

[Translation]

NOTICE OF CONVOCATION
OF
THE 120TH 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 6, 2016

Takehiro Kamigama
President & Representative Director
TDK Corporation
9-1, Shibaura 3-chome,
Minato-ku, Tokyo

**NOTICE OF CONVOCATION OF
THE 120TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholder:

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

You are hereby notified that the 120th 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 28, 2016 (Tuesday), 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]

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 29, 2016 (Wednesday)
2. Place of the Meeting: Technical Center of the Company, 9th Floor
15-7, Higashi-Ohwada 2-chome, 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 120th Fiscal Year (from April 1, 2015, to March 31, 2016), and Report on the Audit Results of the Consolidated Financial Statements for the 120th Fiscal Year by the Accounting Auditor and the Audit & Supervisory Board
2. Report on the Non-Consolidated Financial Statements for the 120th Fiscal Year (from April 1, 2015, to March 31, 2016)

Matters to be Resolved

- First Item: Appropriation of Retained Earnings
Second Item: Election of Seven (7) Directors
Third Item: Partial Amendment of the Articles of Incorporation

4. Validity of Votes:

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

5. Other Information:

- 1) 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.
- 2) 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.
- 3) 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 (<http://www.tdk.co.jp/>) instead of being attached to this Notice of Convocation:
 - List of Notes to the Consolidated Financial Statements; and
 - List of Notes to the Non-Consolidated Financial Statements.
- 4) 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 (website address provided above).

- End -

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:

¥60 per share of common stock of the Company

Total amount of dividends: ¥7,567,368,840

* Together with the interim dividend of ¥60 per share paid on December 2, 2015, the annual dividend is ¥120 per share.

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

June 30, 2016

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

	117th (Apr. 1, 2012 to Mar. 31, 2013)	118th (Apr. 1, 2013 to Mar. 31, 2014)	119th (Apr. 1, 2014 to Mar. 31, 2015)	120th (Apr. 1, 2015 to Mar. 31, 2016)
Interim dividend (¥)	40	30	40	60
Year-end dividend (¥)	30	40	50	(forecast) 60
Annual dividend (¥)	70	70	90	(forecast) 120
Dividend payout ratio on a consolidated basis (%)	736.8	54.1	22.9	(forecast) 23.3

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 (Date of Birth)	Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts
1. * Candidate for reelection	Takehiro Kamigama (Jan. 12, 1958) Number of Shares of the Company Owned: 7,300 shares	<p>Apr. 1981 Entered the Company</p> <p>Apr. 2001 General Manager in charge of Strategic Technology of the Recording Device Business Group of the Company</p> <p>Oct. 2001 General Manager of the Head Business Group of the Company</p> <p>Jun. 2002 Corporate Officer of the Company</p> <p>Jun. 2003 Senior Vice President of the Company</p> <p>Jun. 2004 Director & Executive Vice President of the Company</p> <p>Jun. 2006 President & Representative Director of the Company (present post)</p> <p>Jun. 2012 General Manager of the Electronic Components Sales & Marketing Group of the Company</p> <p>Apr. 2013 General Manager of Humidifier Countermeasures HQ of the Company (present post)</p> <p>Oct. 2014 General Manager of Technology HQ of the Company (present post)</p>
<p>【The reasons why the Company recommends Mr. Takehiro Kamigama as a candidate for Director】</p> <p>After having served as the head of the HDD Head Business, Mr. Takehiro Kamigama has been serving as President & Representative Director of the Company since 2006 and demonstrating his leadership in strengthening the profitability of the Company's entire business and expanding its business fields. The Company believes that Mr. Kamigama 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 these experience and knowledge, and requests that the shareholders elect him as a Director of the Company.</p>		

Candidate No.	Name (Date of Birth)	Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts
2. * New candidate	Shigenao Ishiguro (Oct. 30, 1957) Number of Shares of the Company Owned: 1,800 shares	<p>Jan. 1982 Entered the Company</p> <p>Apr. 2002 Senior Manager of Planning Group of Europe Sales Group of Recording Media & Solutions Business Group of the Company</p> <p>Jul. 2004 Leader of Planning Group of Japan Operation of HDD Head Business Division of Data Storage & Thin Film Technology Components Business Group of the Company</p> <p>Apr. 2007 Leader of Japan Operation of HDD Head Business Division of Data Storage & Thin Film Technology Components Business Group of the Company</p> <p>Apr. 2011 Deputy General Manager of Data Storage & Thin Film Technology Components Business Group of the Company</p> <p>Jun. 2012 General Manager of Data Storage & Thin Film Technology Components Business Group of the Company</p> <p>Jun. 2014 Corporate Officer of the Company</p> <p>Apr. 2015 CEO of Magnetic Heads and Sensors Business Company of the Company (present post)</p> <p>Jun. 2015 Senior Vice President of the Company (present post)</p> <p>Apr. 2016 General Manager of Magnetic Sensors Business Group of Magnetic Heads and Sensors Business Company of the Company (present post)</p>
<p>【The reasons why the Company recommends Mr. Shigenao Ishiguro as a candidate for Director】</p> <p>After having worked at the business planning department in Europe, Mr. Shigenao Ishiguro has been serving as the head of the HDD Head Business of the Company and strongly promoting the creation of new business and management reform. The Company believes that Mr. Ishiguro can 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.	Name (Date of Birth)	Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts
<p>3.</p> <p>* Candidate for reelection</p>	<p>Noboru Saito (Sept. 10, 1966)</p> <p>Number of Shares of the Company Owned: 3,200 shares</p>	<p>Apr. 1989 Entered the Company</p> <p>May 2006 President of TDK Electronics Europe GmbH</p> <p>Jan. 2007 General Manager of the Europe Sales Division of the Electronic Components Sales & Marketing Group of the Company</p> <p>Oct. 2009 Deputy General Manager of the Europe Sales Division of the Electronic Components Sales & Marketing Group of TDK-EPC Corporation</p> <p>Jun. 2011 Corporate Officer of the Company Deputy General Manager of the Electronic Components Sales & Marketing Group of TDK-EPC Corporation</p> <p>Oct. 2012 Deputy General Manager of the Electronic Components Sales & Marketing Group of the Company</p> <p>Apr. 2013 General Manager of the Electronic Components Sales & Marketing Group of the Company</p> <p>Jun. 2013 Senior Vice President of the Company (present post)</p> <p>Apr. 2014 General Manager of the Electronic Components Sales & Marketing Group of the Company General Manager of the ICT Group of the Electronic Components Sales & Marketing Group of the Company</p> <p>Apr. 2015 General Manager of the Corporate Strategy HQ of the Company (present post)</p> <p>Jun. 2015 Director of the Company (present post) Outside Director of Tabuchi Electric Co., Ltd. (present post)</p> <p>[Situation regarding Significant Concurrent Posts] Outside Director of Tabuchi Electric Co., Ltd.</p>
<p>【The reasons why the Company recommends Mr. Noboru Saito as a candidate for Director】</p> <p>Mr. Noboru Saito has broad global management experience which he has accumulated through his experience working for the Company's sales subsidiaries in the U.S. and Europe, and is currently working on the preparation and implementation of the Company's business strategies as the head of the department responsible for corporate planning, personnel affairs, and public relations. The Company believes that Mr. Saito can continuously fulfil the expected role in decisions on important matters and supervision of business execution at the Board of Directors of the Company, and requests that the shareholders elect him as a Director of the Company.</p>		

Candidate No.	Name (Date of Birth)	Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts
4. * New candidate	Tetsuji Yamanishi (May. 29, 1960) Number of Shares of the Company Owned: 1,000 shares	Apr. 1983 Entered the Company Jan. 2005 Senior Manager of Managerial Accounting Department of Finance & Accounting Department of Administration Group of the Company Jul. 2008 Head of Managerial Accounting Department of Finance & Accounting Department of Administration Group of the Company Jun. 2013 General Manager of Finance & Accounting Department of the Company Apr. 2015 General Manager of Finance & Accounting Group of the Company (present post) Jun. 2015 Corporate Officer of the Company (present post)
<p>【The reasons why the Company recommends Mr. Tetsuji Yamanishi as a candidate for Director】</p> <p>Mr. Tetsuji Yamanishi has experience in accounting and finance in the Company's domestic and overseas business, currently serves as the head of the Finance and Accounting Department, and has demonstrated his high level of expertise and capabilities in the Company's financial and managerial administrative aspect on a global basis. The Company believes that Mr. Yamanishi can 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 deep insight, and requests that the shareholders elect him as a Director of the Company.</p>		

Candidate No.	Name (Date of Birth)	Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts
5. * Candidate for reelection	Makoto Sumita (Jan. 6, 1954) Number of Shares of the Company Owned: 0 shares Attendance at Meetings of the Board of Directors during the Fiscal Year: 16 of the 16 meetings	Apr. 1980 Entered Nomura Research Institute, Ltd. Jun. 1996 Director of INNOTECH CORPORATION Apr. 2005 Executive Vice President & Representative Director of the said company Jun. 2005 Director of IT Access Co., Ltd. Apr. 2007 President & CEO of INNOTECH CORPORATION Jun. 2011 Outside Audit & Supervisory Board Member of the Company Apr. 2013 Chairman & CEO of INNOTECH CORPORATION (present post) Jun. 2013 Resigned as Outside Audit & Supervisory Board Member of the Company Outside Director of the Company (present post) Feb. 2015 Chairman & CEO of INNOTECH FRONTIER, Inc. (present post) [Situation regarding Significant Concurrent Posts] Chairman & CEO of INNOTECH CORPORATION Chairman & CEO of INNOTECH FRONTIER, Inc.
<p>【Candidate for Outside Director】</p> <p>【The reasons why the Company recommends Mr. Makoto Sumita as a candidate for Outside Director】</p> <p>Mr. Makoto Sumita is a person of distinguished character and has an abundance of experience and knowledge in management as a manager of operating companies 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 the Board of Directors of the Company's decision making, and requests that the shareholders elect him as an Outside Director of the Company.</p> <p>Although the Company has a business relationship relating to flash memory devices and system maintenance, etc. with INNOTECH CORPORATION, where Outside Director Mr. Makoto Sumita is CEO, 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, 2016, the ratio of sales of the TDK Group ("TDK") to the INNOTECH Group represented less than 1% of the consolidated net sales of TDK, and the ratio of INNOTECH Group's sales to TDK represented less than 1% of INNOTECH Group's consolidated net sales.</p> <p>【Independent Director (<i>dokuritsu yakuin</i>, hereinafter referring to such term as used in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.)】</p> <p>Mr. Makoto Sumita is 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> <p>【Term of office as Outside Director】</p> <p>Three (3) years as of the closing of this Ordinary General Meeting of Shareholders.</p> <p>Mr. Makoto Sumita currently serves both as the chairman of the Board of Directors and the chairman of the Nomination Advisory Committee.</p>		

Candidate No.	Name (Date of Birth)	Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts
<p>6.</p> <p>* Candidate for reelection</p>	<p>Kazumasa Yoshida (Aug. 20, 1958)</p> <p>Number of Shares of the Company Owned: 0 shares</p> <p>Attendance at Meetings of the Board of Directors during the Fiscal Year : 16 of the 16 meetings</p>	<p>Oct. 1984 Entered Intel Corporation</p> <p>Oct. 1999 Manager of Technology/OEM Alliance Business Strategy of Enterprise Service Group of the said company</p> <p>Mar. 2000 General Manager of Communication Product Group of Intel K.K.</p> <p>May 2002 General Manager of Intel Architecture Business of the said company</p> <p>Jun. 2003 Representative Director and President of the said company</p> <p>Dec. 2004 Vice President of Sales and Marketing Group of Intel Corporation</p> <p>Jun. 2012 Outside Director of Onkyo Corporation (present post)</p> <p>Feb. 2013 Outside Director of Gibson Brands, Inc. (present post)</p> <p>Jun. 2013 Outside Director of CYBERDYNE Inc. (present post)</p> <p>Oct. 2013 Advisor of Intel K.K.</p> <p>Jun. 2014 Outside Director of the Company (present post)</p> <p>Jun. 2015 Outside Director of Mamezou Holdings Co., Ltd. (present post)</p> <p>[Situation regarding Significant Concurrent Posts] Outside Director of Onkyo Corporation Outside Director of Gibson Brands, Inc. Outside Director of CYBERDYNE Inc. Outside Director of Mamezou Holdings Co., Ltd.</p>
<p>【Candidate for Outside Director】</p> <p>【The reasons why the Company recommends Mr. Kazumasa Yoshida as a candidate for Outside Director】</p> <p>Mr. Kazumasa Yoshida is a person of distinguished character and 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 the Board of Directors of the Company's decision making, and requests that the shareholders elect him as an Outside Director of the Company.</p> <p>【Independent Director】</p> <p>Mr. Kazumasa Yoshida is 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> <p>【Term of office as Outside Director】</p> <p>Two (2) years as of the closing of this Ordinary General Meeting of Shareholders. Mr. Kazumasa Yoshida currently serves as the chairman of the Compensation Advisory Committee.</p>		

Candidate No.	Name (Date of Birth)	Profile, Position and Duties at the Company, and Situation regarding Significant Concurrent Posts
7. * Candidate for reelection	Kazuhiko Ishimura (Sept. 18, 1954) Number of Shares of the Company Owned: 0 shares Attendance at Meetings of the Board of Directors during the Fiscal Year : 10 of the 12 meetings (Since he was appointed in Jun. 2015)	Apr. 1979 Entered ASAHI GLASS CO., LTD. Jan. 2006 Executive Officer of the said company Jan. 2007 Senior Executive Officer and GM of Electronics & Energy General Division of the said company Mar. 2008 President & COO & Representative Director of the said company Jan. 2010 President & CEO & Representative Director of the said company Jan. 2015 Chairman & Representative Director of the said company (present post) Jun. 2015 Outside Director of the Company (present post) [Situation regarding Significant Concurrent Posts] Chairman & Representative Director of ASAHI GLASS CO., LTD.
<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 is a person of distinguished character and 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 the Board of Directors of the Company's decision making, and requests that the shareholders elect him as an Outside Director of the Company.</p> <p>Although the Company has a business relationship relating to EMC (electromagnetic compatibility) measurement, glass and chemical goods, etc. with ASAHI GLASS CO., LTD., where Outside Director Mr. Kazuhiko Ishimura is Representative 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, 2016, the ratio of sales of TDK to the ASAHI GLASS Group represented less than 1% of the consolidated net sales of TDK, and the ratio of sales of the ASAHI GLASS Group to TDK represented less than 1% of the consolidated net sales of the ASAHI GLASS Group.</p> <p>【Independent Director】</p> <p>Mr. Kazuhiko Ishimura is 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> <p>【Term of office as Outside Director】</p> <p>One (1) year as of the closing of this Ordinary General Meeting of Shareholders.</p> <p>Mr. Kazuhiko Ishimura currently serves both as a member of the Nomination Advisory Committee and a member of the Compensation Advisory Committee.</p>		

- Notes:
- None of the above seven (7) candidates have any special interest in the Company.
 - The Company entered into contracts with all 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, the amount of which shall be equal to or greater than the amount provided for in Article 425 paragraph 1 of the same Act. This is for the purpose of enabling Outside Directors to fulfill their roles sufficiently.
In the event that the proposal of election of Messrs. Makoto Sumita, Kazumasa Yoshida and Kazuhiko Ishimura 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.
 - The matters concerning Outside Directors and Outside Audit & Supervisory Board Members (principal activities) in the fiscal year under review are set forth from page 31 through page 32 of the Business Report.

《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 Outside Director and of which more than half of the members are composed of 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 Item 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 TDK or a subsidiary of TDK (except persons without material significance)

Third Item: Partial Amendment of the Articles of Incorporation

1. Reasons for proposals

The Act for Partial Revision of the Companies Act of Japan (Act No. 90 of 2014) came into effect on May 1, 2015. As a result, companies are now permitted to enter into contracts for limitation of liabilities with not only Outside Directors and Outside Audit & Supervisory Board Members but also other Directors (excluding executive Directors, etc.) and Audit & Supervisory Board Members. The Company therefore wishes to make the necessary amendments to Articles 30 and 40 of its current Articles of Incorporation. Submission of the proposed amendments to Article 30 of the current Articles of Incorporation for approval at the 120th Ordinary General Meeting of Shareholders has been approved by each of the Audit & Supervisory Board Members.

2. Details of the amendments

The details of the amendments are as stated below.

(The parts to be amended are underlined.)

The Current Articles of Incorporation	Proposed Amendments
<p>(Contracts for Limitation of Liability with <u>Outside Directors</u>) Article 30. Pursuant to Article 427, paragraph 1 of the Companies Act of Japan, the Company may enter into contracts with <u>Outside Directors</u> to limit the liability of the <u>Outside Directors</u> under Article 423, paragraph 1 of the Companies Act of Japan; provided, however, that the maximum amount of the liability pursuant to such contracts shall be limited to the amount set forth in each such contract, which amount shall be equal to or greater than the amount provided for in Article 425, paragraph 1 of the Companies Act of Japan.</p>	<p>(Contracts for Limitation of Liability with <u>Directors</u>) Article 30. Pursuant to Article 427, paragraph 1 of the Companies Act of Japan, the Company may enter into contracts with <u>Directors (excluding executive Directors, etc.)</u> to limit the liability of the <u>Directors (excluding executive Directors, etc.)</u> under Article 423, paragraph 1 of the Companies Act of Japan; provided, however, that the maximum amount of the liability pursuant to such contracts shall be limited to the amount set forth in each such contract, which amount shall be equal to or greater than the amount provided for in Article 425, paragraph 1 of the Companies Act of Japan</p>
<p>(Contracts for Limitation of Liability with <u>Outside Audit & Supervisory Board Members</u>) Article 40. Pursuant to Article 427, paragraph 1 of the Companies Act of Japan, the Company may enter into contracts with <u>Outside Audit & Supervisory Board Members</u> to limit the liability of the <u>Outside Audit & Supervisory Board Members</u> under Article 423, paragraph 1 of the Companies Act of Japan; provided, however, that the maximum amount of the liability pursuant to such contracts shall be limited to the amount set forth in each such contract, which amount shall be equal to or greater than the amount provided for in Article 425, paragraph 1 of the Companies Act of Japan.</p>	<p>(Contracts for Limitation of Liability with <u>Audit & Supervisory Board Members</u>) Article 40. Pursuant to Article 427, paragraph 1 of the Companies Act of Japan, the Company may enter into contracts with <u>Audit & Supervisory Board Members</u> to limit the liability of the <u>Audit & Supervisory Board Members</u> under Article 423, paragraph 1 of the Companies Act of Japan; provided, however, that the maximum amount of the liability pursuant to such contracts shall be limited to the amount set forth in each such contract, which amount shall be equal to or greater than the amount provided for in Article 425, paragraph 1 of the Companies Act of Japan.</p>

End

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

Attached Document (1)

BUSINESS REPORT

〔 From: April 1, 2015
To: March 31, 2016 〕

1. Business Conditions

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

Looking at the global economy in the fiscal year ended March 31, 2016 ("Fiscal 2016"), overall it maintained a gradual recovery due to growth in developed nations such as the U.S. and Europe together with the Asia region, despite the impact of a drop in crude oil prices and exchange rate fluctuation. However, growth of the economies of emerging countries centered on China began to show signs of slowing down, and this has begun to have a ripple effect on the economies of developed countries. Since low crude oil prices and the slowdown in the economies of emerging countries continues, there is a growing risk that the world economy will decline due to the deterioration of corporate and consumer sentiment.

The electronics market, which has a large bearing on the consolidated performance of the Company, saw production levels differ by finished product. Production of smartphones increased from the previous fiscal year, driven by sustained growth in demand in the Chinese market. Production in the automobile market was slightly higher than the level of the previous fiscal year, driven mainly by solid automobile sales in the U.S. Meanwhile, production of PCs declined compared to the previous fiscal year when there had been firm demand for replacement of PCs spurred by the end of support for Windows XP. Production of hard disk drives (HDDs) declined substantially compared to the previous fiscal year due to the decreased demand for PCs and the continued replacement of the HDDs inside PCs by solid state drives (SSDs), despite demand for data center applications continuing to hold firm.

As a result, consolidated operating results for the Company for Fiscal 2016 were as follows.

(¥ in millions)

	Fiscal 2015	Fiscal 2016	YoY Change
Net sales	1,082,560	1,152,255	6.4%
Operating income	72,459	93,414	28.9%
Income before income taxes	74,517	91,839	23.2%
Net income attributable to the Company	49,440	64,828	31.1%
Net income attributable to the Company / Basic per common share (¥)	392.78	514.23	121.45

(2) Segment Information of TDK

TDK's net sales are made up of three reporting segments—passive components (capacitors, inductive devices, etc.), magnetic application products (recording devices, etc.), and film application products, as well as “other” that are not included in any of those three 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.	150,402	13.1	1.0
Inductive devices		149,229	12.9	1.3
Other		276,115	24.0	17.1
Passive components		575,746	50.0	8.2
Recording devices	PCs and PC peripherals, automobiles and industrial equipment, etc.	219,836	19.0	-15.6
Other		95,486	8.3	-7.2
Magnetic application products		315,322	27.3	-13.2
Film application products	PCs and communications equipment, etc.	222,359	19.3	47.0
Other	Communications and industrial equipment, etc.	38,828	3.4	8.0
Consolidated total		1,152,255	100.0	6.4
Incl. overseas sales		1,061,203	92.1	7.3

Note: In accordance with the reorganization from the start of Fiscal 2016, certain products of Inductive devices, Other Passive Components and Other Magnetic Application Products were reclassified into Other that are not a part of the three reportable segments. The calculations of comparisons against previous fiscal year's sales 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 ¥575,746 million, up 8.2% year on year from ¥531,998 million.

The capacitors business is made up of ceramic capacitors, aluminum electrolytic capacitors, and film capacitors. Consolidated net sales in the capacitors business were ¥150,402 million, up 1.0% year on year from ¥148,960 million. Sales of ceramic capacitors increased to the automotive market, and sales of aluminum electrolytic capacitors and film capacitors also increased to the automotive market.

Consolidated net sales of inductive devices increased 1.3% year on year from ¥147,282 million to ¥149,229 million. Sales increased to the automotive market.

Other passive components include high-frequency devices, piezoelectric material products and circuit protection components, and sensors. Consolidated net sales of other passive components increased 17.1% year on year from ¥235,756 million to ¥276,115 million. Sales of high-frequency devices increased significantly to the ICT (Information and Communications Technology) market. Sales of piezoelectric material products and circuit protection components increased to the ICT market. Sales of sensors increased to the automotive and the industrial equipment markets.

[Magnetic Application Products Segment]

This segment is made up of (1) recording devices, and (2) other magnetic application products. Consolidated net segment sales decreased 13.2% year on year, from ¥363,347 million to ¥315,322 million.

The recording devices business is comprised mainly of HDD heads and HDD suspension assemblies. It recorded consolidated net sales of ¥219,836 million, down 15.6% from ¥260,506 million. Sales of HDD heads and HDD suspension assemblies declined due to the lackluster HDD production level.

Other magnetic application products include power supplies and magnets. Consolidated net sales decreased 7.2% year on year from ¥102,841 million to ¥95,486 million. Sales of power supplies increased to the industrial equipment market. Sales of magnets decreased to the automotive market and the ICT market for use in HDDs.

[Film Application Products Segment]

This segment includes energy devices (rechargeable batteries) and applied films. Consolidated net segment sales increased 47.0% from ¥151,275 million to ¥222,359 million.

Sales of energy devices increased significantly to the ICT market.

[Other]

Other includes mechatronics (production equipment) and other businesses. Consolidated net segment sales increased 8.0% from ¥35,940 million to ¥38,828 million.

(3) Capital Expenditures of TDK

TDK invested ¥160,674 million in capital expenditures in Fiscal 2016, up 56.7% 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 ¥102,525 million.

Main capital expenditures included expenditures for equipment to increase production of high-frequency devices, and expenditures for manufacturing facilities to increase production and raise production efficiency of rechargeable batteries. Furthermore, TDK invested in development and production facilities for next-generation HDD heads with higher areal density. In Fiscal 2016, TDK executed capital expenditures directed at spurring business expansion primarily in the aforementioned core business operations.

(4) Research and Development of TDK

The expenditure for R&D activities in Fiscal 2016 was ¥84,920 million, up 20.2% from ¥70,644 million in Fiscal 2015. TDK invested in R&D to respond to the diversifying electronics market and to strengthen and expand new product development on an ongoing basis. TDK is conducting product development by fully leveraging its manufacturing capabilities in the three fields of Automotive, ICT, and Industrial Equipment and Energy, which are positioned as core markets. In doing so, it is contributing to further advances in sophistication, miniaturization, and energy-saving.

In line with a technology strategy based on an understanding of market changes, TDK is focusing its future development energies on strategic growth products (sensors and actuators, energy units, next-generation electronic components), that are expected to grow in the above core markets going forward. At the same time, in Japan and overseas the TDK is continuing to establish an R&D structure based on the regional characteristics of each market, and promote cutting edge R&D.

(5) Fund Procurement of TDK

The balances of straight bonds and debt as of the end of Fiscal 2016 were as follows:

(¥ in millions)

Issue	Balance at March 31, 2016	Increase (Decrease) During FY2016
Straight bonds	13,000	—
Short- and long-term debt	322,758	67,426
Total	335,758	67,426

The Company was responsible for issuing straight bonds and main short- and long-term debts in the past. Details of the straight bonds above and main lenders as of March 31, 2016 are as follows:

1) Straight Bonds (Issued on January 23, 2009)

Issue	Total Amount of Issue	Issue Price	Coupon Rate	Redemption Date
4th Series Unsecured Straight Bonds	13,000 million yen	100 yen per face value of 100 yen	2.038% per annum	January 30, 2019

2) Main Lenders (As of March 31, 2016)

(¥ in millions)

Lender	Amount
Resona Bank, Limited	50,000
Sumitomo Mitsui Banking Corporation	37,500
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	36,885
Development Bank of Japan Inc.	30,000
Sumitomo Mitsui Trust Bank, Limited	28,000
Mizuho Bank, Ltd.	27,000
Mitsubishi UFJ Trust and Banking Corporation	27,000

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

Acquisition of Shares of a Sensor Business Company (Conversion to a Subsidiary)

By a resolution of the Board of Directors meeting held on December 17, 2015, the Company decided to attempt to acquire the shares of Micronas Semiconductor Holding AG (“Micronas Semiconductor Holding”; headquarters: Zurich, Switzerland) by a public tender, and convert it into a subsidiary with the intention of expanding the sensor business. Micronas Semiconductor Holding is primarily engaged in the manufacture and sale of sensors for automobiles and industrial equipment. As a result of a public tender following this resolution, Micronas Semiconductor Holding became a subsidiary of the Company in March 2016.

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

[Consolidated Results]		(¥ in millions)			
Item	Term	117th (Apr. 1, 2012 to Mar. 31, 2013)	118th (Apr. 1, 2013 to Mar. 31, 2014)	119th (Apr. 1, 2014 to Mar. 31, 2015)	120th (Apr. 1, 2015 to Mar. 31, 2016)
Net sales		841,847	984,525	1,082,560	1,152,255
Operating income		22,054	36,616	72,459	93,414
Net income attributable to the Company		1,195	16,288	49,440	64,828
Net income attributable to the Company / Basic per common share (¥)		9.50	129.47	392.78	514.23
Total assets		1,169,642	1,239,589	1,404,282	1,450,585
Total equity		580,616	652,243	758,007	684,633
Total stockholders' equity		561,169	635,327	738,861	675,361
Total stockholders' equity per share (¥)		4,460.79	5,049.72	5,864.56	5,354.79
Dividends per share (¥)		70.00	70.00	90.00	120.00
Return on Equity (ROE) (%)		0.2	2.7	7.2	9.2
Return on Assets (ROA) (%)		0.1	1.4	3.7	4.5
Dividend on Equity (DOE) (%)		1.7	1.5	1.6	2.1

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. In the 118th fiscal year, the Company has shown earnings related to the data tape business and Blu-ray business as discontinued operations in the consolidated statements of income in accordance with the provisions of ASC 205-20, "Presentation of Financial Statements-Discontinued Operations." Consequently, figures for the 117th fiscal year has been restated to match the presentation in the 118th fiscal year.

3. The total cash dividend for the 120th fiscal year is ¥120.00 per share, including a year-end dividend of ¥60.00 per share. The year-end dividend is scheduled for approval at the 120th Ordinary General Meeting of Shareholders on June 29, 2016.

(8) Pressing Issues

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

TDK has formulated a three-year, medium-term management plan, with the fiscal year ending March 31, 2016 as the inaugural year, with the aim of further increasing corporate value by sustained growth. TDK's basic policy is to evolve inter-Group links to achieve further growth. On this basis, TDK is pursuing a zero-defect quality strategy based on advanced technological capabilities, along with working to truly globalize its operations by speedy management.

Turning to TDK's businesses, TDK is continuing to accelerate sales expansion through new businesses as well as through the three segments of passive components, magnetic application products, and film application products, thereby boosting profitability. In addition to investing in core businesses, over the medium term TDK aims to achieve an operating margin of 10% or more,

and ROE of 10% or more, while efficiently investing in new product development and new businesses. At the same time, as regards shareholder returns, the Company's policy is to continue paying stable dividends by leveraging the impact of these investments by growing earnings per share.

In line with the Corporate Governance Code that was applied to listed companies in June 2015 with the aim of achieving sustained growth and improving medium- and long-term corporate value, TDK will continuously endeavor to implement appropriate information disclosure and ensure transparency to further activate its constructive engagement with shareholders and investors and fulfill the role and obligations of the Board of Directors at the same time.

2) Pressing Issues of TDK

Overall, the global economy is experiencing a gradual recovery sustained by an expanding U.S. economy. Nevertheless, there are concerns about slowdowns in the Chinese market and drops in the economies of resource-rich nations due to falls in crude oil prices. The automotive market and electronics markets such as smartphones are also expanding generally firmly, while there continues to be an increasing sophistication and thinness of the products, and an increasing strictness in their safety standards. In these circumstances, customers are becoming steadily more demanding as regards the levels of quality and performance of electronics components, particularly those used in automobiles.

In this situation, TDK recognizes the importance of a quick implementation of its zero-defect quality strategy. TDK is pushing forward with further strengthening its production process with a management that unifies all stages from raw materials to manufacturing. Furthermore, TDK is accelerating the achievement of a complete reformation in manufacturing around the implementation of the three core targets of improving quality, innovating procurement and energy efficiency, and reducing costs.

In the first fiscal year of the Medium-Term Plan, TDK focused on the three fields of Automotive, ICT, and Industrial Equipment and Energy, and pursued growth strategies in five priority business sectors: inductive devices, high-frequency components, piezoelectric material components, recording devices (HDD heads), and energy devices (rechargeable batteries). Looking ahead, TDK will accelerate the expansion of strategic growth products (sensors and actuators, energy units, next-generation electronic components), aiming to capture business opportunities in the IoT (Internet of Things) market. To this end, TDK will strengthen its framework for collaboration with U.S. company Qualcomm Incorporated over a wide range of business areas and leverage the acquisition of Swiss sensor operating company Micronas Semiconductor Holding AG. Furthermore, the recording devices (HDD head) business, one of TDK's priority businesses, is expected to operate in harsh conditions due to the impact of declining PC demand together with contraction in the HDD market as they are replaced by SSDs. TDK will right-size its production scale and provide products and services leveraging advanced technologies to continue being "an entity that is relied upon by society," even in a contracting market. At the same time, TDK is making an effort to steadily implement fundamental measures and achieve an early-stage transformation to a high-earnings structure in some of its business lines.

In order to support these various business developments, it is imperative to develop technologies and products with a medium- to long-term vision. The headquarter development function, which is responsible for doing this, is being reorganized into three development centers for information and communication device development, energy device development, and materials development, and TDK is building a development system that suits the characteristics of the various market sectors. TDK will also strengthen its research and development functions in the U.S., Europe and China in order to implement development activities that are even more suitable to the characteristics of each region.

In reinforcing its businesses, TDK will also take into account the environment. TDK will supply products that meet customer demands and that respond to social concerns such as energy conservation, legal and regulatory compliance, and safety, and will also take further steps to reduce the environmental impact of its business activities, by cutting CO2 emissions and other measures. As a corporate citizen, TDK will reaffirm the importance of prospering together with society. TDK will take steps to contribute to environmental protection while realizing the sustainable growth and medium- to long-term corporate value increase of the TDK by seeking to strengthen its corporate governance further.

The Company celebrated the 80th anniversary of its founding in December 2015. TDK asks every individual employee in TDK to hearken back to its founding spirit, namely, its resolve to “contribute to culture and industry through creativity” (Corporate Motto), while at the same time TDK is working to foster a corporate culture that continues to strive for growth.

In these endeavors, the Company greatly appreciates the continued support of all its shareholders.

(9) Principal Businesses of TDK

TDK is principally engaged in the manufacture and sale of electronic components. Main businesses in the three reporting segments and others which are not included in such three 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, sensors
Magnetic Application Products	HDD Heads, HDD suspension assemblies, power supplies, magnets
Applied Film Products	Energy devices (rechargeable batteries), applied films
Other	Mechatronics (production equipment), other

(10) Major Business Offices and Plants of TDK

1) The Company

Type of Office	Locations
Head Office	9-1, Shibaura 3-chome, Minato-ku, Tokyo
Business Offices	Sendai, Nagoya, Matsumoto, Osaka, Fukuoka
Plants	Chokai Plant (Akita Pref.), Akita Plant (Akita Pref.), Inakura Plant (Akita Pref.), Narita Plant (Chiba Pref.), Shizuoka Plant (Shizuoka Pref.), Kofu Plant (Yamanashi Pref.), Asama Techno Plant (Nagano 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 (Minato-ku, Tokyo)	¥2,976 million	*100.0	Manufacture and sale of magnetic application products
TDK-MCC Corporation (Nikaho-shi, Akita Pref.)	¥1,000 million	*100.0	Manufacture of passive components
TDK Shonai Corporation (Tsuruoka-shi, Yamagata Pref.)	¥110 million	*100.0	Manufacture of passive components and magnetic application products
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	*97.3	Manufacture and sale of film 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 passive components and magnetic application products
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\$458,727 thousand	100.0	Management and supervision of U.S. subsidiaries
Headway Technologies, Inc. (California, U.S.A.)	US\$163,161 thousand	100.0	Manufacture and sale of magnetic 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 352,113 thousand	100.0	Management and supervision of European subsidiaries
EPCOS AG (Munich, Germany)	Euro 66,682 thousand	*100.0	Manufacture and sale of passive components
TDK Europe GmbH (Düsseldorf, Germany)	Euro 46,545 thousand	*100.0	Sale of passive components

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	14	+2 companies
	Overseas	115	+10 companies (+13 companies, -3 companies)
	Total	129	+12 companies (+15 companies, -3 companies)
Equity-method affiliates	Domestic	4	—
	Overseas	3	-1 company (+1 company, -2companies)
	Total	7	-1 company (+1 company, -2companies)

(12) Employees

Employees of TDK:

Number of Employees	Change from Preceding Fiscal Year
91,648	3,572

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

(13) Other Important Matters Concerning the Corporate Group

Establishment of a Joint Venture in the RF (Radio-Frequency wave) Component Industry and Collaboration in a Broad Range of Business Fields

On January 13, 2016, the Company agreed with Qualcomm Incorporated (Qualcomm; Headquarters: California, U.S.) to establish a joint venture with main operations in the development, design, manufacture and sale of RF modules and RF components, as well as collaboration in a broad range of business fields. Based on this, Qualcomm's subsidiaries and affiliates and the Company and its subsidiaries concluded an agreement relating to the establishment of the joint venture and business collaboration.

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 3,467,845 shares of treasury stock)

(3) Number of Shareholders

26,983 shareholders (5,212 more than at March 31, 2015)

(4) Top 10 Largest Shareholders

Name of shareholder	Number of shares held	Percentage of shares held
	(thousands of shares)	(%)
The Master Trust Bank of Japan, Ltd.(Trust account)	18,318	14.52
Japan Trustee Services Bank, Ltd.(Trust account)	11,813	9.37
JP MORGAN CHASE BANK 380055	5,690	4.51
Trust & Custody Services Bank, Ltd.(Securities investment trust account)	3,491	2.77
Japan Trustee Services Bank, Ltd.(Trust account 9)	2,622	2.08
BNP Paribas Securities (Japan) Limited	2,556	2.03
STATE STREET BANK WEST CLIENT - TREATY 505234	1,830	1.45
Japan Trustee Services Bank, Ltd.(Trust account 7)	1,678	1.33
Nippon Life Insurance Company	1,640	1.30
Goldman Sachs Japan Co., Ltd.	1,554	1.23

Notes: 1. The 3,467,845 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	1 person, 26 rights	—
2007 (Issued at Fair Value to Directors)	May 15, 2007	7	700 shares of common stock	¥11,014 (fair value)	From July 8, 2007 to July 7, 2027	1 person, 7 rights	—
2008 (Issued at Fair Value to Directors)	May 28, 2008	37	3,700 shares of common stock	¥5,967 (fair value)	From July 6, 2008 to July 5, 2028	1 person, 37 rights	—
2009	May 27, 2009	177	17,700 shares of common stock	¥4,021 (fair value)	From July 5, 2009 to July 4, 2029	2 people, 68 rights	—
2010	May 26, 2010	166	16,600 shares of common stock	¥4,213 (fair value)	From July 4, 2010 to July 3, 2030	2 people, 77 rights	—
2011	May 25, 2011	326	32,600 shares of common stock	¥3,925 (fair value)	From July 3, 2011 to July 2, 2031	2 people, 85 rights	1 person 20 rights
2012	June 21, 2012	362	36,200 shares of common stock	¥2,770 (fair value)	From July 8, 2012 to July 7, 2032	3 people, 157 rights	1 person 19 rights
2013	June 19, 2013	363	36,300 shares of common stock	¥3,112 (fair value)	From July 7, 2013 to July 6, 2033	4 people, 174 rights	1 person 26 rights
2014	June 18, 2014	346	34,600 shares of common stock	¥4,136 (fair value)	From July 6, 2014 to July 5, 2034	4 people, 174 rights	1 person 26 rights
2015	July 31, 2015	1,041	104,100 shares of common stock	¥6,806 (fair value)	From August 23, 2015 to August 22, 2035	4 people, 418 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
9th	July 29, 2010	326	32,600 shares of common stock	¥5,292	From August 1, 2012 to July 31, 2016	—	—
10th	July 28, 2011	363	36,300 shares of common stock	¥4,567	From August 1, 2013 to July 31, 2017	—	—
11th	July 31, 2012	524	52,400 shares of common stock	¥3,550	From August 1, 2014 to July 31, 2018	—	—
12th	July 31, 2013	811	81,100 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, 2016

	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	2,851	285,100 shares of common stock	0.22%
Stock Acquisition Rights	2,024	202,400 shares of common stock	0.16%
Total	4,875	487,500 shares of common stock	0.38%

(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
2015 Stock-Linked Compensation Stock Acquisition Rights	15	623 stock acquisition rights (62,300 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)	Takehiro Kamigama	<ul style="list-style-type: none"> • General Manager of Humidifier Countermeasures HQ of the Company • General Manager of Technology HQ of the Company
Director (Executive Vice President)	Atsuo Kobayashi	<ul style="list-style-type: none"> • General Manager of Magnet Products Business Group of the Company
Director (Executive Vice President)	Hiroyuki Uemura	<ul style="list-style-type: none"> • CEO of the Electronic Components Business Company of the Company • General Manager of the Ceramic Capacitors Business Group of the Electronic Components Business Company of the Company
Director (Senior Vice President)	Noboru Saito	<ul style="list-style-type: none"> • General Manager of the Corporate Strategy HQ of the Company • Outside Director of the Tabuchi Electric Co., Ltd.
Outside Director	Makoto Sumita	<ul style="list-style-type: none"> • Chairman & CEO of INNOTECH CORPORATION • Chairman & CEO of INNOTECH FRONTIER, Inc.
Outside Director	Kazumasa Yoshida	<ul style="list-style-type: none"> • Outside Director of Onkyo Corporation • Outside Director of Gibson Brands, Inc. • Outside Director of CYBERDYNE Inc. • Outside Director of Mamezou Holdings Co., Ltd.
Outside Director	Kazuhiko Ishimura	<ul style="list-style-type: none"> • Chairman & Representative Director of ASAHI GLASS CO., LTD.
Full-time Audit & Supervisory Board Member	Osamu Yotsui	
Full-time Audit & Supervisory Board Member	Junji Yoneyama	
Outside Audit & Supervisory Board Member	Kazunori Yagi	<ul style="list-style-type: none"> • Outside Audit & Supervisory Board Member of Yokogawa Bridge Holdings Corp. • Outside Director of JSR Corporation • Outside Director of OYO Corporation
Outside Audit & Supervisory Board Member	Toru Ishiguro	<ul style="list-style-type: none"> • Partner of Mori Hamada & Matsumoto • Outside Director of Daiwa Asset Management Co., Ltd.
Outside Audit & Supervisory Board Member	Kiyoshi Fujimura	<ul style="list-style-type: none"> • Outside Audit & Supervisory Board Member of Ajinomoto Co., Inc.

Notes: 1. Directors Messrs. Makoto Sumita, Kazumasa Yoshida and Kazuhiko Ishimura 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. Kazunori Yagi, Toru Ishiguro and Kiyoshi Fujimura are Outside Audit & Supervisory Board Members pursuant to Article 2, item 16 of the Companies

Act of Japan. Also, Messrs. Kazunori Yagi and Kiyoshi Fujimura are Independent Audit & Supervisory Board Members pursuant to Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.

3. As of April 1, 2016, the following changes in responsibility occurred:

Position	Name	Duties at the Company and Situation regarding Significant Concurrent Posts
Director (Executive Vice President)	Atsuo Kobayashi	• In charge of Magnet Products
Director (Executive Vice President)	Hiroyuki Uemura	• CEO of the Electronic Components Business Company 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 a business relationship relating to flash memory devices and system maintenance, etc. with INNOTECH CORPORATION, where Outside Director Mr. Makoto Sumita is CEO, 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, 2016, the ratio of sales of TDK to the INNOTECH Group represented less than 1% of the consolidated net sales of TDK, and the ratio of sales of the INNOTECH Group to TDK represented less than 1% of the INNOTECH Group's consolidated net sales.

- Although the Company has a business relationship relating to electromagnetic compatibility (EMC) measurement, glass and chemical goods, etc. with Asahi Glass Co., Ltd., where Outside Director Mr. Kazuhiko Ishimura serves as Representative 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, 2016, the ratio of sales of TDK to Asahi Glass Group represented less than 1% of the consolidated net sales of TDK, and the ratio of sales of the Asahi Glass Group to TDK represented less than 1% of the Asahi Glass Group's consolidated net sales.

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

- Full-time Audit & Supervisory Board Member Mr. Osamu Yotsui has 22 total years of experience in financing and accounting of the Company; thus, he has considerable knowledge in this field.

- Outside Audit & Supervisory Board Member Mr. Kazunori Yagi has the experience of serving for many years in the fields of accounting and corporate planning at Yokogawa Electric Corporation; thus, and thus, he has considerable knowledge as regards financing and accounting.

- 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 Outside Audit & Supervisory Board Members pursuant to Article 427, paragraph 1 of the Companies Act of Japan to limit the liabilities of each such Outside Director/Outside 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 amount shall be equal to or greater than the amount provided for in Article 425, paragraph 1 of the same Act. This is for the purpose of enabling Outside Directors and Outside Audit & Supervisory Board Members to fulfill their roles sufficiently.

(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	9	418	9	224	4	100	4	94
(including Outside Directors)	(4)	(51)	(4)	(51)	Not eligible for the above remuneration			
Audit & Supervisory Board Members	8	85	8	85	Not eligible for the above remuneration			
(including Outside Audit & Supervisory Board Members)	(5)	(27)	(5)	(27)				
Total	17	502	17	308	4	100	4	94

Notes: 1. The number of Directors and Audit & Supervisory Board Members at the end of the fiscal year under review were 7 and 5, 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 includes the amount of remuneration paid to 2 Directors and 3 Audit & Supervisory Board Members who retired at the close of the 119th Ordinary General Meeting of Shareholders held on June 26, 2015.

2. 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.

3. 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 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.

By constantly pursuing the formulation of a competitive remuneration system that focuses on linkage with short-term as well as mid- to long-term results, the Company promotes as much as possible behavior on the part of Directors and Audit & Supervisory Board Members geared towards enhancing corporate results and stock value to constantly increase the corporate value of the overall TDK.

(2) Remuneration level

The Company aims to set remuneration at levels enabling the maintenance of competitiveness compared with other companies in the same business category or of similar scale in different business categories. 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 execute business

Composed of basic remuneration, results-linked bonuses and stock-linked compensation stock options.

b. Remuneration of Directors who do not execute business

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 Outside Director and of which more than half of the members are composed of Outside Directors.

The Committee examines and recommends the remuneration system and the level of remuneration pertaining to Directors and Corporate Officers 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 27 through page 28.
- 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
Makoto Sumita (Outside Director)	Mr. Sumita attended all 16 meetings of the Board of Directors held during the fiscal year under review. Attendance at the following committee meetings during the fiscal year under review: Nomination Advisory Committee: 8 out of 8 meetings Compensation Advisory Committee: 3 out of 3 meetings	Mr. Sumita is the Chairman of the Board of Directors. He actively stated opinions based mainly on his extensive experience and high level of expertise regarding corporate management, especially in the electronics field. Mr. Sumita 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 was also the Chairman of the Compensation Advisory Committee until June 2015.

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 all 16 meetings of the Board of Directors held during the fiscal year under review. 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, Audit & Supervisory Board Members, and Corporate Officers, and the appropriateness of the compensation.
Kazuhiko Ishimura (Outside Director)	Mr. Ishimura attended 10 of the 12 meetings of the Board of Directors held since his appointment in June 2015. Nomination Advisory Committee: 8 out of 8 meetings Compensation Advisory Committee: 4 out of 4 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.
Kazunori Yagi (Outside Audit & Supervisory Board Member)	Mr. Yagi attended 14 out of 15 meetings of the Audit & Supervisory Board and 15 out of 16 meetings of Board of Directors held during the fiscal year under review.	Mr. Yagi actively stated opinions based mainly on his extensive experience regarding corporate management in the electronics field and on his professional accounting and financing viewpoint.
Toru Ishiguro (Outside Audit & Supervisory Board Member)	Mr. Ishiguro attended all 11 meetings of the Audit & Supervisory Board and all 12 meetings of Board of Directors held since his appointment in June 2015.	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 11 meetings of the Audit & Supervisory Board and all 12 meetings of Board of Directors held since his appointment in June 2015.	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	347
The aggregate amount of remuneration and other material benefits payable to the Accounting Auditor by the Company and its subsidiaries	412

- 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. 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 EPCOS AG is audited by another foreign audit firm.

(3) Dismissal or Non-reappointment of Accounting Auditor

If all of the Audit & Supervisory Board Members acknowledge that the Company's Accounting Auditor is subject to any of the conditions set forth in Article 340, paragraph 1 of the Companies Act, and is therefore largely unable to properly execute its duties, the Company shall dismiss the Accounting Auditor by a unanimous resolution of all members of the Audit & Supervisory Board.

In addition to cases in which there is evidence to justify the dismissal of the Company's Accounting Auditor for statutory reasons, if any event occurs that is recognized as casting doubt upon the suitability of the Accounting Auditor regarding 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, 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: April 28, 2016)

(1) Systems for ensuring the execution of duties by Directors of the Company comply 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 members of 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 Function of the Board of Directors and Increasing the Accountability of Directors:

The Company has a small number of Directors to expedite the management decision-making process. At the same time, the Company has appointed disinterested, independent Outside Directors in order to enhance the supervision of the Company's management. In addition, 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 (Business Ethics & CSR Committee, Disclosure Advisory Committee, Compensation Advisory Committee, and Nomination Advisory Committee):

The aim of the Business Ethics & CSR 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.

The Disclosure Advisory Committee reviews 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.

The Compensation Advisory Committee, which is chaired by an Outside Director of the Company, examines the remuneration system and the level of remuneration pertaining to Directors and Corporate Officers, as well as presidents and qualifying officers of principal the Company 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 Nomination Advisory Committee, which is chaired by an Outside Director of the Company, 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.

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 and the Code of Audit & Supervisory Board Members’ Auditing Standards, 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 and the Executive Committee Regulations.

The Company has established the following 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) The Company will collect, record, analyze, process, summarize, and report all information required to be disclosed under the Securities Regulations. The Company has established an internal control system and other methods to warrant timely disclosures within the deadlines stipulated by the Securities Regulations.
- (ii) The Company has established a 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 applicable accounting standards.
- (iii) The Company will ensure that the above-mentioned management system 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.

(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 three committees (which is chaired by a Corporate Officer appointed by the President) under the direct control of the Executive Committee.

(i) 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 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.

(ii) 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.

(iii) Information Security Committee

In order to appropriately manage important information assets 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 Audit & Supervisory Board Members and the internal audit group regularly confirm the management operations described above to ensure that a structure for receiving advice in relation to operating business execution effectively is in place. In addition, the Company will seek advice from specialists, including outside legal counsel and other experts, regarding new factors that may hinder TDK as needed.

*ERM (Enterprise Risk Management)

(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 upon by the Executive Committee, which consists of Corporate Officers in senior positions ranking at or above the level of Senior Vice President and other 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. The Company ensures efficient management via proposals 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:

TDK strives to ensure that all Directors, Audit & Supervisory Board Members, Corporate Officers, and employees are fully familiar with TDK's management philosophy, "TDK Charter of Corporate Behavior", "Corporate Ethical Philosophy" and "Corporate Standards of Business Conduct" 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 Company's business operations.

Furthermore, the Company has established a corporate ethics management system under the Business Ethics & CSR 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 compliance within TDK.

(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 accordance 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 the Company and TDK.

The Audit & Supervisory Board Members audit, on a regular basis, the condition of the business operations of each department of the Company and TDK by researching the departments, examining important documents, and attending important meetings. In addition, the internal audit group audits and supports each department of the Company and TDK in order to promote consistency in relation to business operations and management policies, appropriateness regarding management efficiency, 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 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 Audit & Supervisory Board Members shall directly evaluate the performance of the employees who serve as members of the Audit & Supervisory Board Members Office, and any transfer or discipline of these employees shall be determined pursuant to the operating rules of the Company subject to the consent of the Audit & Supervisory Board Members.

In addition, any employee who has been instructed or ordered by an Audit & Supervisory Board Member in connection with audit duties shall not be subject to any Director’s instruction or order with respect to said Audit & Supervisory Board Member’s instruction or order.

(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 the Company and TDK.

In addition, all members of TDK immediately report to Audit & Supervisory Board Members or the Audit & Supervisory Board through the Consultations or Help Lines established by the

Business Ethics and CSR Committee and covering the Company and TDK or through report from the Ethics Councils established in each area and covering all subsidiaries of the Company to the Business Ethics and CSR Committee, if any fact which may cause significant damage to the Company or TDK, such as violation of law or regulation, is discovered. 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 members of TDK who have 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 Representative Director 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 Representative Director.

Furthermore, the Audit & Supervisory Board Members and the internal audit group meet regularly and also receive regular audit reports from the Accounting Auditor. Audit & Supervisory Board Members conduct efficient audits by sharing information regarding initial audit plans and results.

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

(1) Systems to ensure appropriate business operations as a whole

The Management Review & Support Group, which is an internal audit group of the Company, verified the establishment and operation of the systems to ensure appropriate business operations of TDK and supported improvements thereof from the standpoint of consistency in relation to business operations and management policies, appropriateness regarding management efficiency, and compliance with relevant laws and regulations in accordance with the annual plan, and conducted the “evaluation of the effectiveness of internal controls over financial reporting” in accordance with the Financial Instruments and Exchange Act of Japan. Furthermore, the Management Review & Support Group reported about the results thereof to President, the Board of Directors and the Audit & Supervisory Board Members.

(2) Compliance

The chairperson of the Business Ethics & CSR Committee from time to time created occasions to directly educate and enlighten employees etc. of the Company and TDK in order for TDK to notify Directors, Audit & Supervisory Board Members, Corporate Officers and employees of the Company and TDK of its management philosophy, “TDK Charter of Corporate Behavior”, “Corporate Ethical Philosophy”, and “Corporate Standards of Business Conduct”. Also, TDK prepared e-learning materials regarding cartel, bribery and corruption, information management and other compliance issues as well as corporate ethics in general and delivered them in China and other overseas locations as well as in Japan each year.

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

Moreover, the Consultation Offices 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 collected information and opinions concerning compliance within TDK. During the fiscal year under review, another reporting channel using a third party law firm was introduced in addition to the internal channel in the U.S. and Europe. As a result, together with the East Asia (including Japan and China) and Southeast Asia regions where the same system had been already introduced, the establishment of the internal reporting system was completed both in the domestic and overseas locations of TDK. An employee who wants to report may choose a channel which he/she thinks best among the multiple channels mentioned above.

(3) Risk management

The ERM Committee promoted the company-wide risk management including identification of risks that needed to be addressed throughout the company and introduction of countermeasures in cooperation with relevant departments.

Also, based on the increase of natural disasters and other risks in recent years, the Crisis Management Committee revised the Business Continuity Plan (BCP) and promoted the re-check of operations, BCP training and other activities at the domestic locations of TDK.

Furthermore, in preparation for cyber-attacks and other risks of recent years, the Information Security Committee provided information security education program to employees and implemented protection, detection, BCP and other countermeasures. TDK will continuously verify information security risks and implement appropriate countermeasures.

(4) Group business management

The Executive Committee discussed about policies and measures with respect to business execution of TDK and monitored the targets and implementation plans of each department of TDK and the progress of each department in relation to such targets by regularly receiving reports from each department. With respect to the business management of subsidiaries, the Company monitored the business conditions of subsidiaries by receiving quarterly reports from each subsidiary.

(5) Directors and Board of Directors

The Board of Directors of the Company consisted of seven Directors including three independent Outside Directors, and an independent Outside Director presided over the procedures of the Board of Directors meetings as the chairperson of the Board of Directors. The Board of Directors made 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 supervise 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 chairperson and majority of the members of each Committee were independent Outside Directors. This promoted the transparency and objectivity of decision-making process regarding nomination and compensation of Directors and Corporate officers etc. Furthermore, the Disclosure Advisory Committee reviewed and examined important disclosure materials that are required for investment decisions by shareholders and investors including the Summary of Financial Reports in order to ensure appropriate disclosure.

During the fiscal year under review, the Board of Directors meetings were held 16 times.

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

All members of TDK provided an appropriate report immediately, if a report was required by the Audit & Supervisory Board or any Audit & Supervisory Board Member regarding the execution of business.

The Audit & Supervisory Board Members timely collected information regarding management policies of TDK and conditions of business execution by Corporate Officers, etc. by attending the Executive Committee meetings, business plan review meetings and other important meetings as well as the Board of Directors meetings, and requested an explanation and expressed an opinion as necessary at the Audit & Supervisory Board meetings.

Also, the Audit & Supervisory Board and Audit & Supervisory Board Members met with the Representative Director on a regular basis, confirmed management policies, and exchanged opinions on pressing issues and risks affecting TDK and other important matters from the perspective of the Audit & Supervisory Board Members' audits.

In addition, the Audit & Supervisory Board Members met regularly with the Management Audit Group which is an internal audit group of the Company, received regular audit reports from the Accounting Auditor, and shared information regarding the initial audit plan and results.

As mentioned above, TDK ensured the effectiveness of audit by the Audit & Supervisory Board Members.

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, 2015 (reference)	As of March 31, 2016	Item	As of March 31, 2015 (reference)	As of March 31, 2016
(ASSETS)	(¥ in millions)		(LIABILITIES)	(¥ in millions)	
Current assets	740,241	740,994	Current liabilities	387,877	451,234
Cash and cash equivalents	265,104	285,468	Short-term debt	136,098	158,683
Short-term investments	20,091	21,964	Current installments of long-term debt	751	36,228
Marketable securities	1,301	—	Trade payables	111,591	112,664
Net trade receivables	238,089	226,218	Accrued expenses	118,336	123,892
Inventories	151,012	157,129	Income taxes payables	6,510	5,267
Deferred income taxes	8,341	—	Other current liabilities	14,591	14,500
Other current assets	56,303	50,215	Noncurrent liabilities	258,398	314,718
Noncurrent assets	664,041	709,591	Long-term debt	131,483	140,847
Investments in securities	45,733	35,335	Retirement and severance benefits	105,687	147,136
Net property, plant and equipment	427,254	487,639	Deferred income taxes	5,422	9,562
Goodwill and other intangible assets	111,006	118,836	Other noncurrent liabilities	15,806	17,173
Deferred income taxes	24,085	37,776	(Total liabilities)	646,275	765,952
Other assets	55,963	30,005	(EQUITY)		
			Common stock	32,641	32,641
			Additional paid-in capital	39,755	21,083
			Legal reserve	29,685	34,221
			Retained earnings	661,159	707,508
			Accumulated other comprehensive income (loss)	(5,882)	(102,285)
			Treasury stock	(18,497)	(17,807)
			(Total TDK stockholders' equity)	738,861	675,361
			Noncontrolling interests	19,146	9,272
			(Total equity)	758,007	684,633
Total assets:	1,404,282	1,450,585	Total liabilities and equity:	1,404,282	1,450,585

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, 2014 To: March 31, 2015 (reference)	From: April 1, 2015 To: March 31, 2016
	(¥ in millions)	(¥ in millions)
Net sales	1,082,560	1,152,255
Cost of sales	802,225	831,123
Gross profit	280,335	321,132
Selling, general and administrative expenses	207,876	227,718
Operating income	72,459	93,414
Other income (deductions)		
Interest and dividend income	4,075	4,496
Interest expense	(2,992)	(3,116)
Equity in earnings of affiliates	725	1,462
Foreign exchange gain (loss)	(1,846)	(2,394)
Other - net	2,096	(2,023)
Total other income (deductions)	2,058	(1,575)
Income before income taxes	74,517	91,839
Income taxes	21,738	25,216
Net income	52,779	66,623
Less: Net income attributable to noncontrolling interests	3,339	1,795
Net income attributable to TDK	49,440	64,828

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

Attached Document (4)

CONSOLIDATED STATEMENT OF EQUITY
(prepared in accordance with U.S. GAAP)

(From: April 1, 2015)
(To: March 31, 2016)

(¥ in millions)

	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)
Balance as of beginning of period	32,641	39,755	29,685	661,159	(5,882)
Equity transaction of consolidated subsidiaries and other		(18,961)			2,894
Cash dividends				(13,864)	
Transferred to legal reserve			4,536	(4,536)	
Comprehensive income					
Net income				64,828	
Foreign currency translation adjustments					(60,750)
Pension liability adjustments					(31,553)
Net unrealized gains (losses) on securities					(6,994)
Total comprehensive income (loss)					
Acquisition of treasury stock					
Sale of treasury stock					
Compensation expenses related to stock options		439			
Exercise of stock option		(150)		(79)	
Balance as of end of period	32,641	21,083	34,221	707,508	(102,285)

	Treasury stock	Total TDK Stockholders' equity	Non controlling interests	Total equity
Balance as of beginning of period	(18,497)	738,861	19,146	758,007
Equity transaction of consolidated subsidiaries and other		(16,067)	(11,079)	(27,146)
Cash dividends		(13,864)	(177)	(14,041)
Transferred to legal reserve		—	—	—
Comprehensive income				
Net income		64,828	1,795	66,623
Foreign currency translation adjustments		(60,750)	(422)	(61,172)
Pension liability adjustments		(31,553)	(2)	(31,555)
Net unrealized gains (losses) on securities		(6,994)		(6,994)
Total comprehensive income (loss)		(34,469)	1,371	(33,098)
Acquisition of treasury stock	(12)	(12)		(12)
Sale of treasury stock		—		—
Compensation expenses related to stock options		439	11	450
Exercise of stock option	702	473		473
Balance as of end of period	(17,807)	675,361	9,272	684,633

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

REFERENCE

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

Item	From: April 1, 2014 To: March 31, 2015	From: April 1, 2015 To: March 31, 2016
	(¥ in millions)	
Cash flows from operating activities:		
Net income	52,779	66,623
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	80,249	83,224
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	4,919	(7,262)
Decrease (increase) in inventories	(4,368)	(10,591)
Increase (decrease) in trade payables	(12,375)	16,460
Increase (decrease) in accrued expenses	7,892	(509)
Decrease (increase) in other assets and liabilities, net	(3,347)	75
Other-net	17,101	3,543
Net cash provided by operating activities	142,850	151,563
Cash flows from investing activities:		
Capital expenditures	(102,525)	(160,674)
Proceeds from sale and maturity of short-term investments	21,828	30,348
Payment for purchase of short-term investments	(30,861)	(27,352)
Proceeds from sale and maturity of securities	707	4,833
Payment for purchase of securities	(248)	(1,112)
Acquisition of subsidiaries, net of cash acquired	—	(15,165)
Disbursement for loans made by TDK	(26,321)	(148)
Receipt from collection of loans made by TDK	1,327	21,605
Proceeds from sale of tangible and intangible assets	7,698	3,918
Other-net	1,083	3,162
Net cash used in investing activities	(127,312)	(140,585)
Cash flows from financing activities:		
Proceeds from long-term debt	34,777	22,700
Repayment of long-term debt	(37,320)	(1,289)
Increase (decrease) in short-term debt, net	(916)	50,213
Dividends paid	(10,069)	(13,864)
Acquisition of noncontrolling interests	(24,633)	(28,504)
Other-net	2,918	49
Net cash provided by (used in) financing activities	(35,243)	29,305
Effect of exchange rate changes on cash and cash equivalents	33,961	(19,919)
Net increase in cash and cash equivalents	14,256	20,364
Cash and cash equivalents at beginning of period	250,848	265,104
Cash and cash equivalents at end of period	265,104	285,468

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

Attached Document (8)

**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 23, 2016

The Board of Directors
TDK Corporation

KPMG AZSA LLC

Junichi Obi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

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

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of equity and the related notes of TDK Corporation as at March 31, 2016 and for the year from April 1, 2015 to March 31, 2016 in accordance with Article 444-4 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 120-3-3 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 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 120-3-3 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 (10)

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 ("Board") of TDK Corporation ("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 120th fiscal year commencing on April 1, 2015 and ending on March 31, 2016 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

The Board established audit policies, schedules, duty allocation policies and other relevant guidance 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.

The Audit & Supervisory Board Members conducted audits in accordance with the audit policies, schedules, duty allocation policies set forth above; communicated with the Directors, Corporate Officers, internal audit group and other employees; made efforts to develop the audit environment and collect information; 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 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 Item 6 of Paragraph 4 of Article 362 of the Companies Act of Japan and under Paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act of Japan and the operations of the system developed based on such resolution ("Internal Control System"), 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. 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. Based on the above means and methods, each Audit & Supervisory Board Member examined the business reports and the supplementary schedules thereof for the relevant fiscal year.

Furthermore, 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 have 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 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 as well as 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 assets and profits and losses 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 System 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 System.

(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 25, 2016

Audit & Supervisory Board
TDK Corporation

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

- End -