



To Our Stakeholders

Aiming for Sustained Growth through Intensified Effort in Key Areas

Takehiro Kamigama
President & CEO

Effects of the Great East Japan Earthquake

The Great East Japan Earthquake, occurring on March 11, 2011, caused massive loss of life and damage, mainly in the Tohoku region of Japan. We extend our deepest condolences and sympathy to all those affected by the disaster.

Among our facilities, the TDK-MCC Corporation's plant in Kitakami and TDK Micro Device Corporation's plant in Ibaraki suffered damage, but as a result of tireless efforts by all parties concerned, both plants were able to return to 100% operation by early May. Currently, all TDK Group plants and facilities are operating normally.

Both Earnings and Profits Rose in Fiscal 2011

The economic climate in leading industrial nations continued its gradual recovery, driven by various stimulus measures. In newly emerging markets, led principally by China, high growth was sustained mainly by internal demand. The Japanese domestic economy benefited from the fact that global improvements resulted in stronger

exports, and stimulus measures coupled with an easing of monetary policy also contributed to a gradual recovery that held firm throughout the fiscal year.

In the electronics market, which has a strong bearing on the consolidated operating results of the TDK Group, enormous growth in smartphone and tablet computer production energized the entire sector. Manufacturing figures for the automotive and industrial equipment sectors also remained strong. In contrast, flat-screen TVs, notebook computers, hard disk drives, and some other product categories in the digital home appliance field were subject to fluctuations in demand, requiring adjustments in the number of units produced.

In this business environment, the consolidated net sales of the TDK Group rose 8.3% year on year to ¥875,737 million, while operating income was ¥63,842 million, representing a 147.7% jump over the previous year. Consolidated net income attributable to TDK Corporation was ¥45,264 million, a gain of 234.8% year on

year, continuing the trend toward increased profitability from the previous term.

Consolidated operating results for fiscal 2012 are projected to be ¥890,000 million (1.6% increase year on year), operating income ¥67,000 million (5.0% increase year on year), and current term net income ¥50,000 million (10.4% increase year on year).

Profit Sharing Policy and Dividend for Fiscal 2011

We recognize that achieving growth in corporate value over the long term ultimately translates into higher shareholder value. In line with this, TDK's fundamental policy is to work to consistently increase dividends through growth in earnings per share. We therefore endeavor to reinvest profits into business activities to the greatest degree possible, and then base our dividends on a comprehensive evaluation. This approach takes into account consolidated-base return on equity (ROE) and dividend on equity (DOE) standards, as well as changes to the business

environment, etc.

Based on this policy, we have set the dividend for the end of fiscal 2011 to ¥40 per share. Together with the intermediate dividend paid in December 2010, the yearly dividend for the current term therefore amounts to ¥80 per share.

While the future course of the global economy remains difficult to predict, the TDK Group will actively pursue technological R&D in fields where medium-to long-term growth is expected, such as communications, automobiles, industrial equipment, and energy.

This will allow us to develop and supply proprietary products with high added value, in order to sustain growth. TDK aims to contribute to the industry and society at large through future-oriented innovative technology and products.

President and CEO

