

[Summary Information and Financial Statements]

I-1) Business Results

(1) Analysis of Business Results

Consolidated results for fiscal 2010, the year ended March 31, 2010, were as follows.

The world economy turned the corner in fiscal 2010, emerging from the worst of the recession around the end of fiscal 2009 and early fiscal 2010, and recovering slowly thereafter thanks in part to the beneficial effects of economic stimulus packages by countries around the world. The pace of recovery has differed by country and region, but emerging Asian nations paced by China are driving the world economy.

The electronics market, which has a large bearing on TDK's consolidated performance, saw production volumes of finished products, which bottomed out at the end of fiscal 2009 like the world economy, trend upward through the end of fiscal 2010. However, the electronics market saw increasing polarization between low-priced products and high-end products due to the popularity of low-priced models, which was supported by a quick recovery in emerging nations. In developed nations, the recovery in consumption was muted and sales prices continued to fall partly because of a slow improvement in job markets. As a result, in monetary terms, the electronics market hasn't recovered in proportion to increases in production volumes. The market for electronic components in which TDK does business is linked to the electronics market.

TDK posted consolidated net sales of ¥808,858 million (U.S.\$8,697,398 thousand), up 11.2% year on year from ¥727,400 million. TDK recorded operating income of ¥25,774 million (U.S.\$277,140 thousand), compared with a ¥54,305 million operating loss in fiscal 2009. TDK also posted income before income taxes of ¥21,907 million (U.S.\$235,559 thousand), compared with a loss before income taxes of ¥81,630 million in fiscal 2009. Furthermore, TDK recorded net income attributable to TDK Corp. of ¥13,520 million (U.S.\$145,376 thousand), compared with a net loss attributable to TDK Corp. of ¥63,160 million in fiscal 2009. Net income attributable to TDK Corp. per common share (basic) was ¥104.82 (U.S.\$1.13), compared with a basic net loss attributable to TDK Corp. per common share of ¥489.71 in fiscal 2009.

Average yen exchange rates for the U.S. dollar and euro during fiscal 2010 were ¥92.89 and ¥131.18, respectively, as the yen appreciated 7.8% versus the U.S. dollar and 8.9% against the euro year on year. This lowered net sales by approximately ¥45.2 billion and operating income by approximately ¥13.9 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 EPCOS AG and its subsidiaries, which were consolidated from the third quarter of fiscal 2009, are included in "others" because the EPCOS products segmentation doesn't correspond to the segmentation used by TDK. 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 9.5% from ¥145,111 million to ¥131,383 million (U.S.\$1,412,720 thousand).

[Capacitors] Sales of capacitors 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 such as PCs, AV equipment, game equipment and mobile phones, despite sales increasing for use in automobiles. Fewer components used in some finished products, lower sales prices and the impact of the yen's appreciation against the U.S. dollar were the main factors behind the decrease in overall sales.

[Ferrite cores and magnets] Sales of ferrite cores and magnets declined year on year. Ferrite cores saw sales fall for use in power supplies, which is a main application. In magnets, higher sales for use in HDDs were unable to offset lower sales for other applications.

(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 10.7% from ¥166,164 million to ¥148,438 million (U.S.\$1,596,108 thousand).

[Inductive devices] Sales of inductive devices decreased year on year. Sales of coils and EMC products for automotive applications, and transformers for use in power supplies increased. However, lower sales in other markets dragged down overall sales.

[High-frequency components] Sales of high-frequency components decreased year on year, mainly reflecting the termination of some products and falling sales for use in PCs.

[Other products] Sales of other products were down year on year. In power supply products, while sales for industrial equipment applications increased, this was insufficient to offset lower sales resulting mainly from the termination of some products and the sale of some businesses. Sales of sensors and actuators were flat.

(1-3) Recording devices

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

Sector sales increased 12.8% from ¥247,233 million to ¥278,984 million (U.S.\$2,999,828 thousand).

[HDD heads] Sales of HDD heads rose year on year, as higher HDD head sales volumes outweighed the negative effects of falling prices and the yen's appreciation against the U.S. dollar.

[Other] Category sales increased year on year, the result mainly of higher sales in the HDD suspension assembly business.

(1-4) Others

This sector includes all TDK products not included in the three sectors above. Sector sales increased 48.1% from ¥168,892 million to ¥250,053 million (U.S.\$2,688,742 thousand). The main reason for the increase was the inclusion in consolidated results of a full year's sales of EPCOS products, which are a key component of this sector, amounting to ¥168,968 million, compared with the inclusion of only six months' sales of ¥67,983 million for the period from October 1, 2008 to March 31, 2009 in fiscal 2009. The main products in the others sector, excluding EPCOS products, are recording media and energy devices (rechargeable batteries). Sales of both recording media and energy devices declined.

(Overseas Sales by Region)

Detailed sales by region can be found in segment information on page 18. Sales in the others sector increased in three regions: the Americas, Europe and Asia (excluding Japan) and other areas. This mainly relates to the consolidation of EPCOS AG and its subsidiaries from the third quarter of fiscal 2009. Whereas in fiscal 2009 six months' sales of EPCOS products were included in the others sector, in fiscal 2010 a full year's sales were included.

[Americas] Overall sales increased, with higher sales in others outweighing lower sales in the other three product sectors.

[Europe] Overall sales increased, with higher sales in the others sector outweighing lower sales in the other three product sectors.

[Asia (excluding Japan) and other areas] Overall sales rose, with sales increasing in the recording devices and others sectors.

[Japan] Overall sales declined, with sales decreasing in all four product sectors, including others.

As a result, overseas sales rose 15.4% from ¥610,944 million to ¥704,874 million (U.S.\$7,579,290 thousand). Overseas sales accounted for 87.1% of consolidated net sales, an increase of 3.1 percentage points from 84.0% in the previous fiscal year.

On a parent-company basis, net sales decreased 33.3% from ¥254,139 million in fiscal 2009 to ¥169,515 million (U.S.\$1,822,742 thousand). The Company posted an operating loss of ¥20,297 million (U.S.\$218,247 thousand), compared with an operating loss of ¥35,523 million a year earlier. The Company posted current income of ¥13,103 million (U.S.\$140,892 thousand), compared with a current loss of ¥28,553 million in fiscal 2009. TDK recorded net income of ¥4,945 million (U.S.\$53,172 thousand), compared with a net loss of ¥37,147 million in fiscal 2009. Basic net income per common share was ¥38.34 (U.S.\$0.41), compared with a basic net loss per common share of ¥288.03 in fiscal 2009.

TDK-EPC Corporation was established on October 1, 2009 via a incorporation-type company split based on shareholder approval of a proposal put forth at the ordinary general meeting of shareholders held on June 26, 2009. In accordance with this, TDK transferred its passive components businesses (capacitors, inductive devices, ferrite cores, high-frequency components, sensors and actuators) to TDK-EPC Corporation, resulting in a large year-on-year decrease in TDK's sales on a parent-company basis.

[Fiscal 2011 Consolidated Projections]

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2011, the year ending March 31, 2011, are as follows.

[Consolidated Projections for Fiscal 2011]

Item \ Term	FY2011 (Forecasts) (¥ millions)	FY2010 (Actual) (¥ millions)	Change from FY2010 (¥ millions)	% change from FY2010
Net sales	880,000	808,858	71,142	8.8%
Operating income	62,000	25,774	36,226	140.6%
Income before income taxes	60,000	21,907	38,093	173.9%
Net income *	45,000	13,520	31,480	232.8%

*From the fiscal year ended March 31, 2010, TDK is applying Accounting Standards Codification ("ASC") 810 issued by the U.S. Financial Accounting Standards Board ("FASB"). "Net income" in the above forecasts is equivalent to "Net income attributable to TDK Corp." under ASC 810 and is calculated the same as "net income" before the application of ASC 810.

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

(¥ millions)

Item \ Term	FY2011 (Forecasts)		FY2010 (Actual)	
	Amount	% of sales	Amount	% of sales
Capital expenditures	75,000	-	64,370	-
Depreciation and amortization	82,000	9.3	83,788	10.4
Research and development expenses	53,000	6.0	53,942	6.7

(Notes)

The world economy is expected to return to a growth path in fiscal 2011 on the back of an ongoing, albeit gentle, recovery driven by China. However, there are inherent concerns that the pump-priming effects of economic stimulus packages by countries around the world will gradually diminish.

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

TDK has prepared its sales plans for electronic materials and electronic devices assuming that production of key finished products (such as notebook PCs, flat-screen TVs, mobile phones, and automobiles) that drive demand for electronic components will increase year on year.

Recording Devices

TDK has prepared its sales plan for recording devices assuming year-on-year growth in production of HDDs and demand for HDD heads.

(Exchange Rate Forecast)

Average yen-U.S. dollar and yen-euro exchange rates of ¥87 and ¥130 respectively, are assumed for fiscal 2011.

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 as of March 31, 2010, compared with March 31, 2009.

Total assets	¥1,091,458 million	(0.9% decrease)
Total stockholders' equity	¥543,756 million	(1.9% decrease)
Stockholders' equity ratio	49.8%	0.5 percentage point decrease

At March 31, 2010, total assets had decreased by ¥9,578 million compared with March 31, 2009. Net trade receivables increased by ¥46,638 million in line with recovering demand for electronic components. On the other hand, net property, plant and equipment, and other assets decreased by ¥30,440 million and ¥39,005 million, respectively. Cash and cash equivalents decreased ¥32,721 million, but short-term investments increased ¥43,880 million as TDK reviewed investment periods for cash.

Total liabilities increased ¥3,794 million compared with March 31, 2009. Trade payables increased by ¥34,018 million in line with improving orders. However, short-term debt, current installments of long-term debt and long-term debt, excluding current installments, collectively declined by ¥14,575 million due to the repayment of short- and long-term debt. Furthermore, retirement and severance benefits declined by ¥13,703 million due to a slight improvement in the market value of pension assets, reflecting an upturn in financial markets.

Total stockholders' equity decreased by ¥10,462 million from March 31, 2009. This mainly reflected a ¥9,351 million increase in accumulated other comprehensive loss. The foreign currency translation adjustments account deteriorated due to the yen's appreciation against major currencies, while the pension liability adjustments account improved slightly in line with a decrease in retirement and severance benefits as mentioned above.

(2-2) Cash Flows

	(¥ millions)		
	Fiscal 2009	Fiscal 2010	Change
Net cash provided by operating activities	59,189	118,247	59,058
Net cash used in investing activities	(275,410)	(105,963)	169,447
Net cash (used in) provided by financing activities	223,637	(38,369)	(262,006)
Effect of exchange rate changes on cash and cash equivalents	(7,816)	(6,636)	1,180
Net increase (decrease) in cash and cash equivalents	(400)	(32,721)	(32,321)
Cash and cash equivalents at beginning of period	166,105	165,705	(400)
Cash and cash equivalents at end of period	165,705	132,984	(32,721)

Operating activities provided net cash of ¥118,247 million (U.S.\$1,271,473 thousand), a year-on-year increase of ¥59,058 million. TDK recorded net income of ¥12,882 million (U.S.\$138,516 thousand), an increase of ¥77,471 million year on year. Depreciation and amortization decreased ¥5,779 million to ¥83,788 million (U.S.\$900,946 thousand). In changes in assets and liabilities, trade receivables increased ¥106,883 million, inventories increased ¥15,405 million, trade payables increased ¥75,624 million and accrued expenses increased ¥16,765 million year on year.

Investing activities used net cash of ¥105,963 million (U.S.\$1,139,387 thousand), a decrease of ¥169,447 million year on year. There was a ¥126,018 million increase in payment for purchase of short-term investments. On the other hand, there was a ¥136,146 million decrease in acquisition of subsidiaries, net of cash acquired, a ¥103,833 million increase in proceeds from the sale and maturity of short-term investments, and a ¥34,055 million decrease in capital expenditures.

In fiscal 2010, TDK used net cash in financing activities, which provided net cash in fiscal 2009. The net change year on year was ¥262,006 million. In fiscal 2009, ¥204,906 million was provided by proceeds from long-term debt and there was a net increase in short-term debt of ¥39,531 million. These and other changes provided net cash of ¥223,637 million, while ¥18,056 million was used to pay dividends. In fiscal 2010, however, in addition to ¥11,609 million (U.S.\$124,828 thousand) used to pay dividends, ¥28,277 million (U.S.\$304,054 thousand) was used for the repayment of long-term debt. These and other changes used net cash of ¥38,369 million (U.S.\$412,570 thousand) in financing activities.

(2-3) Trends in Cash Flow Indicators

	FY2006	FY2007	FY2008	FY2009	FY2010
1) Stockholders' equity ratio (%)	76.1	77.1	76.6	50.3	49.8
2) Stockholders' equity ratio on a market value basis (%)	127.0	136.8	81.2	42.8	73.5
3) No. of years to redeem debt	0.08	0.03	0.08	4.81	2.28
4) Interest coverage ratio (times)	598.1	727.4	547.8	25.3	29.5

[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 2010 and Fiscal 2011 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 ¥30 per common share, subject to approval at the ordinary general meeting of shareholders scheduled for June 29, 2010. Combined with the interim dividend of ¥30 per common share paid in December 2009, the planned dividend per common share applicable to the year will be ¥60.

TDK plans to pay an interim dividend of ¥40 per common share and a year-end dividend of ¥40 per common share for fiscal 2011.

(Yen)	FY2011 Forecast	FY2010 Forecast
Interim dividend	40.00	30.00
Year-end dividend	40.00	30.00
Annual dividend	80.00	60.00

I-2) Notes to Consolidated Financial Statements

TDK adopted FASB Accounting Standards Codification (“ASC”) 105, “Generally Accepted Accounting Principles” during and after the quarter ended September 30, 2009. ASC 105 establishes ASC as the sole source for authoritative U.S. generally accepted accounting principles, except for rules and interpretive releases issued by SEC. The adoption of ASC 105 did not have a material impact on TDK’s financial position and results of operations.

TDK adopted ASC 810, “Consolidation” (“Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51”) on April 1, 2009. ASC 810 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interests, changes in a parent’s ownership interest, and the valuation of a retained noncontrolling equity investment when a subsidiary is deconsolidated. ASC 810 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners.

Upon the adoption of ASC 810, minority interests, which were previously shown between liabilities and stockholders’ equity on the consolidated balance sheets, are now included in total equity as noncontrolling interests. TDK also has changed the presentation of its consolidated statements of operations and consolidated statements of cash flows. Certain reclassifications have been made to the prior year’s consolidated financial statements to conform to the presentation used for the consolidated financial statements as of December 31, 2009. The adoption of ASC 810 did not have a material impact on TDK’s financial position and results of operations.

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)**

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

TVA is 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).

(Indicator for Managing Environmental Performance)

*** CO2 Emissions Reductions**

As part of its environmental action plan to promote business activities in harmony with the natural environment, the TDK Group has set a target for CO2 emissions reductions.

(3) Medium- and Long-Term Management Strategy

In fiscal 2010, TDK began implementing a new three-year medium-term management plan. The ongoing management plan sets forth the following four basic policies and TDK is executing a specific action plan to achieve them: (1) provide distinctive electronic materials and components to address market needs and 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) develop a vibrant workforce of professionals.

In this way, TDK aims to become a global leader in the electronic components industry by proposing and offering value recognized by customers through the development and manufacture of distinctive products grounded on the TDK Group's proprietary technologies and eco-friendly products and from a firm earnings base.

(4) Pressing Issues

The electronic components market, which shrank dramatically due to the global economic crisis that began in the latter half of 2008, bottomed out at the beginning of 2009 and recovered throughout the year. However, the market was still smaller than fiscal 2009 by the end of fiscal 2010. While some time will be required for the electronic components market to return to the level seen before the onset of the global economic crisis, over the medium and long terms electronics technologies and products are predicted to contribute to the energy and environmental fields, suggesting that demand for electronic components will widen. Assuming this sort of business environment going forward, the TDK Group will implement timely measures in order to create a sound earnings base and thereby strengthen and improve the Group's corporate health. The TDK Group recognizes that the ability to develop materials is the source of value added to electronic components. It will therefore leverage its core competencies—materials, process and evaluation and simulation technologies—to provide products sought after by customers on a timely basis. Beyond that, the TDK Group will also work to cut costs by improving production efficiency and more effectively use selling, general and administrative expenses.

In 2008, TDK acquired EPCOS AG and its subsidiaries. This move has further diversified the TDK Group's talent pool as well as spawned more business opportunities. Looking ahead, as the TDK Group works to truly globalize its operations, it will seek to realize synergies from this corporate acquisition and improve asset efficiency. In this way, TDK will strengthen its competitiveness, underpinned by a firm earnings base.

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 always aware of the importance of prospering together with society. Based on this awareness, TDK will ensure that laws and regulations are observed in Japan and other countries as it seeks to contribute even more to society.

(5) Basic Stance on Corporate Governance

Please refer to TDK's website at http://www.tdk.co.jp/ir_e/policy/pol03000.htm for the latest information.