

Fiscal 2002 Projections

TDK has revised downward its consolidated and non-consolidated projections for fiscal 2002, the year ending March 31, 2002, which were announced in August and May this year, respectively. The consolidated projections are based principally on the following assumptions:

- The yen-U.S. dollar exchange rate for the second half of fiscal 2002 will be ¥120, as initially estimated.
- The drop-off in demand for PCs, mobile phones and other IT-related products has continued longer than originally expected, as the effects of the rapid slowdown in the U.S. economy reverberate around the world. Furthermore, the outlook for demand in markets for these products was overly optimistic. This has resulted in inventory overhang across a broad spectrum of electronic components and accordingly hampered a recovery. The effects of this have been manifested in a sharp drop in demand for products in the electronic materials and components segment, and in falling prices. Consequently, TDK is forecasting sales and earnings in the second half of fiscal 2002 to be substantially lower than its original forecast announced in May this year.

Note: As of August 2001, TDK believed that the second-half recovery, which was the basis for its May 2001 projections, was extremely unlikely. However, because there were many uncertainties concerning second-half projections at that time, TDK did not revise its projections for the full year based on that outlook. The revised full-year projections released in August this year only incorporated new projections for the second quarter.

- In the recording media & systems segment, TDK expects demand for CD-Rs, recording equipment and other products in the second half of fiscal 2002 to fall slightly short of its August projections due to the economic slowdown.

TDK perceives the present market difficulties, characterized by some as the bursting of the IT bubble, as different in nature from an ordinary recessionary climate. To counter this situation, TDK believes that it is necessary to take actions to lower its break-even point and improve asset efficiency with the view to dramatically restoring its ability to generate earnings from the next fiscal year onward. In the interim period, TDK began implementing a plan to trim the company's consolidated head count. TDK is presently considering further structural reform measures. As no final decisions have been made yet on specific measures, TDK cannot quantify the expected costs involved. TDK will disclose such information in a timely manner as plans are finalized. Please be aware that the projections shown below for fiscal 2002 do not factor in any effect on results of structural reforms.

Consolidated Projections for Fiscal 2002

	Revised Projection	% Change from FY01 or FY01 Result	As of Aug. 2001
	¥ millions		¥ millions
Net sales	¥560,000	-18.8%	¥645,000
Operating income (loss)	-1,300	¥56,323	30,000
Income before income taxes	-2,600	¥64,516	31,000
Net income	0	¥43,983	21,000

Non-Consolidated Projections for Fiscal 2002

	Revised Projection	% Change from FY01 or FY01 Result	As of May 2001
	¥ millions		¥ millions
Net sales	¥317,000	-30.7%	¥385,000
Operating income (loss)	-2,800	¥26,084	16,000
Current income	12,900	-74.2%	28,500
Net income	8,200	-6.2%	17,000

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.