

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

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

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

Consolidated results for the first-nine months of fiscal 2012, the period from April 1 to December 31, 2011, are as follows.

Looking at the world economy in the first nine months of fiscal 2012, the pace of recovery from the stagnation after the global financial crisis slowed in industrialized countries amid ongoing financial and capital market turmoil triggered by sovereign debt problems in Europe, as indicated by economic barometers such as sluggishness in residential housing markets and continuation of high unemployment rates. In emerging countries, while domestic demand was generally solid, there were signs suggesting that growth may be inhibited, such as exports and capital inflows from other countries declining due to the slowing recovery of industrialized countries. This situation is creating greater uncertainty about future economic prospects.

Looking at the electronics market, which has a large bearing on the consolidated performance of TDK, production levels differ by finished product. Production of mobile phones, especially smartphones, and tablet devices, remained strong, rising year on year, on the back of expanding demand. On the other hand, production of flat-screen TVs and PCs was lower year on year on account of changes in demand. Hard disk drive (HDD) production dropped sharply, compared with the same period of fiscal 2011, as a result of the impact of flooding in Thailand.

Under these market conditions, TDK posted consolidated net sales of ¥608,925 million (U.S. \$7,806,731 thousand), a decrease of 8.0% from the ¥662,171 million reported in the same period of fiscal 2011. Operating income was ¥20,820 million (U.S. \$266,923 thousand), a 61.7% decrease from ¥54,401 million reported in the same period of fiscal 2011. Income before income taxes was ¥13,908 million (U.S. \$178,308 thousand), down 72.8% from ¥51,201 million reported in the same period of fiscal 2011. TDK recorded net loss attributable to TDK of ¥4,922 million (U.S. \$63,103 thousand) although TDK posted net income attributable to TDK of ¥38,711 million in the same period of fiscal 2011. Basic net loss attributable to TDK per common share was ¥38.15 (U.S. \$0.49), compared with basic net income attributable to TDK per common share of ¥300.10 in the same period of fiscal 2011.

Since the second quarter of fiscal 2012, the Organic Electroluminescent Display Business has been classified as a discontinued operation. However, because the business does not have a material impact on TDK's results of operations, the results of the Organic Electroluminescent Display Business are included in the results of continued operations. The business does not belong to either the "Passive Components Segment" or the "Magnetic Application Products Segment", and is instead included under the "Others" classification.

Average yen exchange rates for the U.S. dollar and the euro during the first nine month period of fiscal 2012 were ¥79.01 and ¥110.76, respectively, as the yen appreciated 9.0% against the U.S. dollar and 2.2% against the euro, compared with the first nine months of fiscal 2011. The exchange rates lowered net sales by approximately ¥43.8 billion and operating income by approximately ¥13.6 billion. The Great East Japan Earthquake, including the subsequent aftershocks and blackouts, resulted in a decline of approximately ¥5.7 billion in net sales and a ¥3.6 billion decline in operating income by the end of the first-half of fiscal 2012. In addition, flooding in Thailand in the third quarter of fiscal 2012 resulted in a decline of approximately ¥11.3 billion in net sales and a ¥3.9 billion decline in operating income in the first nine months of fiscal 2012. The first quarter also saw TDK incur a one-off charge of approximately ¥3.1 billion at the operating income level, mainly associated with the changes made to TDK's pension plan.

TDK booked income taxes of approximately ¥12.0 billion in the third quarter additionally, due to the impact of a corporate tax reduction and the special corporation tax for reconstruction, as well as to the reassessment of the recoverability of deferred tax assets.

## Sales by Sector

Term Product	The 9-month-period of FY2011 (April 1, 2010 - December 31, 2010)		The 9-month-period of FY2012 (April 1, 2011 - December 31, 2011)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	110,880	16.7	100,783	16.6	1,292,090	(10,097)	-9.1
Inductive devices	98,318	14.9	92,815	15.2	1,189,936	(5,503)	-5.6
Other Passive Components	111,362	16.8	97,491	16.0	1,249,884	(13,871)	-12.5
Passive Components	320,560	48.4	291,089	47.8	3,731,910	(29,471)	-9.2
Recording devices	200,039	30.2	150,564	24.7	1,930,308	(49,475)	-24.7
Other Magnetic Application Products	83,252	12.6	88,408	14.5	1,133,436	5,156	6.2
Magnetic Application Products	283,291	42.8	238,972	39.2	3,063,744	(44,319)	-15.6
Other	58,320	8.8	78,864	13.0	1,011,077	20,544	35.2
Consolidated total	662,171	100.0	608,925	100.0	7,806,731	(53,246)	-8.0
Overseas sales	578,271	87.3	527,348	86.6	6,760,872	(50,923)	-8.8

**Notes:**

1. U.S.\$1=Yen 78, for convenience only.
2. Certain products are reclassified from "Inductive devices" to "Other (*i.e.*, other than 2 reportable segments)" due to the reorganization in the first quarter of fiscal 2012. 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 ¥291,089 million (U.S.\$3,731,910 thousand), down 9.2% year on year from ¥320,560 million.

The capacitors business is made up of ceramic capacitors, aluminum electrolytic capacitors and film capacitors. Sales in the capacitors business were ¥100,783 million (U.S.\$1,292,090 thousand), down 9.1% year on year from ¥110,880 million. Sales of aluminum electrolytic capacitors and film capacitors were higher for industrial equipment. However, sales of ceramic capacitors declined mainly to the home information appliance market.

Sales of inductive devices decreased 5.6% year on year from ¥98,318 million to ¥92,815 million (U.S.\$1,189,936 thousand). Although TDK recorded higher sales for use in communications equipment, centered on smartphones, and automobiles, there was a decline in sales for use in home information appliances.

Other passive components include high-frequency components, piezoelectric material components, circuit protection devices, and sensors. Sales of other passive components decreased 12.5% year on year from ¥111,362 million to ¥97,491 million (U.S.\$1,249,884 thousand). Sales of high-frequency components decreased mainly to the communications equipment market. Sales of piezoelectric material components, circuit protection devices, and sensors, although increasing to the communications equipment and automotive markets, declined to the home information appliance market.

(2) Magnetic Application Products Segment

This segment is made up of (1) recording devices; and (2) other magnetic application products. Segment sales decreased 15.6% year on year, from ¥283,291 million to ¥238,972 million (U.S.\$3,063,744 thousand).

The recording devices business is comprised mainly of HDD heads and HDD suspension assemblies. It recorded sales of ¥150,564 million (U.S.\$1,930,308 thousand), down 24.7% year on year from ¥200,039 million. HDD head sales volume declined in line with the lower HDD production caused by the flooding in Thailand. The overall decline also reflected price declines and the strong Japanese yen against the U.S. dollar.

Other magnetic application products include power supplies, magnets and recording media. Sales increased 6.2% year on year from ¥83,252 million to ¥88,408 million (U.S.\$1,133,436 thousand). Sales of power supplies decreased to the industrial equipment and communications equipment markets, but increased to the automotive market. Magnet sales increased to the home information appliance, automotive and industrial equipment markets.

(3) Other

Other includes energy devices (rechargeable batteries), mechatronics (production equipment) and other businesses. Segment sales rose 35.2% year on year from ¥58,320 million to ¥78,864 million (U.S.\$7,806,731 thousand). Sales of energy devices to both the home information appliance and the communications equipment markets increased.

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 components, Circuit protection devices, Sensors
Magnetic Application Products	Recording devices, Power supplies, Magnets, Recording media
Other	Energy devices (rechargeable batteries), Mechatronics (production equipment), Other

**[Sales by Region]**

Overseas sales decreased 8.8% year on year from ¥578,271 million to ¥527,348 million (U.S.\$6,760,872 thousand). Overseas sales accounted for 86.6% of consolidated net sales, a 0.7 percentage point decrease from 87.3% in the nine months of fiscal 2011. Detailed information on sales by region can be found in the consolidated supplementary information on page 17.

## (2) Summary Information Regarding Consolidated Financial Position

(1) The following table summarizes TDK's consolidated balance sheet as of December 31, 2011.

Total assets	¥1,045,919 million	(1.4% decrease)
Total TDK stockholders' equity	¥488,078 million	(8.6% decrease)
Stockholders' equity ratio	46.7%	(3.7 point decrease)

As of December 31, 2011, total assets had decreased ¥14,934 million compared with March 31, 2011. Cash and cash equivalents increased ¥50,874 million and inventories increased ¥22,158 million, respectively. On the other hand, short-term investments decreased ¥45,488 million, net trade receivables decreased ¥15,026 million and other assets decreased ¥32,354 million, respectively.

Total liabilities increased ¥23,189 million from March 31, 2011. Short-term debt increased ¥47,939 million, however, long-term debt, excluding current installments decreased ¥9,366 million, retirement and severance benefits decreased ¥7,366 million and other noncurrent liabilities decreased ¥7,228 million, respectively.

TDK stockholders' equity, which is included in total equity, declined ¥46,195 million from March 31, 2011. Accumulated other comprehensive loss increased ¥34,083 million, mainly due to a deterioration in foreign currency translation adjustments because of the yen's appreciation.

## (2) Cash Flows

(Yen millions)

	The 9-month-period of FY 2011	The 9-month-period of FY 2012	Change
Net cash provided by operating activities	76,712	44,572	(32,140)
Net cash used in investing activities	(31,181)	(21,404)	9,777
Net cash provided by (used in) financing activities	(12,505)	37,154	49,659
Effect of exchange rate changes on cash and cash equivalents	(16,214)	(9,448)	6,766
Net increase (decrease) in cash and cash equivalents	16,812	50,874	34,062
Cash and cash equivalents at beginning of period	132,984	129,091	(3,893)
Cash and cash equivalents at end of period	149,796	179,965	30,169

Operating activities provided net cash of ¥44,572 million (U.S. \$571,436 thousand), a year on year decrease of ¥32,140 million. TDK recorded a net loss of ¥3,707 million (U.S. \$47,526 thousand) due to mainly the reassessment of the recoverability of deferred tax assets. Depreciation and amortization decreased ¥1,325 million to ¥56,186 million (U.S. \$720,333 thousand). In changes in assets and liabilities, a ¥19,352 million decrease in trade receivables contributed to an increase of operating cash flows. However, a ¥9,129 million increase in inventories and a ¥4,609 million decrease in trade payables reduced operating cash flows.

Investing activities used net cash of ¥21,404 million (U.S. \$274,410 thousand), a decrease of ¥9,777 million year on year. There was a ¥96,907 million decrease in payment for purchase of short-term investments, which outweighed a ¥67,589 million decrease in proceeds from sale and maturity of short-term investments and a ¥22,258 million increase in capital expenditures.

In fiscal 2012, TDK provided net cash in financing activities, which used net cash in fiscal 2011. The net change year on year was ¥49,659 million. In fiscal 2011, there was a net increase in short-term debt of ¥21,770 million. On the other hand, ¥32,023 million and ¥9,011 million were used to repay long-term debt and pay dividends, respectively. TDK used net cash of ¥12,505 million in these and other financing activities. In fiscal 2012, ¥11,123 million (U.S. \$142,603 thousand) and ¥10,294 million (U.S. \$131,974 thousand) were used to repay long-term debt and pay dividends, respectively. On the other hand, there were a net increase in short-term debt of ¥48,611 million (U.S. \$623,218 thousand) and proceeds from noncontrolling interest shareholders of ¥11,061 million (U.S. \$141,808 thousand). These and other financing activities provided net cash of ¥37,154 million (U.S. \$476,333 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. TDK expects sales of main finished products and demand for electronic components used in them in the electronics market to be softer than anticipated in the second half of fiscal 2012. Accordingly, TDK's orders and capacity utilization rate are expected to remain below the level assumed in TDK's previous forecast. Furthermore, TDK has decided to implement additional structural reforms due to changes in the company's business environment. TDK has been implementing structural reforms with the aim of improving its earnings structure. As a result of these additional reforms, TDK expects to book higher structural reform expenses than previously assumed.

TDK booked income taxes of approximately ¥12.0 billion in the third quarter additionally, due to the impact of a corporate tax reduction and the special corporation tax for reconstruction, as well as to the reassessment of the recoverability of deferred tax assets.

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 January'12	Forecast in October'11	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	%
Net Sales	800,000	890,000	875,737	(75,737)	-8.6
Operating Income	10,000	67,000	63,842	(53,842)	-84.3
Income before income taxes	3,000	65,000	60,065	(57,065)	-95.0
Net income attributable to TDK	(11,000)	50,000	45,264	(56,264)	-
Capital expenditures	80,000	85,000	78,638	1,362	1.7
Depreciation and amortization	80,000	85,000	77,594	2,406	3.1
Research and development	52,000	53,000	52,973	(973)	-1.8

(Exchange Rate Assumption)

Average yen exchange rates against the U.S. dollar and the euro of ¥76 and ¥100 respectively will be assumed from the fourth 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 and/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 current dividend forecast unchanged.

	FY2012	FY2011 Actual
Interim dividend	(Result) 40.00	40.00
Year-end dividend	(Forecast) 40.00	40.00
Annual dividend	(Forecast) 80.00	80.00

(Yen)