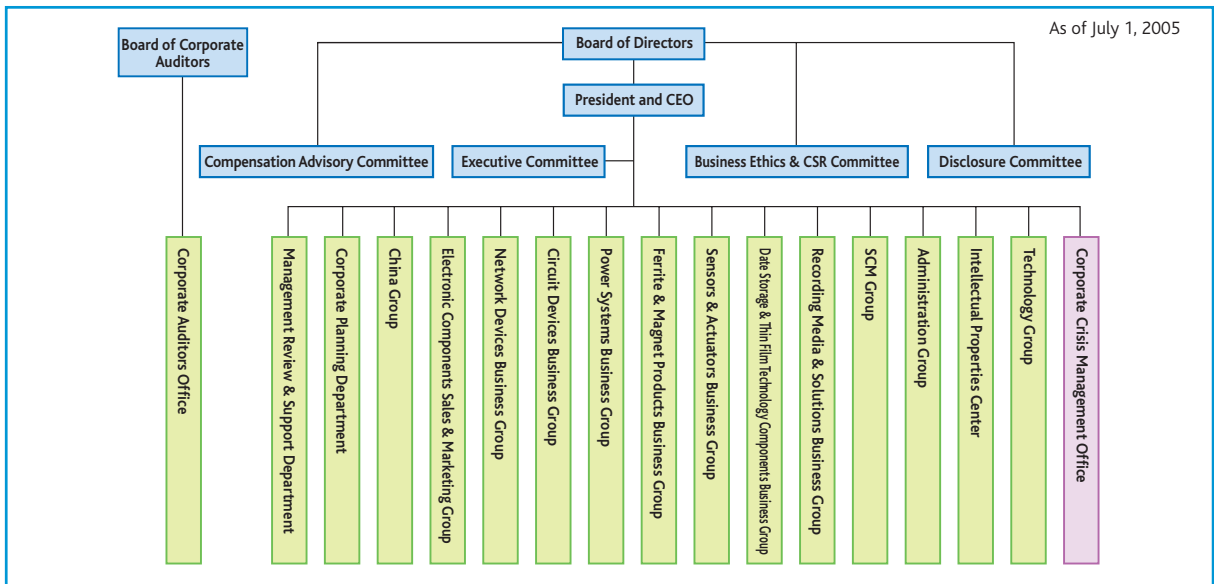


□ CORPORATE GOVERNANCE

Companies must conduct their activities and manage their operations in a fair, impartial and transparent manner, abiding by laws and regulations, and with the recognition that their existence is supported by shareholders, customers, suppliers, employees and society. TDK has put in place various internal control systems with this fundamental recognition in mind. It has also implemented a number of other measures in the same vein, such as appointing an outside director and outside statutory auditors; involving people outside the company in setting directors' remuneration; and building a corporate ethics system, in which reports are submitted directly to the Board of Directors, that includes education and diffusion programs and other activities.



TDK has adopted the corporate auditor system within the meaning of the Commercial Code of Japan; one of TDK's seven directors is an outside director. Furthermore, three of its five corporate auditors come from outside the company. Moreover, having introduced the post of corporate officer, TDK has clearly demarcated responsibilities: directors are responsible for decision-making and oversight, while corporate officers have responsibility for executing day-to-day operations. Corporate officers execute policies set by the Board of Directors in their respective areas of responsibility.

Two full-time corporate auditors and three part-time corporate auditors perform audits. The auditors examine the performance of directors mainly from the perspective of legality by inspecting departments, examining important documents and attending important meetings. Collaboration among corporate auditors involves submitting reports and holding discussions at monthly meetings of the Board of Corporate Auditors.

The eight-member Management Review & Support Dept., an internal audit organization that reports to the CEO of TDK, carries out periodic audits and offers support from the perspective of the consistency of business execution and management policy and the rationality of management efficiency. In the fiscal year ended March 31, 2005, the department made preparations to comply with the U.S. Sarbanes-Oxley Act of 2002, which requires companies to

undertake self-evaluations of the establishment and operation of internal control systems.

To ensure the transparency of directors' remuneration, TDK has introduced bonuses linked to the company's results and, at the same time, has the outside director serve as chairperson of the Compensation Advisory Committee. Moreover, to ensure corporate ethical standards are upheld, a Business Ethics & CSR Committee was established at TDK and ethics councils were formed at domestic and overseas subsidiaries. These actions are part of ongoing efforts to build a global corporate ethics management framework that also encompasses domestic and overseas subsidiaries. To monitor the state of compliance with corporate ethical standards, a "helpline" has been established, creating an internal system that encourages employees to report matters involving corporate ethics and to offer suggestions.

The Compensation Advisory Committee, Business Ethics & CSR Committee and Disclosure Committee report directly to the Board of Directors.

Another defining aspect of TDK's corporate governance system is the ability to receive advice and directives from outside legal counsel regarding risks associated with TDK's corporate activities. Moreover, to give the company the best managerial structure for responding flexibly to the various changes in its operating environment, and to build greater trust with shareholders, the company has set the terms of directors to one year.

The corporate governance rules of the New York Stock Exchange requires that foreign private issuers disclose any significant ways in which their corporate governance practices differ from the NYSE domestic corporate governance standards (Section 303A. 11).

TDK complies with this requirement by providing statements in its Form 20-F filed with the United States Securities and Exchange Commission under the heading "Significant differences in corporate governance practices between TDK and U.S. listed companies on the New York Stock Exchange". Copies of the Form 20-F are available at the following URL.

TDK's Website http://www.tdk.co.jp/ir_e/library/lib50000.htm