

1-13-1, Nihonbashi
Chuo-ku, Tokyo
103-8272 Japan

Contacts;

TDK Corporation(Tokyo)	Corporate Communications Department	
	Michinori Katayama	+81 (3) 5201-7102
TDK U.S.A. Corporation	Francis. J. Sweeney	+1 (516) 535-2600
TDK UK Limited	Ron Matier	+44 (1737) 773773

FOR IMMEDIATE RELEASE

TOKYO-August 7, 2001 TDK Corporation today announced its consolidated business results for the first quarter of fiscal 2002, the three-month period ended June 30, 2001 is as follows:

1) Consolidated results

Consolidated results for the first quarter of fiscal 2002, the three-month period from April 1 , 2001 through June 30, 2001, is as follows:

	<u>Yen millions</u>		<u>US\$ thousands</u>	<u>% change</u>
Net sales	141,000		1,128,000	(-19.6 %)
Operating profit (%)	2,589 (1.8 %)		20,712	(-86.5 %)
Income before income taxes (%)	2,564 (1.8 %)		20,512	(-86.6 %)
Net income (%)	1,207 (0.9 %)		9,656	(-90.6 %)

Note:

The amounts shown in U.S. Dollars are converted at the rate of U.S.\$1=Yen 125, the opening rate on the Tokyo Foreign Exchange Market on June 29, 2001.

2) Summary

Consolidated results for the first quarter of fiscal 2002, the three-month period from April 1, 2001 through June 30, 2001, are as follows:

Net sales decreased 19.6% to ¥141,000 million (US\$1,128,000 thousand), while operating profit fell 86.5% to ¥2,589 million (US\$20,712 thousand). Income before income taxes fell 86.6% to ¥2,564 million (US\$20,512 thousand) and net income dropped 90.6% to ¥1,207 million (US\$9,656 thousand). Net income per common share was ¥9.07 (US\$0.07).

Income taxes as a proportion of income before income taxes for the three-month period increased relative to the same period of the previous fiscal year. This reflected the fact that there were no tax benefits from losses posted by certain overseas subsidiaries due to local tax regulations.

Average first quarter yen exchange rates for the U.S. dollar and euro were ¥123 and ¥107, respectively, as the yen depreciated 15% versus the dollar and 7% versus the euro, compared with the previous year's first quarter. This had the effect of increasing net sales by approximately ¥10.3 billion and operating profit by approximately ¥2.7 billion.

In the electronic materials and components segment, net sales decreased 23.7% to ¥110,351 million (US\$882,808 thousand).

Within this segment, sales in the electronic materials sector declined 16.6% to ¥43,900 million (US\$351,200 thousand). The fourth-quarter slowdown of the U.S. economy in the previous fiscal year prompted inventory corrections at TDK's customers in a broad range of product categories, hampering sales. The effects of these corrections lingered in the three-month period under review. In terms of products, sales of multilayer chip capacitors for mobile phones and PCs and peripherals decreased. Sales of ferrite cores used in audio and visual products and PCs and peripherals fell sharply. Although magnet sales decreased, the increasing use of electronics in automobiles kept demand strong in this market sector. In this quarter, sales volumes of automotive magnets decreased only slightly but monetary sales rose marginally due to fall in the yen's value.

In the electronic devices sector, sales decreased 21.4% to ¥28,550 million (US\$228,400 thousand) due to the residual effects of the U.S. slowdown, as in the electronic materials sector. High-frequency component sales fell sharply, reflecting a cooling mobile phone market and inventory reductions at manufacturers. A high proportion of TDK's high-frequency components are used in mobile phones. Sales of inductive devices also decreased due to falling demand in the audio and visual products, PC and peripherals and communications markets. Inductors for automotive applications, although a small share of sales, continue to perform well. In this quarter, volumes were down marginally but the weaker yen lifted monetary sales somewhat. Demand for power supplies for audio and visual products and video game systems was relatively strong, with sales increasing slightly.

Recording devices sales decreased 33.5% to ¥32,834 million (US\$262,672 thousand), reflecting lower demand for HDD heads. This was the result of TDK's delay, relative to competitors, in supplying mainstream 30gigabyte/disk HDD heads, which resulted in TDK losing market share. The sales decline also reflected the scaling back of HDD production at customers, which was prompted by lackluster PC demand.

Sales in the semiconductors & others sector dropped 20.9% to ¥5,067 million (US\$40,536 thousand). Sales of semiconductors for WAN/LAN and set-top box modems fell sharply due to the continuing downturn in the semiconductor market as demand for communications infrastructure equipment declined. Higher sales of anechoic chambers and measurement systems due to orders received in the previous fiscal year partly offset the fall in semiconductor sales.

In the recording media & systems segment, sales increased 0.1% to ¥30,649 million (US\$245,192 thousand). Sales of CD-Rs increased on higher volumes, despite lower year-on-year prices. Also contributing to higher sales in this segment were the yen's depreciation and the beginning of sales of recording equipment last fall. Negating these gains to a large extent were lower audiotape and videotape sales as total demand fell.

By region, sales in Japan decreased 23.3% to ¥43,505 million (US\$348,040 thousand), reflecting lower sales in all categories, most notably recording devices. In Europe, sales declined 9.1% to ¥19,836 million (US\$158,688 million) due to soft demand for high-frequency components for mobile phones, which reflected a cooling mobile phone market. This outweighed sales growth in the recording media & systems segment, where CD-Rs turned in a strong performance. In Asia (excluding Japan) and Others, sales decreased 24.0% to ¥50,027 million (US\$400,216 thousand). Mirroring Japan, sales fell in all product sectors, noticeably in recording devices. In the Americas, sales declined 10.7% to ¥27,632 million (US\$221,056 thousand), despite higher sales in the recording media & systems segment, which were fueled by sales of recording equipment that were launched last fall. Dragging down results were lackluster performances in electronic materials and electronic devices.

The overall result was a 17.8% fall in overseas sales year on year to ¥97,495 million (US\$779,960 thousand). Overseas sales accounted for 69.1% of consolidated net sales, a 1.5 percentage point increase from 67.6%.

Fiscal 2002 Projections

TDK has revised downward its consolidated projections for fiscal 2002, the year ending March 31, 2002, which were announced in May this year, as detailed below. The consolidated projections are based principally on the following assumptions:

- The yen-U.S. dollar exchange rate during the fiscal year was initially estimated to be ¥120. TDK currently estimates the same rate for the second and subsequent quarters.
- In the electronic materials and components segment, as of May 2001, TDK expected that there would be a gradual, across-the-board recovery for PCs, mobile phones and audio and visual products from the second quarter onward, after the markets bottomed out in the first quarter. However, no signs of such an upturn have materialized. TDK thus expects results in the electronic materials and components segment for the first half of fiscal 2002 to fall short of its May projections.
- In the recording media & systems segment, TDK expects demand for CD-Rs and recording equipment to fall slightly short of its May projections due to the economic slowdown.

At present, TDK believes that the second-half recovery which was the basis for its May 2001 projections is extremely unlikely. However, because there are many uncertainties concerning present second-half projections, TDK has not revised projections for the full year based on this outlook. Therefore, the revised full-year projections shown below incorporate only the new projections for the second quarter. TDK will review second-half projections at a later date and announce revised full-year projections if necessary to reflect any revisions.

Consolidated Projections for Fiscal 2002

	Revised Projection	% change from FY01	As of May 2001
	¥ millions		¥ millions
Net sales	¥645,000	-6.5%	¥690,000
Operating profit	30,000	-46.7%	40,000
Income before income taxes	31,000	-51.9%	42,000
Net income	21,000	-52.3%	28,500

Cautionary Statement About Projections

Projections for the fiscal year ending March 31, 2002 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 are 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.

3) Consolidated results for the first quarter of fiscal 2002

(1) Financial highlights

	The first quarter of FY2002 (April 1, 2001 - June 30, 2001)			The first quarter of FY2001 (April 1, 2000 - June 30, 2000)		change
	(Yen millions)	%	(US\$ thousands)	(Yen millions)	%	%
Net sales	141,000	100.0	1,128,000	175,322	100.0	-19.6
Operating profit	2,589	1.8	20,712	19,233	11.0	-86.5
Income before income taxes	2,564	1.8	20,512	19,091	10.9	-86.6
Net income	1,207	0.9	9,656	12,835	7.3	-90.6
Net income per common share and per ADS	Yen 9.07		US\$ 0.07	Yen 96.37		

Notes:

1. The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.
2. The figures for net income per common share are calculated based upon the weighted average number of shares of common stock (the total outstanding number).
3. During this consolidated accounting period, the company had 77 subsidiaries (26 in Japan and 51 overseas). The company also had 8 affiliates whose financial statements are accounted for by the equity method.
4. U.S.\$1=Yen 125

(2) Sales breakdown

	The first quarter of FY2002 (April 1, 2001 - June 30, 2001)			The first quarter of FY2001 (April 1, 2000 - June 30, 2000)		change
	(Yen millions)	%	(US\$ thousands)	(Yen millions)	%	%
Electronic materials and components	110,351	78.3	882,808	144,708	82.5	-23.7
Electronic materials	43,900	31.1	351,200	52,614	30.0	-16.6
Electronic devices	28,550	20.3	228,400	36,308	20.7	-21.4
Recording devices	32,834	23.3	262,672	49,383	28.2	-33.5
Semiconductors & Others	5,067	3.6	40,536	6,403	3.6	-20.9
Recording media & systems	30,649	21.7	245,192	30,614	17.5	0.1
Total sales	141,000	100.0	1,128,000	175,322	100.0	-19.6
Overseas sales	97,495	69.1	779,960	118,603	67.6	-17.8

Notes:

1. Overseas sales for the first quarter of FY2001 have been revised (see P8 "(5) Sales by Region" for details).
2. U.S.\$1=Yen 125

(3) Statements of income

	The first quarter of FY2002 (April 1, 2001 - June 30, 2001)			The first quarter of FY2001 (April 1, 2000 - June 30, 2000)		change
	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	%	
Net sales	141,000	100.0	1,128,000	175,322	100.0	-19.6
Cost of sales	106,202	75.3	849,616	124,503	71.0	-14.7
Gross profit	34,798	24.7	278,384	50,819	29.0	-31.5
Selling, general and administrative expenses	32,209	22.9	257,672	31,586	18.0	2.0
Operating profit	2,589	1.8	20,712	19,233	11.0	-86.5
Other income (deductions):						
Interest and dividend income	713		5,704	1,240		
Interest expense	(360)		(2,880)	(179)		
Foreign exchange gain (loss)	(92)		(736)	(935)		
Other, net	(286)		(2,288)	(268)		
Other income (deductions) total	(25)	-	(200)	(142)	-0.1	-82.4
Income before income taxes	2,564	1.8	20,512	19,091	10.9	-86.6
Income taxes	1,257	0.9	10,056	6,072	3.5	-79.3
Income before minority interests	1,307	0.9	10,456	13,019	7.4	-90.0
Minority interests	(100)	-	(800)	(184)	-0.1	-45.7
Net income	1,207	0.9	9,656	12,835	7.3	-90.6
Net income per common share	Yen 9.07		US\$ 0.07	Yen 96.37		
Average common shares outstanding	133,019	thousands		133,190	thousands	

Notes:

1. The figures for net income per common share are calculated based upon the weighted average number of shares of common stock (the total outstanding number).
2. U.S.\$1=Yen 125
3. Statements of income for the first quarter of fiscal 2001 and 2002 are unaudited by independent auditors.

(4) Balance sheets

ASSETS						
	As of June 30, 2001			As of March 31, 2001		Change
	(Yen millions)	%	(US\$ thousands)	(Yen millions)	%	%
Current assets	416,314	52.6	3,330,512	452,913	55.2	-8.1
Cash and cash equivalents	129,849		1,038,792	150,917		
Net trade receivables	132,123		1,056,984	156,585		
Inventories	123,531		988,248	116,423		
Prepaid expenses and other current assets	30,811		246,488	28,988		
Investments and advances	22,979	2.9	183,832	21,143	2.6	8.7
Net property, plant, and equipment	283,377	35.8	2,267,016	278,625	34.0	1.7
Prepaid pension cost	40,039	5.1	320,312	41,290	5.0	-3.0
Other assets	28,237	3.6	225,896	26,206	3.2	7.8
TOTAL	790,946	100.0	6,327,568	820,177	100.0	-3.6

LIABILITIES AND STOCKHOLDERS' EQUITY						
	As of June 30, 2001			As of March 31, 2001		Change
	(Yen millions)	%	(US\$ thousands)	(Yen millions)	%	%
Current liabilities	119,232	15.1	953,856	146,142	17.8	-18.4
Short-term debt	3,795		30,360	5,879		
Trade payables	53,161		425,288	64,673		
Accrued expenses and other current liabilities	56,160		449,280	55,952		
Income taxes	6,116		48,928	19,638		
Long-term debt, excluding current installments	832	0.1	6,656	1,004	0.1	-17.1
Retirement and severance benefits and others	32,289	4.1	258,312	31,848	3.9	1.4
Total liabilities	152,353	19.3	1,218,824	178,994	21.8	-14.9
Minority interests	3,455	0.4	27,640	3,434	0.4	0.6
Common stock	32,641		261,128	32,641		
Additional paid-in capital	63,051		504,408	63,051		
Legal reserve	15,374		122,992	13,409		
Retained earnings	551,416		4,411,328	556,165		
Accumulated other comprehensive income (loss)	(24,677)		(197,416)	(24,851)		
Treasury stock	(2,667)		(21,336)	(2,666)		
Total stockholders' equity	635,138	80.3	5,081,104	637,749	77.8	-0.4
TOTAL	790,946	100.0	6,327,568	820,177	100.0	-3.6
Common shares outstanding	133,019 thousands			133,019 thousands		

Notes:

1. U.S.\$1=Yen 125

2. Balance sheet as of June 30, 2001 is unaudited by independent auditors.

(5) Sales by Region

	The first quarter of FY2002			The first quarter of FY2001		change
	(April 1, 2001 - June 30, 2001)			(April 1, 2000 - June 30, 2000)		
	(Yen millions)	%	(US\$ thousands)	(Yen millions)	%	%
Americas	27,632	19.6	221,056	30,959	17.7	-10.7
Europe	19,836	14.0	158,688	21,829	12.4	-9.1
Asia and others	50,027	35.5	400,216	65,815	37.5	-24.0
Overseas sales total	97,495	69.1	779,960	118,603	67.6	-17.8
Japan	43,505	30.9	348,040	56,719	32.4	-23.3
Net sales	141,000	100.0	1,128,000	175,322	100.0	-19.6

Notes:

1. Sales by region are classified by geographic areas of the buyer.
2. Sales to the Americas and Japan for the first quarter of FY2001 have been revised (3,876 million yen previously included in Japan has been reclassified to the Americas).
3. U.S.\$1 = Yen 125