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June 12, 2009

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## **Amendments of FY March 2009 Earnings Release (Consolidated Results)**

TDK Corporation has revised its consolidated results for fiscal 2009, ended March 31, 2009, and announced on May 8, 2009.

### 1. Reasons for Amendments

TDK has decided that it was appropriate to amend the statement of cash flows for the fiscal year ended March 31, 2009 because of changes in some components of net cash provided by operating activities and net cash used in investing activities.

### 2. Amendments

- 1) Net cash provided by operating activities JPY 60,741 millions => JPY 59,189 millions
- 2) Net cash used in investing activities JPY -277,128 millions => JPY -275,576 millions
- 3) Capital expenditures JPY 99,977 millions => JPY 98,425 millions

Changes resulting from these amendments are underlined in the corresponding pages.

- (1) Consolidated results (U.S. GAAP) for FY March 2009 (Page 1)
- (2) Analysis of Business Results (Page 5)
- (3) Financial Position (Page 7,8)
- (4) Statements of cash flows (Page 15)

**Amendments (June 12, 2009)**

**TDK Corporation**  
**May 8, 2009**

**Contact:**

TDK Corporation(Tokyo)

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**Consolidated results (U.S. GAAP) for FY March 2009**

**Summary (April 1, 2008 - March 31, 2009)**

Term Item	FY2008 (April 1, 2007 - March 31, 2008)		FY2009 (April 1, 2008 - March 31, 2009)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	866,285	100.0	727,400	100.0	7,422,449	(138,885)	-16.0
Operating income (loss)	87,175	10.1	(54,305)	-7.5	(554,133)	(141,480)	-
Income (loss) before income taxes	91,505	10.6	(81,630)	-11.2	(832,959)	(173,135)	-
Net income (loss)	71,461	8.2	(63,160)	-8.7	(644,490)	(134,621)	-
Per common share :							
Net income (loss) / Basic	Yen 551.72		Yen (489.71)		U.S.\$ (5.00)		
Net income (loss) / Diluted	Yen 551.19		Yen (489.71)		U.S.\$ (5.00)		
Capital expenditures	84,312	-	98,425	-	1,004,337	14,113	16.7
Depreciation and amortization	71,297	8.2	89,567	12.3	913,949	18,270	25.6
Research and development	57,387	6.6	57,645	7.9	588,214	258	0.4
Result of financial income	8,066	-	1,644	-	16,776	(6,422)	-79.6
Ratio of overseas production	70.1%	-	74.0%	-	-		
Number of employees	60,212	-	66,429	-	-		

**Non-Consolidated results for FY March 2009**

Term Item	FY2008 (April 1, 2007 - March 31, 2008)		FY2009 (April 1, 2008 - March 31, 2009)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	353,034	100.0	254,139	100.0	2,593,255	(98,895)	-28.0
Operating income(loss)	5,450	1.5	(35,523)	-14.0	(362,480)	(40,973)	-
Current income(loss)	16,787	4.8	(28,553)	-11.2	(291,357)	(45,340)	-
Net income (loss)	(785)	-0.2	(37,147)	-14.6	(379,051)	(36,362)	-
Per common share :							
Net income(loss) / Basic	Yen (6.06)		Yen (288.03)		U.S.\$2.9		
Net income(loss) / Diluted	Yen -		Yen -		-		
Capital expenditures	73,830	-	47,457	-	484,255	(26,373)	-35.7
Depreciation and amortization	32,657	9.3	36,556	14.4	373,020	3,899	11.9
Research and development	31,814	9.0	30,071	11.8	306,847	(1,743)	-5.5
Result of financial income	5,659	-	4,020	-	41,020	(1,639)	-29.0
Number of employees	5,300	-	5,478	-	-		
Dividends per share	Yen 130.00		Yen 130.00		U.S.\$1.3		

**Note:**

U.S.\$1=Yen 98, for convenience only.

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

### **I-1) Business Results**

#### **(1) Analysis of Business Results**

Consolidated results for fiscal 2009, ended March 31, 2009, were as follows.

Looking at economic conditions worldwide during fiscal 2009, the collapse of a major U.S. financial institution in the fall of 2008 exacerbated a credit crunch that had started from the beginning of the fiscal year, all of which subsequently had a noticeable impact on the real economy. This showed through in the form of slowing capital expenditures and flagging consumer spending, which thrust the world economy into an extremely grave simultaneous recession.

In terms of major developments in the electronics market, which has a large bearing on the Company's consolidated performance, there was a visible downturn in demand for high-performance electronic devices such as video-related equipment, PCs and mobile phones. From the third quarter of fiscal 2009, demand for electronic devices dropped sharply across the board amid the worldwide synchronized recession. The automotive electronics market was sluggish due to the impact of steeply higher oil prices, which affected the auto market in the first half, and a large drop-off in demand in the auto market due to the global recession in the second half of fiscal 2009. The result of all these market trends was a sharp downturn in demand for electronic components, prompting production cutbacks in the second half of fiscal 2009. Moreover, a deteriorating supply-demand environment pushed down sales prices further and the yen's rapid appreciation against the U.S. dollar also affected TDK's operating results.

Amid these conditions, TDK initiated structural reforms to improve its businesses, recognizing that sluggish demand was likely to persist. At the same time, TDK worked to optimize inventories by actively adjusting production levels. TDK posted consolidated net sales of ¥727,400 million (U.S.\$7,422,449 thousand), down 16.0% from ¥866,285 million in fiscal 2008. TDK recorded an operating loss of ¥54,305 million (U.S.\$554,133 thousand), compared with operating income of ¥87,175 million in fiscal 2008. TDK also posted a loss before income taxes of ¥81,630 million (U.S.\$832,959 thousand), compared with income before income taxes of ¥91,505 million in fiscal 2008. Furthermore, TDK recorded a net loss of ¥63,160 million (U.S.\$644,490 thousand), compared with net income of ¥71,461 million in fiscal 2008. Basic net loss per common share was ¥489.71 (U.S.\$5.00), compared with basic net income per common share of ¥551.72 in fiscal 2008.

On October 17, 2008, TDK made EPCOS AG (Headquarters: Germany; President and CEO: Gerhard Pegam) and its subsidiaries (the EPCOS Group) consolidated subsidiaries. Accordingly, the EPCOS Group's results have been included in TDK's consolidated results from the second half of fiscal 2009.

Average exchange rates for the U.S. dollar and euro were ¥100.71 and ¥144.07, respectively, as the yen appreciated 12.0% versus the U.S. dollar and 10.8% against the euro, compared to the previous fiscal year. This lowered net sales by approximately ¥79.8 billion and operating income by approximately ¥18.9 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. Net sales of the EPCOS Group, which were consolidated from the third quarter of fiscal 2009, are included in "others" because the EPCOS Group's product segmentation doesn't correspond to the segmentation used by TDK. Furthermore, recording media sales were included in the "others" sector due to their materiality following the August 2007 transfer of the TDK brand recording media sales business. Sector sales were as follows.

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

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

Sales in the electronic materials sector dropped 27.5% from ¥200,101 million in fiscal 2008 to ¥145,111 million (U.S.\$1,480,724 thousand).

**[Capacitors]** Sales decreased year on year. This reflected lower sales of multilayer ceramic chip capacitors, the main product in the capacitors category, for use in key applications, namely PCs, AV and game equipment, mobile phones and car electronics. Flagging demand, falling prices and an appreciating yen against the U.S. dollar were the other main factors behind the decrease in overall sales.

**[Ferrite cores and magnets]** Sales of ferrite cores and magnets declined year on year, the result of lower sales for use in main applications in respect of both products.

### **(1-2) Electronic devices**

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

Sales in the electronic devices sector declined 20.5% from ¥209,089 million in fiscal 2008 to ¥166,164 million (U.S.\$1,695,551 thousand).

**[Inductive devices]** Sales of inductive devices decreased year on year, the result mainly of lower sales of coils for flat-screen TVs, game equipment, mobile phones and automotive electronics applications; of EMC products for mobile phones and automotive electronics applications; and transformers for power supplies.

**[High-frequency components]** Sales of high-frequency components decreased year on year, reflecting mainly falling sales for use in PCs.

**[Other products]** Sales of other products were down year on year, with sales of sensors and actuators falling, and sales of power supply products falling for use in semiconductor and other manufacturing facilities markets and due to the termination of some power supply products.

### **(1-3) Recording devices**

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

Sector sales decreased 26.1% from ¥334,734 million in fiscal 2008 to ¥247,233 million (U.S.\$2,522,786 thousand).

**[HDD heads]** Sales decreased year on year. HDD head demand declined year on year. As a result, TDK's HDD head sales volume declined from fiscal 2008. Coupled with falling prices and the yen's appreciation against the U.S. dollar, this brought sales down year on year in monetary terms.

**[Other]** Category sales increased year on year, mainly because sales of an HDD suspension assembly business that became a subsidiary in November 2007 contributed fully to fiscal-year results for the first time.

**(1-4) Others**

This sector includes all TDK products not included in the three sectors above. Sector sales increased 38.0% from ¥122,361 million to ¥168,892 million (U.S.\$1,723,388 thousand). This included net sales of the EPCOS Group of ¥67,983 million. The main products in the others sector, excluding products manufactured and sold by the EPCOS Group, are recording media, anechoic chambers, mechatronics (production equipment) and energy devices (rechargeable batteries). While sales of energy devices rose, sales of recording media, anechoic chambers and mechatronics decreased.

**(Sales by Region)**

Detailed sales by region can be found in the segment information on page 17.

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

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

**[Europe]** Overall sales rose, with sales rising in the recording devices and others sectors. Sales rose in others mainly due to the inclusion of EPCOS Group net sales.

**[Asia (excluding Japan) and other areas]** Overall sales declined, with sales decreasing in all product sectors except others, where the inclusion of EPCOS Group net sales and higher sales of other products lifted sales.

As a result, overseas sales declined 14.5% from ¥714,172 million in fiscal 2008 to ¥610,944 million (U.S.\$6,234,122 thousand). Overseas sales accounted for 84.0% of consolidated net sales, a 1.6 percentage point increase from 82.4% in the previous year.

On a parent-company basis, net sales decreased 28.0% from ¥353,034 million in fiscal 2008 to ¥254,139 million (U.S.\$ 2,593,255 thousand). The Company posted an operating loss of ¥35,523 million (U.S.\$ 362,480 thousand), compared with operating income of ¥5,450 million in fiscal 2008. The Company also posted a current loss of ¥28,553 million (U.S.\$ 291,357 thousand), compared with current income of ¥16,787 million in fiscal 2008. TDK recorded a net loss of ¥37,147 million (U.S.\$ 379,051 thousand), ¥36,362 million more than the net loss of ¥785 million in fiscal 2008. Basic net loss per common share was ¥288.03 (U.S.\$ 2.9), compared with basic net loss per common share of ¥6.06 in the previous fiscal year.

**[Fiscal 2010 Consolidated Projections]**

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2010, the year ending March 31, 2010, are as follows.

**[Consolidated Projections for Fiscal 2010]**

Term Item	FY2010 (Forecasts) (¥ millions)	FY2009 (Actual) (¥ millions)	Change from FY2009 (¥ millions)	% change from FY2009
Net sales	717,800	727,400	(9,600)	(1.3)
Operating income	13,500	(54,305)	67,805	-
Income before income taxes	6,900	(81,630)	88,530	-
Net income *	5,200	(63,160)	68,360	

\*From the fiscal year ending March 31, 2010, TDK will apply Statement of Financial Accounting Standards ("SFAS") No. 160 issued by the U.S. Financial Accounting Standards Board. "Net income" in the above forecasts is equivalent to "Net income attributable to TDK's shareholders" under SFAS No. 160 and is calculated the same as "net income" before the application of SFAS No. 160.

**Amendments (June 12, 2009)**

[Projections for Capital Expenditures, Depreciation and Amortization, and Research and Development Expenses]

Term Item	FY2010 (Forecasts)		FY2009 (Actual)	
	Amount	% of sales	Amount	% of sales
Capital expenditures	41,000	-	<u>98,425</u>	-
Depreciation and amortization	81,000	11.3	89,567	12.3
Research and development expenses	53,000	7.4	57,645	7.9

**(Notes)**

TDK plans to release projections for the first half of fiscal 2010 by the latter half of the second quarter at the latest.

**(Projections for main products are as follows:)****Electronic Materials and Electronic Devices**

Amid growing uncertainty about real economies in Japan and overseas, preparing demand forecasts for finished products and the electronic components used in them is a very difficult proposition. However, TDK has prepared its sales plans for electronic materials and electronic devices assuming lower year-on-year demand for key finished products (such as PCs, mobile phones and automobiles) that drive the electronic components market.

**Recording Devices**

TDK has prepared its sales plan for recording devices based on expected HDD head demand amid falling HDD demand year on year in conjunction with declining PC demand.

**(Exchange Rate Forecast)**

An average yen-U.S. dollar exchange rate of ¥90 is assumed for fiscal 2010.

## Cautionary Statements with Respect to Forward-Looking Statements

This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings and evaluations, about TDK and its group companies (TDK Group). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs and evaluations of TDK Group in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors. TDK Group therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK Group's actual results, performance, achievements or financial position could be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements, and TDK Group undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in applicable laws and ordinances.

The electronics markets in which TDK Group operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK Group include, but are not limited to, shifts in technology, fluctuations in demand, prices, interest and foreign exchange rates, and changes in economic environments, conditions of competition, laws and regulations.

## (2) Financial Position

(2-1) The following table summarizes TDK's consolidated balance sheet at March 31, 2009, compared with March 31, 2008.

Total assets	¥1,101.0 billion	(17.7% increase)
Total stockholders' equity	¥554,218 million	(22.7% decrease)
Stockholders' equity ratio	50.3%	26.3 percentage point decrease

At March 31, 2009, total assets had increased by ¥165,503 million compared with March 31, 2008. Short-term investments increased by ¥22,814 million, marketable securities increased by ¥13,982 million, inventories increased by ¥16,868 million, net property, plant and equipment increased by ¥81,496 million, and other assets increased by ¥99,337 million. On the other hand, net trade receivables decreased by ¥34,407 million and investments in securities decreased by ¥33,667 million.

Total liabilities increased by ¥322,723 million compared with March 31, 2008, mainly reflecting increases of ¥62,151 million in short-term debt, ¥209,931 million in long-term debt, excluding current installments, and ¥64,017 million in retirement and severance benefits. Trade payables decreased ¥25,421 million. The increase in long-term debt, excluding current installments, was mainly due to the procurement of funds for purchasing EPCOS AG shares.

Total shareholders' equity decreased by ¥162,359 million from March 31, 2008 due mainly to a ¥83,097 million decrease in retained earnings and a ¥81,158 million increase in accumulated other comprehensive income (loss).

<b>Amendments (June 12, 2009)</b>
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## (2-2) Cash Flows

	(¥ millions)		
	Fiscal 2008	Fiscal 2009	Change
Net cash provided by operating activities	119,413	<u>59,189</u>	<u>(60,224)</u>
Net cash used in investing activities	(157,747)	<u>(275,576)</u>	<u>(117,829)</u>
Net cash (used in) provided by financing activities	(60,086)	223,803	283,889
Effect of exchange rate changes on cash and cash equivalents	(24,644)	(7,816)	16,828
Net increase (decrease) in cash and cash equivalents	(123,064)	(400)	122,664
Cash and cash equivalents at beginning of period	289,169	166,105	(123,064)
Cash and cash equivalents at end of period	166,105	165,705	(400)

Operating activities provided net cash of ¥59,189 million (U.S.\$603,969 thousand), a year-on-year decrease of ¥60,224 million. The main reason for this decrease was a net loss of ¥63,160 million (U.S.\$644,490 thousand) due to deteriorating market conditions and other factors. Depreciation and amortization increased ¥18,270 million to ¥89,567 million (U.S.\$913,949 thousand). In changes in assets and liabilities, trade receivables decreased ¥69,537 million, inventories decreased ¥28,410 million and trade payables decreased ¥56,318 million.

Investing activities used net cash of ¥275,576 million (U.S.\$2,812,000 thousand), ¥117,829 million more year on year. This increase was mainly due to the following factors: Capital expenditures increased by ¥14,113 million, proceeds from the sale and maturity of short-term investments declined by ¥7,801 million, payment for purchase of short-term investments increased ¥24,848 million, and acquisition of subsidiaries increased ¥117,964 million. On the other hand, acquisition of minority interests decreased ¥15,689 million, partly offsetting the increase in net cash used in investing activities.

Financing activities provided net cash of ¥223,803 million (U.S.\$2,283,704 thousand), a ¥283,889 million change from the net cash used in fiscal 2008. In fiscal 2008, the Company used ¥39,250 million to acquire its treasury shares and ¥15,683 million to pay dividends, among other outflows that resulted in the use of net cash of ¥60,086 million. In fiscal 2009, on the other hand, there were a net increase in long-term debt of ¥204,906 million and in short-term debt, net of ¥39,531 million, mainly due to fundraising to purchase EPCOS AG shares, while ¥18,056 million was used to pay dividends, among other cash inflows and outflows that resulted in net cash provided of ¥223,803 million.



<b>Amendments (June 12, 2009)</b>
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**(2-3) Trends in Cash Flow Indicators**

	FY2005	FY2006	FY2007	FY2008	FY2009
1) Stockholders' equity ratio (%)	79.1	76.1	77.1	76.6	50.3
2) Stockholders' equity ratio on a market value basis (%)	120.1	127.0	136.8	81.2	42.8
3) No. of years to redeem debt	0.00	0.08	0.03	0.08	<u>4.81</u>
4) Interest coverage ratio (times)	97.0	598.1	727.4	547.8	<u>25.3</u>

**[Notes]**

1) Stockholders' equity ratio = Total stockholders' equity/Total assets

2) Stockholders' equity ratio on a market value basis = Market capitalization (\*1)/Total assets

(\*1) Market capitalization = Closing price of TDK's common shares on the Tokyo Stock Exchange at fiscal year-end x Shares issued and outstanding at fiscal year-end after deducting treasury shares

3) No. of years to redeem debt = Interest-bearing liabilities (\*2)/Cash flows from operating activities (\*3)

(\*2) Interest-bearing liabilities: "Short-term debt," "current installments of long-term debt," and "long-term debt, excluding current installments" on the consolidated balance sheets.

(\*3) Cash flows from operating activities: "Net cash provided by operating activities" on the consolidated statements of cash flows.

4) Interest coverage ratio = Cash flows from operating activities/Interest payments (\*4)

(\*4) Interest payments: "Interest expense" on the consolidated statements of income

**(3) Fundamental Policy for Distribution of Earnings, and Fiscal 2009 and Fiscal 2010 Dividends**

TDK recognizes that achieving growth in corporate value over the long term ultimately translates into higher shareholder value. In line with this recognition, TDK's fundamental policy is to work to consistently increase dividends through growth in earnings per share. By actively investing for growth, mainly in the development of new products and technologies in key fields so as to respond precisely to rapid technological advances in the electronics industry, TDK is aiming to increase long-term corporate value. Accordingly, TDK actively reinvests the Company's profits in business activities and sets dividends taking comprehensively into consideration the return on equity (ROE) and dividends on equity (DOE) on a consolidated basis, as well as changes in the business environment, among other factors.

TDK plans to pay a year-end dividend of ¥60 per common share, subject to approval at the ordinary general meeting of shareholders scheduled for June 26, 2009. Combined with the interim dividend of ¥70 per common share paid in December 2008, the planned dividend per common share applicable to the year will be ¥130.

Although there has been no change to the Company's basic dividend policy, given the low level of earnings projected at present for fiscal 2010 and uncertainty in the business environment going forward, TDK has yet to determine the dividend applicable to fiscal 2010.

(Yen)	FY2010 Forecast	FY2009 Forecast
Interim dividend	Undetermined	70.00
Year-end dividend	Undetermined	60.00
Annual dividend	Undetermined	130.00

#### **(4) Others**

##### **(4-1)Fair Value Measurements**

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 ("Fair Value Measurements"). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. TDK adopted SFAS 157 on April 1, 2008. The adoption of SFAS 157 has no material effect on TDK's consolidated financial position and results of operations.

##### **(4-2)Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans**

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158 ("SFAS 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106 and 132(R)". SFAS 158 requires TDK to measure the fair value of plan assets and benefit obligations as of the date of its fiscal year-end. TDK adopted SFAS 158 on April 1, 2008. As a result of applying SFAS 158, retained earnings decreased by ¥466 million (net of tax).

## **I-3) Management Policies**

### **(1) Fundamental Management Policy**

TDK was established in 1935 as the world's first company to commercialize a magnetic material called ferrite. In the ensuing years, TDK has developed and commercialized electronic materials, electronic devices, recording devices and recording media, among other products. This drive has been based on the company's founding spirit: "Contribute to culture and industry through creativity."

To preserve its identity as a dynamic company, TDK believes that it must remain an organization that constantly provides even higher corporate value to all stakeholders, including shareholders, customers, suppliers, employees and society, by drawing on innovative thinking and a willingness to tackle new challenges.

### **(2) Targeted Management Indicators**

To realize this fundamental management policy, the TDK Group conducts its business activities with reference to the following indicators.

(Important Fundamental Management Indicator)

TVA (TDK Value Added): a TDK Group proprietary value-added yardstick that measures the extent of earnings commensurate with invested capital. This indicator compares earnings after taxes but without deducting interest expenses with the cost of capital (stockholders' equity + interest-bearing liabilities).

TVA measures the added value newly created by the company's business activities and is an important decision-making tool for management.

(Indicator for Managing Environmental Performance)

Rate of reduction in CO2 emissions

The reduction of CO2 emissions was established as an indicator in order to promote business activities in harmony with the natural environment in the TDK Group.

### **(3) Medium- and Long-Term Management Strategy**

Fiscal 2009 was the second year of TDK's three-year medium-term management plan. However, due to a rapid change in the business environment, TDK has decided to discontinue this plan after two years and begin in fiscal 2010 a newly formulated three-year medium-term management plan. The new management plan has four basic policies: (1) provide distinctive electronic materials and components that enrich the natural environment and people's lives; (2) optimize cost and quality by pursuing advances in materials and process technologies; (3) create a strong earnings structure by boldly prioritizing businesses and reducing total costs; and (4) provide workplaces where employees can thrive. The new management plan is premised on the global economy shifting to a phase of low growth and polarization into an unavoidable low price-oriented market and a market that seeks high-value-added products. Furthermore, the plan assumes an extremely difficult business environment, one defined by the simultaneous forces of accelerating globalization and digitization in the electronics industry, as well as by the emergence of newly industrializing economies and the beginning of an era of massive competition created by the move toward open platforms. In light of these changes in the business environment, TDK will implement a new plan under which it will refocus on using technology to spur growth as a manufacturer. TDK will focus on materials and process technologies, pursue optimal costs and fundamentally revamp its business model in an effort to rebuild its profit structure by reducing selling, general and administrative expenses

and increase enterprise value. TDK aims to be a company that can develop its electronic materials and components businesses from a sound and firm earnings base by proposing and delivering value recognized by customers. This value will be offered in the form of distinctive products grounded on TDK's proprietary technologies and eco-friendly products.

#### **(4) Pressing Issues**

The electronics industry, of which the TDK Group is a part, underwent tumultuous change in fiscal 2009. Demand for electronic components has begun to contract, after having continued to expand since the IT bubble burst in 2001 and indications are that fiscal 2010 and subsequent years will also present a similarly difficult operating environment. Accordingly, one key theme for the TDK Group is to implement timely measures to create, as it must, a company that can maintain a sound earnings base in bad times as well as good and quickly improve its corporate health.

In fiscal 2009, TDK made EPCOS AG and its subsidiaries (the EPCOS Group) consolidated subsidiaries. The EPCOS Group develops, manufactures and sells electronic components such as aluminum electrolytic capacitors, film capacitors, inductive devices, sensors, actuators and high-frequency components. It excels at customizing products based on customers' individual specifications and boasts a host of extremely competitive products in the automotive electronics, industrial electronics and telecommunications fields. By combining EPCOS' and TDK's respective components businesses, TDK is aiming to become the world's leading company in electronic components, modules and systems in terms of size, regions and product lineup. TDK therefore sees the quick and efficient capturing of synergies with the EPCOS Group as another key theme.

In reinforcing its businesses, TDK will also take into account the environment. TDK will supply products that meet customer demands and that match trends in society such as in terms of energy conservation, legal and regulatory compliance, and safety, and will also take further steps to reduce the environmental impact of its business activities, such as by cutting CO2 emissions.

As a corporate citizen, TDK is also rededicating itself to prospering together with society, while further upgrading its compliance program to ensure that laws and regulations are observed in Japan and other countries.

#### **(5) Basic Stance on Corporate Governance**

Please refer to TDK's website at [http://www.tdk.co.jp/ir\\_e/policy/pol03000.htm](http://www.tdk.co.jp/ir_e/policy/pol03000.htm) for the latest information.

**I-3) Balance sheets**

<b>ASSETS</b>						
Term Item	As of March 31, 2008		As of March 31, 2009			Change
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Current assets	462,820	49.5	481,157	43.7	4,909,765	18,337
Cash and cash equivalents	166,105		165,705		1,690,867	(400)
Short-term investments	1,179		23,993		244,827	22,814
Marketable securities	3,986		17,968		183,347	13,982
Net trade receivables	157,118		122,711		1,252,153	(34,407)
Inventories	88,816		105,684		1,078,408	16,868
Other current assets	45,616		45,096		460,163	(520)
Noncurrent assets	472,713	50.5	619,879	56.3	6,325,296	147,166
Investments in securities	68,714		35,047		357,623	(33,667)
Net property, plant and equipment	267,149		348,645		3,557,602	81,496
Other assets	136,850		236,187		2,410,071	99,337
<b>TOTAL</b>	<b>935,533</b>	<b>100.0</b>	<b>1,101,036</b>	<b>100.0</b>	<b>11,235,061</b>	<b>165,503</b>

<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
Term Item	As of March 31, 2008		As of March 31, 2009			Change
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Current liabilities	161,961	17.3	199,621	18.1	2,036,949	37,660
Short-term debt	8,898		71,049		724,990	62,151
Current installments of long-term debt	294		3,497		35,684	3,203
Trade payables	76,391		50,970		520,102	(25,421)
Accrued expenses	63,834		63,314		646,061	(520)
Income taxes payables	7,660		1,942		19,816	(5,718)
Other current liabilities	4,884		8,849		90,296	3,965
Noncurrent liabilities	53,311	5.7	338,374	30.8	3,452,796	285,063
Long-term debt, excluding current installments	152		210,083		2,143,704	209,931
Retirement and severance benefits	33,990		98,007		1,000,072	64,017
Deferred income taxes	5,998		14,284		145,755	8,286
Other noncurrent liabilities	13,171		16,000		163,265	2,829
<b>Total liabilities</b>	<b>215,272</b>	<b>23.0</b>	<b>537,995</b>	<b>48.9</b>	<b>5,489,745</b>	<b>322,723</b>
Minority interests	3,684	0.4	8,823	0.8	90,030	5,139
Common stock	32,641		32,641		333,071	-
Additional paid-in capital	63,887		64,257		655,684	370
Legal reserve	19,510		20,772		211,959	1,262
Retained earnings	688,719		605,622		6,179,816	(83,097)
Accumulated other comprehensive income (loss)	(81,583)		(162,741)		(1,660,622)	(81,158)
Treasury stock	(6,597)		(6,333)		(64,622)	264
<b>Total stockholders' equity</b>	<b>716,577</b>	<b>76.6</b>	<b>554,218</b>	<b>50.3</b>	<b>5,655,286</b>	<b>(162,359)</b>
<b>TOTAL</b>	<b>935,533</b>	<b>100.0</b>	<b>1,101,036</b>	<b>100.0</b>	<b>11,235,061</b>	<b>165,503</b>

**Note:**

U.S.\$1=Yen 98, for convenience only.

**I-4) Statements of income**

Term Item	FY2008 (April 1, 2007 - March 31, 2008)		FY2009 (April 1, 2008 - March 31, 2009)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	866,285	100.0	727,400	100.0	7,422,449	(138,885)	-16.0
Cost of sales	635,529	73.4	605,943	83.3	6,183,092	(29,586)	-4.7
Gross profit	230,756	26.6	121,457	16.7	1,239,357	(109,299)	-47.4
Selling, general and administrative expenses	158,921	18.3	159,878	22.0	1,631,408	957	0.6
Gain on business transfer to Imation Corp.	(15,340)	-1.8	-	-	-	15,340	-
Restructuring cost	-	-	15,884	2.2	162,082	15,884	-
Operating income (loss)	87,175	10.1	(54,305)	-7.5	(554,133)	(141,480)	-
Other income (deductions):							
Interest and dividend income	8,284		3,980		40,612	(4,304)	
Interest expense	(218)		(2,336)		(23,836)	(2,118)	
Equity in earnings of affiliates	1,969		(17,011)		(173,582)	(18,980)	
Loss (gain) on securities, net	(2,081)		(6,388)		(65,184)	(4,307)	
Foreign exchange gain (loss)	(3,670)		(5,392)		(55,020)	(1,722)	
Other-net	46		(178)		(1,816)	(224)	
Total other income (deductions)	4,330	0.5	(27,325)	-3.7	(278,826)	(31,655)	-
Income (loss) before income taxes	91,505	10.6	(81,630)	-11.2	(832,959)	(173,135)	-
Income taxes	19,948	2.4	(17,041)	-2.3	(173,888)	(36,989)	-
Income (loss) before minority interests	71,557	8.2	(64,589)	-8.9	(659,071)	(136,146)	-
Minority interests	96	0.0	(1,429)	-0.2	(14,581)	(1,525)	-
Net income (loss)	71,461	8.2	(63,160)	-8.7	(644,490)	(134,621)	-

**Note:**

U.S.\$1=Yen 98, for convenience only.

**I-5) Statements of stockholders' equity**

Term Item	FY2008	FY2009	
	(April 1, 2007 - March 31, 2008)	(April 1, 2008 - March 31, 2009)	
	(Yen millions)	(Yen millions)	(U.S.\$ thousands)
Common stock:			
Balance at beginning of period	32,641	32,641	333,071
Balance at end of period	32,641	32,641	333,071
Additional paid-in capital:			
Balance at beginning of period	63,695	63,887	651,908
Non cash compensation charges under a stock option plan	241	333	3,398
Adjustment for change in equity method interest	-	37	378
Adjustment for employee stock awards to be reclassified as a liability	(49)	-	-
Balance at end of period	63,887	64,257	655,684
Legal reserve:			
Balance at beginning of period	18,844	19,510	199,081
Transferred to legal reserve	666	1,262	12,878
Balance at end of period	19,510	20,772	211,959
Retained earnings:			
Balance at beginning of period	671,350	688,719	7,027,745
Cash dividends	(15,683)	(18,056)	(184,245)
Transferred to legal reserve	(666)	(1,262)	(12,878)
Net income (loss)	71,461	(63,160)	(644,490)
Retirement of treasury stock	(37,410)	-	-
Exercise of stock option	(333)	(153)	(1,561)
Adjustment to apply SFAS 158, net of tax	-	(466)	(4,755)
Balance at end of period	688,719	605,622	6,179,816
Accumulated other comprehensive income (loss):			
Balance at beginning of period	(17,846)	(81,583)	(832,480)
Foreign currency translation adjustments	(55,757)	(42,046)	(429,040)
Pension liability adjustments	(4,684)	(39,008)	(398,041)
Net unrealized gains (losses) on securities	(3,296)	(104)	(1,061)
Balance at end of period	(81,583)	(162,741)	(1,660,622)
Treasury stock:			
Balance at beginning of period	(5,972)	(6,597)	(67,316)
Acquisition of treasury stock	(39,250)	(15)	(153)
Retirement of treasury stock	37,410	-	-
Exercise of stock option	1,215	279	2,847
Balance at end of period	(6,597)	(6,333)	(64,622)
Total stockholders' equity	716,577	554,218	5,655,286

**Note:**

U.S.\$1=Yen 98, for convenience only.

**I-6) Statements of cash flows****Amendments (June 12, 2009)**

Item	Term	FY2009	
		(April 1, 2007 - March 31, 2008)	(April 1, 2008 - March 31, 2009)
		(Yen millions)	(Yen millions) (U.S.\$ thousands)
<b>Cash flows from operating activities:</b>			
Net income (loss)		71,461	(63,160) (644,490)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		71,297	89,567 913,949
Loss (gain) on securities, net		2,081	6,388 65,184
Equity in earnings of affiliates, net of dividends received		(1,256)	17,654 180,143
Gain on business transfer to Imation Corp.		(15,340)	- -
Changes in assets and liabilities, net of effects of acquisition of businesses:			
Decrease (increase) in trade receivables		(13,791)	55,746 568,837
Decrease (increase) in inventories		(14,952)	13,458 137,327
Increase (decrease) in trade payables		16,723	(39,595) (404,031)
Increase (decrease) in accrued expenses		8,745	(8,721) (88,990)
Increase (decrease) in changes in other assets and liabilities, net		(10,198)	(7,560) (77,143)
Other-net		4,643	(4,588) (46,817)
<b>Net cash provided by operating activities</b>		<b>119,413</b>	<b>59,189 603,969</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures		(84,312)	(98,425) (1,004,337)
Proceeds from sale and maturity of short-term investments		18,508	10,707 109,255
Payment for purchase of short-term investments		(8,540)	(33,388) (340,694)
Proceeds from sale and maturity of investments in securities		1,177	4,455 45,459
Payment for purchase of investments in securities		(17,834)	(17,708) (180,694)
Acquisition of subsidiaries, net of cash acquired		(18,182)	(136,146) (1,389,245)
Acquisition of affiliates		(2,206)	(153) (1,561)
Acquisition of minority interests		(15,855)	(166) (1,694)
Payment of deposits for investments		-	(6,755) (68,928)
Other-net		(30,503)	2,003 20,439
<b>Net cash used in investing activities</b>		<b>(157,747)</b>	<b>(275,576) (2,812,000)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from long-term debt		-	204,906 2,090,878
Repayment of long-term debt		(9,242)	(2,428) (24,776)
Increase (decrease) in short-term debt, net		3,574	39,531 403,377
Proceeds from exercise of stock options		882	125 1,276
Cash paid to acquire treasury stock		(39,250)	(15) (153)
Dividends paid		(15,683)	(18,056) (184,245)
Other-net		(367)	(260) (2,653)
<b>Net cash provided by (used in) financing activities</b>		<b>(60,086)</b>	<b>223,803 2,283,704</b>
Effect of exchange rate changes on cash and cash equivalents		(24,644)	(7,816) (79,755)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(123,064)</b>	<b>(400) (4,082)</b>
Cash and cash equivalents at beginning of period		289,169	166,105 1,694,949
Cash and cash equivalents at end of period		166,105	165,705 1,690,867

**Note:**

U.S.\$1=Yen 98, for convenience only.



## I-7) Summary of Significant Accounting Policies

1. The consolidated financial statements are prepared in conformity with the U.S. GAAP.
  - (1) Marketable Securities

Statement of Financial Accounting Standards ("SFAS") No.115, "Accounting for Certain Investments in Debt and Equity Securities" is adopted.
  - (2) Inventories

Inventories are stated at the lower of cost or market. Cost is determined principally by the average method.
  - (3) Depreciation

Depreciation of property, plant and equipment is principally computed by the declining-balance method for assets located in Japan and certain foreign subsidiaries, and by the straight-line method for assets of other foreign subsidiaries based on estimated useful lives.
  - (4) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax base and operating loss and tax credit carryforwards. The Financial Accounting Standards Board ("FASB") Interpretation No. 48 "Accounting for Uncertainty in Income Taxes - an interpretation of Statement of Financial Accounting Standards ("SFAS") No. 109" ("FIN 48") is adopted.
  - (5) Derivatives Financial Instruments

SFAS No.133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No.138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No.133" are adopted.
  - (6) Goodwill and Other Intangible Assets

SFAS No.141, "Business Combinations" and SFAS No.142, "Goodwill and Other Intangible Assets" are adopted.
  - (7) Retirement and Severance Benefits

SFAS No. 87, "Employers' Accounting for Pensions" and SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" are adopted.
2. As of March 31, 2009, TDK had 135 subsidiaries (19 in Japan and 116 overseas). TDK also had 8 affiliates (4 in Japan and 4 overseas) whose financial statements are accounted for by the equity method.

## I-8) Segment Information

### 1. Geographic segment informatio

Region \ Term		FY2008 (April 1, 2007 - March 31, 2008)		FY2009 (April 1, 2008 - March 31, 2009)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Japan	Net sales	390,364	100.0	283,216	100.0	2,889,959	(107,148)	-27.4
	Operating income (loss)	35,257	9.0	(46,052)	-16.3	(469,919)	(81,309)	-
Americas	Net sales	103,248	100.0	84,958	100.0	866,918	(18,290)	-17.7
	Operating income	7,905	7.7	383	0.5	3,908	(7,522)	-95.2
Europe	Net sales	54,418	100.0	95,163	100.0	971,051	40,745	74.9
	Operating income (loss)	(4,056)	-7.5	(18,081)	-19.0	(184,500)	(14,025)	-
Asia and others	Net sales	636,242	100.0	538,530	100.0	5,495,204	(97,712)	-15.4
	Operating income	44,397	7.0	7,026	1.3	71,694	(37,371)	-84.2
Intersegment eliminations	Net sales	317,987		274,467		2,800,683	(43,520)	
	Operating income (loss)	(3,672)		(2,419)		(24,684)	1,253	
Total	Net sales	866,285	100.0	727,400	100.0	7,422,449	(138,885)	-16.0
	Operating income (loss)	87,175	10.1	(54,305)	-7.5	(554,133)	(141,480)	-

**Notes:**

1. Net sales in each geographic area are based on the location of TDK entities where the sales are generated.
2. U.S.\$1=Yen 98, for convenience only.

### 2. Overseas Sales

Region \ Term		FY2008 (April 1, 2007 - March 31, 2008)		FY2009 (April 1, 2008 - March 31, 2009)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas		96,287	11.1	79,164	10.9	807,796	(17,123)	-17.8
Europe		59,128	6.8	71,778	9.9	732,428	12,650	21.4
Asia and others		558,757	64.5	460,002	63.2	4,693,898	(98,755)	-17.7
Overseas sales total		714,172	82.4	610,944	84.0	6,234,122	(103,228)	-14.5
Japan		152,113	17.6	116,456	16.0	1,188,327	(35,657)	-23.4
Net sales		866,285	100.0	727,400	100.0	7,422,449	(138,885)	-16.0

**Notes:**

1. Overseas sales are based on the location of the customers.
2. U.S.\$1=Yen 98, for convenience only.

**I-9) Fair Value of Securities**

(Yen millions)	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
As of March 31, 2008				
Equity securities	22,800	2,276	4,039	21,037
Debt securities	4,972	3	-	4,975
Total	27,772	2,279	4,039	26,012
<b>As of March 31, 2009</b>				
Equity securities	12,420	482	3,029	9,873
Debt securities	18,659	3	1	18,661
Total	31,079	485	3,030	28,534

(U.S.\$ thousands)	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
<b>As of March 31, 2009</b>				
Equity securities	126,735	4,918	30,908	100,745
Debt securities	190,398	31	11	190,418
Total	317,133	4,949	30,919	291,163

**Note:**

U.S.\$1=Yen 98, for convenience only.

**I-10) Fair Value of Derivatives**

(Yen millions)	Contract Amount	Carrying Amount	Estimated Fair Value
As of March 31, 2008			
Forward foreign exchange contracts	12,244	(50)	(50)
Currency option contracts	1,080	18	18
<b>As of March 31, 2009</b>			
Forward foreign exchange contracts	44,226	339	339
Currency and interest rate swaps	6,025	(21)	(21)
Commodity forward transactions	4,944	(750)	(750)

(U.S.\$ thousands)	Contract Amount	Carrying Amount	Estimated Fair Value
<b>As of March 31, 2009</b>			
Forward foreign exchange contracts	451,286	3,459	3,459
Currency and interest rate swaps	61,480	(214)	(214)
Commodity forward transactions	50,449	(7,653)	(7,653)

**Note:**

U.S.\$1=Yen 98, for convenience only.

## I-11) Net income per share

Item	Term	FY2009	
		FY2008 (April 1, 2007 - March 31, 2008)	(April 1, 2008 - March 31, 2009)
Net income (loss) available to common stockholders	(Yen millions)	71,461	(Yen millions) (63,160)  (U.S.\$ thousands) (644,490)
	Number of shares (Thousands)	Number of shares (Thousands)	
Weighted average common shares outstanding - Basic	129,525	128,974	
Effect of dilutive stock options	124	-	
Weighted average common shares outstanding - Diluted	129,649	128,974	
	(Yen)	(Yen)	(U.S.\$)
Net income (loss) per share :			
Basic	551.72	(489.71)	(5.00)
Diluted	551.19	(489.71)	(5.00)

**Note:**

U.S.\$1=Yen 98, for convenience only.

**I-12) Supplementary Information (Consolidated)****Ratio of results on a Consolidated basis to results on a Non-Consolidated basis**

	Ratio of FY2008	Ratio of FY2009
Net sales	2.5	2.9
Operating income	16.0	-
Income before income taxes	11.1	-
Net income	-	-

**Exchange rates used for conversion**

Term	As of March 31, 2008		As of March 31, 2009	
	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen
The end of the period	100.19	158.19	98.23	129.84

**Sales breakdown**

Term	April 1, 2007 - March 31, 2008		April 1, 2008 - March 31, 2009			Change	
	Amount (Yen millions)	Ratio to sales (%)	Amount (Yen millions)	Ratio to sales (%)	Amount (U.S.\$ thousands)	(Yen millions)	Change(%)
Electronic materials	200,101	23.1	145,111	20.0	1,480,724	(54,990)	-27.5
Electronic devices	209,089	24.1	166,164	22.8	1,695,551	(42,925)	-20.5
Recording devices	334,734	38.6	247,233	34.0	2,522,786	(87,501)	-26.1
Others	122,361	14.2	168,892	23.2	1,723,388	46,531	38.0
Total sales	866,285	100.0	727,400	100.0	7,422,449	(138,885)	-16.0
Overseas sales	714,172	82.4	610,944	84.0	6,234,122	(103,228)	-14.5

**Notes:**

1. Recording media results are now included in the "others" sector.
2. U.S.\$1=Yen 98, for convenience only.

**Overseas sales by division**

Term	April 1, 2007 - March 31, 2008		April 1, 2008 - March 31, 2009		Change	
	Amount (Yen millions)	Ratio to sales (%)	Amount (Yen millions)	Ratio to sales (%)	(Yen millions)	Change(%)
Electronic materials	150,602	17.4	108,027	14.8	(42,575)	-28.3
Electronic devices	140,327	16.2	111,249	15.3	(29,078)	-20.7
Recording devices	331,035	38.2	243,532	33.5	(87,503)	-26.4
Others	92,208	10.6	148,136	20.4	55,928	60.7
Overseas sales	714,172	82.4	610,944	84.0	(103,228)	-14.5

**Note:**

Recording media results are now included in the "others" sector.

**II-1) Balance sheets (Non-Consolidated)**

<b>ASSETS</b>						
Term Item	As of March 31, 2008		As of March 31, 2009			Change
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Current assets	140,915	25.9	103,262	15.3	1,053,693	(37,653)
Cash	10,522		8,812		89,918	(1,710)
Marketable securities	-		997		10,173	997
Trade receivables	77,855		38,511		392,969	(39,344)
Inventories	28,192		23,627		241,091	(4,565)
Others	24,344		31,313		319,520	6,969
Noncurrent assets	403,821	74.1	572,271	84.7	5,839,500	168,450
Investments in securities	17,208		9,806		100,061	(7,402)
Investments in affiliates	183,819		326,549		3,332,132	142,730
Net property, plant and equipment	145,175		151,803		1,549,010	6,628
Others	57,618		84,111		858,275	26,493
<b>TOTAL</b>	<b>544,736</b>	<b>100.0</b>	<b>675,533</b>	<b>100.0</b>	<b>6,893,193</b>	<b>130,797</b>

<b>LIABILITIES AND NET ASSETS</b>						
Term Item	As of March 31, 2008		As of March 31, 2009			Change
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Current liabilities	109,470	20.1	92,373	13.7	942,581	(17,097)
Trade payables	44,132		18,819		192,030	(25,313)
Accrued expenses	11,106		9,410		96,020	(1,696)
Income taxes payables	5,135		-		-	(5,135)
Others	49,095		64,143		654,520	15,048
Noncurrent liabilities	17,395	3.2	222,005	32.9	2,265,357	204,610
Retirement and severance benefits	16,898		18,079		184,479	1,181
Directors' retirement allowance	211		152		1,551	(59)
Other	285		203,772		2,079,306	203,487
<b>Total liabilities</b>	<b>126,866</b>	<b>23.3</b>	<b>314,379</b>	<b>46.5</b>	<b>3,207,948</b>	<b>187,513</b>
Total stockholders' equity	417,376		362,283		3,696,765	(55,093)
Common stock	32,641		32,641		333,071	-
Capital surplus	59,256		59,256		604,653	-
Additional paid-in capital	59,256		59,256		604,653	-
Retained earnings	332,074		276,718		2,823,653	(55,356)
Legal reserve	8,160		8,160		83,265	-
Other retained earnings	323,914		268,557		2,740,377	(55,357)
Treasury stock	(6,597)		(6,333)		(64,622)	264
Valuation and translation adjustments	(64)		(1,982)		(20,224)	(1,918)
Net unrealized gains on other securities	(64)		(1,982)		(20,224)	(1,918)
Equity warrant	558		853		8,704	295
<b>Total net assets</b>	<b>417,870</b>	<b>76.7</b>	<b>361,154</b>	<b>53.5</b>	<b>3,685,244</b>	<b>(56,716)</b>
<b>TOTAL</b>	<b>544,736</b>	<b>100.0</b>	<b>675,533</b>	<b>100.0</b>	<b>6,893,193</b>	<b>130,797</b>

**Note:**

U.S.\$1=Yen 98 , for convenience only.

**II-2) Statements of income (Non-Consolidated)**

Item	Term	FY2008		FY2009			Change	
		(April 1, 2007 - March 31, 2008)		(April 1, 2008 - March 31, 2009)				
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales		353,034	100.0	254,139	100.0	2,593,255	(98,895)	-28.0
Cost of sales		277,848	78.7	225,793	88.8	2,304,010	(52,055)	-18.7
Gross profit		75,186	21.3	28,345	11.2	289,234	(46,841)	-62.3
Selling, general and administrative expenses		69,736	19.8	63,869	25.2	651,724	(5,867)	-8.4
Operating income(loss)		5,450	1.5	(35,523)	-14.0	(362,479)	(40,973)	-
Other income (deductions):								
Interest and dividend income		5,850		5,701		58,173	(149)	
Technology commission		8,387		4,558		46,510	(3,829)	
Interest expense		(410)		(1,490)		(15,204)	(1,080)	
Foreign exchange gain (loss)		(3,780)		(2,745)		(28,010)	1,035	
Other-net		1,289		945		9,642	(344)	
Total other income (deductions)		11,337	3.3	6,970	2.7	71,122	(4,367)	-38.5
Current income(loss)		16,787	4.8	(28,553)	-11.2	(291,357)	(45,340)	-
Extraordinary profit		21,510	6.1	173	0.1	1,765	(21,337)	-99.2
Gain on business transfer to Imation Corp.		18,511		-		-	(18,511)	
Others		2,998		173		1,765	(2,825)	
Extraordinary loss		(30,085)	-8.6	(30,425)	-11.9	(310,459)	(340)	1.1
Loss from write-down of affiliated company		(24,094)		(19,718)		(201,204)	4,376	
Restructuring cost		-		(3,630)		(37,040)	(3,630)	
Others		(5,991)		(7,076)		(72,204)	(1,085)	
Income(loss) before income taxes		8,212	2.3	(58,805)	-23.1	(600,051)	(67,017)	-
Income taxes		8,997	2.5	(21,657)	-8.5	(220,989)	(30,654)	-
Net income(loss)		(785)	-0.2	(37,147)	-14.6	(379,051)	(36,362)	-

**Note:**

U.S.\$1=Yen 98 , for convenience only.

**II-3) Statements of changes in stockholders' equity (Non-Consolidated)**

Term Item	FY2008	FY2009	
	(April 1, 2007 - March 31, 2008)	(April 1, 2008 - March 31, 2009)	(U.S.\$ thousands)
	(Yen millions)	(Yen millions)	(U.S.\$ thousands)
<b>Common stock:</b>			
Balance at beginning of period	32,641	32,641	333,071
Balance at end of period	32,641	32,641	333,071
<b>Capital surplus</b>			
Additional paid in capital			
Balance at beginning of period	59,256	59,256	604,653
Balance at end of period	59,256	59,256	604,653
<b>Retained earnings</b>			
Legal reserve			
Balance at beginning of period	8,160	8,160	83,265
Balance at end of period	8,160	8,160	83,265
Other retained earnings			
Balance at beginning of period	378,126	323,914	3,305,245
Dividends from surplus	(15,683)	(18,055)	(184,235)
Net loss	(785)	(37,147)	(379,051)
Retirement of treasury stock	(37,409)	—	—
Disposal of treasury stock	(333)	(152)	(1,551)
Balance at end of period	323,914	268,557	2,740,378
<b>Treasury stock</b>			
Balance at beginning of period	(5,971)	(6,597)	(67,316)
Purchase of treasury stock	(39,250)	(15)	(153)
Retirement of treasury stock	37,409	—	—
Disposal of treasury stock	1,215	278	2,837
Balance at end of period	(6,597)	(6,333)	(64,622)
<b>Total stockholders' equity</b>			
Balance at beginning of period	472,214	417,376	4,258,939
Dividends from surplus	(15,683)	(18,055)	(184,235)
Net loss	(785)	(37,147)	(379,051)
Purchase of treasury stock	(39,250)	(15)	(153)
Retirement of treasury stock	—	—	—
Disposal of treasury stock	881	125	1,276
Balance at end of period	417,376	362,283	3,696,765
<b>Valuation and translation adjustments</b>			
Net unrealized gains on other securities			
Balance at beginning of period	2,923	(64)	(653)
Net change of items other than shareholders' equity	(2,987)	(1,917)	(19,561)
Balance at end of period	(64)	(1,982)	(20,224)
<b>Equity warrant</b>			
Balance at beginning of period	228	558	5,694
Net change of items other than shareholders' equity	330	294	3,000
Balance at end of period	558	853	8,704
<b>Total net assets</b>	<b>417,870</b>	<b>361,154</b>	<b>3,685,245</b>

**Note:**

U.S.\$1=Yen 98, for convenience only.



## II-4) Management Changes (June 26, 2009)

### Directors (new appointments and resignations)

#### Director Candidate

Shinichi Araya

Senior Vice President

General Manager, Capacitors Business Group

Yukio Yanase

Director, Representative Executive Officer,

President and Chief Operating Officer, ORIX Corporation

#### Retiring Director

Shinji Yoko

Director , Senior Vice President

Minoru Takahashi

Director , Senior Vice President

### Corporate Auditors (new appointments and resignations)

#### Corporate Auditor Candidate

Osamu Nakamoto

Attorney-at-law, Nakamoto Law Office

Outside Corporate Auditor, Mitsui-Soko Co., Ltd.

Outside Corporate Auditor, Foster Electric Company, Limited

#### Retiring Corporate Auditor

Yukio Yanase

Director, Representative Executive Officer,

President and Chief Operating Officer, ORIX Corporation