

## **[Summary Information and Financial Statements]**

### **1. Summary Information Regarding Consolidated Business Results**

Consolidated results for the first quarter of fiscal 2009, the three-month period from April 1, 2008 to June 30, 2008, were as follows:

The first quarter of fiscal 2009 in the electronics market, which has a large bearing on the TDK Group's performance, saw a year-on-year rise in production of flat-screen TVs, home game consoles, notebook PCs, HDDs and mobile phones, in particular. On the other hand, however, demand for high-performance models of these products, particularly in industrialized nations, tapered off. Because these high-performance models drive electronic component demand, there was soft demand for electronic components. This in turn also led to further erosion in prices for electronic components.

TDK posted consolidated net sales of ¥190,623 million (U.S.\$1,798,330 thousand), down 7.8% year on year from ¥206,699 million in the first quarter of fiscal 2008. Operating income declined 66.6% from ¥16,129 million to ¥5,393 million (U.S.\$50,877 thousand). Income before income taxes declined 72.4% from ¥20,181 million to ¥5,577 million (U.S.\$52,613 thousand). Net income declined 72.3% from ¥16,022 million to ¥4,446 million (U.S.\$41,943 thousand). Basic net income per common share was ¥34.48 (U.S.\$0.33), compared with ¥122.07 in the first quarter of fiscal 2008.

Average first-quarter yen exchange rates for the U.S. dollar and euro were ¥104.56 and ¥163.44, respectively, as the yen appreciated 13.5% versus the U.S. dollar and depreciated 0.4% against the euro, compared with the first quarter (April 1 to June 30) of the previous fiscal year. This lowered net sales by approximately ¥21.5 billion and operating income by approximately ¥6.6 billion.

#### **(Sales by Sector)**

TDK's net sales are made up of four product sectors: (1) electronic materials, (2) electronic devices, (3) recording devices, and (4) others. Recording media sales have dropped sharply due to the August 2007 transfer of the TDK brand recording media sales business. Because recording media sales accounted for less than 10% of total net sales in the first quarter of fiscal 2009, these sales were included in the "others" sector. Sector sales were as follows.

#### **(1)Electronic materials**

This sector is broken down into two product categories: capacitors, and ferrite cores and magnets.

Sales in the electronic materials sector dropped 8.1% from ¥49,703 million to ¥45,671 million (U.S.\$430,859 thousand).

**[Capacitors]** Sales decreased year on year. This reflected the impact of lower prices for multilayer ceramic chip capacitors, the main product in the capacitors category, particularly for use in PCs, flat-screen TVs and home game consoles. The yen's appreciation against the U.S. dollar was another factor.

**[Ferrite cores and magnets]** Sales of ferrite cores and magnets rose slightly year on year, with higher magnet sales outweighing lower ferrite core sales.

## **(2)Electronic devices**

This sector has three product categories: inductive devices, high-frequency components and other products.

Sales in the electronic devices sector declined 2.6% from ¥49,981 million to ¥48,675 million (U.S.\$459,198 thousand).

**[Inductive devices]** Sales of inductive devices were flat year on year, with higher sales of power line coils for flat-screen TVs and common-mode filters for the auto market, offsetting lower chip bead sales.

**[High-frequency components]** Sales of high-frequency components increased year on year, the result mainly of higher sales for PC applications.

**[Other products]** Sales of other products were down year on year, with higher sensor and actuator sales unable to fully compensate for lower power supply sales due to the termination of some products.

## **(3)Recording devices**

This sector has two product categories: HDD heads and other.

Sector sales increased 2.9% from ¥70,416 million to ¥72,445 million (U.S.\$683,443 thousand).

**[HDD heads]** Sales decreased year on year. While the TDK Group's HDD head sales volume increased on the back of higher demand for HDD heads in line with rising HDD unit production, overall sales were brought down by the impact of price decreases and the yen's appreciation against the U.S. dollar.

**[Other]** Category sales increased year on year, mainly reflecting the fact that sales of a HDD suspension assembly business that was made a subsidiary in November 2007 contributed to first-quarter results for the first time.

## **(4)Others**

This sector includes all products of TDK those in the three sectors above. The main products in the others sector are recording media, anechoic chambers, mechatronics (production equipment) and energy devices (rechargeable batteries).

Sector sales declined 34.9% from ¥36,599 million to ¥23,832 million (U.S.\$224,830 thousand). Anechoic chambers, energy devices and other new products recorded higher year-on-year sales. However, recording media sales fell.

## **(Sales by Region)**

Detailed sales by region can be found in the segment information on page 11.

**[Japan]** Overall sales fell, with sales declining in all four sectors of TDK.

**[Americas]** Overall sales declined, with sales decreasing in all product sectors except recording devices.

**[Europe]** Sales declined due mainly to lower sales in the recording devices and others.

**[Asia (excluding Japan) and other areas]** Sales decreased overall due mainly to lower sales in the electronic materials and recording devices sectors.

As a result, overseas sales declined 5.7% from ¥167,756 million to ¥158,158 million (U.S.\$1,492,057 thousand). Overseas sales accounted for 83.0% of consolidated net sales, a 1.8 percentage point increase from 81.2% one year earlier.