

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

### **1. Summary Information Regarding Financial Results for the First Quarter of Fiscal 2012**

#### **(1) Summary Information Regarding Consolidated Business Results**

Consolidated results for the first three months of fiscal 2012, the period from April 1 to June 30, 2011, are as follows.

Looking at the world economy in the first quarter of fiscal 2012, the pace of recovery has showed signs of slowing, against a backdrop of fiscal problems in eurozone countries, worsening consumer sentiment in the U.S., and the impact of the March 2011 Great East Japan Earthquake and subsequent aftershocks on economic activity as a whole. Furthermore, while China and other emerging markets are maintaining high economic growth rates, concerns have emerged in some areas, such as mounting inflationary pressures. In Japan, progress has been made in restoring supply chains, which had been expected to take some time in the aftermath of the Great East Japan Earthquake, and there was an upturn in manufacturing activity. That said, internal demand has yet to stage a bona fide recovery, and the yen's appreciation, soaring resource prices, electricity supply shortages and other negative factors could determine the direction of the economy going forward. The economic outlook for Japan is thus clouded with uncertainty.

Looking at the electronics market, which has a large bearing on the consolidated performance of TDK, production levels differ by finished product. Production of smartphones and tablet devices as well as industrial equipment remained healthy. In contrast, the automotive market has seen production cutbacks due to the impact of the Great East Japan Earthquake. In addition, mobile phone production, excluding smartphones, dropped sharply from the first quarter of fiscal 2011 on account of changing demand. Moreover, for flat-screen TVs, notebook PCs and hard disk drives (HDDs), production was only around the same level as the corresponding period of the previous fiscal year.

Under these market conditions, TDK posted consolidated net sales of ¥206,771 million (U.S.\$2,552,728 thousand), a decrease of 6.8% from the ¥221,925 million reported in the first quarter of fiscal 2011. Operating income was ¥5,643 million (U.S.\$69,667 thousand), a 72.1% decrease from ¥20,209 million. Income before income taxes was ¥3,322 million (U.S.\$41,012 thousand), down 82.3% from ¥18,818 million. TDK recorded net income attributable to TDK of ¥2,423 million (U.S.\$29,914 thousand), an 83.3% decline from ¥14,523 million. Basic net income attributable to TDK per common share was ¥18.78

(U.S.\$0.23), compared with ¥112.59 in the first quarter of fiscal 2011. Average first-quarter yen exchange rates for the U.S. dollar and euro were ¥81.74 and ¥117.62, respectively, as the yen appreciated 11.2% versus the U.S. dollar and depreciated 0.5% against the euro, compared with the first quarter of fiscal 2011. This lowered net sales by approximately ¥18.5 billion and operating income by approximately ¥5.9 billion. The Great East Japan Earthquake, the subsequent aftershocks and blackouts resulted in a decline of approximately ¥4.6 billion in net sales and a ¥3.0 billion decline in operating income in the first quarter. The first quarter also saw TDK incur a one-off charge of approximately ¥3.1 billion at the operating income level associated with the change of the pension plan.

## Sales by Sector

Term Product	1Q of FY2011 (April 1, 2010 - June 30, 2010)		1Q of FY2012 (April 1, 2011 - June 30, 2011)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	37,985	17.1	36,080	17.5	445,432	(1,905)	-5.0
Inductive devices	32,134	14.5	32,879	15.9	405,914	745	2.3
Other Passive Components	34,583	15.6	32,751	15.8	404,333	(1,832)	-5.3
Passive Components	104,702	47.2	101,710	49.2	1,255,679	(2,992)	-2.9
Recording devices	71,668	32.3	55,235	26.7	681,913	(16,433)	-22.9
Other Magnetic Application Products	28,594	12.9	27,433	13.3	338,679	(1,161)	-4.1
Magnetic Application Products	100,262	45.2	82,668	40.0	1,020,592	(17,594)	-17.5
Other	16,961	7.6	22,393	10.8	276,457	5,432	32.0
Consolidated total	221,925	100.0	206,771	100.0	2,552,728	(15,154)	-6.8
Overseas sales	194,519	87.7	182,149	88.1	2,248,753	(12,370)	-6.4

**Note:**

U.S.\$1=¥81, for convenience only.

Certain products are reclassified from "Inductive devices" to "Other (other than 2 reportable segments)" from April 1, 2011. The prior year's sales are also reclassified to conform to the new segmentation.

### (1) Passive Components Segment

This segment is made up of (1) capacitors, (2) inductive devices, and (3) other passive components. Sales in the passive components segment were ¥101,710 million (U.S.\$1,255,679 thousand), down 2.9% year on year from ¥104,702 million.

The capacitors business is made up of ceramic capacitors, aluminum electrolytic capacitors, and film capacitors. Sales in the capacitors business were ¥36,080 million (U.S.\$445,432 thousand), down 5.0% year on year from ¥37,985 million. Sales of aluminum electrolytic capacitors and film capacitors increased for industrial equipment applications, but sales of ceramic capacitors fell sharply for home information appliance applications.

Sales of inductive devices increased 2.3% year on year from ¥32,134 million to ¥32,879 million (U.S.\$405,914 thousand). Although TDK recorded lower sales for use in home information appliances, sales for use in communications equipment, centered on

smartphones, and for the automotive market, were higher.

Other passive components include high-frequency components, piezoelectric materials and products, circuit protection components and sensors. Sales of other passive components decreased 5.3% year on year from ¥34,583 million to ¥32,751 million (U.S.\$404,333 thousand). Sales of high-frequency components declined year on year, mainly to the communications equipment market. Sales of piezoelectric materials and products, circuit protection components and sensors decreased to the automotive and industrial equipment markets, but increased to the home information appliances market.

## **(2) Magnetic Application Products Segment**

This segment is made up of (1) recording devices, and (2) other magnetic application products. Segment sales decreased 17.5% year on year, from ¥100,262 million to ¥82,668 million (U.S.\$1,020,592 thousand).

The recording devices business is comprised mainly of HDD heads and HDD suspension assemblies. It recorded sales of ¥55,235 million (U.S.\$681,913 thousand), down 22.9% year on year from ¥71,668 million. This decrease reflected lower HDD head sales volumes, as well as price declines and the strong Japanese yen against the U.S. dollar.

Other magnetic application products include power supplies, magnets, and recording media. Sales declined 4.1% year on year from ¥28,594 million to ¥27,433 million (U.S.\$338,679 thousand). Sales of power supplies remained strong to the industrial equipment market. However, sales of magnets, while increasing to the industrial equipment market, dropped considerably to the automotive market.

## **(3) Other**

Other includes energy devices (rechargeable batteries), mechatronics (production equipment) and other businesses. Segment sales increased 32.0% year on year from ¥16,961 million to ¥22,393 million (U.S.\$276,457 thousand).

The classification of segments is as follows.

Classification	Constituent Main business
Passive Components*	Ceramic capacitors, Aluminum electrolytic capacitors, Film capacitors, Inductive devices (Coils/Ferrite cores/Transformers), High-frequency devices, Piezoelectric material products, Circuit protection components, Sensors
Magnetic Application Products	Recording devices, Power supplies, Magnets, Recording media
Other	Energy devices (rechargeable batteries), Mechatronics (production equipments), other

### **[Sales by Region]**

Overseas sales decreased 6.4% year on year from ¥194,519 million to ¥182,149 million (U.S.\$2,248,753 thousand). Overseas sales accounted for 88.1% of consolidated net sales, a 0.4 percentage point increase from 87.7% in the first quarter of fiscal 2011. Detailed information on sales by region can be found in the consolidated supplementary information on page 15.

## (2) Analysis of Financial Position

(1) The following table summarizes TDK's consolidated balance sheet as of June 30, 2011.

Total assets	¥1,065,717 million	(0.5% increase)
Total TDK stockholders' equity	¥526,987 million	(1.4% decrease)
Stockholders' equity ratio	49.4%	(1.0 point decrease)

As of June 30, 2011, total assets had increased ¥4,864 million compared with March 31, 2011. Cash and cash equivalents increased ¥19,557 million, inventories increased ¥14,299 million, and net property, plant and equipment increased ¥9,669 million, respectively. On the other hand, short-term investments decreased ¥38,467 million.

Total liabilities increased ¥12,249 million from March 31, 2011. This increase mainly reflected a ¥8,330 million increase in short-term debt and a ¥11,010 million increase in trade payables.

TDK stockholders' equity, which is included in total equity, declined ¥7,286 million from March 31, 2011. Accumulated other comprehensive loss increased ¥4,705 million, mainly due to a deterioration in foreign currency translation adjustments because of the yen's appreciation.

## (2) Cash Flows

(Yen millions)

	Fiscal 2011 1Q	Fiscal 2012 1Q	Change
Net cash provided by operating activities	21,096	14,042	(7,054)
Net cash provided by (used in) investing activities	(1,288)	7,335	8,623
Net cash provided by (used in) financing activities	(4,107)	981	5,088
Effect of exchange rate changes on cash and cash equivalents	(7,535)	(2,801)	4,734
Net increase (decrease) in cash and cash equivalents	8,166	19,557	11,391
Cash and cash equivalents at beginning of period	132,984	129,091	(3,893)
Cash and cash equivalents at end of period	141,150	148,648	7,498

Operating activities provided net cash of ¥14,042 million (U.S. \$173,358 thousand), a year on year decrease of ¥7,054 million. TDK recorded net income of ¥2,416 million (U.S. \$29,827 thousand), a decrease of ¥12,070 million year on year. Depreciation and amortization decreased ¥118 million to ¥18,671 million (U.S. \$230,506 thousand). In changes in assets and liabilities, a ¥6,168 million increase in trade payables and a ¥5,497

changes in assets and liabilities, a ¥6,168 million increase in trade payables and a ¥5,497 million decrease in trade receivables both contributed to the increase of operating cash flows. However, a ¥3,553 million increase in inventories reduced operating cash flows.

In the first three months of fiscal 2012, TDK provided net cash in investing activities, which used net cash in the first three months of fiscal 2011. The net change year on year was ¥8,623 million. In the first three months of fiscal 2011, ¥30,136 million and ¥13,860 million were paid for purchase of short-term investments and capital expenditures, respectively. On the other hand, ¥42,722 million was provided by proceeds from sale and maturity of short-term investments. TDK used net cash of ¥1,288 million in these and other investing activities. In the first three months of fiscal 2012, ¥26,786 million (U.S. \$330,691 thousand) and ¥3,126 million (U.S. \$38,593 thousand) were paid for capital expenditures and purchase of securities, respectively. On the other hand, ¥39,773 million (U.S. \$491,025 thousand) was provided by proceeds from sale and maturity of short-term investments. These and other investing activities provided net cash of ¥7,335 million (U.S. \$90,556 thousand).

In the first three months of fiscal 2012, TDK provided net cash in financing activities, which used net cash in the first three months of fiscal 2011. The net change year on year was ¥5,088 million. In the first three months of fiscal 2011, ¥3,760 million and ¥2,832 million were used to pay dividends and repay long-term debt, respectively. On the other hand, there was a net increase in short-term debt of ¥2,063 million. TDK used net cash of ¥4,107 million in these and other financing activities. In the first three months of fiscal 2012, ¥4,972 million (U.S. \$61,383 thousand) and ¥2,679 million (U.S. \$33,074 thousand) were used to pay dividends and repay long-term debt, respectively. On the other hand, there was a net increase in short-term debt of ¥8,619 million (U.S. \$106,407 thousand). These and other financing activities provided net cash of ¥981 million (U.S. \$12,111 thousand).

### (3) Summary Information Regarding Consolidated Projections

(Fiscal 2012 Consolidated Projections)

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2012, the year ending March 31, 2012, are as follows.

Term  Item	FY2012 (April 1, 2011 - March 31, 2012)	FY2012 (April 1, 2011 - March 31, 2012)	FY2011 (April 1, 2010 - March 31, 2011)	vs FY2011 Changes	
	Forecast in July'11	Forecast in June'11	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	%
Net Sales	890,000	890,000	875,737	14,263	1.6
Operating Income	67,000	67,000	63,842	3,158	4.9
Income before income taxes	65,000	65,000	60,065	4,935	8.2
Net income attributable to TDK	50,000	50,000	45,264	4,736	10.5
Capital expenditures	85,000	85,000	78,638	6,362	8.1
Depreciation and amortization	85,000	85,000	77,594	7,406	9.5
Research and development	53,000	53,000	52,973	27	0.1

(Notes)

The above projection is based on the determination that compared with TDK's projections as of June 21, 2011, there should be no major change in demand for electronic components used in major finished products based on information regarding trends and similar prospects in the electronics market and for major finished products, which are currently available to TDK Group (as defined below).

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥80 and ¥110 respectively will be assumed from the second quarter onward.

### 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 or 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 positions could be materially different from any future results, performance, achievements

or financial positions 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. Other Information

### (1) Changes in Significant Subsidiaries

Nothing to report

### (2) Simplified Accounting Treatment and Special Accounting Treatment

Nothing to report

### (3) Accounting Policy Changes, Accounting Estimate Changes and Restatements

Nothing to report

### (4) Fundamental Policy for Distribution of Earnings, and Fiscal 2012 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 its 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.

Projected dividends per share for fiscal 2012 are as follows. TDK keeps initial dividend forecast unchanged.

(Yen)

	FY2012 Forecast	FY2011 Actual
Interim dividend	40.00	40.00
Year-end dividend	50.00	40.00
Annual dividend	90.00	80.00