

Earnings release conference 1Q of Fiscal Year March 2011

**TDK Corporation
July 29, 2010**

◆ **Consolidated Results FY March 2011**

Mr. Tadakazu Momozuka

General Manager

Finance & Accounting Department

◆ **Passive Components business**

Mr. Shinichi Araya

Director, Senior Vice President

Consolidated Results 1Q FY March 2011

Mr. Momozuka Tadakazu

General Manager

Finance & Accounting Department

Consolidated results for 1Q of FY March 2011

	1Q FY2010 (April 1.2009 – June 30.2009)		1Q FY2011 (April 1.2010 – June 30.2010)		Change	
	Yen millions	%	Yen millions	%	Yen millions	%
Net Sales	181,546	100	221,925	100	40,379	22.2
Operating Income(Loss)	△3,645	△2.0	20,209	9.1	23,854	–
Income before income tax(Loss)	△5,418	△2.1	18,818	8.5	24,236	–
Net income(Loss) attributable to TDK Corp	△3,216	△2.2	14,523	6.5	17,739	–
Per common share Net income(loss) attributable to TDK Corp/Basic	Yen(24.93)		Yen 112.59			
Exchange rate US \$ vs JP Yen EURO vs JP Yen	Yen 97.36 Yen 132.66		Yen 92.01 Yen 117.03		Yen appreciation 5.50% 11.80%	
Ex-rate impact to Net sales & Operating Income	Net sales: Lowered 9.3 billion Yen Operating income: Lowered 3.2 billion Yen					

FY March, 2011(July 29, 2010)

Features in 1Q FY March 2011 results

- ◆ **Electronics markets saw an ongoing recovery in not only consumer electronics but also in automobile and industrial equipment**
- ◆ **Net Sales 22.2% up vs 1Q' FY2010**
- ◆ **Remarkable recovery in passive components**
(**31%** increase vs 1Q'FY2010)

Statement of operation in 1Q, FY March 2011 results

Term Item	1Q of FY2010 (April 1, 2009 - June 30, 2009)		1Q of FY2011 (April 1, 2010 - June 30, 2010)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	181,546	100.0	221,925	100.0	2,521,875	40,379	22.2
Cost of sales	146,420	80.7	164,790	74.3	1,872,614	18,370	12.5
Gross profit	35,126	19.3	57,135	25.7	649,261	22,009	62.7
Selling, general and administrative expenses	37,348	20.5	36,926	16.6	419,613	(422)	-1.1
Restructuring cost	1,423	0.8	-	-	-	(1,423)	-
Operating income (loss)	(3,645)	-2.0	20,209	9.1	229,648	23,854	-
Other income (deductions):							
Interest and dividend income	444		355		4,034	(89)	
Interest expense	(1,021)		(652)		(7,409)	369	
Foreign exchange gain (loss)	(644)		(1,131)		(12,852)	(487)	
Other-net	(552)		37		420	589	
Total other income (deductions)	(1,773)	-1.0	(1,391)	-0.6	(15,807)	382	-
Income (loss) before income taxes	(5,418)	-3.0	18,818	8.5	213,841	24,236	-
Income taxes	(1,705)	-1.0	4,332	2.0	49,227	6,037	-
Net income (loss)	(3,713)	-2.0	14,486	6.5	164,614	18,199	-
Less: Net income (loss) attributable to noncontrolling interests	(497)	-0.2	(37)	-0.0	(420)	460	-
Net income (loss) attributable to TDK	(3,216)	-1.8	14,523	6.5	165,034	17,739	-

FY March, 2011 (July 29, 2010)
 Note: U.S.\$1=Yen 88, for convenience only.

Breakdown of Operating Income Changes

Breakdown

Operating income increase 23.9 billion Yen

(Unit : Yen billion)

【Change in operating income total】	23.9
Change in sales and products mix	32.5
Rationalization and cost reduction and Purchased materials saving	5.3
SG&A expenses decrease	0.1
Exchange fluctuations (US\$=Yen 97.4=>92.0)	(3.2)
Sales price reduction (4.6%)	(10.8)

Sector classification change

【Previous Classification】

Classification		Constituent Main business
Electronic materials and Components	Electronic materials	Ceramic capacitors
		Ferrite cores
		Magnets
	Electronic devices	Inductive devices
		High-frequency devices
		Sensors & Actuators
		Power supplies
	Recording devices	HDD Heads
		others
	Other	Al electrolytic capacitors
		Film capacitors
		Inductors
		Ceramic components
		Sensors
Energy devices		
others		
Recording media	Recording media	

【New Classification】

Sector	Main business
Passive components	Ceramic capacitors
	Al electrolytic capacitors
	Film capacitors
	Inductive devices (Coils/Ferrite cores/Transformers)
	High-frequency devices
	Piezoelectric materials products, Circuit protection devices
	Sensors
Magnetic Application Products	Recording devices
	Power supplies
	Magnets
	Recording media
Other	Energy devices
	Mechatronics
	Other

Net sales comparison 1Q FY'11 vs 1Q FY'10

		1Q of FY2010		1Q of FY2011		Change	
		April 1.2009 – June 30.2009		(April 1.2010 – June 30.2010)			
		Yen millions	%	Yen millions	%	Yen millions	%
	Capacitors	28,812	15.9	37,985	17.1	9,173	31.8
	Inductive devices	24,758	13.6	32,513	14.6	7,755	31.3
	Other	26,653	14.7	34,583	15.6	7,930	29.8
	Passive components TTL	80,223	44.2	105,081	47.3	24,858	31.0
	Recording devices	62,854	34.6	71,668	32.3	8,814	14.0
	Other	24,076	13.3	28,594	12.9	4,518	18.8
	Magnetic application products TTL	86,930	47.9	100,262	45.2	13,332	15.3
	Other	14,393	7.9	16,582	7.5	2,189	15.2
	Net Sales	181,546	100.0	221,925	100.0	40,379	22.2

Segment information 1Q'FY11 vs 1Q'FY10

Net sales by industry segment

	1Q FY2010 (April 1.2009 - June 30.2009)		1Q FY2011 (April 1.2010 - June 30.2010)		Change	
	Yen millions	%	Yen millions	%	Yen millions	%
Passive components	80,223	44.2	105,081	47.3	24,858	31.0
Magnetic Application Prodcuts	86,930	47.9	100,262	45.2	13,332	15.3
Others	14,393	7.9	16,582	7.5	2,189	15.2
Total Net Sales	181,546	100.0	221,925	100.0	40,379	22.2

Segment profit(loss) by industry segment

	1Q FY2010 (April 1.2009 - June 30.2009)		1Q FY2011 (April 1.2010 - June 30.2010)		Change	
	Yen millions	%	Yen millions	%	Yen millions	%
Passive components (Loss)	△ 9,151	△ 11.4	6,183	5.9	15,334	-
Magnetic Application Prodcuts	5,898	6.8	16,077	16.0	10,179	173
Others	805	5.6	1,051	6.3	246	31
sub total (Loss)	△ 2,448	△ 1.3	23,311	10.5	25,759	-
Corporate and Eliminations	△ 1,197	0.0	△ 3,102	0.0	△ 1,905	0
Total Operating income(loss)	△ 3,645	△ 2.0	20,209	9.1	23,854	-

Projection for FY2011

Term Item	FY2011 (April 1, 2010 - March 31, 2011)	FY2011 (April 1, 2010 - March 31, 2011)	FY2010 (April 1, 2009 - March 31, 2010)	vs FY2010 Changes	
	Forecast in July'10	Forecast in April'10	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	%
Net Sales	880,000	880,000	808,858	71,142	8.8
Operating Income	62,000	62,000	25,774	36,226	140.6
Income before income taxes	60,000	60,000	21,907	38,093	173.9
Net income attributable to TDK	45,000	45,000	13,520	31,480	232.8
Capital expenditures	75,000	75,000	64,370	10,630	16.5
Depreciation and amortization	82,000	82,000	83,788	(1,788)	-2.1
Research and development	53,000	53,000	53,942	(942)	-1.7

- ◆ **Exchange rate for the projection**
vs US\$: Yen 87
vs Euro: Yen 113

Passive components business

Mr. Shinichi Araya
Director, Senior Vice President

Passive components business

Demand increase in Consumer, as well as automobile, Industrial equipment

	1Q of FY2010		1Q of FY2011		Change	
	April 1.2009 – June 30.2009		(April 1.2010 – June 30.2010)			
	Yen millions	%	Yen millions	%	Yen millions	%
Capacitors	28,229	35.2%	37,986	36.1%	9,757	34.6%
Inductive devices	24,713	30.8%	32,513	30.9%	7,800	31.6%
Other passive components	27,281	34.0%	34,582	32.9%	7,301	26.8%
Total Passive components	80,223		105,081		24,858	31.0%

Overview: main business

- **Ceramic capacitors:** Increased mainly in automobile, communication equipment
- **Aluminum and Film capacitors:** Increased mainly in industrial equipment
- **Inductive devices :** Increased mainly in automobile, communication equipment, IT home electronics equipment
- **Other passive components**
 - ✓ **High-frequency components:** Increased mainly in communication equipment
 - ✓ **Piezoelectric material products 、 Protection devices、 sensors:** Increased mainly in automobile and industrial equipment

Ceramic capacitors business Overview for 1Q'FY11

- ◆ **1Q FY'11, status up date of improvement actions**
 - ✓ Rationalize effect by facility consolidation
 - ✓ Variable cost reduction by productivity improvement
 - ✓ Scale economy effect by higher equipment utilization
 - ✓ Improvement in products mix



Improvement in profitability

Ceramic capacitors business, Actions to proceed FY2011

- Production location strategy
 - ✓ Consolidation of overseas packaging facilities: 8 → 4 facilities
(completed 2 facilities in 1Q, Consolidation of 2 facilities will be completed in 2Q)
 - ✓ Chang An/China, Back-end process
- Production strategy
 - ✓ Out-put increase and cost reduction by introducing new processes.
 - ✓ Cost reduction by increasing In-house materials ratio
- Products strategy
 - ✓ Expand products line-up

◆ **Strengthen growth strategy**
◆ **Further improvement in total cost**

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