

[Translation]

NOTICE OF CONVOCATION

OF

THE 123RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

- Notes: 1. This is a translation from Japanese of a notice distributed to shareholders in Japan.
The translation is prepared solely for the convenience of foreign shareholders. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.
2. There are no English translations of the following: Non-Consolidated Balance Sheet, Non-Consolidated Statement of Operations, Non-Consolidated Statement of Changes in Net Assets and Certified Copy of Accounting Auditors' Report for Non-Consolidated Financial Statements.

TDK Corporation
Tokyo, Japan

[Translation]

Securities Code No. 6762

Attention All Shareholders

June 3, 2019

Shigenao Ishiguro
President & Representative Director
TDK Corporation
2-5-1, Nihonbashi, Chuo-ku, Tokyo

**NOTICE OF CONVOCATION OF
THE 123RD ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholder:

Thank you for your continued interest in TDK Corporation (the "Company").

You are hereby notified that the 123rd Ordinary General Meeting of Shareholders will be held as stated below. You are respectfully requested to attend the meeting.

In the event that you are unable to attend the meeting, you may exercise your votes using either of the methods described below. Please vote by 5:20 P.M. on June 26, 2019 (Wednesday), after carefully reading the attached Reference Documents for Shareholders Meeting.

[Voting by Mail]

Please indicate your approval or disapproval of the proposals to be resolved on the voting form enclosed herewith and return it to the Company by the deadline specified above.

[Voting via the Internet, etc.]

Please enter your approval or disapproval of the proposals to be resolved by the deadline specified above.

Details

1. Date and Time: 10:00 A.M. on June 27, 2019 (Thursday)

2. Place of the Meeting: Technical Center of the Company,
2-15-7, Higashi-Ohwada, Ichikawa-shi,
Chiba Prefecture

3. Purposes of the Meeting:
Matters to be Reported

1. Report on the Business Report and the Consolidated Financial Statements for the 123rd Fiscal Year (from April 1, 2018 to March 31, 2019), and Report on the Audit Results of the Consolidated Financial Statements for the 123rd Fiscal Year by the Accounting Auditor and the Audit & Supervisory Board

2. Report on the Non-Consolidated Financial Statements for the 123rd Fiscal Year (from April 1, 2018 to March 31, 2019)

Matters to be Resolved

- First Item: Appropriation of Retained Earnings
Second Item: Election of Seven (7) Directors
Third Item: Election of Five (5) Audit & Supervisory Board Members

4. Validity of Votes:

- 1) If you vote both by mail and via the Internet, etc., then the vote via the Internet, etc. will be counted as the valid vote.
- 2) If you vote multiple times via the Internet, etc., your last vote will be counted as the valid vote.

End

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- If you are attending the meeting, kindly submit the voting form enclosed herewith at the reception. Also, please bring this Notice of Convocation with you to the meeting.
 - If you are attending by proxy, you are entitled to one (1) proxy who is also a shareholder of the Company entitled to votes at the meeting. Please have the proxy present written proof of his/her right of proxy along with your voting form at the reception.
 - Any person who is not a shareholder of the Company entitled to votes at the meeting (including, but not limited to, any proxy who is not a shareholder of the Company and any accompanying person) is not allowed to enter the place of the meeting.
 - In accordance with the law and Article 16 of the Company's Articles of Incorporation, the following items of the Company's Consolidated Financial Statements and Non-Consolidated Financial Statements, as audited by the Accounting Auditor and the Audit & Supervisory Board Members, are available on the Company's Internet website instead of being attached to this Notice of Convocation:
 - Consolidated Statement of Equity and List of Notes to the Consolidated Financial Statements; and
 - Non-Consolidated Statement of Changes in Net Assets and List of Notes to the Non-Consolidated Financial Statements.
 - In the event that there are amendments made to the Reference Documents for Shareholders Meeting, the Business Report, the Consolidated Financial Statements, or the Non-Consolidated Financial Statements, such amendments will be found on the Company's Internet website.

The Company's Internet website <https://www.jp.tdk.com/>

Reference Documents for the Ordinary General Meeting of Shareholders

Proposals and Reference Information

First Item: Appropriation of Retained Earnings

The Company proposes that the appropriation of retained earnings be as provided below:

Matters concerning year-end dividends

The Company recognizes that achieving increase in corporate value over the medium- and long-term ultimately translates into higher shareholder value. In line with this understanding, the Company'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 strategic fields so as to respond precisely to rapid technological innovation in the electronics industry, the Company is aiming to increase a medium- and long-term corporate value. Accordingly, the Company actively reinvests the Company's earnings in business activities and determines its dividends taking into consideration comprehensive factors, including return on equity (ROE) and dividends on equity (DOE) on a consolidated basis, as well as changes in the business environment, among other factors.

The Company intends to pay year-end dividends for the fiscal year under review as follows:

1. Item concerning the allotment of dividend assets and the total amount thereof:

¥80 per share of common stock of the Company

Total amount of dividends: ¥10,103,105,440

* Together with the interim dividend of ¥80 per share paid on December 4, 2018, the annual dividend is ¥160 per share.

2. Effective date of payment of dividends from retained earnings:

June 28, 2019

《Reference》 Trends in cash dividends per share and dividend payout ratio on a consolidated basis

	120th (Apr. 1, 2015 to Mar. 31, 2016)	121st (Apr. 1, 2016 to Mar. 31, 2017)	122nd (Apr. 1, 2017 to Mar. 31, 2018)	123rd (Apr. 1, 2018 to Mar. 31, 2019)
Interim dividend (¥)	60	60	60	80
Year-end dividend (¥)	60	60	70	(forecast) 80
Annual dividend (¥)	120	120	130	(forecast) 160
Dividend payout ratio on a consolidated basis (%)	23.3	10.4	25.9	(forecast) 24.6

Second Item: Election of Seven (7) Directors

The Company's Articles of Incorporation provides that the term of each Director shall last one (1) year. Each of the seven (7) Directors' terms of office will expire at the closing of this Ordinary General Meeting of Shareholders. Accordingly, you are requested to elect seven (7) Directors (including three (3) Outside Directors). The Company has adopted a basic policy that one-third (1/3) or more of the Directors shall be Independent Outside Directors.

The Director candidates are as follows:

Candidate No.	Name	Position and Duties, etc. at the Company	Attendance at Meetings of the Board of Directors
1	Shigenao Ishiguro Reelection	President & Representative Director • General Manager of Humidifier Countermeasures HQ	100% (13 out of 13 meetings)
2	Tetsuji Yamanishi Reelection	Senior Vice President & Representative Director • Chief Compliance Officer • General Manager of Finance & Accounting HQ	100% (13 out of 13 meetings)
3	Makoto Sumita Reelection	Chairman & Director • Chairman of Corporate Governance Committee	100% (13 out of 13 meetings)
4	Seiji Osaka Reelection	Executive Vice President & Director • General Manager of Corporate Strategy HQ	100% (13 out of 13 meetings)
5	Kazumasa Yoshida Reelection Outside Director Independent Director	Director • Chairman of Compensation Advisory Committee • Member of Nomination Advisory Committee	92.3% (12 out of 13 meetings)
6	Kazuhiko Ishimura Reelection Outside Director Independent Director	Director • Member of Nomination Advisory Committee • Member of Compensation Advisory Committee	100% (13 out of 13 meetings)
7	Kazunori Yagi Reelection Outside Director Independent Director	Director • Chair of the Board of Directors • Chairman of Nomination Advisory Committee • Member of Compensation Advisory Committee	100% (10 out of 10 meetings since his appointment as Director in June 2018)

Candidate No. 1	Shigenao Ishiguro (Date of Birth: Oct. 30, 1957)	<ul style="list-style-type: none"> ➤ Candidate for reelection ➤ Number of Shares of the Company Owned: 3,100 shares ➤ Attendance at Meetings of the Board of Directors during the fiscal year ended March 31, 2019 (“Fiscal 2019”): 13 of the 13 meetings
Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts		
<p>Jan. 1982 Apr. 2002 Jul. 2004 Apr. 2007 Apr. 2011</p>	<p>Entered the Company Senior Manager of Planning Group of Europe Sales Group of Recording Media & Solutions Business Group of the Company Leader of Planning Group of Japan Operation of HDD Head Business Division of Data Storage & Thin Film Technology Components Business Group of the Company Leader of Japan Operation of HDD Head Business Division of Data Storage & Thin Film Technology Components Business Group of the Company Deputy General Manager of Data Storage & Thin Film Technology Components Business Group of the Company</p>	<p>Jun. 2012 Jun. 2014 Apr. 2015 Jun. 2015 Jun. 2016</p> <p>General Manager of Data Storage & Thin Film Technology Components Business Group of the Company Corporate Officer of the Company CEO of Magnetic Heads and Sensors Business Company of the Company Senior Vice President of the Company President & Representative Director of the Company (present post) General Manager of Humidifier Countermeasures HQ of the Company (present post) General Manager of Manufacturing HQ of the Company</p>
<p>➤ The reasons why the Company recommends Mr. Shigenao Ishiguro as a candidate for Director</p> <p>After having served as the head of the HDD (Hard Disk Drive) Head Business of the Company, Mr. Shigenao Ishiguro has been serving as President & Representative Director of the Company since 2016 and strongly promoting the creation of new business and management reform. The Company believes that Mr. Ishiguro can continuously fulfil the expected role in decisions on important matters and supervision of business execution at the Board of Directors of the Company by utilizing his adequate management experience and knowledge which he has accumulated domestically and overseas, and requests that the shareholders elect him as a Director of the Company.</p>		

Candidate No. 2	Tetsuji Yamanishi (Date of Birth: May 29, 1960)	<ul style="list-style-type: none"> ➤ Candidate for reelection ➤ Number of Shares of the Company Owned: 1,500 shares ➤ Attendance at Meetings of the Board of Directors during Fiscal 2019: 13 of the 13 meetings 	
Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts			
Apr. 1983 Jan. 2005 Jul. 2008 Jun. 2013	Entered the Company Senior Manager of Managerial Accounting Department of Finance & Accounting Department of Administration Group of the Company Head of Managerial Accounting Department of Finance & Accounting Department of Administration Group of the Company General Manager of Finance & Accounting Department of the Company	Apr. 2015 Jun. 2015 Jun. 2016 Apr. 2017 Jun. 2017 Jun. 2018 Apr. 2019	General Manager of Finance & Accounting Group of the Company Corporate Officer of the Company Director of the Company General Manager of Finance & Accounting HQ of the Company (present post) Senior Vice President of the Company (present post) Representative Director of the Company (present post) Chief Compliance Officer of the Company (present post)
<ul style="list-style-type: none"> ➤ The reasons why the Company recommends Mr. Tetsuji Yamanishi as a candidate for Director <p>Mr. Tetsuji Yamanishi has experience in accounting and finance in the Company's domestic and overseas business, and currently serves as Representative Director, Chief Compliance Officer and the head of the Finance and Accounting Department. The Company believes that Mr. Yamanishi can continuously fulfil the expected role in decisions on important matters and supervision of business execution at the Board of Directors of the Company by utilizing his experience and insight as well as his high level of expertise and capabilities which he has accumulated in the Company's financial and managerial administrative aspect on a global basis, and requests that the shareholders elect him as a Director of the Company.</p>			

Candidate No. 3	Makoto Sumita (Date of Birth: Jan. 6, 1954)	<ul style="list-style-type: none"> ➤ Candidate for reelection ➤ Number of Shares of the Company Owned: 0 shares ➤ Attendance at Meetings of the Board of Directors during Fiscal 2019: 13 of the 13 meetings 	
Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts			
Apr. 1980 Jun. 1996 Apr. 2005 Jun. 2005 Apr. 2007 Jun. 2011	Entered Nomura Research Institute, Ltd. Director of INNOTECH CORPORATION Executive Vice President & Representative Director of the said company Director of IT Access Co., Ltd. President & CEO of INNOTECH CORPORATION Outside Audit & Supervisory Board Member of the Company	Apr. 2013 Jun. 2013 Feb. 2015 Jun. 2018	Chairman & CEO of INNOTECH CORPORATION Resigned as Outside Audit & Supervisory Board Member of the Company Outside Director of the Company Chairman & CEO of INNOTECH FRONTIER, Inc. Chairman & Director of INNOTECH CORPORATION (present post) Chairman & Director of the Company (present post)
[Situation regarding Significant Concurrent Posts] Chairman & Director of INNOTECH CORPORATION			
<ul style="list-style-type: none"> ➤ The reasons why the Company recommends Mr. Makoto Sumita as a candidate for Director Mr. Makoto Sumita has a broad perspective as well as an abundance of experience and knowledge in management as a manager of operating companies. Also, he has been working on strengthening corporate governance as Chairman & Director of the Company since 2018 after serving as an Outside Audit & Supervisory Board Member and Outside Director of the Company from 2011 to 2018. The Company believes that Mr. Sumita can continuously fulfil the expected role in decisions on important matters and supervision of business execution at the Board of Directors of the Company by utilizing his experience and insight, and requests that the shareholders elect him as a Director of the Company. ➤ Other Mr. Makoto Sumita currently serves as the Chairman of the Corporate Governance Committee. 			

Candidate No. 4	Seiji Osaka (Date of Birth: Oct. 28, 1958)	<ul style="list-style-type: none"> ➤ Candidate for reelection ➤ Number of Shares of the Company Owned: 2,000 shares ➤ Attendance at Meetings of the Board of Directors during Fiscal 2019: 13 of the 13 meetings
Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts		
Apr. 1982 Apr. 2003 Jun. 2009 May 2011 Jun. 2012	Entered the Company Senior Manager of Corporate Planning Dept. of the Company Corporate Officer of the Company General Manager of Corporate Planning Dept. of Corporate Strategy Group of the Company General Manager of Corporate Planning Group of the Company General Manager of Corporate Planning Dept. of Corporate Planning Group of the Company Senior Vice President of the Company Senior Executive Vice President & COO of TDK-EPC Corporation	Apr. 2015 Apr. 2017 Jun. 2017 General Manager of Electronic Components Sales & Marketing Group of the Company General Manager of ICT Group of Electronic Components Sales & Marketing Group of the Company General Manager of Corporate Strategy HQ of the Company (present post) In charge of Human Resources Executive Vice President & Director of the Company (present post) Outside Director of Tabuchi Electric Co., Ltd.
<ul style="list-style-type: none"> ➤ The reasons why the Company recommends Mr. Seiji Osaka as a candidate for Director <p>After working at the operating and sales departments, Mr. Seiji Osaka is currently working on the preparation and implementation of the Company's business strategies as the head of the department responsible for corporate planning, corporate communications and the Board of Directors Office. The Company believes that Mr. Osaka can continuously fulfil the expected role in decisions on important matters and supervision of business execution at the Board of Directors of the Company by utilizing his experience and insight, and requests that the shareholders elect him as a Director of the Company.</p>		

Candidate No. 5	Kazumasa Yoshida (Date of Birth: Aug. 20, 1958)	<ul style="list-style-type: none"> ➤ Candidate for reelection ➤ Outside Director ➤ Independent Director ➤ Number of Shares of the Company Owned: 0 shares ➤ Attendance at Meetings of the Board of Directors during Fiscal 2019: 12 of the 13 meetings ➤ Term of office as Outside Director: Five (5) years as of the closing of this Ordinary General Meeting of Shareholders
Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts		
<p>Oct. 1984 Oct. 1999 Mar. 2000 May 2002 Jun. 2003 Dec. 2004</p>	<p>Entered Intel Corporation Manager of Technology/OEM Alliance Business Strategy of Enterprise Service Group of the said company General Manager of Communication Product Group of Intel K.K. General Manager of Intel Architecture Business of the said company Representative Director and President of the said company Vice President of Sales and Marketing Group of Intel Corporation</p>	<p>Jun. 2012 Feb. 2013 Jun. 2013 Oct. 2013 Jun. 2014 Jun. 2015 Jul. 2016</p> <p>Outside Director of Onkyo Corporation (present post) Outside Director of Gibson Brands, Inc. Outside Director of CYBERDYNE, INC. (present post) Advisor of Intel K.K. Outside Director of the Company (present post) Outside Director of Mamezou Holdings Co., Ltd. (present post) Outside Director of FreeBit Co., Ltd. (present post)</p>
<p>[Situation regarding Significant Concurrent Posts] Outside Director of Onkyo Corporation Outside Director of CYBERDYNE, INC. Outside Director of Mamezou Holdings Co., Ltd. Outside Director of FreeBit Co., Ltd.</p>		
<p>【Candidate for Outside Director】</p> <ul style="list-style-type: none"> ➤ The reasons why the Company recommends Mr. Kazumasa Yoshida as a candidate for Outside Director <p>Mr. Kazumasa Yoshida has an abundance of experience and knowledge concerning the management of companies related to the electronics industry, global business and consumer business as well as a broad perspective. The Company believes that he is capable of giving advice and recommendations to ensure the legality and appropriateness of decision-making of the Board of Directors of the Company, and requests that the shareholders elect him as an Outside Director of the Company.</p> <ul style="list-style-type: none"> ➤ Independent Director (as such term defined in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.; the same applies hereinafter) <p>Mr. Kazumasa Yoshida is currently an Independent Director. In the event that the proposal of his election in this Item is approved by this Ordinary General Meeting of Shareholders and he becomes an Outside Director, he will continue to be an Independent Director.</p> <ul style="list-style-type: none"> ➤ Other <p>Mr. Kazumasa Yoshida currently serves both as the Chairman of the Compensation Advisory Committee and a member of the Nomination Advisory Committee.</p>		

Candidate No. 6	Kazuhiko Ishimura (Date of Birth: Sept. 18, 1954)	<ul style="list-style-type: none"> ➤ Candidate for reelection ➤ Outside Director ➤ Independent Director ➤ Number of Shares of the Company Owned: 0 shares ➤ Attendance at Meetings of the Board of Directors during Fiscal 2019: 13 of the 13 meetings ➤ Term of office as Outside Director: Four (4) years as of the closing of this Ordinary General Meeting of Shareholders 	
Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts			
Apr. 1979 Jan. 2006 Jan. 2007 Mar. 2008 Jan. 2010	Entered Asahi Glass Co., Ltd. (currently AGC Inc.) Executive Officer and GM of Kansai Plant of the said company Senior Executive Officer and GM of Electronics & Energy General Division of the said company President & COO & Representative Director of the said company President & CEO & Representative Director of the said company	Jan. 2015 Jun. 2015 Jun. 2017 Jan. 2018 Jun. 2018	Chairman & Representative Director of the said company Outside Director of the Company (present post) Outside Director of IHI Corporation (present post) Chairman & Director of Asahi Glass Co., Ltd. (currently AGC Inc.) (present post) Outside Director of Nomura Holdings, Inc. (present post)
<p>[Situation regarding Significant Concurrent Posts] Chairman & Director of AGC Inc. Outside Director of IHI Corporation Outside Director of Nomura Holdings, Inc.</p>			
<p>【Candidate for Outside Director】</p> <p>➤ The reasons why the Company recommends Mr. Kazuhiko Ishimura as a candidate for Outside Director</p> <p>Mr. Kazuhiko Ishimura has an abundance of experience and advanced, specialized knowledge regarding business management as well as a broad perspective. The Company believes that he is capable of giving advice and recommendations to ensure the legality and appropriateness of decision-making of the Board of Directors of the Company, and requests that the shareholders elect him as an Outside Director of the Company.</p> <p>Although the Company has a business relationship with AGC Inc., where Mr. Kazuhiko Ishimura is a Director, the transacted amount is so small for both entities that such business relationship is not a significant relationship; in the fiscal year ended March 31, 2019, the ratio of sales of TDK Group ("TDK") to the AGC Group represented less than 1% of the consolidated net sales of TDK.</p> <p>Also, although the Company has a business relationship with IHI Corporation, where Mr. Kazuhiko Ishimura is an Outside Director, the transacted amount is so small for both entities that such business relationship is not a significant relationship; in the fiscal year ended March 31, 2019, the ratio of sales of the IHI Group to TDK represented less than 1% of the consolidated net sales of the IHI Group.</p> <p>In addition, although the Company has a business relationship with Nomura Holdings, Inc., where Mr. Kazuhiko Ishimura is an Outside Director, the transacted amount is so small for both entities that such business relationship is not a significant relationship; in the fiscal year ended March 31, 2019, the ratio of revenue received from TDK represented less than 1% of the net revenue (following deduction of financial expenses) (equivalent to consolidated net sales) of the Nomura Holdings Group.</p> <p>➤ Independent Director</p> <p>Mr. Kazuhiko Ishimura is currently an Independent Director. In the event that the proposal of his election in this Item is approved by this Ordinary General Meeting of Shareholders and he becomes an Outside Director, he will continue to be an Independent Director.</p>			

➤ Other

Mr. Kazuhiko Ishimura currently serves both as a member of the Nomination Advisory Committee and a member of the Compensation Advisory Committee.

Candidate No. 7	<p>Kazunori Yagi (Date of Birth: Apr. 1, 1949)</p>	<ul style="list-style-type: none"> ➤ Candidate for reelection ➤ Outside Director ➤ Independent Director ➤ Number of Shares of the Company Owned: 0 shares ➤ Attendance at Meetings of the Board of Directors during Fiscal 2019: 10 of the 10 meetings since his appointment as Director in June 2018 ➤ Term of office as Outside Director: One (1) year as of the closing of this Ordinary General Meeting of Shareholders (Total term of office including Outside Audit & Supervisory Board Member is six (6) years.)
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Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts

Apr. 1972	Entered Yokogawa Electric Works Ltd. (currently Yokogawa Electric Corporation)	Jul. 2005	Director, Executive Vice President and General Manager of Management Administration Headquarters of the said company
Oct. 1999	Vice President (Officer) and General Manager of Finance & Business Planning, in charge of Corporate Marketing of the said company	Jun. 2011	Advisor to the said company, Outside Audit & Supervisory Board Member of Yokogawa Bridge Holdings Corp. (present post)
Apr. 2001	Senior Vice President and General Manager of Finance & Business Planning of the said company	Jun. 2012	Outside Director of JSR Corporation
Jun. 2001	Director, Senior Vice President and General Manager of Finance & Business Planning of the said company	Jun. 2013	Outside Audit & Supervisory Board Member of the Company
Jul. 2002	Director, Executive Vice President and General Manager of Finance & Business Planning of the said company	Mar. 2014	Outside Director of OYO Corporation
		Jun. 2017	Outside Audit & Supervisory Board Member of Sojitz Corporation (present post)
		Jun. 2018	Resigned as Outside Audit & Supervisory Board Member of the Company Outside Director of the Company (present post)

[Situation regarding Significant Concurrent Posts]

Outside Audit & Supervisory Board Member of Yokogawa Bridge Holdings Corp.
Outside Audit & Supervisory Board Member of Sojitz Corporation

【Candidate for Outside Director】

➤ The reasons why the Company recommends Mr. Kazunori Yagi as a candidate for Outside Director

Mr. Kazunori Yagi has an abundance of experience and knowledge concerning management of companies related to the electronics industry and has knowledge and insight into finance and accounting. The Company believes that he is capable of giving advice and recommendations to ensure the legality and appropriateness of decision-making of the Board of Directors of the Company, and requests that the shareholders elect him as an Outside Director of the Company.

➤ Independent Director

Mr. Kazunori Yagi is currently an Independent Director. In the event that the proposal of his election in this Item is approved by this Ordinary General Meeting of Shareholders and he becomes an Outside Director, he will continue to be an Independent Director.

➤ Other

Mr. Kazunori Yagi currently serves as the Chair of the Board of Directors, the Chairman of the Nomination Advisory Committee and a member of the Compensation Advisory Committee.

- Notes:
1. None of the above seven (7) candidates have any special interest in the Company.
 2. The Company entered into contracts with each of the current Outside Directors pursuant to Article 427 paragraph 1 of the Companies Act of Japan to limit the liabilities of each such Outside Director to the Company under Article 423 paragraph 1 of the same Act to the amount set forth in each such contract, which shall be equal to the Minimum Liability Amount as provided for in Article 425 paragraph 1 of the same Act.
In the event that the proposal of election of Messrs. Kazumasa Yoshida, Kazuhiko Ishimura and Kazunori Yagi in this Item is approved by this Ordinary General Meeting of Shareholders and they become Outside Directors, such contracts will continue to be in effect.
 3. IHI Corporation, where Mr. Kazuhiko Ishimura has been serving as an Outside Director since June 2017, received an order from the Ministry of Economy, Trade and Industry of Japan to carry out operations in accordance with the repair methods for aero engines that are approved under the Aircraft Manufacturing Industry Act of Japan in March 2019, and also received a business improvement order from the Ministry of Land, Infrastructure, Transport and Tourism of Japan under the Civil Aeronautics Act of Japan in April 2019, in connection with its Civil Aero Engine Maintenance Business.
Although Mr. Kazuhiko Ishimura was not aware of the said fact until it came to light, he had made recommendations in light of compliance at the Board of Directors meetings and in other occasions, and after such fact became known, has performed his duties as an Outside Director by, for example, requesting a thorough investigation and reliable implementation of measures to prevent reoccurrence.
 4. The matters concerning Outside Directors (principal activities) in the fiscal year under review are set forth from page 36 through page 37 of the Business Report.

Third Item: Election of Five (5) Audit & Supervisory Board Members

Each of the four (4) Audit & Supervisory Board Members' terms of office will expire at the closing of this Ordinary General Meeting of Shareholders. Also, Mr. Kazunori Yagi resigned as an Audit & Supervisory Board Member when he was elected as a Director at the 122nd Ordinary General Meeting of Shareholders held on June 28, 2018. Accordingly, you are requested to elect five (5) Audit & Supervisory Board Members (including three (3) Outside Audit & Supervisory Board Members).

The Company has obtained the Audit & Supervisory Board's consent regarding this Item. The Audit & Supervisory Board Member candidates are as follows:

Candidate No.	Name		
1	Satoru Sueki	New Candidate	
2	Takakazu Momozuka	New Candidate	
3	Jun Ishii	New Candidate	
		Outside Audit & Supervisory Board Member	Independent Audit & Supervisory Board Member
4	Douglas K. Freeman	New Candidate	
		Outside Audit & Supervisory Board Member	Independent Audit & Supervisory Board Member
5	Michiko Chiba	New Candidate	
		Outside Audit & Supervisory Board Member	Independent Audit & Supervisory Board Member

Candidate No. 1	Satoru Sueki (Date of Birth: Jul. 1, 1958)	➤ New Candidate ➤ Number of Shares of the Company Owned: 2,883 shares	
Profile and Position at the Company, and Situation regarding Significant Concurrent Posts			
Mar. 1984 Apr. 2005	Entered the Company Leader, Thin Film Device Product Group, Thin Film Device Division, Data Storage & Thin Film Technology Components Business Group of the Company	Apr. 2013	General Manager, Quality Assurance Group, Manufacturing HQ of the Company General Manager, Humidifier Recall Office, Humidifier Countermeasures HQ of the Company
Apr. 2006	Project Leader, Thin Film Product Project, Technology Group of the Company	Jun. 2014	Corporate Officer of the Company General Manager, Quality Assurance Group of the Company
Apr. 2009	Deputy General Manager, Device Development Center, Technology Group of the Company	Apr. 2017	General Manager, Quality Assurance HQ of the Company
Jun. 2010	General Manager, Quality Assurance Department of the Company	Mar. 2019	Retirement of Corporate Officer of the Company
➤ The reasons why the Company recommends Mr. Satoru Sueki as a candidate for Audit & Supervisory Board Member Mr. Satoru Sueki has an abundance of knowledge about overall management based on his experience as a Corporate Officer and the head of the quality assurance department. The Company expects him to conduct highly effective audit mainly on the technological aspect and proper audit on overall management by utilizing these experiences and knowledge. The Company believes that he can perform the duties of Audit & Supervisory Board Member of the Company appropriately, and requests that the shareholders elect him as an Audit & Supervisory Board Member of the Company.			

Candidate No. 2	Takakazu Momozuka (Date of Birth: Nov. 3, 1958)	➤ New Candidate ➤ Number of Shares of the Company Owned: 2,000 shares	
Profile and Position at the Company, and Situation regarding Significant Concurrent Posts			
Apr. 1982	Entered the Company	Jun. 2016	Deputy General Manager, Corporate Administration HQ of the Company
Apr. 2005	Senior Manager, Finance & Accounting Department, Administration Group of the Company		General Manager, General Affairs Group, Corporate Administration HQ of the Company
Jun. 2008	General Manager, Finance & Accounting Department, Administration Group of the Company	Oct. 2016	Chief Compliance Officer of the Company
Jun. 2011	Corporate Officer of the Company	Apr. 2017	General Manager, Compliance HQ of the Company
Jun. 2013	In charge of Finance & Accounting and BPR Project of the Company	Apr. 2017	General Manager, Legal & Compliance HQ of the Company
Apr. 2015	General Manager, Corporate Administration HQ of the Company In charge of Management System and BPR Project of the Company	Mar. 2019	Retirement of Corporate Officer of the Company
➤ The reasons why the Company recommends Mr. Takakazu Momozuka as a candidate for Audit & Supervisory Board Member Mr. Takakazu Momozuka has an abundance of knowledge in overall management based on his experience as a Corporate Officer, Chief Compliance Officer and the head of the finance & accounting department. The Company expects him to conduct highly effective audit mainly on the compliance and finance and accounting aspects and proper audit on overall management by utilizing these experiences and knowledge. The Company believes that he can perform the duties of Audit & Supervisory Board Member of the Company appropriately, and requests that the shareholders elect him as an Audit & Supervisory Board Member of the Company.			

Candidate No. 3	Jun Ishii (Date of Birth: Mar. 24, 1956)	<ul style="list-style-type: none"> ➤ New Candidate ➤ Outside Audit & Supervisory Board Member ➤ Independent Audit & Supervisory Board Member ➤ Number of Shares of the Company Owned: 0 shares
Profile and Position at the Company, and Situation regarding Significant Concurrent Posts		
<p>Apr. 1979</p> <p>Apr. 2007</p> <p>Apr. 2012</p> <p>Jun. 2014</p> <p>Apr. 2015</p>	<p>Entered Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)</p> <p>Executive Officer of the said company</p> <p>Managing Executive Officer of the said company</p> <p>Managing Director of the said company</p> <p>In charge of Human Resources, General Affairs, Social Relations, Legal Affairs, Fair Business, Corporate Governance, Risk Management, Facility Management, Corporate Sport Promotion and Executive Support Office; and</p> <p>Director, Risk & Governance Management Division, Of the said company</p>	<p>Jun. 2017</p> <p>Apr. 2018</p> <p>Director, Managing Executive Officer, Chief Risk Management Officer (CRO), and Chief Compliance Officer (CCO);</p> <p>In charge of Corporate Governance; Director, Risk & Governance Management Division; and</p> <p>In charge of General Affairs, Social Relations, Facility Management and Executive Support Office, Of the said company</p> <p>Director of the said company (Retired in Jun. 2018)</p>
<p>【Candidate for Outside Audit & Supervisory Board Member】</p> <p>➤ The reasons why the Company recommends Mr. Jun Ishii as a candidate for Outside Audit & Supervisory Board Member</p> <p>Mr. Jun Ishii has an abundance of experience and knowledge in group governance, risk management, etc. of an international electronics company. The Company believes that he can perform the duties of Audit & Supervisory Board Member of the Company appropriately and contribute to the improvement of auditing quality, and requests that the shareholders elect him as an Outside Audit & Supervisory Board Member of the Company.</p> <p>Although the Company has a business relationship with Panasonic Corporation, where Mr. Jun Ishii was a Director from June 2014 to June 2018, the transacted amount is so small for both entities that such business relationship is not a significant relationship; in the fiscal year ended March 31, 2019, the ratio of sales of TDK to the Panasonic Group represented less than 1% of the consolidated net sales of TDK and the ratio of sales of the Panasonic Group to TDK represented less than 1% of the consolidated net sales of the Panasonic Group.</p> <p>➤ Independent Audit & Supervisory Board Member (as such term defined in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.; the same applies hereinafter)</p> <p>In the event that the proposal of his election in this Item is approved by this Ordinary General Meeting of Shareholders and he becomes an Outside Audit & Supervisory Board Member, he will be an Independent Audit & Supervisory Board Member.</p>		

Candidate No. 4	Douglas K. Freeman (Date of Birth: May 23, 1966)		<ul style="list-style-type: none"> ➤ New Candidate ➤ Outside Audit & Supervisory Board Member ➤ Independent Audit & Supervisory Board Member ➤ Number of Shares of the Company Owned: 0 shares
Profile and Position at the Company, and Situation regarding Significant Concurrent Posts			
<p>Apr. 1990</p> <p>Apr. 1996</p> <p>Jun. 1997</p> <p>Sep. 2002</p>	<p>Entered Goldman Sachs Japan Co., Ltd.</p> <p>Registered as lawyer in Japan Joined Mitsui, Yasuda, Wani & Maeda</p> <p>Joined Hamada Law Offices</p> <p>Registered as lawyer in New York, the United States of America Joined Sullivan & Cromwell LLP</p>	<p>Sep. 2007</p> <p>Feb. 2016</p> <p>Apr. 2019</p>	<p>Principal of Law Offices of Douglas K. Freeman (present post)</p> <p>Outside Director of U-Shin Ltd. (present post)</p> <p>Professor of Keio University Law School (present post)</p>
<p>[Situation regarding Significant Concurrent Posts]</p> <p>Principal of Law Offices of Douglas K. Freeman</p> <p>Outside Director of U-Shin Ltd.</p>			
<p>【Candidate for Outside Audit & Supervisory Board Member】</p> <p>➤ The reasons why the Company recommends Mr. Douglas K. Freeman as a candidate for Outside Audit & Supervisory Board Member</p> <p>Mr. Douglas K. Freeman, as a lawyer, has specialized knowledge in law and an abundance of experience in international corporate legal affairs.</p> <p>Although Mr. Douglas K. Freeman does not have the experience of being involved in business management other than as an Outside Director, the Company believes that he can perform the duties of Audit & Supervisory Board Member of the Company appropriately and contribute to the improvement of auditing quality for the above reasons, and requests that the shareholders elect him as an Outside Audit & Supervisory Board Member of the Company.</p> <p>The Company has no business relationship with Law Offices of Douglas K. Freeman, where Mr. Douglas K. Freeman is Principal.</p> <p>➤ Independent Audit & Supervisory Board Member</p> <p>In the event that the proposal of his election in this Item is approved by this Ordinary General Meeting of Shareholders and he becomes an Outside Audit & Supervisory Board Member, he will be an Independent Audit & Supervisory Board Member.</p>			

Candidate No. 5	Michiko Chiba (Date of Birth: Jun. 27, 1961)	<ul style="list-style-type: none"> ➤ New Candidate ➤ Outside Audit & Supervisory Board Member ➤ Independent Audit & Supervisory Board Member ➤ Number of Shares of the Company Owned: 0 shares 	
Profile and Position at the Company, and Situation regarding Significant Concurrent Posts			
Apr. 1984	Entered Tokyo Metropolitan Government	Sep. 2016	Principal of Chiba Certified Public Accountant Office (present post)
Oct. 1989	Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)	Jun. 2018	Outside Audit & Supervisory Board Member of CASIO COMPUTER CO., LTD. (present post)
Mar. 1993	Registered as certified public accountant in Japan	Mar. 2019	Outside Audit & Supervisory Board Member of DIC Corporation (present post)
Jul. 2010	Senior Partner, Ernst & Young ShinNihon LLC		
[Situation regarding Significant Concurrent Posts] Principal of Chiba Certified Public Accountant Office Outside Audit & Supervisory Board Member of CASIO COMPUTER CO., LTD. Outside Audit & Supervisory Board Member of DIC Corporation			
<p>【Candidate for Outside Audit & Supervisory Board Member】</p> <p>➤ The reasons why the Company recommends Ms. Michiko Chiba as a candidate for Outside Audit & Supervisory Board Member</p> <p>Ms. Michiko Chiba, as a certified public accountant, has specialized knowledge in finance and accounting and an abundance of experience in audit.</p> <p>Although Ms. Michiko Chiba does not have the experience of being involved in business management other than as an Outside Audit & Supervisory Board Member, the Company believes that she can perform the duties of Audit & Supervisory Board Member of the Company appropriately and contribute to the improvement of auditing quality for the above reasons, and requests that the shareholders elect her as an Outside Audit & Supervisory Board Member of the Company.</p> <p>The Company has no business relationship with Chiba Certified Public Accountant Office, where Ms. Michiko Chiba is Principal.</p> <p>Although the Company has a business relationship with CASIO COMPUTER CO., LTD., where Ms. Michiko Chiba is an Outside Audit & Supervisory Board Member, the transacted amount is so small for both entities that such business relationship is not a significant relationship; in the fiscal year ended March 31, 2019, the ratio of sales of TDK to the CASIO COMPUTER Group represented less than 1% of the consolidated net sales of TDK.</p> <p>➤ Independent Audit & Supervisory Board Member</p> <p>In the event that the proposal of her election in this Item is approved by this Ordinary General Meeting of Shareholders and she becomes an Outside Audit & Supervisory Board Member, she will be an Independent Audit & Supervisory Board Member.</p>			

Notes: 1. None of the above five (5) candidates have any special interest in the Company.

2. In the event that the proposal of election of Messrs. Satoru Sueki, Takakazu Momozuka, Jun Ishii and Douglas K. Freeman and Ms. Michiko Chiba in this Item is approved by this Ordinary General Meeting of Shareholders and they become Audit & Supervisory Board Members, the Company will enter into contracts with each of the Audit & Supervisory Board Members pursuant to Article 427 paragraph 1 of the Companies Act of Japan to limit the liabilities of each such Audit & Supervisory Board Member to the Company under Article 423 paragraph 1 of the same Act to the amount set forth in each such contract, which shall be equal to the Minimum Liability Amount as provided for in Article 425 paragraph 1 of the same Act.

3. Mr. Jun Ishii served as a Director of Panasonic Corporation from June 2014 to June 2018. Panasonic Corporation and one of its U.S. subsidiaries, Panasonic Avionics Corporation, entered into agreements with the United States Securities and Exchange Commission and the United States Department of Justice on the payment of penalty to the U.S. government and various measures to improve compliance in May 2018 in connection with certain contracts with airline customers and the use of sales agents and consultants by the said U.S. subsidiary investigated due to suspected violations of the Foreign Corrupt Practices Act and other U.S. securities law.

Mr. Jun Ishii, as Chief Compliance Officer of Panasonic Corporation, had been promoting the enhancement of compliance system and performed his duties by addressing the clarification of facts and prevention of reoccurrence.

4. U-Shin Ltd., where Mr. Douglas K. Freeman has been serving as an Outside Director since February 2016, received a recommendation from the Japan Fair Trade Commission in accordance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors of Japan in November 2016. The said company had outsourced to certain subcontractors the manufacturing of certain auto parts, etc. which it sells and manufactures. In accordance with agreements prior to placement of order with a part of such subcontractors, the said company had been deducting certain amount from the amount of subcontract proceeds or making them pay certain amount. Such acts were determined to be in violation of Article 4 paragraph 1 item 3 (Prohibition on Reduction of Subcontract Proceeds) of the said Act.

Although Mr. Douglas K. Freeman was not aware of the said violation beforehand, he had made recommendations in light of compliance at the Board of Directors meetings and in other occasions, and after such violation became known, has performed his duties as an Outside Director by, for example, requesting a thorough investigation and reliable implementation of measures to prevent reoccurrence.

5. Four (4) of the above-mentioned five (5) candidates for Audit & Supervisory Board Members are male and one (1) is female.

《Reference 1》 Nomination Advisory Committee

The Company has in place a Nomination Advisory Committee as an advisory body to the Board of Directors which is chaired by an Independent Outside Director and of which the majority of the members are composed of Independent Outside Directors.

This Nomination Advisory Committee discusses the conditions expected with regard to nominations for the posts of Director, Audit & Supervisory Board Member and Corporate Officer and makes nominations. In this way it helps ensure the appropriateness of the elections of Directors, Audit & Supervisory Board Members and Corporate Officers, and the transparency of the decision-making process. In addition, the Nomination Advisory Committee discusses the independence of Outside Directors and Outside Audit & Supervisory Board Members.

All candidates in the Second and Third Items have been discussed by the Nomination Advisory Committee.

《Reference 2》 Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members

In order to secure the independence of the Outside Directors and Outside Audit & Supervisory Board Members it invites, the Company has established “items to be verified regarding independence” with reference to such criteria as Rule 436-2 of the Securities Listing Regulation regarding Securing Independent Directors/ Audit & Supervisory Board Members and Rule III. 5. (3)-2 of Guidelines Concerning Listed Company Compliance, both of which are stipulated by Tokyo Stock Exchange, Inc. The outline of these items is as follows.

【Items to be verified regarding independence】

- (1) In cases where the relevant Outside Director/Audit & Supervisory Board Member has a business relationship with the Company

An Outside Director/Audit & Supervisory Board Member shall be judged not to be independent if they are at present, or have been during the past five years, a party with a business relationship with the Company as described in (i) below, or a person who executes business for such a party, or if (ii) below applies to them.

(i) Where it is recognized, objectively and reasonably, that such business relationship is necessary for, or has a substantial influence on, the continued operation of TDK or the other party to such business relationship (where there is a high degree of dependence in the relationship, where the relationship is the source of 2% or more of consolidated net sales, or where the other party to the relationship receives money or other assets from TDK other than remuneration for officers)

(ii) Where it is recognized within TDK that the relevant Outside Director/Audit & Supervisory Board Member is involved in a business relationship with the other party to such business relationship

(2) In cases where the relevant Outside Director/Audit & Supervisory Board Member is a consultant, an accounting professional or a law professional

An Outside Director/Audit & Supervisory Board Member shall be judged not to be independent if any of the following cases apply to such person at present or have applied to such person during the past five years.

(i) Where it is recognized, objectively and reasonably, that the relevant Outside Director/Audit & Supervisory Board Member (including candidates for such position; the same shall apply hereinafter) cannot perform duties as an Independent Director/Audit & Supervisory Board Member because they receive money or other assets from TDK other than remuneration for officers (where there is a high degree of dependence)

(ii) Where it is recognized, objectively and reasonably, that the relevant Outside Director/Audit & Supervisory Board Member cannot perform duties as an Independent Director/Audit & Supervisory Board Member because an organization to which such person belongs (hereinafter the "Relevant Organization") receives money or other assets from TDK other than remuneration for officers (where this income is equivalent to 2% or more of total consolidated net sales)

(iii) Where TDK has a high degree of dependence on a professional or a Relevant Organization, such as a case where services, etc., rendered by such parties are essential to the corporate management of TDK or it would be difficult to find an alternative provider of the same services, etc.

(iv) Where it is recognized within TDK that the relevant Outside Director/Audit & Supervisory Board Member is involved in the services, etc., provided by the Relevant Organization

(3) In the case of a close relative of the relevant Outside Director/Audit & Supervisory Board Member

An Outside Director/Audit & Supervisory Board Member shall be judged not to be independent if either of the following cases apply to their close relative at present or have applied to them during the past five years.

(i) A person to whom (1) or (2) above applies (except persons without material significance)

(ii) A person who executes business for the Company or a subsidiary of the Company (except persons without material significance)

End

**(Documents Attached to the Notice of Convocation
of the Ordinary General Meeting of Shareholders)**

Attached Document (1)

BUSINESS REPORT

(From: April 1, 2018)
(To: March 31, 2019)

1. Business Conditions

(1) Business Conditions and Results of TDK Group ("TDK")

In the fiscal year ended March 31, 2019 ("Fiscal 2019"), the global economy was generally solid, supported by consumption, production, and exports through the first half of the fiscal year. However, a deceleration in the Chinese economy became stronger due to the intensification of trade friction between the U.S. and China in the second half. The economies of the U.S., Europe, and Japan have maintained a gradual pace of recovery, but these economies will be unable to avoid impacts due to aforementioned deceleration in China and political issues in Europe. Accordingly, the outlook has become increasingly uncertain.

Looking at the electronics market, which has a large bearing on the consolidated performance of TDK, the automotive market saw a year-on-year decrease in automobile sales volume due to the impact of factors such as a pronounced downturn in sales in the Chinese market and the introduction of the Worldwide harmonized Light vehicle Test Procedure (WLTP). However, the number of components installed per vehicle has continued to increase in step with advances in the electrification of automobiles. In the Information and Communications Technology (ICT) market, production volume of smartphones slightly decreased compared to the previous fiscal year due to factors including lengthening the cycle of purchasing new smartphones. In addition, production of Hard Disk Drives (HDDs) for data center applications increased, while production of HDDs as a whole decreased year on year.

As a result, consolidated operating results for the Company for Fiscal 2019 were as follows.

(¥ in millions)

	Fiscal 2018	Fiscal 2019	YoY Change
Net sales	1,271,747	1,381,806	8.7%
Operating income	89,692	107,823	20.2%
Income before income taxes	89,811	115,554	28.7%
Net income attributable to the Company	63,463	82,205	29.5%
Net income attributable to the Company / Basic per common share (¥)	502.80	651.02	148.22

Note: Results for Fiscal 2018 are reclassified due to adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postrequirement Benefit Cost". As a result of this reclassification, operating income increased by ¥4,059 million.

(2) Segment Information of TDK

TDK's net sales are made up of four reporting segments—"Passive Components" (Capacitors, Inductive Devices, etc.), "Sensor Application Products", "Magnetic Application Products", and "Energy Application Products", as well as "other" that are not included in any of these four reporting segments. Net sales by business section in each segment were as follows:

[Consolidated]

(¥ in millions)

Business Section	Main Applications	Net Sales	Share of Sales (%)	YoY Change (%)
Capacitors	Communications, AV, office automation and other types of equipment, automobiles and industrial equipment, etc.	173,331	12.6	10.4
Inductive Devices		158,639	11.5	0.7
Other Passive Components		101,436	7.3	-1.7
Passive Components		433,406	31.4	3.7
Sensor Application Products	Automobiles, industrial and communications equipment, etc.	76,467	5.5	-1.1
Magnetic Application Products	PCs and PC peripherals, automobiles and industrial equipment, etc.	272,807	19.7	-1.7
Energy Application Products	Communications equipment, PCs, industrial equipment and automobiles, etc.	537,502	38.9	21.4
Other	Communications and industrial equipment, etc.	61,624	4.5	9.5
Consolidated total		1,381,806	100.0	8.7
Incl. Overseas sales		1,268,437	91.8	9.5

Note: In accordance with the reorganization, “Energy Application Products” segment was newly established. Certain products of Other Passive Components in “Passive Components” were reclassified into “Other,” and certain products of “Other” were reclassified into Other Passive Components in “Passive Components,” and certain products of “Sensor Application Products” were reclassified into “Other” at the start of Fiscal 2019. The calculations of comparisons against the previous fiscal year are based on the sales of the previous fiscal year reclassified to conform to the new segmentation.

[Passive Components Segment]

This segment is made up of (1) Capacitors, (2) Inductive Devices, and (3) Other Passive Components. Consolidated net segment sales were ¥433,406 million, up 3.7% year on year from ¥417,757 million.

The Capacitors business is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Consolidated net sales in the Capacitors business were ¥173,331 million, up 10.4% year on year from ¥156,990 million. Sales of Ceramic Capacitors increased mainly to the automotive market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors increased to the automotive and the industrial equipment markets.

Consolidated net sales of Inductive Devices business increased by 0.7% year on year from ¥157,529 million to ¥158,639 million. Sales increased to the automotive and the ICT markets, while decreased to the industrial equipment market.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products and Circuit Protection Components. Consolidated net sales of Other Passive Components decreased by 1.7% year on year from ¥103,238 million to ¥101,436 million. Sales decreased mainly to the ICT market.

[Sensor Application Products Segment]

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors and MEMS Sensors. Consolidated net segment sales decreased by 1.1% year on year from ¥77,355 million to ¥76,467 million.

Sales increased to the automotive market, while decreased to the ICT and the industrial equipment markets.

[Magnetic Application Products Segment]

This segment is made up of HDD Heads, HDD Suspension Assemblies, and Magnets. Consolidated net segment sales decreased by 1.7% year on year, from ¥277,548 million to ¥272,807 million.

Sales of HDD Heads and HDD Suspension Assemblies decreased to the ICT market. Sales of Magnets decreased to the industrial equipment market.

[Energy Application Products Segment]

This segment is made up of Energy Devices (Rechargeable Batteries) and Power Supplies. Consolidated net segment sales increased by 21.4% from ¥442,822 million to ¥537,502 million.

Sales of Energy Devices increased significantly to the ICT market.

[Other]

Other includes Mechatronics (Production Equipment) and Others. Consolidated net segment sales increased by 9.5% from ¥56,265 million to ¥61,624 million.

(3) Capital Expenditures of TDK

TDK invested ¥173,592 million in capital expenditures in Fiscal 2019, down 2.8% year on year, in order to provide an accurate response to fast-paced technological innovation and escalating sales competition in the electronics market. Capital expenditures in the previous fiscal year were ¥178,612 million.

Main capital expenditures included expenditures for equipment to increase production and raise production efficiency of Rechargeable Batteries; equipment to increase production and raise production efficiency of Ceramic Capacitors and Inductive Devices; and equipment for producing next-generation HDD Heads with higher areal density and Micro Actuator Suspension Assemblies. In Fiscal 2019, TDK executed capital expenditures in the aforementioned core business operations.

(4) Research and Development of TDK

The expenditure for R&D activities in Fiscal 2019 was ¥115,155 million, up 12.2% from ¥102,641 million in Fiscal 2018. TDK invested in R&D to respond to the diversifying electronics market by strengthening and expanding new product development on an ongoing basis.

Based on a technology strategy of grasping market changes, TDK is focusing on developing products where future growth is promising. Especially with Sensors, which are a vital device for the IoT (Internet of Things) era, TDK aims to offer solutions combining sensor technology and software.

Further, TDK has built a four-base system for global R&D (Japan, Americas, Europe, and Asia), and is developing products in collaboration with R&D organizations and leading companies around the world based on a first-to-market mindset.

(5) Fund Procurement of TDK

The balances of bonds and debt as of the end of Fiscal 2019 were as follows:

(¥ in millions)

Issue	Balance at March 31, 2019	Increase (Decrease) During FY2019
Bonds	—	-13,385
Short- and long-term debt	520,268	50,634
Total	520,268	37,249

Assumption of short-term and long-term debt is mainly decided by and carried out by the Company. The Company's main lenders as of March 31, 2019 are as follows:

(¥ in millions)

Lender	Amount
Resona Bank, Limited	102,636
Sumitomo Mitsui Banking Corporation	101,368
MUFG Bank, Ltd.	101,298
Sumitomo Mitsui Trust Bank, Limited	65,500
Mizuho Bank, Ltd.	65,099
Development Bank of Japan Inc.	35,000

(6) Assignment of Businesses or Acceptance of Assignment of Businesses of Other Companies, or Acquisition or Disposition of Shares, etc., of Other Companies

Not applicable.

(7) Assets and Earnings in the Last Four Fiscal Years

[Consolidated Results]

(¥ in millions)

Item \ Term	120 th (Apr. 1, 2015 to Mar. 31, 2016)	121 st (Apr. 1, 2016 to Mar. 31, 2017)	122 nd (Apr. 1, 2017 to Mar. 31, 2018)	123 rd (Apr. 1, 2018 to Mar. 31, 2019)
Net sales	1,152,255	1,178,257	1,271,747	1,381,806
Operating income	93,414	208,660	89,692	107,823
Net income attributable to the Company	64,828	145,099	63,463	82,205
Net income attributable to the Company / Basic per common share (¥)	514.23	1,150.16	502.80	651.02
Total assets	1,450,564	1,664,333	1,905,209	1,992,480
Total equity	684,633	802,118	831,232	883,756
Total stockholders' equity	675,361	793,614	824,634	877,290
Total stockholders' equity per share (¥)	5,354.79	6,288.55	6,532.01	6,946.70
Dividends per share (¥)	120.00	120.00	130.00	160.00
Return on Equity (ROE) (%)	9.2	19.8	7.8	9.7
Return on Assets (ROA) (%)	4.5	9.3	3.6	4.2
Dividend on Equity (DOE) (%)	2.1	2.1	2.0	2.4

Notes: 1. Net income attributable to the Company / Basic per common share and total stockholders' equity per share are computed based on the weighted average number of the issued shares and the number of issued shares as of the end of the relevant fiscal year, respectively, after deducting treasury stock.

2. The total cash dividend for the 123rd fiscal year is ¥160.00 per share, including a year-end dividend of ¥80.00 per share. The year-end dividend is scheduled for approval at the 123rd Ordinary General Meeting of Shareholders on June 27, 2019.

3. Figures for the 122nd fiscal year are reclassified due to adoption of FASB's ASU 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postrequirement Benefit Cost". As a result of this reclassification, operating income increased by ¥4,059 million.

(8) Pressing Issues

1) Medium- and Long-Term Management Strategy of TDK

TDK formulated and is implementing the three-year medium-term plan that began in Fiscal 2019. Under the plan, TDK aims to achieve sustainable growth and increase corporate value by refining the materials and process technologies it has cultivated and strengthening provision of solutions that respond to market needs. TDK will pursue a zero-defect quality strategy based on advanced technological capabilities, along with working to truly globalize its operations by speed-focused management.

The business environment revolving around electronics is moving toward a period of substantial change. Reformation is taking place, with an energy transformation with the shift from fossil fuels to renewable energy and a digital transformation with the permeation of digital technologies such

as IoT and AI in society. With these significant trends, the demand for electronic components will rapidly increase, and TDK will strive to increase sales by providing sought-after solutions in the market through its four main businesses: Passive Components, Sensor Application Products, Magnetic Application Products, and Energy Application Products. In addition to investing in the main businesses, TDK aims to enhance the Group's overall profitability and capital efficiency, while effectively investing in new product development and new businesses.

Furthermore, TDK's medium-term plan positions the improvement of the TDK's social value as one of its high-priority issues, not merely stopping at increase of sales and profit. Through sustainable corporate activities, the TDK seeks to realize growth and improve its social value by contributing to the resolution of various social issues on a global scale.

2) Pressing Issues of TDK

TDK anticipates an increase in demand for electrical components in the electronics market for the medium to long term. However, the market cannot avoid the short-term impacts on macroeconomics caused by U.S.-China trade friction, the slowdown of China's economy, and political risks in Europe such as Brexit (British exit from the European Union) that are intensifying a downward trend. In this business environment, TDK will strengthen the nature of its overall profitability by implementing measures to improve earnings that will not fluctuate with economic conditions, while planning for stable growth in core businesses through expansion of its customer and applications bases. TDK will also constantly conduct capital investment, striving to strengthen the competitiveness of its core businesses with a focus on medium- to long-term growth.

As the medium-term plan positions improving the TDK's social value as one of its high-priority issues, the Company has newly established the Sustainability Promotion HQ to bolster initiatives toward this goal. TDK aims to further growth by bolstering its business initiatives using the SDGs—the international development goals listed in “The 2030 Agenda for Sustainable Development” adopted UN summit in September 2015—as a framework, and contributes to society through sustainable business activities.

In its compliance structure, TDK appointed a Chief Compliance Officer to oversee the entire Group and has worked to develop a structure with the aim of further reinforcing compliance with laws and regulations in line with the Group's globalization. TDK is also working on strengthening its governance structure with the initiatives, etc of a Corporate Governance Committee established as an advisory body to the Board of Directors.

《Reference》 Consolidated forecasts for the fiscal year ending March 31, 2020 (as published on April 26, 2019)

(¥ in millions)

	Results for the fiscal year ending March 31, 2019	Forecasts for the fiscal year ending March 31, 2020	YoY Change
Net sales	1,381,806	1,420,000	2.8%
Operating income	107,823	120,000	11.3%
Income before income taxes	115,554	118,000	2.1%
Net income attributable to the Company	82,205	84,000	2.2%
Net income attributable to the Company / Basic per common share (¥)	651.02	665.14	14.12

(9) Principal Businesses of TDK

TDK is principally engaged in the manufacture and sale of electronic components. Main businesses in the four reporting segments and others which are not included in such four segments are as follows:

Segment	Main Businesses
Passive Components	Ceramic Capacitors, Aluminum Electrolytic Capacitors, Film Capacitors, Inductive Devices (Coils / Ferrite Cores / Transformers), High-Frequency Devices, Piezoelectric Material Products, Circuit Protection Components
Sensor Application Products	Temperature and Pressure Sensors, Magnetic Sensors, MEMS Sensors
Magnetic Application Products	HDD Heads, HDD Suspension Assemblies, Magnets
Energy Application Products	Energy Devices (Rechargeable Batteries), Power Supplies
Other	Mechatronics (Production Equipment), Others

(10) Major Business Offices and Plants of TDK

1) The Company

Type of Office	Locations
Head Office	2-5-1 Nihonbashi, Chuo-ku, Tokyo
Business Offices	Sendai, Matsumoto, Nagoya, Osaka, Fukuoka
Plants	Honjo Plant (Akita Pref.), Nikaho Plant (Akita Pref.), Inakura Plant (Akita Pref.), Narita Plant (Chiba Pref.), Kofu Plant (Yamanashi Pref.), Asama Techno Plant (Nagano Pref.), Chikumagawa Techno Plant (Nagano Pref.), Shizuoka Plant (Shizuoka Pref.), Mikumagawa Plant (Oita Pref.)
Research & Development	Ichikawa and Narita, Chiba Pref.

2) Subsidiaries

The “1) Status of Principal Subsidiaries” of “(11) Principal Subsidiaries” is as follows.

(11) Principal Subsidiaries

1) Status of Principal Subsidiaries

Name of Company	Capital	Percentage of Votes Held by the Company (%)	Outline of Principal Business
TDK-Lambda Corporation (Chuo-ku, Tokyo)	¥2,976 million	*100.0	Manufacture and sale of energy application products
TDK Akita Corporation (Yurihonjo-shi, Akita Pref.)	¥200 million	*100.0	Manufacture of passive components
TDK Shonai Corporation (Tsuruoka-shi, Yamagata Pref.)	¥110 million	*100.0	Manufacture of passive components
TDK China Co., Ltd. (Shanghai, China)	RMB260,973 thousand	100.0	Management and supervision of Chinese subsidiaries
TDK Hong Kong Company Limited (Hong Kong, China)	HK\$25,500 thousand	100.0	Manufacture and sale of passive components and magnetic application products
SAE Magnetics (Hong Kong) Limited (Hong Kong, China)	HK\$50 thousand	*100.0	Manufacture and sale of magnetic application products
TDK Xiamen Co., Ltd. (Xiamen, China)	RMB681,074 thousand	*100.0	Manufacture and sale of passive components
Amperex Technology Limited (Hong Kong, China)	US\$277,588 thousand	*99.5	Manufacture and sale of energy application products
TDK (Shanghai) International Trading Co., Ltd. (Shanghai, China)	RMB1,659 thousand	*100.0	Sale of passive components
TDK Taiwan Corporation (Taipei, Taiwan)	NT\$424,125 thousand	*95.4	Manufacture and sale of products classified in "Other"
Magnecomp Precision Technology Public Co., Ltd. (Ayutthaya, Thailand)	US\$96,333 thousand	99.8	Manufacture and sale of magnetic application products
TDK Singapore (Pte) Ltd. (Singapore)	US\$126 thousand	*100.0	Sale of passive components and magnetic application products
TDK U.S.A. Corporation (New York, U.S.A.)	US\$1,665,155 thousand	100.0	Management and supervision of U.S. subsidiaries
InvenSense Inc. (California, U.S.A.)	US\$1,475,072 thousand	*100.0	Manufacture and sale of sensor application products
TDK Corporation of America (Illinois, U.S.A.)	US\$3,800 thousand	*100.0	Sale of passive components
TDK Europe S.A. (Windhof, Luxembourg)	Euro 20,974 thousand	100.0	Management and supervision of European subsidiaries

Name of Company	Capital	Percentage of Votes Held by the Company (%)	Outline of Principal Business
TDK Electronics AG (Munich, Germany)	Euro 66,682 thousand	*100.0	Manufacture and sale of passive components
TDK Europe GmbH (Munich, Germany)	Euro 46,545 thousand	*100.0	Sale of passive components
TDK-Micronas GmbH (Freiburg, Germany)	Euro 500 thousand	*100.0	Manufacture and sale of sensor application products

Notes: 1. Capital and percentage of votes held by the Company have been rounded down to the nearest unit.

2. * denotes percentage of votes held by the Company including indirect holdings.

2) Business Combinations

Classification		No. of Companies	YoY Change
Consolidated subsidiaries	Domestic	13	-2 companies (-2 companies)
	Overseas	126	-1 company (+5 companies, -6 companies)
	Total	139	-3 companies (+5 companies, -8 companies)
Equity-method affiliates	Domestic	3	— (+1 company, -1 company)
	Overseas	4	-1 company (+1 company, -2 companies)
	Total	7	-1 company (+2 companies, -3 companies)

(12) Employees

Employees of TDK:

Number of Employees	Change from Preceding Fiscal Year
104,781	1,898

Note: The number of employees represents the number of employees who work in offices. Part-time employees are not included in the figure above.

2. Matters Concerning Shares of the Company

(1) Total Number of Shares Authorized to Be Issued by the Company

480,000,000 shares

(2) Total Number of Issued Shares

129,590,659 shares (inclusive of 3,301,841 shares of treasury stock)

(3) Number of Shareholders

22,455 shareholders (890 more than at March 31, 2018)

(4) Top 10 Largest Shareholders

Name of shareholder	Number of shares held (thousands of shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd.(Trust account)	26,573	21.04
Japan Trustee Services Bank, Ltd.(Trust account)	15,197	12.03
Trust & Custody Services Bank, Ltd.(Securities investment trust account)	3,381	2.68
JPMC OPPENHEIMER JASDEC LENDING ACCOUNT	2,853	2.26
Japan Trustee Services Bank, Ltd.(Trust account 9)	2,356	1.87
JP MORGAN CHASE BANK 380055	2,231	1.77
STATE STREET BANK WEST CLIENT - TREATY 505234	2,224	1.76
Japan Trustee Services Bank, Ltd.(Trust account 5)	2,052	1.62
JP MORGAN CHASE BANK 385151	1,852	1.47
Nippon Life Insurance Company	1,640	1.30

Notes: 1. The 3,301,841 shares of treasury stock were not considered when calculating the percentage of shares held.
2. Shares of treasury stock are not considered in the number of shares held by the largest shareholders above.

3. Matters Concerning Stock Acquisition Rights, Etc.

(1) Stock Acquisition Rights, Etc., Granted to the Company's Directors and Audit & Supervisory Board Members as of the End of the Fiscal Year Under Review in Consideration for the Performance of Their Duties

1) Stock-Linked Compensation Stock Acquisition Rights

Issue	Issue resolution date	Number of stock acquisition rights	Class and number of shares to be issued upon the exercise of stock acquisition rights	Amount to be paid for stock acquisition rights (issue price)	Exercise period of stock acquisition rights (both days inclusive)	Directors' and Audit & Supervisory Board Members' holdings	
						Directors	Audit & Supervisory Board Members
2005	June 29, 2005	26	2,600 shares of common stock	Free of charge	From July 1, 2005 to June 30, 2025	—	—
2008	May 28, 2008	17	1,700 shares of common stock	¥5,967 (fair value)	From July 6, 2008 to July 5, 2028	—	—
2009	May 27, 2009	125	12,500 shares of common stock	¥4,021 (fair value)	From July 5, 2009 to July 4, 2029	1 person, 3 rights	—
2010	May 26, 2010	144	14,400 shares of common stock	¥4,213 (fair value)	From July 4, 2010 to July 3, 2030	1 person, 14 rights	—
2011	May 25, 2011	225	22,500 shares of common stock	¥3,925 (fair value)	From July 3, 2011 to July 2, 2031	1 person, 18 rights	1 person 20 rights
2012	June 21, 2012	221	22,100 shares of common stock	¥2,770 (fair value)	From July 8, 2012 to July 7, 2032	1 person, 25 rights	1 person 19 rights
2013	June 19, 2013	223	22,300 shares of common stock	¥3,112 (fair value)	From July 7, 2013 to July 6, 2033	1 person, 24 rights	1 person 26 rights
2014	June 18, 2014	321	32,100 shares of common stock	¥4,136 (fair value)	From July 6, 2014 to July 5, 2034	1 person, 24 rights	1 person 26 rights
2015	July 31, 2015	545	54,500 shares of common stock	¥6,806 (fair value)	From August 23, 2015 to August 22, 2035	3 people, 103 rights	—
2016	June 17, 2016	400	40,000 shares of common stock	¥4,273 (fair value)	From July 10, 2016 to July 9, 2036	3 people, 126 rights	—
2017	June 16, 2017	244	24,400 shares of common stock	¥6,584 (fair value)	From July 9, 2017 to July 8, 2037	3 people, 58 rights	—
2018	March 23, 2018	898	89,800 shares of common stock	¥8,373 (fair value)	From April 8, 2018 to April 7, 2038	3 people, 286 rights	—
2018	June 20, 2018	24	2,400 shares of common stock	¥10,410 (fair value)	From July 8, 2018 to July 7, 2038	1 person, 24 rights	—

2) Stock Acquisition Rights

Issue	Issue resolution date	Number of stock acquisition rights	Class and number of shares to be issued upon the exercise of stock acquisition rights	Exercise price (per share)	Exercise period of stock acquisition rights (both days inclusive)	Directors' and Audit & Supervisory Board Members' holdings	
						Directors	Audit & Supervisory Board Members
12th	July 31, 2013	236	23,600 shares of common stock	¥3,836	From August 1, 2015 to July 31, 2019	—	—

Notes: 1. The exercise price of stock-linked compensation stock acquisition rights is ¥1 per share.

2. Stock acquisition rights are issued free of charge.

3. Stock acquisition rights have not been granted to Outside Directors and Audit & Supervisory Board Members.

4. Stock acquisition rights held by Directors include stock acquisition rights granted when they were Corporate Officers of the Company.

5. Stock acquisition rights held by an Audit & Supervisory Board Member were granted during appointment as a Director.

(Reference) Stock acquisition rights, etc., held by Directors, Audit & Supervisory Board Members, Corporate Officers and employees, etc., of the Company and its subsidiaries as of March 31, 2019

	Number of stock acquisition rights	Class and number of shares to be issued upon the exercise of stock acquisition rights	Percentage of the number of stock acquisition rights in the total number of the issued shares
Stock-Linked Compensation Stock Acquisition Rights	3,413	341,300 shares of common stock	0.26%
Stock Acquisition Rights	236	23,600 shares of common stock	0.02%
Total	3,649	364,900 shares of common stock	0.28%

(2) Stock Acquisition Rights, Etc., Granted to Employees, Etc., During the Fiscal Year Under Review in Consideration for the Performance of Their Duties

Issue	Corporate Officers of the Company		Employees of the Company		Officers and Employees of the Subsidiaries of the Company	
	Number of holders	Number issued	Number of holders	Number issued	Number of holders	Number issued
2018 Stock-Linked Compensation Stock Acquisition Rights	14	612 stock acquisition rights (61,200 shares)	—	—	—	—

4. Matters Concerning Directors and Audit & Supervisory Board Members

(1) Names and Other Details of Directors and Audit & Supervisory Board Members

Position	Name	Duties at the Company and Situation regarding Significant Concurrent Posts
Representative Director (President)	Shigenao Ishiguro	• General Manager of Humidifier Countermeasures HQ of the Company
Representative Director (Senior Vice President)	Tetsuji Yamanishi	• General Manager of Finance & Accounting HQ of the Company
Director (Chairman)	Makoto Sumita	• Chairman & Director of INNOTECH CORPORATION
Director (Executive Vice President)	Seiji Osaka	• General Manager of Corporate Strategy HQ of the Company
Outside Director	Kazumasa Yoshida	• Outside Director of Onkyo Corporation • Outside Director of CYBERDYNE, INC. • Outside Director of Mamezou Holdings Co., Ltd. • Outside Director of Freebit Co, Ltd.
Outside Director	Kazuhiko Ishimura	• Chairman & Director of AGC Inc. • Outside Director of IHI Corporation • Outside Director of Nomura Holdings, Inc.
Outside Director	Kazunori Yagi	• Outside Audit & Supervisory Board Member of Yokogawa Bridge Holdings Corp. • Outside Audit & Supervisory Board Member of Sojitz Corporation
Full-time Audit & Supervisory Board Member	Junji Yoneyama	
Full-time Audit & Supervisory Board Member	Osamu Yotsui	
Outside Audit & Supervisory Board Member	Toru Ishiguro	• Partner of Mori Hamada & Matsumoto • Outside Director of Daiwa Asset Management Co., Ltd. • Director of Japan Investor Protection Fund • Governor of Japan Exchange Regulation
Outside Audit & Supervisory Board Member	Kiyoshi Fujimura	• Outside Director of Takasago Thermal Engineering Co., Ltd.

Notes: 1. Directors Messrs. Kazumasa Yoshida, Kazuhiko Ishimura, and Kazunori Yagi are Outside Directors pursuant to Article 2, item 15 of the Companies Act of Japan and Independent Directors pursuant to Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.

2. Audit & Supervisory Board Members Messrs. Toru Ishiguro and Kiyoshi Fujimura are Outside Audit & Supervisory Board Members pursuant to Article 2, item 16 of the Companies Act of Japan. Also, Mr. Kiyoshi Fujimura is an Independent Audit & Supervisory Board Member pursuant to Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.

3. After March 31, 2019, the following changes in duties and significant concurrent posts occurred:

date of change	Position	Name	Duties at the Company and Situation regarding Significant Concurrent Posts
April 1, 2019	Representative Director (Senior Vice President)	Tetsuji Yamanishi	<ul style="list-style-type: none"> • Chief Compliance Officer of the Company • General Manager of Finance & Accounting HQ of the Company

4. Transactions between the Company and other parties where Outside Directors/Audit & Supervisory Board Members concurrently hold significant positions were as follows:

- Although the Company has business relationships with AGC Inc., where Outside Director Mr. Kazuhiko Ishimura serves as Director, the transacted amount is so small for both entities that such business relationship is not a significant relationship; in the fiscal year ended March 31, 2019, the ratio of sales of TDK to AGC Group represented less than 1% of the consolidated net sales of TDK.
- Although the Company has business relationships with IHI Corporation, where Outside Director Mr. Kazuhiko Ishimura serves as the Outside Director, the transacted amount is so small for both entities that this business relationship is not a significant relationship; in the fiscal year ended March 31, 2019, the ratio of sales of the IHI Group to TDK represented less than 1% of the IHI Group's consolidated net sales.
- Although the Company has business relationships with Nomura Holdings, Inc., where Outside Director Mr. Kazuhiko Ishimura serve as Outside Director, the transacted amount is so small for both entities that such business relationship is not a significant relationship; in the fiscal year ended March 31, 2019, the ratio of revenue received from TDK represented less than 1% of the Nomura Holdings Group's net revenue (following deduction of financial expenses)(equivalent to consolidated net sales).
- Although the Company has a business relationship with Sojitz Corporation, where Outside Director Mr. Kazunori Yagi serves as Outside Audit & Supervisory Board Member, the transacted amount is so small for both entities that this business relationship is not a significant relationship; in the fiscal year ended March 31, 2019, the ratio of sales of the Sojitz Group to TDK represented less than 1% of the Sojitz Group's consolidated net sales.
- Although the Company has a business relationship with Takasago Thermal Engineering Co., Ltd., where Outside Audit & Supervisory Board Member Mr. Kiyoshi Fujimura serves as Outside Director, the transacted amount is so small for both entities that this business relationship is not a significant relationship; in the fiscal year ended March 31, 2019, the ratio of sales of the Takasago Thermal Engineering Group to TDK represented less than 1% of the Takasago Thermal Engineering Group's consolidated net sales.

5. Audit & Supervisory Board Members Messrs. Osamu Yotsui and Kiyoshi Fujimura have relevant knowledge of financing and accounting as stated below:

- Full-time Audit & Supervisory Board Member Mr. Osamu Yotsui has the experience of serving for many years in the fields of financing and accounting of the Company; thus, he has considerable knowledge in this field.
- Outside Audit & Supervisory Board Member Mr. Kiyoshi Fujimura has the experience of serving for many years in the field of accounting for Mitsubishi Corporation; thus, he has considerable knowledge of financing and accounting.

6. The Company entered into contracts with all of the Outside Directors and Audit & Supervisory Board Members pursuant to Article 427, paragraph 1 of the Companies Act of Japan to limit their liabilities under Article 423, paragraph 1 of the same Act. The amount of liability set forth in each such contract, which shall be equal to the Minimum Liability Amount as provided for in Article 425, paragraph 1 of the same Act.

7. Mr. Kazunori Yagi resigned as Audit & Supervisory Board Member upon his appointment as Director at the 122nd Ordinary General Meeting of Shareholders held on June 28, 2018.

(2) Remuneration for Directors and Audit & Supervisory Board Members

1) Total Amount of Remuneration for the Fiscal Year Under Review

Classification	Total number of payees	Total amount of remuneration (¥ in millions)	Remuneration breakdown					
			Basic remuneration		Results-linked bonus		Stock-linked compensation stock options	
			Number of payees	Amount paid (¥ in millions)	Number of payees	Amount paid (¥ in millions)	Number of payees	Amount paid (¥ in millions)
Directors	8	361	8	246	3	97	4	18
(including Outside Directors)	(4)	(46)	(4)	(46)	Not eligible for the above remuneration			
Audit & Supervisory Board Members	5	81	5	81	Not eligible for the above remuneration			
(including Outside Audit & Supervisory Board Members)	(3)	(24)	(3)	(24)				
Total	13	442	13	327	3	97	4	18

Notes: 1. The number of Directors and Audit & Supervisory Board Members at the end of the fiscal year under review were 7 and 4, respectively. The total number of payees, the total amount of remuneration and the basic remuneration in the breakdown thereof regarding Directors and Audit & Supervisory Board Members as shown above include 1 Director who retired at the close of the 122nd Ordinary General Meeting of Shareholders held on June 28, 2018 and 1 Outside Audit & Supervisory Board Member who retired upon the appointment of Outside Director at the said General Meeting, and the amount of remuneration paid to them.

2. As Mr. Makoto Sumita served as an Outside Director until his appointment as Chairman & Director on June 28, 2018, his remuneration while serving as an Outside Director is included the aforementioned total number of payees, total amount of remuneration and breakdown of basic remuneration for Outside Directors.

3. The ceiling amount of remuneration

(1) The ceiling amount of remuneration for Directors

1) Basic remuneration: The ceiling amount of remuneration for Directors as a group was resolved as less than ¥25 million per month at the 106th Ordinary General Meeting of Shareholders held on June 27, 2002.

2) Results-linked bonus: The ceiling amount of results-linked bonuses was resolved as less than ¥350 million per year at the 119th Ordinary General Meeting of Shareholders held on June 26, 2015.

3) Stock-linked compensation stock options: The ceiling amount of remuneration related to stock acquisition rights allocated as stock options was resolved as less than ¥457 million per year at the 119th Ordinary General Meeting of Shareholders held on June 26, 2015.

(2) The ceiling amount of remuneration for Audit & Supervisory Board Members

Basic remuneration: The ceiling amount of remuneration for Audit & Supervisory Board Members as a group was resolved as less than ¥8 million per month at the 106th Ordinary General Meeting of Shareholders held on June 27, 2002.

4. As for the amount of results-linked bonuses and stock-linked compensation stock options for Directors for the fiscal year under review, it has been recorded as an expense.

2) Policy and Determination Method Regarding the Amounts of Remuneration and Other Payments for Directors and Audit & Supervisory Board Members and its Method of Calculation

<Policy on remuneration>

(1) Purpose of remuneration system

The Company has designed its remuneration system for the purpose of promoting as much as possible behavior on the part of Directors and Corporate Officers geared towards enhancing corporate results and stock value and constantly increasing the corporate value of the overall TDK by constantly pursuing the formulation of a competitive remuneration system to secure diverse and excellent human resources that focuses on linkage with short-term as well as medium- to long-term results.

(2) Remuneration level

The Company aims to set remuneration at levels enabling the maintenance of competitiveness compared with other companies of similar scale, mainly in the same business category. The adequacy of its level is examined by the Compensation Advisory Committee based on studies, etc., on corporate management remuneration performed periodically by third parties.

(3) Composition of remuneration

- a. Remuneration for Directors who serve concurrently as Corporate Officers
Composed of basic remuneration, results-linked bonuses and stock-linked compensation stock options.
- b. Remuneration of Directors who do not serve concurrently as Corporate Officers
Composed of basic remuneration and stock-linked compensation stock options.
- c. Remuneration for Outside Directors
Basic remuneration only.
- d. Remuneration for Audit & Supervisory Board Members
Basic remuneration only.

(4) Results linkage system

- a. Short-term results linkage system (results-linked bonus)
A system whereby remuneration fluctuates within a range of 0% to 200% of the standard payment amount depending on the consolidated results for the year (operating income, ROE) and the degree of attainment of targets set for each division in charge.
- b. Mid- to long-term results linkage system (stock-linked compensation stock options)
Under this system, recipients share the same advantage of a rising stock value of the Company and the same risk of it falling as shareholders. The introduction of such a system is intended to increase the ambition and morale of eligible Directors and Corporate Officers with respect to the enhancement of results and stock value. To further strengthen the link between executive remuneration and mid- to long-term results and corporate value, some stock-linked compensation stock options have a results achievement condition attached to them. The results achievement condition takes consolidated results under the medium-term management plan (operating income, ROE) as an index, and varies the number of exercisable options between 0% and 100% of the number of options granted, depending on the degree of attainment of targets.

The Company has established Corporate Stock Ownership Guidelines. The Company makes an effort to ensure that eligible Directors and Corporate Officers hold at least a certain number of shares in the Company pursuant to their rank, including stock-linked compensation stock options.

<Remuneration determination process (establishment and operation of the Compensation Advisory Committee)>

In order to achieve the purpose of the aforementioned remuneration system, the Company has in place a “Compensation Advisory Committee” acting as an advisory body to the Board of Directors which is chaired by an Independent Outside Director and of which majority of the members are composed of Independent Outside Directors.

The Committee examines the remuneration system and the level of remuneration pertaining to Directors and Corporate Officers and reports its findings to the Board of Directors in order to review the transparency of the remuneration decision-making process and help to ensure that the individual remuneration is reasonable in light of corporate business performance, individual performance and general industry standards, among other factors.

(3) Matters Concerning Outside Directors and Outside Audit & Supervisory Board Members

1) Situation regarding Significant Concurrent Posts and Relationships between the Company and the Entities Concerned

Please refer to “4. (1) Names and Other Details of Directors and Audit & Supervisory Board Members” noted from page 32 through page 33.

2) Principal Activities of Outside Directors and Outside Audit & Supervisory Board Members during the Fiscal Year Under Review

Name (Position)	Attendance at Meetings of the Board of Directors and Other Meetings	Opinions in Meetings of the Board of Directors and Other Activities
Kazumasa Yoshida (Outside Director)	Mr. Yoshida attended 12 out of 13 meetings of the Board of Directors held during the fiscal year under review. Nomination Advisory Committee: 10 out of 10 meetings Compensation Advisory Committee: 7 out of 7 meetings	Mr. Yoshida actively stated opinions regarding corporate management based on his extensive experience and knowledge, mainly on corporate management in the electronics industry and global and consumer businesses. Mr. Yoshida is the Chairman of the Compensation Advisory Committee. He therefore plays a key role in judging the transparency of the decision-making process of the remuneration to Directors, and Corporate Officers, and the appropriateness of the compensation. He is also a member of the Nomination Advisory Committee.
Kazuhiko Ishimura (Outside Director)	Mr. Ishimura attended all 13 meetings of the Board of Directors held during the fiscal year under review. Nomination Advisory Committee: 10 out of 10 meetings Compensation Advisory Committee: 7 out of 7 meetings	Mr. Ishimura actively stated opinions regarding corporate management in general based on his extensive experience and knowledge regarding corporate management at a materials manufacturer and global business. Mr. Ishimura is a member of the Nomination Advisory Committee. He therefore plays an important role in judging the appropriateness of the selection of Directors, Audit & Supervisory Board Members and Corporate Officers, and the transparency of the decision-making process. He is also a member of the Compensation Advisory Committee.

Name (Position)	Attendance at Meetings of the Board of Directors and Other Meetings	Opinions in Meetings of the Board of Directors and Other Activities
Kazunori Yagi (Outside Director)	Mr. Yagi attended all 10 meetings of Board of Directors held since his appointment in June 2018. Nomination Advisory Committee: 9 out of 9 meetings Compensation Advisory Committee: 4 out of 4 meetings	Mr. Yagi is the Chair of the Board of Directors. Mr. Yagi actively stated opinions regarding corporate management in general based on his extensive experience regarding corporate management in the electronics field and on his professional accounting and financing viewpoint. Mr. Yagi is the Chairman of the Nomination Advisory Committee. He therefore plays a key role in judging the appropriateness of the selection of Directors, Audit & Supervisory Board Members and Corporate Officers, and the transparency of the decision-making process. He is also a member of the Compensation Advisory Committee.
Toru Ishiguro (Outside Audit & Supervisory Board Member)	Mr. Ishiguro attended all 15 meetings of the Audit & Supervisory Board and all 13 meetings of Board of Directors held during the fiscal year under review.	Mr. Ishiguro actively stated opinions from his specialized knowledge on law as a lawyer and advanced, specialized knowledge and wide-ranging insight regarding corporate governance and internal control.
Kiyoshi Fujimura (Outside Audit & Supervisory Board Member)	Mr. Fujimura attended all 15 meetings of the Audit & Supervisory Board and all 13 meetings of Board of Directors held during the fiscal year under review.	Mr. Fujimura actively stated opinions from his extensive experience in corporate management of a general trading company and his expert knowledge relating to finance and accounting.

5. Accounting Auditor

(1) Name KPMG AZSA LLC

(2) Remuneration

	(¥ in millions)
	Amounts payable
The amount of remuneration payable to the Accounting Auditor by the Company with respect to duties provided under Article 2, paragraph 1 of the Certified Public Accountants Act	353
The aggregate amount of remuneration and other material benefits payable to the Accounting Auditor by the Company and its subsidiaries	396

- Notes: 1. The Company's Audit & Supervisory Board has consented to the remuneration of the Accounting Auditor as required under the Article 399 paragraph 1 of the Companies Act, after examining the Accounting Auditor's audit plan, the status of duties conducted in previous fiscal years, and the basis for calculation of the remuneration estimate by receiving the necessary materials and hearing reports from Directors, relevant in-house departments, and the Accounting Auditor.
2. The amount of remuneration for audit pursuant to the Companies Act and the amount of remuneration for audit pursuant to the Financial Instruments and Exchange Act are not divided in the Auditing Agreement concluded between the Company and the Accounting Auditor. Therefore, the amount to be paid by the Company with respect to duties provided as stated in Article 2, paragraph 1 of the Certified Public Accountants Act represents the total amount to be paid by the Company.
3. The Company pays remuneration to the Accounting Auditor for advice regarding the application of accounting standards and other duties aside from those provided under Article 2, paragraph 1 of the Certified Public Accountants Act.
4. Of the Company's principal subsidiaries, TDK U.S.A. Corporation, SAE Magnetics (Hong Kong) Limited and other companies are audited by KPMG member firms overseas, and TDK Electronics AG is audited by another foreign audit firm.

(3) Policy for Decisions on Dismissal or Non-reappointment of Accounting Auditor

If all of the Audit & Supervisory Board Members acknowledge that the Company's Accounting Auditor falls under any of the conditions set forth in Article 340 paragraph 1 of the Companies Act of Japan and it is difficult for the Accounting Auditor to properly execute auditing, the Company shall dismiss the Accounting Auditor by a unanimous resolution of the Audit & Supervisory Board.

In addition to cases falling under any of the statutory reasons for dismissal of accounting auditors, if any fact occurs that is recognized as casting doubt upon important factors relating to the Accounting Auditor's execution of duties, such as the Accounting Auditor's qualifications, independency and ethics, the Audit & Supervisory Board will, in accordance with the Regulations of the Audit & Supervisory Board and Standards for Appointment, Dismissal, and Reappointment of Accounting Auditors, decide as to whether the Accounting Auditor shall be dismissed or shall not be re-appointed, comprehensively taking the facts into account.

6. TDK's System and Policy

[Establishment of systems for ensuring the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, and other systems for ensuring the properness of operations of a stock company and operations of a corporate group consisting of such stock company and its subsidiaries]

With respect to the statement above, the Board of Directors of the Company resolved as follows:
(Latest revision date: November 28, 2018)

(1) Systems for ensuring the execution of duties by Directors of the Company complies with laws and regulations and the Articles of Incorporation:

The Company was established in 1935 as the world's first company to industrialize a magnetic material called ferrite. In the ensuing years, the Company has unremittingly pursued originality and increased corporate value through provisions of products and services which have created new value, based on the founding spirit "Contribute to culture and industry through creativity" as its Corporate Motto. In addition, TDK will continue to build satisfaction, trust, and support among all stakeholders (shareholders, customers, suppliers, employees and communities, among others), continue to be helpful by resolving social issues and contribute to the development of a more sustainable society. TDK clearly declares as "TDK Charter of Corporate Behavior" that TDK will continue to respect human rights; comply with relevant laws, regulations and international rules and the spirit thereof; and carry out its social responsibility with a strong sense of ethics, domestically and overseas. All Directors, Audit & Supervisory Board Members, Corporate Officers and employees constituting TDK seek to behave in strict compliance with the "Corporate Standards of Business Conduct" prescribed by the "TDK Code of Conduct".

In addition, the Company aims to achieve its management targets and further improve corporate value through the creation of products by adhering to the Corporate Motto. At the same time, the Company strives to foster a sound corporate culture and sincerely conduct business activities, always aware of its place as a member of society. Moreover, the Company will be accountable to stakeholders through comprehensive, accurate, timely and impartial disclosure of information.

As mentioned above, the Company sincerely and devotedly seeks to achieve its management philosophy and to establish the following effective and orderly corporate governance systems to continue to ensure soundness, compliance and transparency in its business operations.

① Adoption of the Audit & Supervisory Board Member System and Strengthening of the Supervisory Function:

The Company has adopted the Audit & Supervisory Board Member System pursuant to the Companies Act of Japan and has appointed independent Outside Audit & Supervisory Board Members who are disinterested in the Company to strengthen the supervision of the Company's management.

② Strengthening the Supervisory Function of the Board of Directors:

The Company has a small number of Directors to expedite the management decision-making process. At the same time, the Company appoints disinterested, independent Outside Directors in order to enhance the supervision of the Company's management. In addition, the Company's basic policy is to elect independent Outside Directors which account for one-third or more of the Directors and from the perspective of ensuring clear separation between management oversight and business execution, an independent Outside Director serves as the Chair of the Board of Directors in principle. Furthermore, the Directors' terms of office are set at one year to give shareholders an opportunity to cast votes of confidence regarding Directors' performance every fiscal year.

③ Adoption of a Corporate Officer System for Expeditious Business Execution:

The Company has adopted a Corporate Officer system that separates the management decision making and Director supervisory functions of the Board of Directors from the execution of business. This aims to accelerate decision-making by delegation of authority and to clarify the authority and responsibility of business execution. Corporate Officers are in charge of business execution and carrying out decisions made by the Board of Directors and thereby expeditiously execute business operations in accordance with management decisions.

④ Establishment of Advisory Bodies to the Board of Directors (Nomination Advisory Committee, Compensation Advisory Committee, Corporate Governance Committee and Business Ethics Committee):

The Nomination Advisory Committee is chaired by an Outside Director of the Company and a half or more of the members are Outside Directors. The said Committee reviews the conditions expected for the post of Director, Audit & Supervisory Board Member, and Corporate Officer and makes nominations. In this way, the Nomination Advisory Committee ensures the appropriate election of Directors, Audit & Supervisory Board Members and Corporate Officers and provides transparency in the decision-making process.

The Compensation Advisory Committee is chaired by an Outside Director of the Company and a half or more of the members are Outside Directors. The said Committee examines the remuneration system and the level of remuneration pertaining to Directors and Corporate Officers, as well as presidents and qualifying officers of the Company's principal subsidiaries. It also reviews the transparency of the remuneration decision-making process and verifies whether such remuneration is reasonable in light of corporate business performance, individual performance and general industry standards.

The Corporate Governance Committee conducts deliberations on matters concerning corporate governance, internal control system and its operation, etc. and continuously strives to enhance corporate governance for the Company's sustainable growth and increase of its corporate value over the mid- to long-term.

The aim of the Business Ethics Committee is to ensure compliance with the TDK Corporate Motto, understanding of corporate ethics and improvement of awareness of corporate social responsibility (CSR). To achieve this aim, the Directors, Audit & Supervisory Board Members, Corporate Officers and all other members of TDK are made fully aware of the "TDK Code of Conduct", which stipulates concrete standards of business conduct in compliance with the TDK's management philosophy, including the TDK Corporate Motto, Corporate Principle and social norms, including relevant laws, regulations and international rules and the spirit thereof.

Under the foregoing corporate systems, the Audit & Supervisory Board Members in charge of supervising management, ensure soundness, compliance and transparency in the Company's business operations by executing their duties pursuant to the Regulations of the Audit & Supervisory Board, the Code of Audit & Supervisory Board Members' Auditing Standards and Audit Practice Standards for Internal Control Systems and by auditing whether the Directors' performance is appropriately and reasonably in compliance with relevant laws and regulations and the Articles of Incorporation.

Similarly, Directors in charge of management decision-making and supervision of business execution ensure soundness, compliance and transparency in the Company's business operations by executing their duties pursuant to the Regulations of the Directors' Business and the Regulations of the Board of Directors established in accordance with relevant laws and regulations and the Articles of Incorporation. In addition, Corporate Officers in charge of business execution ensure soundness, compliance and transparency in the Company's business operations by executing their duties pursuant to the Regulations of the Corporate Officers'

Business.

The Company establishes the Disclosure Committee as well as the following procedures and system to ensure compliance with all applicable securities and exchange laws and other similar laws and regulations of all relevant countries, as well as the rules and regulations of the stock exchange on which the Company's shares are listed (hereinafter collectively referred to as the "Securities Regulations").

- (i) Internal control and other procedures to collect, record, analyze, process, summarize and report all information required to be disclosed under the Securities Regulations and warrant timely disclosures within the deadlines stipulated by the Securities Regulations.
- (ii) System to ensure that the Company has procedures designed to obtain reasonable assurance that all the transactions that the Company conducts are properly authorized, that the Company's assets are protected from unauthorized or improper use and that all trading activities are appropriately recorded and reported for the purpose of enabling the Company to prepare financial statements in accordance with the accounting standards applied by the Company.
- (iii) System to ensure that the Company is in compliance with the requirements of the Securities Regulations with respect to corporate governance systems.

(2) System under which information regarding the execution of business by Directors of the Company shall be preserved and controlled:

The President, who is responsible for the business execution of the Company, has established the Document Control Regulations, which are applicable to TDK and provide basic rules for the preservation and control of information regarding the execution of business by Directors.

(3) Regulations and other systems for managing the risk of loss(es) of the Company and its subsidiaries:

To enhance the risk management system of TDK, the Company has established the following four committees (which is chaired by a Corporate Officer appointed by the President) under the direct control of the Executive Committee.

(i) Disclosure Committee

The Disclosure Committee deliberates on and examines important corporate information and disclosure materials of the Company that are required for investment decisions by shareholders and investors, to ensure that the Company discloses appropriate information in a comprehensive, accurate, timely and impartial manner, in accordance with various laws and regulations regarding securities transactions and the rules and regulations of the stock exchange on which the Company's shares are listed.

(ii) ERM* Committee

For the purpose of the company-wide treatment of factors that obstruct the achievement of the business targets and business operations of the Company, the Company has established the ERM Committee and promotes enterprise risk management.

Corporate regulations, bylaws, guidelines and departmental guidelines established in each department provide for operating rules for specific risks, including legal, financial and IT-related risks. These risks are managed by managers in charge of the particular areas of operation.

*ERM (Enterprise Risk Management)

(iii) Crisis Management Committee

In order to prepare for unexpected situations such as natural disasters, the Company has established the Crisis Management Committee, which developed the Business Continuity Plan (BCP). Accordingly, if such an unexpected situation arises, the Company will assess the situation immediately and respond appropriately.

(iv) Information Security Committee

In order to appropriately manage important information including information provided by customers, the Company has established the Basic Policy on Information Security and the Information Security Committee and appropriately takes risk-based security measures.

The Company has ensured that a structure for receiving advice in relation to enhancing the risk management system and increasing its effectiveness (including, but not limited to, identifying, evaluating and reviewing material management risks at TDK and establishing effective countermeasures) is in place through regular confirmation and audit by the Audit & Supervisory Board Members and the internal audit department of the management operations described above. In addition, the Company will seek advice from specialists, including outside legal counsel and other experts, as needed regarding risks surrounding TDK.

(4) System for ensuring Directors of the Company and Directors, etc. of the Company's subsidiaries execute their duties efficiently and system for reporting matters concerning the execution of duties of Directors, etc. of the Company's subsidiaries to the Company:

The Company has a small number of Directors and has adopted the Corporate Officer system to facilitate the Directors' ability to make quick and efficient management decisions.

At the same time, policies and measures with respect to business execution, such as development, manufacturing, marketing and financing of TDK, are deliberated and decided upon by the Executive Committee, which consists of Corporate Officers and General Managers designated by the President. All Corporate Officers perform their duties expeditiously pursuant to the decisions made by the Executive Committee. As to the status of the execution of their duties, the Company ensures efficient management via regular reports to the Board of Directors and regular reports from Corporate Officers to the Executive Committee.

In addition, the Company establishes midterm management targets shared by all members of TDK and strives to inform them of such targets. The Company also establishes systems that enable it to understand the targets and implementation plans of each department as well as the progress of each department in relation to such targets. With respect to the business management of subsidiaries, the Company establishes systems that enable it to understand their business conditions through quarterly reports submitted by each subsidiary.

(5) System for ensuring performance of duties by employees of the Company and Directors, etc. and employees of the Company's subsidiaries are in compliance with laws and regulations and the Articles of Incorporation:

The Company strives to ensure that all members of TDK are fully familiar with TDK's management philosophy, "TDK Code of Conduct" and "TDK Charter of Corporate Behavior" in order to ensure improved soundness, compliance and transparency of management, as well as compliance with laws, regulations and the Articles of Incorporation throughout the performance of duties by all members of TDK.

Furthermore, the Company has established a corporate ethics management system under the Business Ethics Committee, to regularly monitor the Company's compliance with corporate ethics, including the Company's subsidiaries worldwide. The Consultations and Help Lines also enable employees to directly report all relevant information and opinions concerning corporate ethics, etc. within TDK.

In addition, the Company appoints a Chief Compliance Officer from among Corporate Officers upon resolution of the Board of Directors and establishes a compliance promotion department under the direct control of the President. The Chief Compliance Officer and compliance promotion department, together with Regional Chief Compliance Officers appointed in each region of the world as well as in Japan, operate in order to establish and strengthen a compliance system of TDK.

Especially as to compliance with cartel regulations in each country, the Company establishes a system of checks, monitoring, etc., achieves thorough compliance with the applicable code of conduct and ensures a strict performance of duties.

(6) System for ensuring proper business execution by the corporate group consisting of the Company and its subsidiaries:

Each Director, Corporate Officer and manager in charge of operations strives to achieve proper business operations by making decisions in compliance with the “TDK Code of Conduct”, the Job Authority Regulations and other applicable corporate regulations for the entire TDK, in order to maintain soundness, compliance, and transparency in business operations, and to achieve the business targets of TDK.

The Audit & Supervisory Board Members audit, on a regular basis, the condition of the business operations of each department of TDK by researching the departments, examining important documents, and attending important meetings. In addition, the internal audit department audits and supports each department of TDK in order to promote consistency in relation to business operations and management policies, efficiency of management, and compliance with relevant laws and regulations.

(7) Matters relating to employees who support the duties of Audit & Supervisory Board Members of the Company when Audit & Supervisory Board Members request such employees:

The Audit & Supervisory Board Members Office, consisting of designated full-time employees who do not perform any business execution duties, assists duties of the Audit & Supervisory Board Members.

(8) Matters regarding the independence of employees in the preceding item from Directors and the ensuring of the effectiveness of instructions of Audit & Supervisory Board Members of the Company to such employees:

The authority to instruct or order the employees who serve as members of the Audit & Supervisory Board Members Office belongs exclusively to the Audit & Supervisory Board Members. In addition, the Audit & Supervisory Board Members directly evaluate the performance of such employees and any transfer or discipline of these employees is determined pursuant to the operating rules of the Company subject to the consent of the Audit & Supervisory Board Members.

(9) System for ensuring Directors or employees of the Company report to Audit & Supervisory Board Members of the Company and system for ensuring Directors, Audit & Supervisory Board Members, employees of the Company’s subsidiaries or persons who have received reports from these persons report to Audit & Supervisory Board Members of the Company:

All members of TDK provide an appropriate report immediately, if an Audit & Supervisory Board Member requests a report regarding the execution of business. Information regarding management policies of TDK and conditions of business execution by Corporate Officers is timely provided to Audit & Supervisory Board Members who attend important meetings such as Executive Committee meetings and business plan review meetings, and minutes of such meetings are also provided to the Audit & Supervisory Board Members immediately. Furthermore, Audit & Supervisory Board Members may receive explanations directly from Corporate Officers and other personnel as necessary. Audit & Supervisory Board Members may review reports prepared by each department of the Company or company of TDK, and Audit & Supervisory Board Members may thereby confirm the conditions of the business operations of TDK.

In addition, all members of TDK may report any fact which may cause significant damage to TDK, such as violation of law or regulation, to the Business Ethics Committee through the Consultations or Help Lines established by the said Committee and covering the whole of TDK. In cases where the Business Ethics Committee finds any fact which may cause significant damage to TDK, such as violation of law or regulation, it will immediately report such fact to Audit & Supervisory Board Members or the Audit & Supervisory Board.

Furthermore, information regarding the activities of the ERM Committee and other committees is provided to Audit & Supervisory Board Members from time to time, enabling the Audit & Supervisory Board Members to confirm the overall status of corporate activities.

(10) System for ensuring persons who have reported as provided in the preceding item will not be treated unfavorably on grounds of such reporting

The Company prohibits any member of TDK who has reported to the Consultation or Help Line from being treated unfavorably on the grounds of such reporting, and stipulates to that effect in the “TDK Code of Conduct” and clearly informs all members of TDK of that fact.

(11) Matters concerning policies for disposal of expenses and obligations associated with the execution of duties by Audit & Supervisory Board Members

When Audit & Supervisory Board Members demand payment of expenses or obligations associated with execution of their duties from the Company pursuant to Article 388 of the Companies Act of Japan, the Company shall pay such expenses or obligations immediately after deliberation at the department in charge unless the expenses or obligations concerning such demand are proven to be unnecessary for the execution of such duties of the Audit & Supervisory Board Members.

(12) System for ensuring Audit & Supervisory Board Members of the Company conduct audits effectively:

The Audit & Supervisory Board Members and the Audit & Supervisory Board meet with the President on a regular basis to confirm management policies and exchange opinions on pressing issues and risks affecting TDK and other important matters from the perspective of the Audit & Supervisory Board Members’ audits. These meetings also strengthen the mutual understanding between the Audit & Supervisory Board Members and the President.

The Audit & Supervisory Board Members and the internal audit department meet regularly and receive regular audit reports from the Accounting Auditor. Audit & Supervisory Board Members conduct efficient audits by sharing information regarding initial audit plans and results. Furthermore, the Audit & Supervisory Board has entered into an advisory contract with an attorney who is independent from the business execution department and has established a system to ensure that it receives advice with respect to matters which need to be reviewed or confirmed from the perspective of the Audit & Supervisory Board Members or the Audit & Supervisory Board.

[Overview of operation of systems to ensure appropriate business operations]

(1) Internal audit and internal control over financial reporting

The Management Review & Support Group, which is an internal audit department of the Company, conducted hearings from the four committees under the direct control of the Executive Committee regarding their activities and verified compliance with relevant laws and regulations, internal regulations, etc. and the efficiency and effectiveness of the operation at operating departments and principal subsidiaries. Also, the Management Review & Support Group conducted the evaluation of the “effectiveness of internal controls over financial reporting” in accordance with

the Financial Instruments and Exchange Act of Japan at important bases and important subsidiaries in Japan and overseas. The Management Review & Support Group regularly reports about the results thereof to the President, the Board of Directors and the Audit & Supervisory Board Members.

The Management Review & Support Group and full-time Audit & Supervisory Board Members share information. The Management Review & Support Group submits internal audit reports to full-time Audit & Supervisory Board Members, receives results of Audit & Supervisory Board Members' audit from full-time Audit & Supervisory Board Members and seeks to conduct effective internal audits.

The Management Review & Support Group regularly confirms the Accounting Auditor's audit activities through quarterly financial statements, etc. and regularly exchanges opinions with the Accounting Auditor regarding status of evaluation of the "effectiveness of internal controls over financial reporting" in accordance with the Financial Instruments and Exchange Act of Japan.

(2) Corporate ethics

Basically, the Company's top management themselves stand at the forefront and demonstrate leadership in order to instill and enhance awareness of corporate ethics and compliance among Directors, Audit & Supervisory Board Members, Corporate Officers and employees constituting TDK, and in particular, the Chairman of the Business Ethics Committee from time to time creates occasions to directly educate and enlighten employees, etc. of TDK in order to notify them of TDK's management philosophy, "TDK Code of Conduct" and "TDK Charter of Corporate Behavior". Also, TDK implements collective education, e-learning, etc. regarding corporate ethics generally in overseas locations as well as in Japan each year.

Furthermore, under the corporate ethics management system that centers on the Business Ethics Committee and includes the Company's subsidiaries worldwide, compliance with corporate ethics is regularly monitored and the said Committee reports about the result thereof to the Board of Directors each quarter.

Moreover, the Consultations and Help Lines have been established as a system through which issues related to corporate ethics may be reported or consulted in a manner other than regular reporting lines. The Consultations and Help Lines directly collect information and opinions concerning corporate ethics, etc. within TDK. In addition to such internal reporting channel, another reporting channel using an outside law firm has been established in Japan, China, Asia (excluding Japan and China), Europe and Americas regions. An employee who wants to report may choose a channel which he/she thinks best among the multiple reporting channels mentioned above.

(3) Compliance

The Company has established the legal and compliance headquarters under the direct control of the President as well as appoints the Chief Compliance Officer and Regional Chief Compliance Officers in Japan and the other four regions around the world. The Company thereby fosters a sincere, fair and transparent corporate culture and meets the expectations and trust of its customers and society as well as further strengthens its system to ensure that all members of TDK act in compliance with a common standard around the world.

Furthermore, the Company identifies compliance risks of TDK which it deems material from the perspective of legal risk management, and among such risks, focuses on risks related to cartel, product quality fraud, etc. which may have a significant impact in developing its business globally. With respect to various issues arising in connection with corporate compliance, a department in charge verifies the facts regarding such issues, takes appropriate measures and provides timely reports to the Board of Directors. Also, such department in charge analyzes the causes of such issues and develops preventive measures for each company of TDK, in cooperation with the legal and compliance headquarters.

(4) Risk management

The Company has established the ERM Committee to promote countermeasures against risks which may prevent the achievement of an organizational goal and appropriately manage such risks on a company-wide basis in striving for sustainable growth. The ERM Committee analyzes and evaluates risks and promotes the company-wide risk management including identification of risks that need to be addressed on a cross-functional basis and introduction of countermeasures in cooperation with relevant departments. Such analysis and evaluation of risks and countermeasures are deliberated on at the Executive Committee and reported to the Board of Directors.

Also, the Crisis Management Committee conducts the regular check of operations and promotes the BCP training and other activities mainly at the domestic locations of TDK in order for the Business Continuity Plan (BCP) of each operating department established based upon the company-wide basic policy to work properly.

In addition, the Information Security Committee continuously verifies information security risks and implements appropriate countermeasures. For example, in preparation for cyber-attacks and other risks, the Information Security Committee provides information security education programs to employees and implements protection, detection, recovery and other countermeasures.

Furthermore, the Company has established the Disclosure Committee, which examines and deliberates on important disclosure materials that are required for investment decisions by shareholders and investors, including the Summary of Financial Reports, to ensure appropriate disclosure of information.

(5) Group business management

The Executive Committee discusses about policies and measures with respect to business execution of TDK and monitors the targets and implementation plans of operating departments and headquarters and the progress of each department in relation to such targets by regularly receiving reports from each department. With respect to subsidiaries, the Company specifies departments responsible for each subsidiary and clarifies their authorities and responsibilities, and such departments manage and supervise subsidiary businesses. Also, headquarters manage and supervise a subsidiary in relation to their respective responsibilities.

Furthermore, TDK has established regional headquarters in Americas, Europe and China which are key areas and develops a more effective group governance system by managing and supervising subsidiaries within each region in accordance with the regional characteristics through the said regional headquarters as part of their headquarters functions.

(6) Directors and Board of Directors

The Board of Directors of the Company consists of seven Directors including three Independent Outside Directors, and an Independent Outside Director presides over the procedures of the Board of Directors meetings as the Chair of the Board of Directors. The Board of Directors makes decisions on important management matters as well as matters specified in the applicable laws and regulations, the Articles of Incorporation and internal regulations based on careful discussions and supervises the conditions of business execution. Also, the Nomination Advisory Committee and the Compensation Advisory Committee have been established as advisory bodies to the Board of Directors and the Chairman and majority of the members of each Committee are Independent Outside Directors. This promotes the transparency and objectivity of decision-making process regarding nomination and compensation of Directors and Corporate Officers, etc. Furthermore, the Company has established the Corporate Governance Committee, which conducts deliberations on matters concerning corporate governance, internal control system and its operation, etc. and seeks continuous enhancement of corporate governance.

In each fiscal year, the Board of Directors conducts the Board of Directors evaluation and evaluates the Board of Directors including its advisory committees (Nomination Advisory Committee and Compensation Advisory Committee) in order to further enhance its effectiveness.

During the fiscal year under review, the Board of Directors meetings were held 13 times.

(7) Audit & Supervisory Board Member and Audit & Supervisory Board

The Audit & Supervisory Board Members timely collect information regarding management policies of TDK and conditions of business execution by Corporate Officers, etc. by regularly attending the Executive Committee meetings, business plan review meetings and other important meetings as well as the Board of Directors meetings and inspecting management reports and applications for internal decision-making. The Audit & Supervisory Board Members audited the Company's all operating departments and headquarters and the subsidiaries selected according to importance based on the audit policy setting forth the priority audit items in the fiscal year under review. The Audit & Supervisory Board Members share information regarding the identified issues and confirm the countermeasures with operating department managers and headquarters. These information are shared among all Audit & Supervisory Board Members and Directors. The Audit & Supervisory Board Members receive the internal audit report from the internal audit department and promote information sharing and collaboration with them through establishing regular meetings. In addition, the Audit & Supervisory Board Members have meetings with an attorney with whom the Audit & Supervisory Board has entered into an advisory contract regularly and from time to time and receive legal advice regarding Audit & Supervisory Board Members' operations timely, and thereby improve the effectiveness of Audit & Supervisory Board Members' operations. The Audit & Supervisory Board Members promote collaboration with the Accounting Auditor by establishing opportunities to exchange opinions between the Accounting Auditor and the Audit & Supervisory Board regarding audit plans and assertions.

The Audit & Supervisory Board confirms management conditions through information sharing at quarterly review audit reporting meetings, etc. with the Accounting Auditor and regular meetings with the Representative Director, etc., and expresses opinions and provides recommendations from time to time regarding tasks to be addressed by TDK (including matters concerning corporate governance and compliance), risks surrounding TDK, important issues in connection with the Audit & Supervisory Board Members' audit and other issues. During the fiscal year under review, the Audit & Supervisory Board meetings were held 15 times.

Note: Monetary amounts, numbers of shares, proportions and other figures contained in this business report are rounded to the nearest unit unless otherwise stated or no rounding is required.

Attached Document (2)

CONSOLIDATED BALANCE SHEETS
(prepared in accordance with U.S. GAAP)

Item	As of March 31, 2018 (reference)	As of March 31, 2019	Item	As of March 31, 2018 (reference)	As of March 31, 2019
(ASSETS)	(¥ in millions)		(LIABILITIES)	(¥ in millions)	
Current assets	899,936	922,485	Current liabilities	603,037	714,320
Cash and cash equivalents	279,624	289,175	Short-term debt	124,573	221,310
Short-term investments	43,613	40,505	Current installments of long-term debt	64,566	91,276
Marketable securities	54	57	Trade payables	226,791	189,892
Net trade receivables	304,016	308,154	Accrued expenses	159,618	192,800
Inventories	207,532	226,892	Income taxes payables	10,989	3,781
Other current assets	65,097	57,702	Other current liabilities	16,500	15,261
Noncurrent assets	1,005,273	1,069,995	Noncurrent liabilities	470,940	394,404
Investments in affiliates	143,589	139,522	Long-term debt	293,880	207,682
Other investments	11,651	15,784	Retirement and severance benefits	125,137	129,050
Net property, plant and equipment	545,641	603,110	Deferred income taxes	35,432	38,588
Goodwill	157,858	164,794	Other noncurrent liabilities	16,491	19,084
Other intangible assets	85,531	88,693	(Total liabilities)	1,073,977	1,108,724
Deferred income taxes	31,131	35,238	(EQUITY)		
Other assets	29,872	22,854	Common stock	32,641	32,641
			Additional paid-in capital	8,738	5,958
			Legal reserve	45,366	44,436
			Retained earnings	874,563	935,649
			Accumulated other comprehensive income (loss)	(119,492)	(124,435)
			Treasury stock	(17,182)	(16,959)
			(Total TDK stockholders' equity)	824,634	877,290
			Noncontrolling interests	6,598	6,466
			(Total equity)	831,232	883,756
Total assets:	1,905,209	1,992,480	Total liabilities and equity:	1,905,209	1,992,480

Note: Amounts less than ¥1 million have been rounded to the nearest unit.

Attached Document (3)

CONSOLIDATED STATEMENTS OF INCOME
(prepared in accordance with U.S. GAAP)

Item	From: April 1, 2017 To: March 31, 2018 (reference)	From: April 1, 2018 To: March 31, 2019
	(¥ in millions)	(¥ in millions)
Net sales	1,271,747	1,381,806
Cost of sales	928,525	985,321
Gross profit	343,222	396,485
Selling, general and administrative expenses	257,630	287,561
Other operating expense (income)	(4,100)	1,101
Operating income	89,692	107,823
Other income (deductions)		
Interest and dividend income	6,369	7,746
Interest expense	(4,461)	(4,155)
Equity in earnings of affiliates	2,989	1,795
Gain on sale of investments in affiliates	-	9,379
Foreign exchange gain (loss)	(786)	(4,412)
Other - net	(3,992)	(2,622)
Total other income (deductions)	119	7,731
Income before income taxes	89,811	115,554
Income taxes	25,834	33,004
Net income	63,977	82,550
Less: Net income attributable to noncontrolling interests	514	345
Net income attributable to TDK	63,463	82,205

Note: 1. Amounts less than ¥1 million have been rounded to the nearest unit.

2. According to the adoption of FASB ASU 2017-07 "Improving the Presentation of Net periodic Pension Cost and Net Periodic Postrequirement Benefit Cost", ¥1,991 million from cost of sales and ¥2,068 million from selling, general and administrative expenses were reclassified to other income (deductions) for FY2018.

REFERENCE

CONSOLIDATED STATEMENTS OF CASH FLOWS (prepared in accordance with U.S. GAAP)

Item	From: April 1, 2017 To: March 31, 2018	From: April 1, 2018 To: March 31, 2019
	(¥ in millions)	
Cash flows from operating activities:		
Net income	63,977	82,550
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	92,171	106,631
Deferred income taxes	(1,354)	5,458
Impairment of long-lived assets	1,282	5,112
Gain on sale of business	(5,427)	(4,011)
Equity in earnings of affiliates, net of dividends received	(2,924)	(1,768)
Gain on sale of investments in affiliates	-	(9,379)
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	(51,961)	(3,388)
Decrease (increase) in inventories	(49,731)	(22,952)
Increase (decrease) in trade payables	53,761	(12,241)
Increase (decrease) in accrued expenses	8,410	8,541
Decrease (increase) in other assets and liabilities, net	(18,277)	(15,404)
Other-net	1,383	1,125
Net cash provided by operating activities	91,310	140,274
Cash flows from investing activities:		
Capital expenditures	(178,612)	(173,592)
Proceeds from sale of tangible and intangible assets	9,083	3,921
Proceeds from sale and maturity of short-term investments	168,256	92,197
Payment for purchase of short-term investments	(156,621)	(87,581)
Proceeds from sale and maturity of securities	24,933	435
Payment for purchase of securities	(1,208)	(803)
Proceeds from business transfer, net of cash transferred	30,365	11,462
Acquisition of subsidiaries, net of cash acquired	(141,499)	(2,548)
Proceeds from sale of investments in affiliates	-	22,064
Acquisition of investments in affiliates	(128)	(4,890)
Other-net	(668)	(844)
Net cash used in investing activities	(246,099)	(140,179)
Cash flows from financing activities:		
Proceeds from debt with maturities longer than three months	151,096	5,166
Repayment of debt with maturities longer than three months	(64,863)	(68,930)
Net increase (decrease) in debt with maturities of three months	48,067	95,824
Dividends paid	(15,138)	(18,948)
Acquisition of noncontrolling interests	(8,796)	(3,590)
Other-net	(278)	(87)
Net cash provided by financing activities	110,088	9,435
Effect of exchange rate changes on cash and cash equivalents	(6,063)	21
Net increase (decrease) in cash and cash equivalents	(50,764)	9,551
Cash and cash equivalents at beginning of period	330,388	279,624
Cash and cash equivalents at end of period	279,624	289,175

Note: Amounts less than ¥1 million have been rounded to the nearest unit.

Attached Document (6)

CERTIFIED COPY OF ACCOUNTING AUDITORS' REPORT FOR CONSOLIDATED FINANCIAL STATEMENTS

[English Translation of the Independent Auditors' Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 20, 2019

The Board of Directors
TDK Corporation

KPMG AZSA LLC

Yutaka Terasawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroto Yamane (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kohei Shingaki (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statements of income, the consolidated statement of equity and the related notes of TDK Corporation as at March 31, 2019 and for the year from April 1, 2018 to March 31, 2019 in accordance with Article 444, Paragraph 4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120, Paragraph 1 of the Ordinance of Companies Accounting, which is applied mutatis mutandis pursuant to Article 120-3, Paragraph 3 of the same Ordinance, that prescribes some omissions of disclosure items required under accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in

the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with the second sentence of Article 120, Paragraph 1 of the Ordinance of Companies Accounting, which is applied mutatis mutandis pursuant to Article 120-3, Paragraph 3 of the same Ordinance, that prescribes some omissions of disclosure items required under accounting principles generally accepted in the United States of America, present fairly, in all material respects, the financial position and the results of operations of TDK Corporation and its subsidiaries for the period, for which the consolidated financial statements were prepared.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Attached Document (8)

CERTIFIED COPY OF AUDIT REPORT OF AUDIT & SUPERVISORY BOARD

[English Translation of the Audit Report of Audit & Supervisory Board
Originally Issued in the Japanese Language]

Audit Report of Audit & Supervisory Board

The Audit & Supervisory Board (the "Board") of TDK Corporation (the "Company") has reviewed and discussed the audit report prepared by each Audit & Supervisory Board Member with respect to the execution of the duties by the Directors during the 123rd fiscal year commencing on April 1, 2018 and ending on March 31, 2019 and prepared the following audit report of the Board.

1. Means and methods of audits employed by the Audit & Supervisory Board Members and the Board

(1) The Board established audit policies, schedules, duty allocation policies and other relevant guidance for the relevant fiscal year pursuant to the Code of Audit & Supervisory Board Members' Auditing Standards established by the Board; received reports from each Audit & Supervisory Board Member regarding their execution of audits and the results thereof, as well as reports from Directors, etc. and the Accounting Auditor regarding the execution of their duties; and sought explanations as necessary.

(2) In accordance with the audit policies, schedules, duty allocation policies set forth above, each Audit & Supervisory Board Member communicated with the Directors, Corporate Officers, internal audit department and other employees; made efforts to develop the audit environment and collect information; and conducted audits as set forth below.

- i Each Audit & Supervisory Board Member participated in meetings of the Board of Directors and other important meetings; received reports from Directors, Corporate Officers and employees regarding the execution of their duties; sought explanations as necessary; examined important approval records and associated information; and investigated the status of operations and property at the head office and other principal offices. In addition, with respect to subsidiaries, each Audit & Supervisory Board Member communicated and exchanged information with their Directors and Audit & Supervisory Board Members; and received business reports from subsidiaries as necessary.
- ii With respect to the contents of the resolution of the Board of Directors regarding the development of systems necessary to ensure that the execution of the duties by the Directors complies with the laws and regulations and the Articles of Incorporation and other systems prescribed as necessary for ensuring the properness of operations of a corporate group consisting of a stock company and its subsidiaries under Paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act of Japan and the operations of the systems developed based on such resolution (the "Internal Control Systems"), in accordance with the Standards for Conducting Internal Control Audit established by the Board, each Audit & Supervisory Board Member received reports regarding the situation of the establishment and operations of such systems from Directors, Corporate Officers and other employees on a regular basis; sought explanations as necessary; and expressed opinions as Audit & Supervisory Board Member.
- iii While monitoring and verifying whether the Accounting Auditor maintained its independence and implemented appropriate audits, each Audit & Supervisory Board Member received reports from the Accounting Auditor regarding the execution of its duties; and sought explanations as necessary. In addition, each Audit & Supervisory Board Member in charge of receiving a notice of accounting audit reports from the

Accounting Auditor received a notice from the Accounting Auditor that it had developed the "systems necessary to ensure proper execution of duties", prescribed under Article 131 of the Ordinance of Companies Accounting of Japan, in accordance with the "Quality Management Standards Regarding Audits", published by the Business Accounting Council as of October 28, 2005, and other relevant standards; and sought explanations as necessary.

Based on the above means and methods, each Audit & Supervisory Board Member examined the business reports and the supplementary schedules thereof, the non-consolidated financial statements (balance sheet, statement of operations, statement of changes in net assets and list of notes to financial statements) and the supplementary schedules thereof, and the consolidated financial statements (consolidated balance sheet, consolidated statement of operations, consolidated statement of equity and list of notes to consolidated financial statements) for the relevant fiscal year.

2. Audit results

(1) Results of audits of the business reports and other subjects

- i The Board has confirmed that the business reports and the supplementary schedules thereof accurately indicate the status of the Company in compliance with applicable laws and regulations and the Articles of Incorporation.
- ii The Board has found no misconduct or material facts in violation of laws and regulations or the Articles of Incorporation in connection with the execution of the duties by the Directors.
- iii The Board has confirmed that the content of the resolution of the Board of Directors regarding the Internal Control Systems is appropriate and there is no matter on which to remark in regard to the description of business report and the execution of the duties by the Directors regarding the Internal Control Systems.

(2) Results of audits of the non-consolidated financial statements and the supplementary schedules thereof

The Board has confirmed that the methods and results of the audits by the Accounting Auditor, audit firm of KPMG AZSA LLC, are appropriate.

(3) Results of audits of the consolidated financial statements

The Board has confirmed that the methods and results of the audits by the Accounting Auditor, audit firm of KPMG AZSA LLC, are appropriate.

May 22, 2019

Audit & Supervisory Board
TDK Corporation

Full-time Audit & Supervisory Board Member
Junji Yoneyama (Seal)
Full-time Audit & Supervisory Board Member
Osamu Yotsui (Seal)
Outside Audit & Supervisory Board Member
Toru Ishiguro (Seal)
Outside Audit & Supervisory Board Member
Kiyoshi Fujimura (Seal)

End