

# TDK Corporation

## Supplementary data for the third quarter of fiscal year 2003

(October 1, 2002 - December 31, 2002)

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Forward-Looking Statements

February 5, 2003

TDK Corporation

Corporate Communications Dept.

**Note FY2002**

Effective from the current fiscal year, TDK has adopted Emerging Issues Task Force (EITF) Issue 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)". Consequently, TDK has restated figures for the previous fiscal year. Please refer to the notes in TDK's earnings release for details of this standard. This change only affects the figures for net sale and selling, general and administrative expenses; there is no effect on operating income (loss). Figures before and after application of this standard are as follows:  
Restructuring costs are included in selling, general and administrative expenses.

**[Revised]** Unit:Yen millions

FY2002	1Q	2Q	1st half	3Q	4Q	2nd half	Full Year
<b>Net sales</b>	<b>140,244</b>	<b>130,542</b>	<b>270,786</b>	<b>148,036</b>	<b>151,689</b>	<b>299,725</b>	<b>570,511</b>
<i>Electronic materials and components</i>	<i>110,321</i>	<i>99,286</i>	<i>209,607</i>	<i>107,583</i>	<i>115,696</i>	<i>223,279</i>	<i>432,886</i>
Electronic materials	43,900	37,467	81,367	39,384	41,095	80,479	161,846
Electronic devices	28,550	25,714	54,264	26,048	25,625	51,673	105,937
Recording devices	32,834	31,188	64,022	38,259	44,723	82,982	147,004
Semiconductors and others	5,037	4,917	9,954	3,892	4,253	8,145	18,099
<i>Recording media and systems</i>	<i>29,923</i>	<i>31,256</i>	<i>61,179</i>	<i>40,453</i>	<i>35,993</i>	<i>76,446</i>	<i>137,625</i>
<b>Cost of sales</b>	<b>106,202</b>	<b>107,107</b>	<b>213,309</b>	<b>123,721</b>	<b>127,590</b>	<b>251,311</b>	<b>464,620</b>
<b>Gross profit</b>	<b>34,042</b>	<b>23,435</b>	<b>57,477</b>	<b>24,315</b>	<b>24,099</b>	<b>48,414</b>	<b>105,891</b>
<b>Forward-looking statem</b>	<b>31,453</b>	<b>28,835</b>	<b>60,288</b>	<b>38,486</b>	<b>50,839</b>	<b>89,325</b>	<b>149,613</b>
<b>Operating income (loss)</b>	<b>2,589</b>	<b>-5,400</b>	<b>-2,811</b>	<b>-14,171</b>	<b>-26,740</b>	<b>-40,911</b>	<b>-43,722</b>

**[Original]** Unit:Yen millions

FY2002	1Q	2Q	1st half	3Q	4Q	2nd half	Full Year
<b>Net sales</b>	<b>141,000</b>	<b>131,620</b>	<b>272,620</b>	<b>149,177</b>	<b>153,232</b>	<b>302,409</b>	<b>575,029</b>
<i>Electronic materials and components</i>	<i>110,351</i>	<i>99,299</i>	<i>209,650</i>	<i>107,592</i>	<i>115,709</i>	<i>223,301</i>	<i>432,951</i>
Electronic materials	43,900	37,467	81,367	39,384	41,095	80,479	161,846
Electronic devices	28,550	25,714	54,264	26,048	25,625	51,673	105,937
Recording devices	32,834	31,188	64,022	38,259	44,723	82,982	147,004
Semiconductors and others	5,067	4,930	9,997	3,901	4,266	8,167	18,164
<i>Recording media and systems</i>	<i>30,649</i>	<i>32,321</i>	<i>62,970</i>	<i>41,585</i>	<i>37,523</i>	<i>79,108</i>	<i>142,078</i>
<b>Cost of sales</b>	<b>106,202</b>	<b>107,107</b>	<b>213,309</b>	<b>123,721</b>	<b>127,590</b>	<b>251,311</b>	<b>464,620</b>
<b>Gross profit</b>	<b>34,798</b>	<b>24,513</b>	<b>59,311</b>	<b>25,456</b>	<b>25,642</b>	<b>51,098</b>	<b>110,409</b>
<b>SG&amp;A expenses</b>	<b>32,209</b>	<b>29,913</b>	<b>62,122</b>	<b>39,627</b>	<b>52,382</b>	<b>92,009</b>	<b>154,131</b>
<b>Operating income (loss)</b>	<b>2,589</b>	<b>-5,400</b>	<b>-2,811</b>	<b>-14,171</b>	<b>-26,740</b>	<b>-40,911</b>	<b>-43,722</b>

**[Revised - Original]** Unit:Yen millions

FY2002	1Q	2Q	1st half	3Q	4Q	2nd half	Full Year
<b>Net sales</b>	<b>-756</b>	<b>-1,078</b>	<b>-1,834</b>	<b>-1,141</b>	<b>-1,543</b>	<b>-2,684</b>	<b>-4,518</b>
<i>Electronic materials and components</i>	<i>-30</i>	<i>-13</i>	<i>-43</i>	<i>-9</i>	<i>-13</i>	<i>-22</i>	<i>-65</i>
Electronic materials	0	0	0	0	0	0	0
Electronic devices	0	0	0	0	0	0	0
Recording devices	0	0	0	0	0	0	0
Semiconductors and others	-30	-13	-43	-9	-13	-22	-65
<i>Recording media and systems</i>	<i>-726</i>	<i>-1,065</i>	<i>-1,791</i>	<i>-1,132</i>	<i>-1,530</i>	<i>-2,662</i>	<i>-4,453</i>
<b>Cost of sales</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Gross profit</b>	<b>-756</b>	<b>-1,078</b>	<b>-1,834</b>	<b>-1,141</b>	<b>-1,543</b>	<b>-2,684</b>	<b>-4,518</b>
<b>SG&amp;A expenses</b>	<b>-756</b>	<b>-1,078</b>	<b>-1,834</b>	<b>-1,141</b>	<b>-1,543</b>	<b>-2,684</b>	<b>-4,518</b>
<b>Operating income (loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Sales by Region**

**[Revised]** Unit:Yen millions

FY2002	1Q	2Q	1st half	3Q	4Q	2nd half	Full Year
Japan	43,499	41,671	85,170	40,857	38,777	79,634	164,804
Americas	26,970	23,493	50,463	28,526	30,463	58,989	109,452
Europe	19,765	18,052	37,817	21,384	20,438	41,822	79,639
Asia and others	50,010	47,326	97,336	57,269	62,011	119,280	216,616
<b>Total</b>	<b>140,244</b>	<b>130,542</b>	<b>270,786</b>	<b>148,036</b>	<b>151,689</b>	<b>299,725</b>	<b>570,511</b>

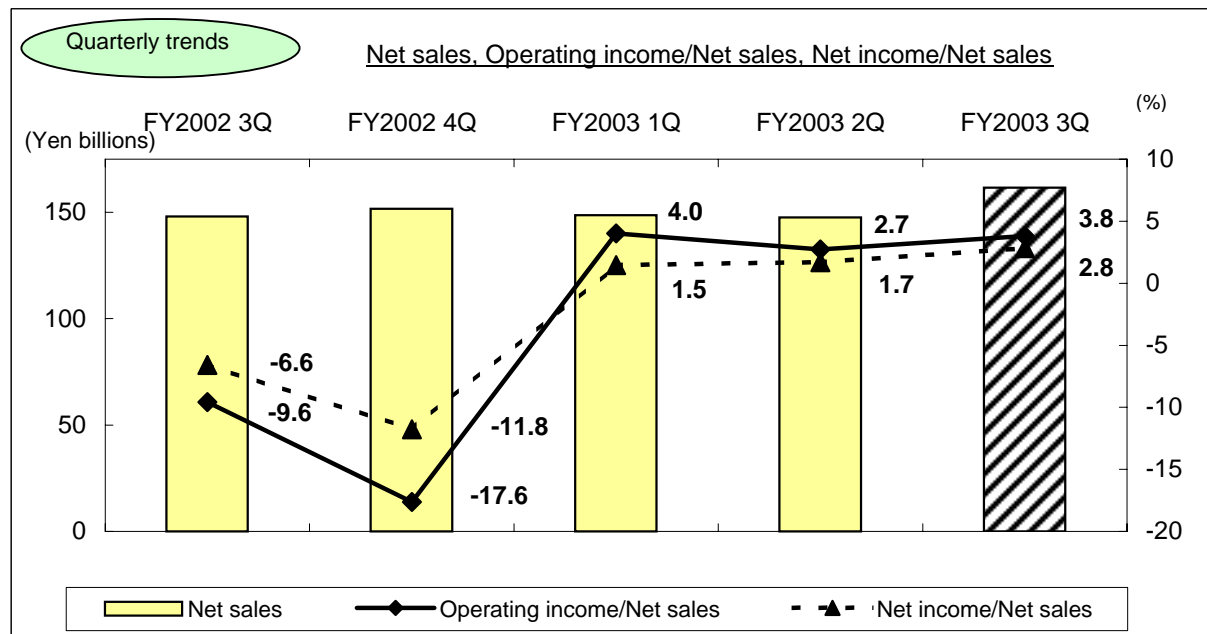
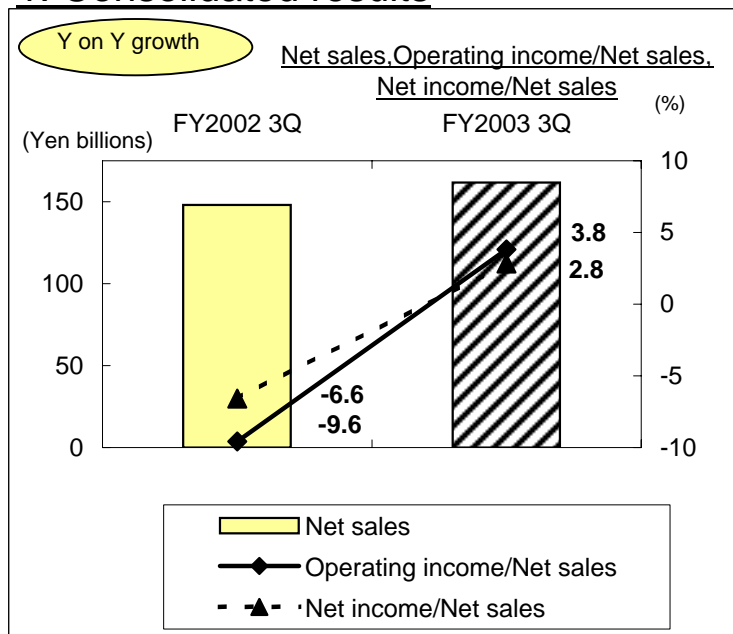
**[Original]** Unit:Yen millions

FY2002	1Q	2Q	1st half	3Q	4Q	2nd half	Full Year
Japan	43,505	41,709	85,214	40,894	38,804	79,698	164,912
Americas	27,632	24,387	52,019	29,504	31,823	61,327	113,346
Europe	19,836	18,166	38,002	21,496	20,529	42,025	80,027
Asia and others	50,027	47,358	97,385	57,283	62,076	119,359	216,744
<b>Total</b>	<b>141,000</b>	<b>131,620</b>	<b>272,620</b>	<b>149,177</b>	<b>153,232</b>	<b>302,409</b>	<b>575,029</b>

**[Revised - Original]** Unit:Yen millions

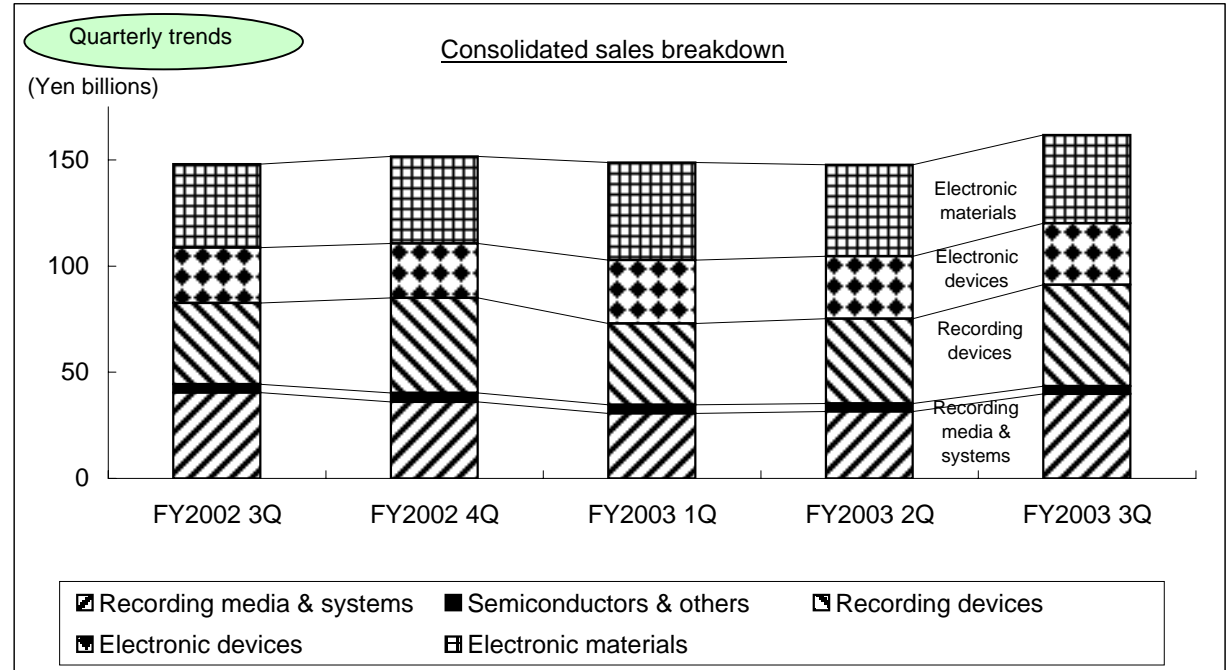
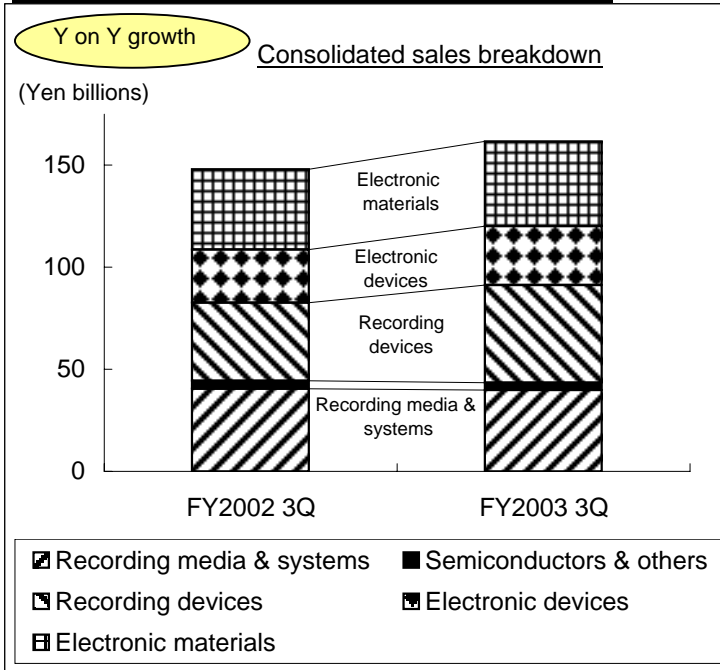
FY2002	1Q	2Q	1st half	3Q	4Q	2nd half	Full Year
Japan	-6	-38	-44	-37	-27	-64	-108
Americas	-662	-894	-1,556	-978	-1,360	-2,338	-3,894
Europe	-71	-114	-185	-112	-91	-203	-388
Asia and others	-17	-32	-49	-14	-65	-79	-128
<b>Total</b>	<b>-756</b>	<b>-1,078</b>	<b>-1,834</b>	<b>-1,141</b>	<b>-1,543</b>	<b>-2,684</b>	<b>-4,518</b>

# 1. Consolidated results



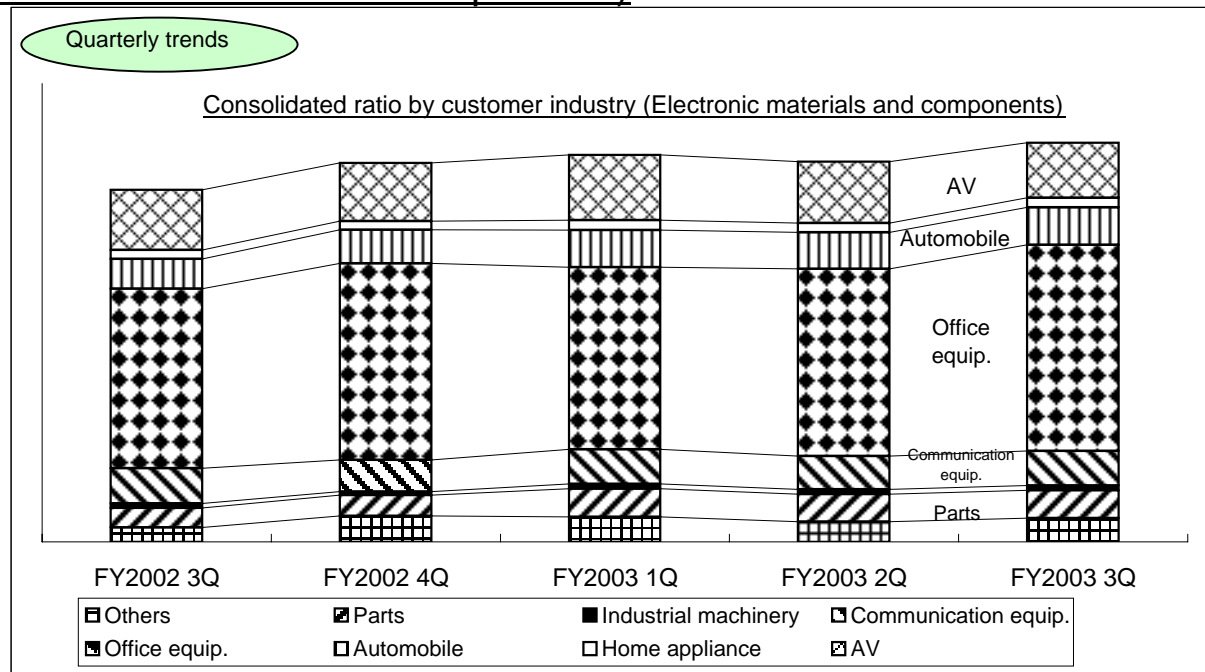
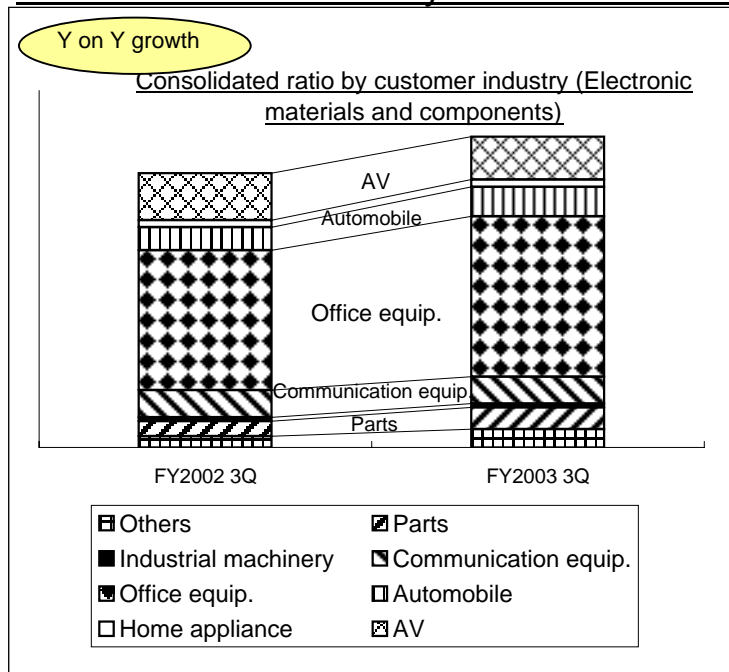
Unit:Yen millions	FY2002 3Q	FY2003 3Q	Y on Y growth Diff.	Change	Unit:Yen millions	FY2002 3Q	FY2002 4Q	FY2003 1Q	FY2003 2Q	FY2003 3Q	Q on Q growth Diff.	Change
Net sales	148,036	161,678	13,642	9.2%	Net sales	148,036	151,689	148,708	147,672	161,678	14,006	9.5%
Cost of sales	123,721	123,018	-703	-0.6%	Cost of sales	123,721	127,590	112,197	111,541	123,018	11,477	10.3%
Share of net sales (%)	83.6	76.1			Share of net sales (%)	83.6	84.1	75.4	75.5	76.1		
Selling,general and administrative expenses	31,204	29,912	-1,292	-4.1%	Selling,general and administrative expenses	31,204	33,363	29,713	29,483	29,912	429	1.5%
Restructuring cost	7,282	2,576	-4,706	-64.6%	Restructuring cost	7,282	17,476	812	2,615	2,576	-39	-1.5%
Operating income (loss)	-14,171	6,172	20,343	-	Operating income (loss)	-14,171	-26,740	5,986	4,033	6,172	2,139	53.0%
Operating income/Net sales(%)	-9.6	3.8			Operating income/Net sales(%)	-9.6	-17.6	4.0	2.7	3.8		
Net income (loss)	-9,759	4,575	14,334	-	Net income (loss)	-9,759	-17,844	2,161	2,484	4,575	2,091	84.2%
Net income/Net sales(%)	-6.6	2.8			Net income/Net sales(%)	-6.6	-11.8	1.5	1.7	2.8		
Exchange rate(U.S.\$=Yen)	123	123			Exchange rate(U.S.\$=Yen)	123	133	127	119	123		

## 2. Consolidated sales breakdown



Unit:Yen millions	FY2002 3Q	FY2003 3Q	Y on Y growth Diff.	Change	Unit:Yen millions	FY2002 3Q	FY2002 4Q	FY2003 1Q	FY2003 2Q	FY2003 3Q	Q on Q growth Diff.	Change
Electronic materials and components	107,583	121,864	14,281	13.3%	Electronic materials and components	107,583	115,696	118,170	116,102	121,864	5,762	5.0%
Electronic materials	39,384	41,553	2,169	5.5%	Electronic materials	39,384	41,095	45,860	43,058	41,553	-1,505	-3.5%
Electronic devices	26,048	28,868	2,820	10.8%	Electronic devices	26,048	25,625	29,844	29,449	28,868	-581	-2.0%
Recording devices	38,259	47,818	9,559	25.0%	Recording devices	38,259	44,723	38,341	39,832	47,818	7,986	20.0%
Semiconductors & others	3,892	3,625	-267	-6.9%	Semiconductors & others	3,892	4,253	4,125	3,763	3,625	-138	-3.7%
Recording media & systems	40,453	39,814	-639	-1.6%	Recording media & systems	40,453	35,993	30,538	31,570	39,814	8,244	26.1%
<b>Total</b>	<b>148,036</b>	<b>161,678</b>	<b>13,642</b>	<b>9.2%</b>	<b>Total</b>	<b>148,036</b>	<b>151,689</b>	<b>148,708</b>	<b>147,672</b>	<b>161,678</b>	<b>14,006</b>	<b>9.5%</b>

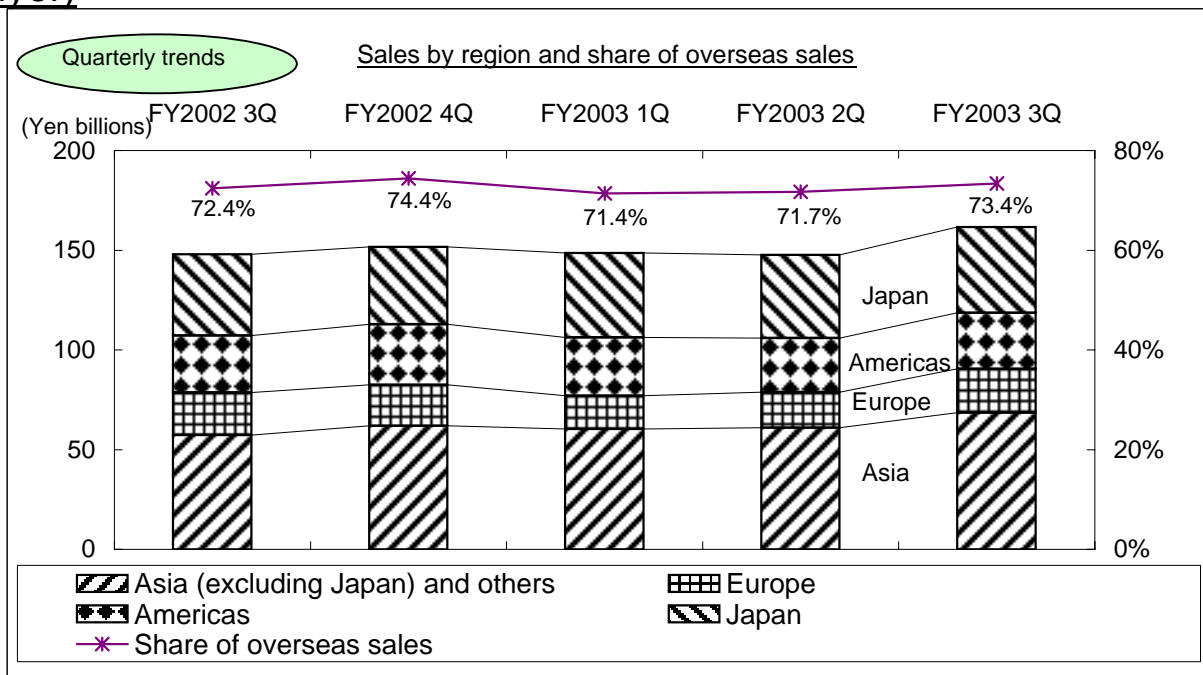
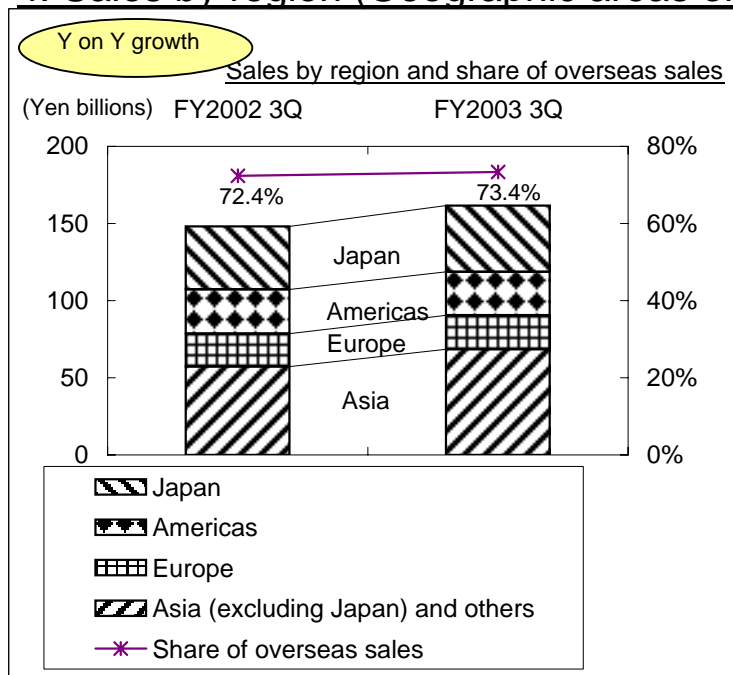
### 3. Consolidated ratio by customer industry (Electronic materials and components)



Unit: %	FY2002 3Q	FY2003 3Q	Y on Y growth Change
AV	17%	14%	-9.2%
Home appliance	3%	2%	5.8%
Automobile	8%	9%	26.6%
Office equip.	51%	52%	14.8%
Communication equip.	10%	9%	-1.1%
Industrial machinery	1%	1%	1.8%
Parts	5%	7%	44.7%
Others	5%	6%	62.1%

Unit: %	FY2002 3Q	FY2002 4Q	FY2003 1Q	FY2003 2Q	FY2003 3Q	Q on Q growth Change
AV	17%	15%	17%	16%	14%	-10.6%
Home appliance	3%	2%	3%	2%	2%	1.6%
Automobile	8%	9%	10%	10%	9%	3.7%
Office equip.	51%	52%	47%	49%	52%	10.0%
Communication equip.	10%	8%	9%	9%	9%	4.0%
Industrial machinery	1%	1%	1%	1%	1%	1.1%
Parts	5%	5%	7%	7%	7%	1.0%
Others	5%	8%	6%	6%	6%	17.0%

#### 4. Sales by region (Geographic areas of the buyer)



Unit:Yen millions	FY2002 3Q	FY2003 3Q	Y on Y growth Diff.	Change	Unit:Yen millions	FY2002 3Q	FY2002 4Q	FY2003 1Q	FY2003 2Q	FY2003 3Q	Q on Q growth Diff.	Change
Japan	40,857	43,040	2,183	5.3%	Japan	40,857	38,777	42,517	41,772	43,040	1,268	3.0%
Americas	28,526	28,134	-392	-1.4%	Americas	28,526	30,463	29,197	27,097	28,134	1,037	3.8%
Europe	21,384	21,998	614	2.9%	Europe	21,384	20,438	16,634	17,734	21,998	4,264	24.0%
Asia (excluding Japan) and others	57,269	68,506	11,237	19.6%	Asia (excluding Japan) and others	57,269	62,011	60,360	61,069	68,506	7,437	12.2%
<b>Total</b>	<b>148,036</b>	<b>161,678</b>	<b>13,642</b>	<b>9.2%</b>	<b>Total</b>	<b>148,036</b>	<b>151,689</b>	<b>148,708</b>	<b>147,672</b>	<b>161,678</b>	<b>14,006</b>	<b>9.5%</b>
Share of overseas sales	72.4%	73.4%			Share of overseas sales	72.4%	74.4%	71.4%	71.7%	73.4%		

5. Results and projections of Investment in facilities, Depreciation expenses, Research and development expenses

February 5, 2003

Unit:Yen millions	FY 2001 [Results]	FY 2002 [Results]	FY 2003	
			Projections on Oct. 31	Projections on Feb. 5
Investment in facilities	99,452	58,777	50,000	40,000
Depreciation expenses	63,579	61,920	60,000	57,000
Research and development expenses	36,970	38,630	32,000	31,000
(Share of net sales)	5.4%	6.8%	5.5%	5.1%
<Net sales>	689,911 *	570,511	585,000	608,100

\* Net sales for the year ended March 31, 2001 (FY2001) do not reflect application of EITF 01-9.

## 6. Consolidated results and projections

February 5, 2003

Unit:Yen millions,%	FY 2002 [Results]		FY 2003				Y on Y growth
	(Yen mill.)	(%)	Projections on Oct. 31		Projections on Feb. 5		
	(Yen mill.)	(%)	(Yen mill.)	(%)	(Yen mill.)	(%)	(%)
Net sales	570,511	100.0%	585,000	100.0%	608,100	100.0%	6.6%
<b>Electronic materials and components</b>	432,886	75.9%	455,400	77.8%	472,800	77.8%	9.2%
<i>Electronic materials</i>	161,846	28.4%	169,500	29.0%	170,400	28.0%	5.3%
<i>Electronic devices</i>	105,937	18.6%	114,700	19.6%	114,000	18.7%	7.6%
<i>Recording devices</i>	147,004	25.8%	157,300	26.9%	173,800	28.6%	18.2%
<i>Semiconductors and others</i>	18,099	3.2%	13,900	2.4%	14,600	2.4%	-19.3%
<b>Recording media and systems</b>	137,625	24.1%	129,600	22.2%	135,300	22.2%	-1.7%
Operating income (loss)	-43,722	-7.7%	20,000	3.4%	20,200	3.3%	
Income (loss) before income taxes	-43,697	-7.7%	18,300	3.1%	17,700	2.9%	
Net income (loss)	-25,771	-4.5%	13,000	2.2%	12,600	2.1%	
Exchange rate (U.S.\$=Yen)	125		122		122	*	

\* 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.

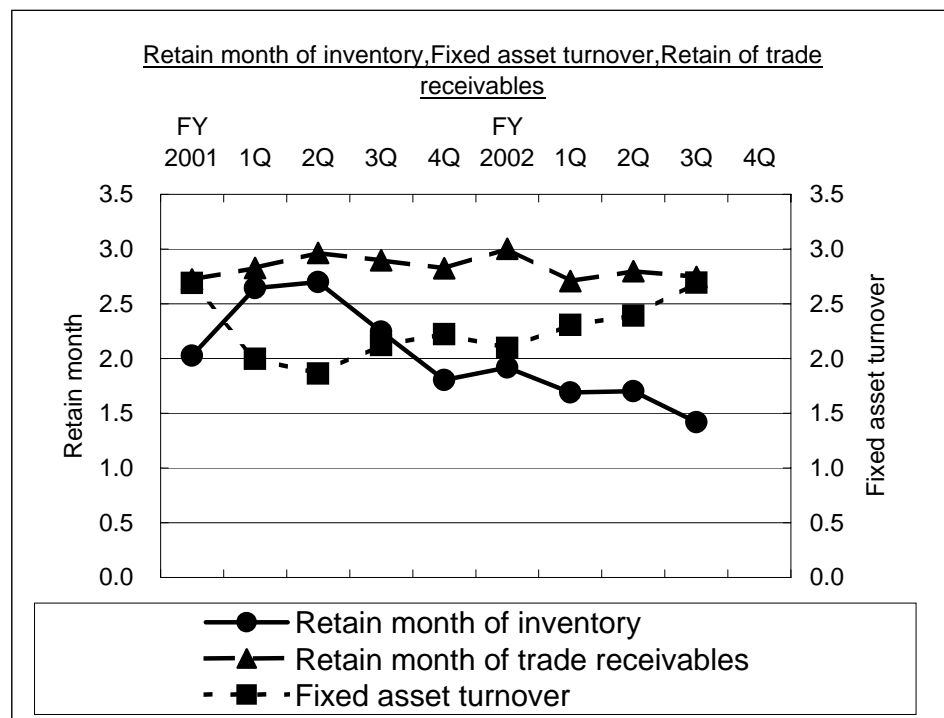


## 7. Projections of consolidated divisional sales

February 5, 2003

FY 2003 Unit:Yen 0.1billions , %	1st half		3Q		4Q		2nd half		Full year	
	Results	Y on Y growth Change	Results	Y on Y growth Change	Projections	Y on Y growth Change	Projections	Y on Y growth Change	Projections	Y on Y growth Change
	(Yen 0.1bill.)	(%)	(Yen 0.1bill.)	(%)	(Yen 0.1bill.)	(%)	(Yen 0.1bill.)	(%)	(Yen 0.1bill.)	(%)
<b>Electronic materials and components</b>	<b>2,343</b>	<b>11.8%</b>	<b>1,219</b>	<b>13.3%</b>	<b>1,166</b>	<b>0.8%</b>	<b>2,385</b>	<b>6.8%</b>	<b>4,728</b>	<b>9.2%</b>
Electronic materials	889	9.3%	416	5.5%	399	-2.9%	815	1.3%	1,704	5.3%
Electronic devices	593	9.3%	289	10.8%	258	0.7%	547	5.8%	1,140	7.6%
Recording devices	782	22.1%	478	25.0%	478	6.9%	956	15.2%	1,738	18.2%
Semiconductors & others	79	-20.8%	36	-6.9%	31	-27.5%	67	-17.7%	146	-19.3%
<b>Recording media &amp; systems</b>	<b>621</b>	<b>1.5%</b>	<b>398</b>	<b>-1.6%</b>	<b>334</b>	<b>-7.3%</b>	<b>732</b>	<b>-4.3%</b>	<b>1,353</b>	<b>-1.7%</b>
<b>Total net sales</b>	<b>2,964</b>	<b>9.5%</b>	<b>1,617</b>	<b>9.2%</b>	<b>1,500</b>	<b>-1.1%</b>	<b>3,117</b>	<b>4.0%</b>	<b>6,081</b>	<b>6.6%</b>

## 8. Managing index of inventory, fixed asset, trade receivables



### # Retain month of inventory

Quarter: Inventory in the end of each quarter / Average monthly sales in the quarter

Full Year: Inventory in the end of FY / Average monthly sales in the FY

### # Fixed asset turnover

Quarter: (Sales in the each quarter) \* 4 / Average fixed asset in the each quarter

Full Year: Net sales / Average fixed asset

### # Retain month of trade receivable

Quarter: Trade receivable in the end of each quarter / Average monthly sales in the quarter

Full Year: Trade receivable in the end of FY / Average monthly sales in the FY

Unit: Yen millions	FY 2001	1Q	2Q	3Q	4Q
<b>FY 2002</b>					
Total assets	820,177	790,946	748,935	768,230	749,910
Inventory	116,423	123,531	117,409	110,879	91,149
Retain month of inventory	2.0	2.6	2.7	2.2	1.8
Fixed asset	278,625	283,377	277,477	280,198	265,590
Fixed asset turnover	2.7	2.0	1.9	2.1	2.2
Trade receivables	156,585	132,123	129,004	143,054	142,827
Retain month of trade receivables	2.7	2.8	3.0	2.9	2.8
Net sales	689,911	140,244	130,542	148,036	151,689
Unit: Yen millions	FY 2002	1Q	2Q	3Q	4Q
<b>FY 2003</b>					
Total assets	749,910	720,376	727,674	731,407	
Inventory	91,149	83,734	83,714	76,433	
Retain month of inventory	1.9	1.7	1.7	1.4	
Fixed asset	265,590	249,884	244,040	236,246	
Fixed asset turnover	2.1	2.3	2.4	2.7	
Trade receivables	142,827	134,155	137,796	147,921	
Retain month of trade receivables	3.0	2.7	2.8	2.7	
Net sales	570,511	148,708	147,672	161,678	

## Cautionary Statements with Respect of Forward-Looking Statements

This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings and evaluations, about TDK and its group companies 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.