMR heads for HDDs. Growth in orders and the weakness of the Yen have both exceeded TDK’s initial projections. Regarding the second half of the fiscal year, however, trends in markets for finished products and other factors make the outlook for these components unclear at this time.

- In the Recording media & systems segment, TDK is projecting another weak performance. CD-R prices are expected to fall as supply-demand dynamics deteriorate even as demand continues to expand. In addition, global demand for audiotape continues to decline and competition is exerting pressure on videotape prices.

<table>
<thead>
<tr>
<th></th>
<th>Revised Projection</th>
<th>As of May 2000</th>
<th>% Change from FY00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>730,000</td>
<td>700,000</td>
<td>+8.2%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>75,000</td>
<td>68,000</td>
<td>+0.5%</td>
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<tr>
<td>Income before income</td>
<td>77,000</td>
<td>69,000</td>
<td>+4.9%</td>
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<tr>
<td>taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>54,000</td>
<td>47,000</td>
<td>+6.4%</td>
</tr>
</tbody>
</table>

Projections for the fiscal year ending March 31, 2001 are based on assumptions and beliefs of TDK and its group companies in accordance with data currently available. Consequently, these projections should not be relied upon as the sole basis for evaluating TDK. Actual results may differ substantially from the projections depending on a number of factors.

The electronics markets in which TDK operates is highly susceptible to rapid changes. Furthermore, TDK operates not only in Japan, but in many other countries. As such, factors that can have significant effects on its results include, but are not limited to, shifts in technology, demand, prices, competition, economic environments and foreign exchange rates.