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# TDK Corporation Consolidated Results

## for the 3rd quarter of Fiscal Year 2003

(October 1, 2002 – December 31, 2002)

This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings and evaluations, about TDK and its group companies that are not historical facts. These forward-looking statements are based on current forecasts, estimates, assumptions, plans, beliefs and evaluations in light of information currently available to management.

In preparing forecasts and estimates, TDK and its group companies have used as their basis, certain assumptions as necessary, in addition to confirmed historical facts. However, due to their nature, there is no guarantee that these statements and assumptions will prove to be accurate in the future. TDK therefore wishes to caution readers that these statements, facts and certain assumptions are subject to a number of risks and uncertainties and may prove to be inaccurate.

The electronics markets in which TDK and its group companies operate are highly susceptible to rapid changes. Furthermore, TDK and its group companies operate not only in Japan, but in many other countries. As such, factors that can have significant effects on its results include, but are not limited to, shifts in technology, demand, prices, competition, economic environments and foreign exchange rates.

[This conference will be made in Japanese. Please note that we cannot guarantee the accuracy of the English translation.](#)

## Consolidated Results for the 3rd quarter of FY2003

(Unit:Yen millions)	3Q of FY02	<b>3Q of FY03</b>	Change	Change (%)
Net sales	148,036	<b>161,678</b>	13,642	9.2%
Cost of sales	123,721	<b>123,018</b>	-703	-0.6%
SG & A expenses	31,204	<b>29,912</b>	-1,292	-4.1%
Restructuring cost	7,282	<b>2,576</b>	-4,706	-64.6%
Operating income(loss)	-14,171	<b>6,172</b>	20,343	-
Income(loss) before income taxes	-13,805	<b>6,055</b>	19,860	-
Net income(loss)	-9,759	<b>4,575</b>	14,334	-

TDK adopted the Emerging Issues Task Force 01-9 ("EITF 01-9"), "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)" from the fiscal year beginning April 1, 2002 and the prior year's consolidated financial statements have been restated for the change, accordingly.

This change only affects the figures for net sale and SG & A exepenses; there is no effect on operating income (loss).

## Breakdown of change in operating income

(Unit:Yen millions)

<b>[3Q Change in operating income Total]</b>	<b>20,300</b>
Exchange fluctuations (1U.S.\$=Yen 123.45 -> 122.62)	<b>-400</b>
Changes in sales and product mix	<b>16,200</b>
Rationalization and cost reductions	
Purchased materials saving	<b>17,800</b>
Reduction in Fixed expenses	
Sales price discounts(10.5%)	<b>-19,000</b>
Expenses to reform profit structure	<b>5,700</b>

## Balance Sheets (Assets)

(Unit:Yen millions)	Sep. 30, 2002	<b>Dec. 31, 2002</b>	Change
Current assets	406,300	<b>413,265</b>	6,965
Cash and cash equivalents	147,822	<b>154,415</b>	6,593
Net trade receivables	137,796	<b>147,921</b>	10,125
Inventories	83,714	<b>76,433</b>	-7,281
Other current assets	36,968	<b>34,496</b>	-2,472
Fixed assets	321,374	<b>318,142</b>	-3,232
Capital expenditures	244,040	<b>236,246</b>	-7,794
Others	77,334	<b>81,896</b>	4,562
<b>Total assets</b>	<b>727,674</b>	<b>731,407</b>	<b>3,733</b>

## Balance Sheets (Liabilities and stockholders' equity)

(Unit:Yen millions)	Sep. 30, 2002	<b>Dec. 31, 2002</b>	Change
Current liabilities	99,683	<b>99,079</b>	-604
Trade payables	55,896	<b>55,752</b>	-144
Others	43,787	<b>43,327</b>	-460
Fixed liabilities	58,971	<b>69,234</b>	10,263
Minority interests	4,425	<b>4,656</b>	231
Total stockholders' equity	564,595	<b>558,438</b>	-6,157
<b>Total</b>	<b>727,674</b>	<b>731,407</b>	<b>3,733</b>

## Improvement in Cash Flows

	End of Mar. '02 Results	End of Dec. '02 Results	End of Mar. '03 Target
Inventory turnover (months)	1.9	1.4	1.5
Fixed asset turnover (times)	2.1	2.7	2.5
Trade receivables turnover (months)	3.1	2.7	2.5

Note: Figures as of December 31 are based on results for the 3<sup>rd</sup> quarter of the fiscal year.  
The targets are for the full year.

## Sales Breakdown

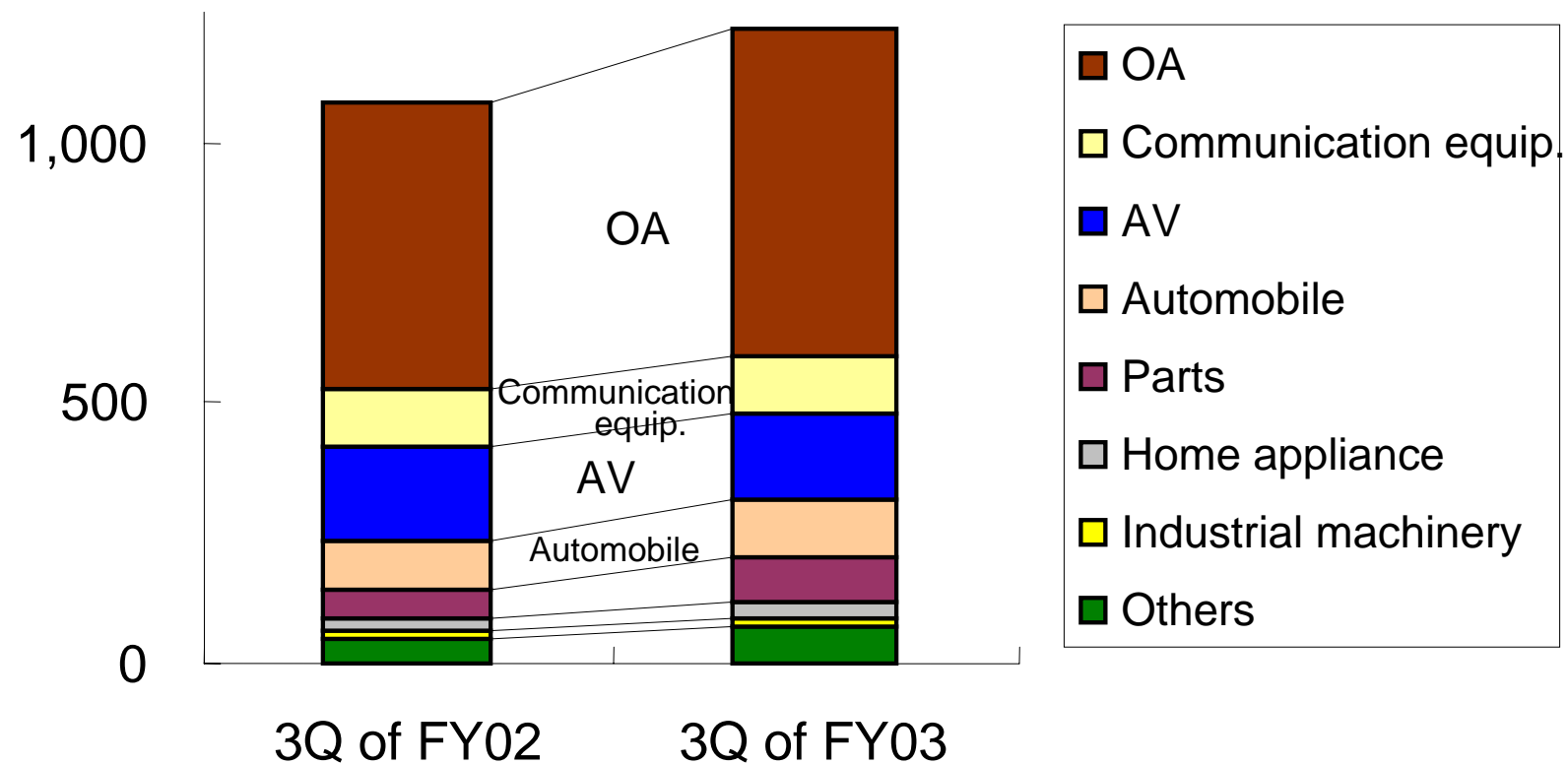
(Unit:Yen millions)	3Q of FY02	3Q of FY03	Change	Change (%)
<b>Electronic materials and components</b>	107,583	<b>121,864</b>	14,281	13.3%
Electronic materials	39,384	<b>41,553</b>	2,169	5.5%
Electronic devices	26,048	<b>28,868</b>	2,820	10.8%
Recording devices	38,259	<b>47,818</b>	9,559	25.0%
Semiconductors and others	3,892	<b>3,625</b>	-267	-6.9%
<b>Recording media &amp; systems</b>	40,453	<b>39,814</b>	-639	-1.6%
<b>Total net sales</b>	148,036	<b>161,678</b>	13,642	9.2%

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## Sales by customer industry (Elec. materials and components)

(Unit:Yen 0.1 billions)





## Operating income by Industry segment

(Unit:Yen millions)	3Q of FY02	3Q of FY03	Change	Change (%)
<b>Electronic materials and components</b>				
Net sales	107,583	<b>121,864</b>	14,281	13.3%
Operating income (loss)	-13,151	<b>5,821</b>	18,972	-
<b>Recording media and systems</b>				
Net sales	40,453	<b>39,814</b>	-639	-1.6%
Operating income (loss)	-1,020	<b>351</b>	1,371	-
<b>Total</b>				
Net sales	148,036	<b>161,678</b>	13,642	9.2%
Operating income (loss)	-14,171	<b>6,172</b>	20,343	-

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## Sales by region

(Unit:Yen millions)	3Q of FY02	<b>3Q of FY03</b>	Change	Change (%)
Japan	40,857	<b>43,040</b>	2,183	5.3%
Americas	28,526	<b>28,134</b>	-392	-1.4%
Europe	21,384	<b>21,998</b>	614	2.9%
Asia and others	57,269	<b>68,506</b>	11,237	19.6%
<b>Total</b>	<b>148,036</b>	<b>161,678</b>	<b>13,642</b>	<b>9.2%</b>
Overseas sales ratio	72.4%	<b>73.4%</b>		

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## Progress With Selection and Concentration

### Progress Made

1) Products ceased in first half of fiscal 2003	¥6.2 billion
2) Additional products targeted for cessation in fiscal 2003	¥5.5 billion
3) Products that are improving according to plan	¥14.4 billion
4) Products that have growth potential and are expected to improve next fiscal year	¥14.1 billion
5) Products for which profit recovery is expected next fiscal year due to further restructuring in fiscal 2003	¥26.8 billion

**Total** **¥67.0billion**

## Consolidated Projections for the year ended March 31, 2003

February 5, 2003

(Unit:Yen millions)	FY02 [Results]	<b>FY03</b> [Projections]	Change	Change (%)
Net sales	570,511	<b>608,100</b>	37,589	6.6%
Operating income(loss)	-43,722	<b>20,200</b>	63,922	-
Income(loss) before income taxes	-43,697	<b>17,700</b>	61,397	-
Net income(loss)	-25,771	<b>12,600</b>	38,371	-
Exchange rate (U.S.\$=Yen)	125	<b>122</b>		

The exchange rate is the average rate for the full fiscal year.

As of February 5, 2003, the average yen-U.S. dollar exchange rate for the 4th quarter of fiscal 2003 is estimated at Yen120.

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