TDK

TDK Corporation
Annual Report 2009
Year ended March 31, 2009

Where We Stand

Stepping Up to Change

TDK was established in 1935 as the world's first company to commercialize a magnetic material called ferrite. In the ensuing years, TDK has developed and commercialized electronic materials, electronic devices and recording devices, among other products. This drive has been based on the company's founding spirit: "Contribute to culture and industry through creativity."

To preserve its identity as a dynamic company, TDK believes that it must remain an organization that constantly delivers even higher corporate value for all stakeholders, including shareholders, customers, suppliers, employees and society, by drawing on innovative thinking and a willingness to tackle new challenges.

Contents

Cautionary Statements With Respect to Forward-Looking Statements

This booklet contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings and evaluations, about TDK and its group companies (TDK Group). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs and evaluations of TDK Group in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors. TDK Group therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK Group's actual results, performance, achievements or financial position could be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements, and TDK Group undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this booklet except as provided for in applicable laws and ordinances.

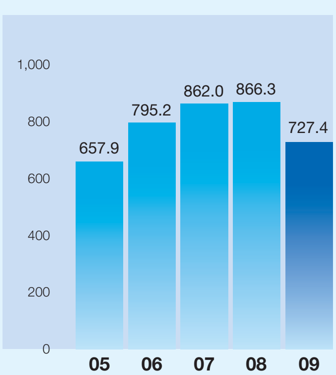
The electronics markets in which TDK Group operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK Group include, but are not limited to, shifts in technology, fluctuations in demand, prices, interest and foreign exchange rates, and changes in economic environments, conditions of competition, laws and regulations.

Financial Highlights

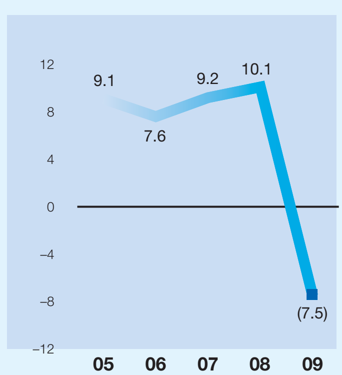
Year ended March 31 or as of March 31	Millions of yen (except per share amounts) 2009	2008	Thousands of U.S. dollars (except per share amounts) 2009	Change (%)
OPERATING RESULTS				
Net sales	¥ 727,400	866,285	$ 7,422,449	–16.0
Electronic materials	145,111	200,101	1,480,724	–27.5
Electronic devices	166,164	209,089	1,695,551	–20.5
Recording devices	247,233	334,734	2,522,786	–26.1
Others	168,892	122,361	1,723,388	38.0
(Overseas sales)	610,944	714,172	6,234,122	–14.5
Net income (loss)	(63,160)	71,461	(644,490)	–
Net income (loss) per share:				
(basic)	(489.71)	551.72	(5.00)	
(diluted)	(489.71)	551.19	(5.00)	
Cash dividends per share	130.00	130.00	1.33	
FINANCIAL POSITION				
Total assets	¥1,101,036	935,533	$11,235,061	17.7
Stockholders' equity	554,218	716,577	5,655,286	–22.7
Long-term debt, excluding current installments	210,083	152	2,143,704	–
PERFORMANCE INDICATORS				
Overseas production/net sales	74.0%	70.1		
Gross profit margin percentage	16.7	26.6		
Operating income ratio	(7.5)	10.1		
Return on equity	(9.9)	9.7		
Price-earnings ratio	–	10.7		

Notes: 1. Recording media results are now included in the "Others" sector.
2. Yen amounts have been translated into U.S. dollars, for convenience only, at the rate of US$1=¥98.

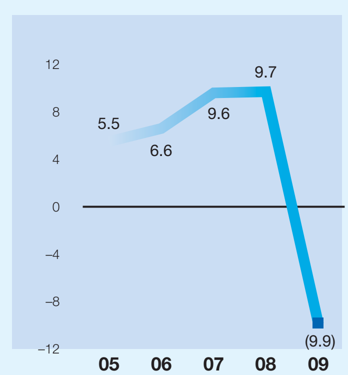
Net Sales
(Billions of yen)



Operating Income Ratio
(%)



Return on Equity
(%)



Message from the Chairman and President and CEO

(Left)
Hajime Sawabe
Chairman

(Right)
Takehiro Kamigama
President and CEO

Paving the Way to Reinvention

• Fiscal 2009 Operating Results

At the end of October last year when we announced our operating results for the first six months of fiscal 2009, we projected consolidated net sales of ¥795,000 million and operating income of ¥35,000 million for the full year. From the third quarter of fiscal 2009, however, electronic device demand plummeted, causing electronic component orders to drop. Realizing that this slowdown in demand would be a protracted one, we embarked on structural reforms to improve our operations. We also took steps to rightsize our inventories by cutting production.

Fiscal 2009 also saw a decisive paradigm shift in the world economy, with excess liquidity quickly shunned.

As a result, TDK posted a 16.0% drop in consolidated net sales to ¥727,400 million, despite the inclusion of six months of results from EPCOS AG and its subsidiaries (EPCOS Group). We also recorded a consolidated operating loss of ¥54,305 million, after posting operating income of ¥87,175 million in fiscal 2008. Included in this loss was ¥38,000 million in charges for structural reforms. On the bottom line, we posted a consolidated net loss of ¥63,160 million for fiscal 2009, compared with consolidated net income of ¥71,461 million in the previous fiscal year, partly due to a ¥17,400 million write-down of Imation Corp. shares.

The annual dividend applicable to fiscal 2009 was ¥130 per share, the same as the fiscal 2008 annual dividend.

● Responding to a Changing Business Environment

We witnessed sudden and major changes in our business environment during the past fiscal year. Demand for electronic components, which had expanded since the 2001 bursting of the IT bubble, shrank precipitously during the second half of fiscal 2009 as the uniform global recession took its toll. Viewing these changes as an opportunity to move even closer to the vision we have for the TDK Group, we undertook bold structural reforms in four specific areas. We terminated or improved unprofitable products, realigned manufacturing bases, optimally redeployed our workforce, and cut selling, general and administrative expenses. Behind these actions was the recognition that the business environment was going to remain extremely difficult. In the short term at least, the global economy is stuck in a period of low growth. At the same time, we also recognize that the twin forces of accelerating globalization and digitization in the electronics industry have triggered the emergence of countries with growing economies and the beginning of an era of massive competition. In light of these changes in our business environment, TDK will focus on materials and process technologies and fundamentally revamp its business model in an effort to rebuild its profit structure. The goal is to increase enterprise value.

● Growth-Driving Initiatives

The fulcrum of the TDK Group is its passive components business, including capacitors and inductive devices. The backbone of this business is materials technologies, which we have built up since our establishment. TDK has also developed HDD heads, power supplies, rechargeable batteries and other businesses from its core technologies. But in order to raise our corporate value going forward, we must make our passive components business, the foundation of our business model, even stronger. That's why we recently acquired the EPCOS Group. Our overarching aim in pursuing our business strategy is to be the global leader in the electronic components industry.

We plan to establish a new company to realize our ambitions at an early stage, having received the approval of shareholders at the recent Ordinary General Meeting of Shareholders. This new company will assimilate the TDK Group's passive components businesses, namely capacitors, magnetics, high-frequency components, and sensors and actuators. It will also bring the EPCOS Group under its umbrella. We believe that this structure will help us to capture synergies sooner. This integration will enhance the respective strengths of the TDK Group and the EPCOS Group, as well as compensate for each other's weaknesses. Products are a case in point. TDK is a world leader in commodity products, such as capacitors and inductive devices. The EPCOS Group, meanwhile, excels in components that are customized to match customers' product specifications. There's a complementary fit in technology, too. Whereas the TDK Group excels in materials, which are the starting point for the development of electronic products, the EPCOS Group has outstanding strengths in module technologies. Markets are another area where the two groups can complement one another. The TDK Group has a strong presence in the digital home appliance, PC and automotive fields, while the EPCOS Group commands high market shares in the automotive, industrial electronics and telecommunications markets. In terms of regional markets, the TDK Group is strong in Japan and Asian markets, and the EPCOS Group is strong in Europe. Clearly, there is a complementary fit in terms of products, technologies, customers and regions between the two companies. By bringing the EPCOS Group into the TDK Group, we are confident that we can make the passive components business an even stronger foundation of TDK.

• Focusing on Environment-Related Products

As a manufacturer of electronic materials and components, the TDK Group provides customers with unique products in a timely manner and at appropriate prices by actively embracing VA (Value Analysis) and VE (Value Engineering) to raise the quality of its products. Environment-related products, particularly those that can help finished products achieve greater energy savings, are expected to see growing demand going forward. We therefore plan to create distinctive products in this field. One specific example is small, lightweight and highly efficient DC-DC converters for hybrid cars, which are essential for converting DC voltage. TDK has developed some of the industry's lightest products that are nearly half the weight of existing offerings. Besides hybrid cars, we have high hopes that DC-DC converters will find applications in an expanded market as essential devices in other next-generation vehicles such as electric vehicles and fuel-cell cars.

• A Clear Vision

In the ways we have described in this letter, we will work as one cohesive group to become the global leader in the electronic components industry. In order to be that leader, we believe that it is necessary to expand our business by offering everything from commodity products to customized products, and individual components to module units. We must also build a stable earnings base. As we seek to grow in this way, we aim to consistently outperform the industry average.

At the same time as devoting our energies to expanding our business, we will work to build a sound corporate culture with a constant recognition that TDK is a member of society. The "TDK Code of Ethics" clearly states that TDK will comply with social norms, including laws and regulations, as a good corporate citizen. We will require each group member to act with pride not only as a member of society, but as a member of the TDK Group. The TDK Group manages the company so as to earn the confidence of all stakeholders, including first and foremost our shareholders.

TDK is facing an era of major change. But as an expert in *monozukuri* (manufacturing), we continue to strive tirelessly to "Contribute to culture and industry through creativity." Spurred on by this unwavering spirit, we will take more bold and timely steps to build a solid earnings base. Expect to see more from us in the year ahead.

July 2009

Hajime Sawabe
Chairman

Takehiro Kamigama
President and CEO

Acquisition of EPCOS AG—Becoming the Global

TDK President Kamigama (left) and EPCOS President Pegam (right) shake hands on the business combination agreement in electronic components (announced July 31, 2008)

In October 2008, TDK made Germany-headquartered EPCOS AG a consolidated subsidiary. And to strengthen the foundations of TDK's passive components business in the shortest possible time and to the fullest extent, TDK plans to carve out the Company's passive components businesses—namely, capacitors, magnetics, high-frequency components, and sensors and actuators as well as the Electronic Components Sales & Marketing Group—incorporating them in a new company, TDK-EPC Corporation, to be established on October 1, 2009. EPCOS AG will be a subsidiary of this new company, which will be wholly owned by TDK.

Field	TDK	EPCOS
Technologies	Strong in materials and process technologies	Strong in application and module technologies
Businesses	Strong in ceramic capacitors and inductive devices	Strong in high-frequency components and sensors
	Capacitors / Magnetics*	Sensors and actuators / High-frequency components
Markets and Products	Strong in commodity products	Strong in customized products
	Consumer electronics / IT / Telecom	Automotive electronics / Industrial electronics
Regions	Strong in Japan and the rest of Asia	Strong in Europe, South America and India

* Inductive devices, ferrite, transformers, etc.

New Company: TDK-EPC Corporation
(Scheduled for establishment on October 1, 2009)

The Aims of TDK-EPC Corporation

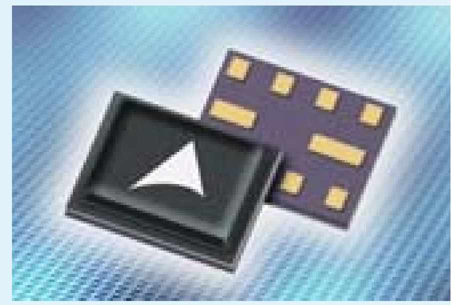
As shown above, TDK and EPCOS AG have different origins and have pursued different growth paths to date. As a result, they have different strengths in terms of technologies, businesses, markets, products, and regions. This business combination should therefore generate synergies from what is a complementary fit in almost all respects, ultimately strengthening both companies.

The goal is to leverage the strengths of both companies through this business combination with the EPCOS Group under TDK-EPC to bolster competitiveness in a bid to achieve more growth—and become the global leader in electronic components.

Leader in the Electronic Components Industry

R&D Capabilities to Create Next-Generation Electronic Components

TDK possesses strengths in materials technologies, from ferrite and other magnetic materials to dielectric materials, piezoelectric materials, and process technologies for turning these materials into commercial products for use in various electronic components. EPCOS AG, meanwhile, has developed business centered on the European market, where competition is fierce among major communications equipment manufacturers. Its strengths lie in module technologies necessary for developing electronic components for mobile phones as well as application technologies.



EPCOS AG SAW filters for mobile phones

EPCOS AG SAW filter production facility

The development of electronic components demands the development of materials and sophisticated manufacturing techniques such as micro-processing expertise. Components must also have the performance and form required by finished products. The synergies derived from TDK's and EPCOS AG's technologies should yield an even better ability to develop such electronic components.

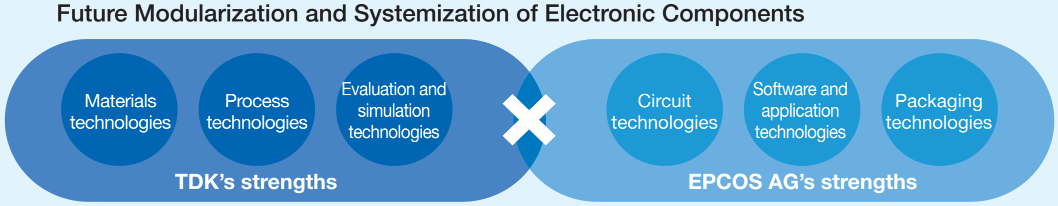
One example of potential synergies is using the thin-film multilayering technologies TDK has gained in the HDD heads field to improve EPCOS AG's SAW filters. Conversely, EPCOS AG's MEMS* technology can be employed in developing various TDK electronic components.

* An abbreviation of Micro Electro Mechanical Systems, MEMS combines micro-mechanical components and electronic circuits using semiconductor fabrication technologies.

EPCOS AG front-end modules for mobile phones

Mobile phones and notebook PCs are becoming increasingly sophisticated and automobiles are becoming safer, more comfortable and more fuel efficient. These trends are being driven by advances in modularization and systematization aimed at making smaller, lighter and more efficient electronic components. But the development of modules requires various technologies. By combining TDK's materials, process and evaluation and simulation technologies and EPCOS AG's circuit, software and application and packaging technologies, TDK-EPC will be able to create even more advanced modules and systems.

Future Modularization and Systemization of Electronic Components



Wider Business Fields, Markets and Product Lineups

TDK excels in ceramic capacitors and inductive devices for general-purpose products such as consumer electronics and PCs. For its part, EPCOS AG excels in customized products such as piezo actuators for automobile fuel injection systems; SAW filters for mobile phones; and aluminum electrolytic and film capacitors for industrial electronics.

TDK-EPC will boast a lineup of capacitors for an even wider range of applications, with the addition of EPCOS AG's aluminum electrolytic capacitors and film capacitors, which command high market shares in Europe, to TDK's multilayer ceramic chip capacitors. Furthermore, EPCOS AG's aluminum electrolytic capacitors can be incorporated in TDK-Lambda Corporation's power supplies. EPCOS AG's large-capacity power capacitors are used in power conditioners for wind and solar power generation systems. In these and other ways, the business combination will significantly expand businesses, markets and product lineups, and should lead to even more business opportunities.

EPCOS AG aluminum electrolytic capacitors for power supplies

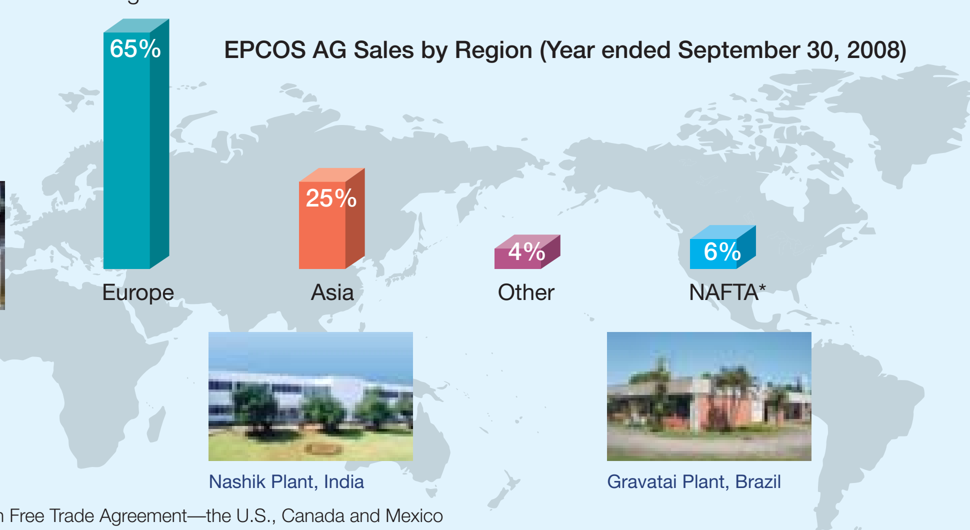
EPCOS AG film capacitors

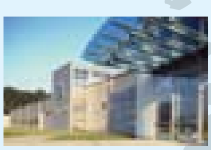
Facilitating Global Sales, Development and Production Activities

TDK's main markets are Japan and the rest of Asia, whereas EPCOS AG focuses mainly on Europe and is also developing business in promising markets such as Brazil, India and Russia. Furthermore, EPCOS AG has more than 20 design and production locations spread across Europe, the Americas and Asia-Pacific, augmenting TDK's bases and leading to significantly enhanced comprehensive capabilities.

This is important in the context of the prevailing business environment, including the world economy, which remains unpredictable. Marketing activities that span the globe will give the company an advantage in better anticipating needs in strategic markets, product categories and technologies.

EPCOS AG Sales by Region (Year ended September 30, 2008)





Sumperk Plant, Czech Republic

Nashik Plant, India

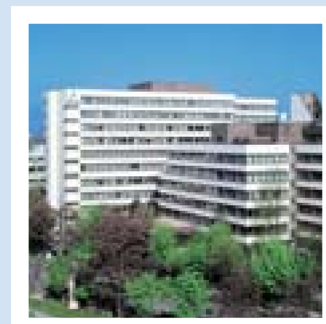
Gravatai Plant, Brazil

* NAFTA: North American Free Trade Agreement—the U.S., Canada and Mexico

About EPCOS AG

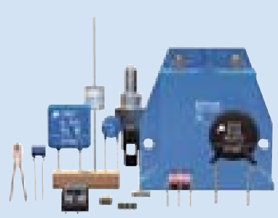
EPCOS AG is one of the world’s leading manufacturers of electronic components, modules and systems incorporated in various electronic and electrical equipment. Its products are used in a broad range of fields, ranging from consumer electronics such as TVs, DVD recorders and computers, to automobiles, mobile phones, factory automation systems, and wind and solar power generation systems.

- Corporate background: Originally a components division of Germany’s Siemens AG, EPCOS AG was established as a joint venture between Siemens and the former Matsushita Electronic Components Co., Ltd., a Panasonic Group subsidiary.
- Headquarters: Munich, Germany
- Employees: 21,195 (As of September 30, 2008)
- Assets and earnings for the year ended September 30, 2008 (October 1, 2007 to September 30, 2008)
  - · Net sales: 1,478 million euros
  - · Net income: 64 million euros; net income ratio 4.4%
  - · Total assets: 1,395 million euros
  - · Total equity without minority interest: 675 million euros; equity ratio 48.4%



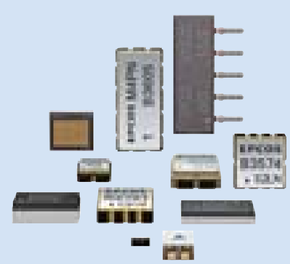
Munich headquarters

- Main Products



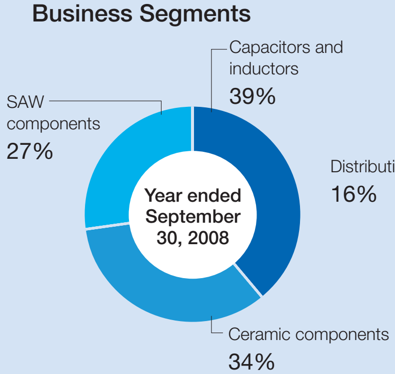
Ceramic components

Capacitors and inductors

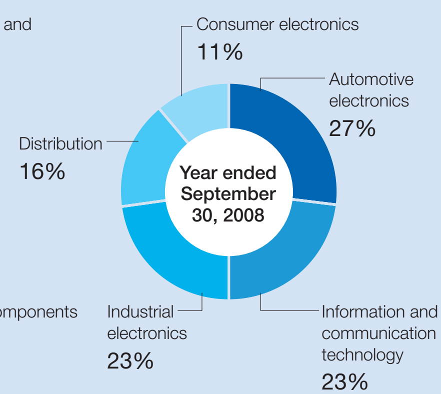


SAW components

Share of Sales by Business Segments

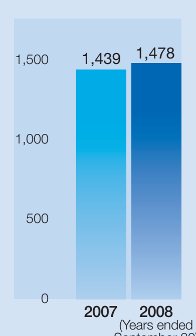


Share of Sales by Industries



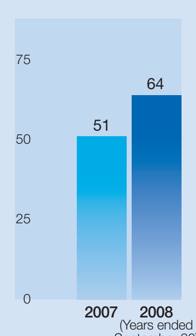
Net Sales

(Millions of euros)



Net Income

(Millions of euros)

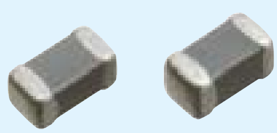


TDK at a Glance

Consolidated net sales in fiscal 2009 declined 16.0% from ¥866,285 million to ¥727,400 million.

In the electronics market, there was a visible downturn in demand for electronic devices such as video-related equipment, PCs and mobile phones. From the third quarter of fiscal 2009, demand for electronic devices dropped sharply across the board amid the worldwide synchronized recession. The automotive electronics market was sluggish due to the impact of steeply higher crude oil prices and a large drop-off in demand in the auto market due to the global recession. The result of all these market trends was a sharp downturn in demand for electronic components, prompting production cutbacks in the second half of fiscal 2009. Moreover, a deteriorating

Electronic Materials



Main Products

Multilayer ceramic chip capacitors, rare-earth magnets, ferrite magnets and ferrite cores for coils and transformers

Fiscal 2009 Highlights

Sales in the electronic materials sector dropped 27.5%. This reflected lower sales of capacitors for key products due to falling demand, lower prices and the impact of the yen's appreciation. Sales of ferrite cores and magnets also dropped for main applications.

Electronic Devices

Main Products

Inductive devices (coils and transformers), high-frequency components, power supplies, sensors, piezoelectric materials and products

Fiscal 2009 Highlights

Sales in the electronic devices sector decreased 20.5% due to lower sales of inductive devices for main electronics applications, and falling sales of power supply products for use in semiconductor and other manufacturing facilities.

Recording Devices

Main Products

Heads for hard disk drives, suspension assemblies for hard disk drives

Fiscal 2009 Highlights

Sector sales decreased 26.1% due mainly to lower HDD head sales because of falling demand and prices as well as the impact of the yen's appreciation. Sales in the "Other" category were higher year on year on account of the first full year's contribution to results from an HDD suspension assembly business.

Others

Main Products

Tape-based data storage media for computers, anechoic chambers, mechatronics (production equipment), energy devices (rechargeable batteries), EPCOS Group products

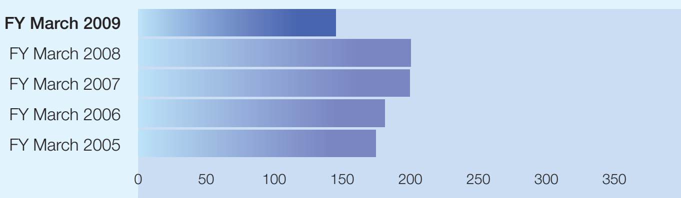
Fiscal 2009 Highlights

Sector sales climbed 38.0% year on year, reflecting higher energy device sales, as well as the inclusion in consolidated results of second-half net sales of the EPCOS Group of ¥67,983 million.

supply-demand environment pushed down sales prices further and the yen's rapid appreciation also affected TDK's operating results.

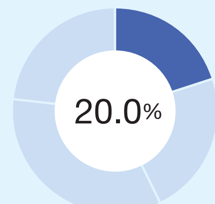
Amid these conditions, TDK initiated structural reforms to improve its businesses. At the same time, TDK worked to optimize inventories by actively adjusting production levels. On October 17, 2008, TDK made EPCOS AG and its subsidiaries (the EPCOS Group) consolidated subsidiaries. Accordingly, the EPCOS Group's results have been included in TDK's consolidated results from the second half of fiscal 2009.

Sales by Electronic Materials (Billions of yen)

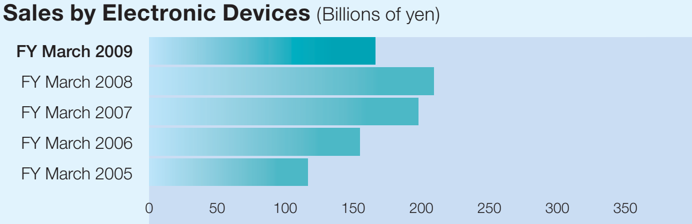


Share of Sales by Electronic Materials

FY March 2009

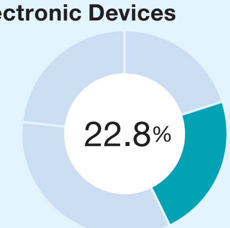


Sales by Electronic Devices (Billions of yen)

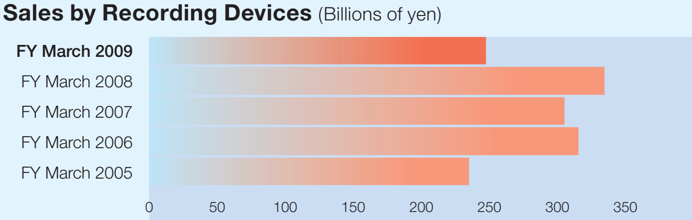


Share of Sales by Electronic Devices

FY March 2009

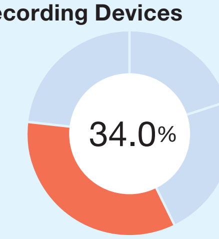


Sales by Recording Devices (Billions of yen)

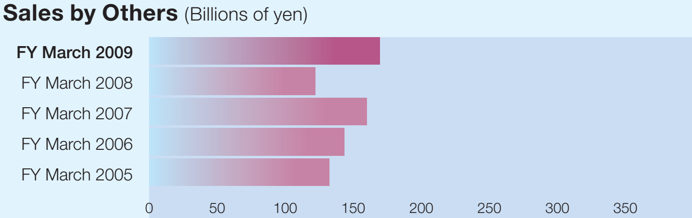


Share of Sales by Recording Devices

FY March 2009



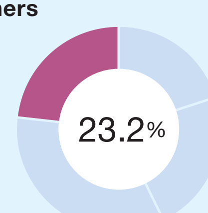
Sales by Others (Billions of yen)



Note: Includes sales of the former Recording Media segment.

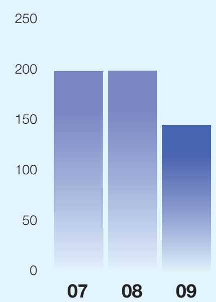
Share of Sales by Others

FY March 2009

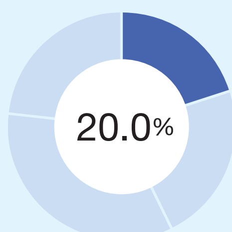


Electronic Materials

Sales
(Billions of yen)



Share of Sales
FY March 2009

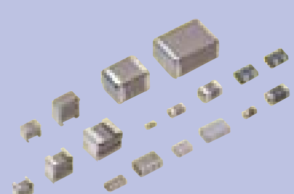


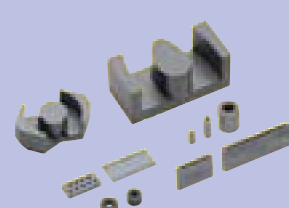
This sector is broken down into two product categories: capacitors, and ferrite cores and magnets.

Sales in the electronic materials sector dropped 27.5% from ¥200,101 million to ¥145,111 million (U.S.$1,480,724 thousand).

[Capacitors] Sales decreased year on year. This reflected lower sales of multilayer ceramic chip capacitors, the main product in the capacitors category, for use in key applications, namely PCs, AV and game equipment, mobile phones and car electronics. Flagging demand, falling prices and an appreciating yen against the U.S. dollar were the other main factors behind the decrease in overall sales.

[Ferrite cores and magnets] Sales of ferrite cores and magnets declined year on year, the result of lower sales for use in main applications in respect of both products.





Ceramic Capacitors

Circuit components designed to store electrical energy, ceramic capacitors are made by stacking alternate layers of dielectric material and electrodes, which are then sintered (fired) to form a solid block.

Due to their compactness and excellent high-frequency characteristics, ceramic capacitors are used in large quantities in mobile phones, flat-screen TVs and many other products.

Ferrite Cores

Ferrite cores are widely used to make small cores in power supply transformers and in inductors. Ferrite is a magnetic material made by mixing ferric oxide with manganese, nickel, zinc or other metals. This versatile material is ideal for transformer and inductor cores because it has a minimal power loss even at high signal frequencies.

Magnets

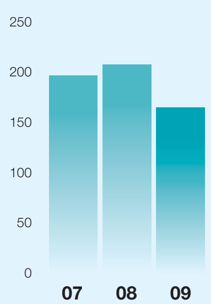
This category is broadly broken down into two products: ferrite magnets and rare-earth magnets.

Ferrite magnets are made by forming and sintering a mixture consisting mainly of barium oxide and ferric oxide.

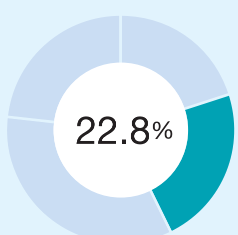
Rare-earth magnets, which combine compact size with high magnetic energy, consist mainly of rare earth elements, such as samarium and neodymium, and iron.

Electronic Devices

Sales
(Billions of yen)



Share of Sales
FY March 2009



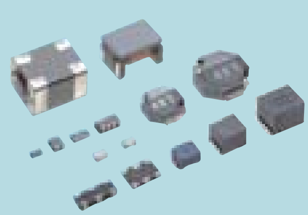
This sector has three product categories: inductive devices, high-frequency components and other products.

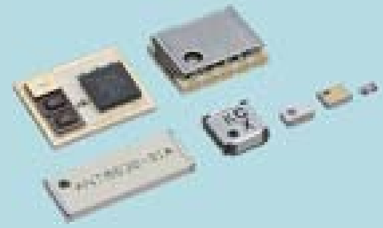
Sales in the electronic devices sector declined 20.5% from ¥209,089 million to ¥166,164 million (U.S.$1,695,551 thousand).

[Inductive devices] Sales of inductive devices decreased year on year, the result mainly of lower sales of coils for flat-screen TVs, game equipment, mobile phones and automotive electronics applications; EMC products for mobile phones and automotive electronics applications; and transformers for power supplies.

[High-frequency components] Sales of high-frequency components decreased year on year, reflecting mainly falling sales for use in PCs.

[Other products] Sales of other products were down year on year, with sales of sensors and actuators falling, and sales of power supply products falling for use in semiconductor and other manufacturing facilities markets and due to the termination of some power supply products.





Inductive Devices

The main products in the inductive devices category are coils (inductors), transformers and EMC components. TDK supplies coils (inductors) made by winding a wire around a ferrite core, multilayer coils (inductors) that are formed by a process similar to printing, and coils (inductors) that are made using thin-film technology.

Transformers combine two or more coils with a common electromagnetic circuit. They raise or lower AC voltage or convert an impedance by electromagnetic coupling.

EMC (Electromagnetic Compatibility) components are electronic components that solve the problem of electromagnetic noise given off by electronic devices.

High-frequency Components

These components are chiefly used in mobile phones and other devices that handle high-frequency signals. TDK boasts an extensive lineup, including isolators, VCOs (voltage-controlled oscillators) and diplexers.

Other Products

The main products in this category are power system products, and sensors and actuators.

Power system products include switching power supplies that convert alternating current into direct current, DC-AC inverters that convert direct current into alternating current and DC-DC converters that alter DC voltages.

Sensors and actuators include varistors, which are effective at combating static electricity; sensors for measuring temperature, humidity, toner density and other items; and actuators such as piezoelectric buzzers.

Recording Devices

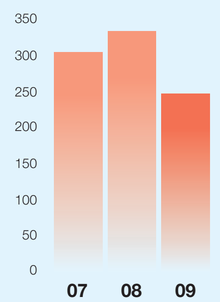
This sector has two product categories: HDD heads and other.

Sector sales decreased 26.1% from ¥334,734 million to ¥247,233 million (U.S.$2,522,786 thousand).

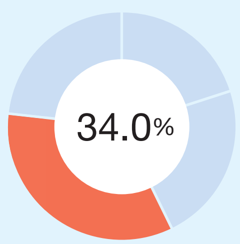
[HDD heads] HDD head demand declined year on year. As a result, TDK's HDD head sales volume declined from fiscal 2008. Coupled with falling prices and the yen's appreciation against the U.S. dollar, this brought sales down year on year in monetary terms.

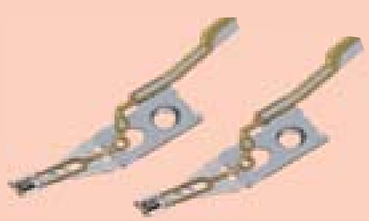
[Other] Category sales increased year on year, mainly because sales of an HDD suspension assembly business that became a subsidiary in November 2007 contributed fully to fiscal-year results for the first time.

Sales
(Billions of yen)



Share of Sales
FY March 2009





HDD Heads

HDD heads write and read signals on hard disks.

GMR (Giant Magnetoresistive) heads for "reading" are gradually giving way to TMR (Tunneling GMR) heads with higher sensitivity as recording density increases. In terms of "writing," PMR (Perpendicular Magnetic Recording) technology has become mainstream, replacing longitudinal recording.

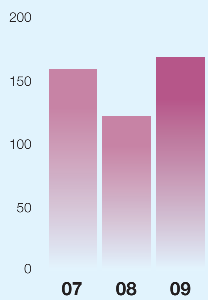
Others

This sector includes all TDK products not included in the three aforementioned sectors.

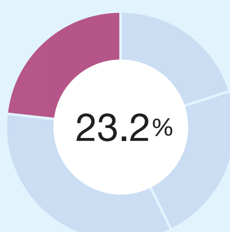
Sector sales increased 38.0% from ¥122,361 million to ¥168,892 million (U.S.$1,723,388 thousand). This included net sales of the EPCOS Group of ¥67,983 million. The main products in the others sector, excluding products manufactured and sold by the EPCOS Group, are recording media, anechoic chambers, mechatronics (production equipment) and energy devices (rechargeable batteries).

While sales of energy devices rose, sales of recording media, anechoic chambers and mechatronics decreased.

Sales
(Billions of yen)



Share of Sales
FY March 2009



Note: Includes sales of the former Recording Media segment.

Tape-based data storage media for computers
These are media for backing up large volumes of computer data and archiving applications.

Mechatronics
This category includes external sales of manufacturing equipment.

Energy Devices
Rechargeable batteries (batteries that can be repeatedly recharged and used) using gel polymer electrolytes.

Anechoic Chambers
These chambers block external electromagnetic radiation to permit the precise measurement of electromagnetic noise.

Research and Development Activities

In its R&D activities, the TDK Group continues to work on strengthening and expanding development of new products that respond to diversification in the electronics market. In particular, the group is concentrating on next-generation recording-related products, micro electronics modules for mobile communications-related applications, and energy-efficient, environmentally friendly devices based on materials and design technologies. Furthermore, the group is using its reservoir of technologies to conduct efficient R&D activities concentrating on three strategic areas: IT home electronic appliances; high-speed and large-capacity networks; and car electronics.

Development themes include commercializing next-generation ferrite magnets that leverage core technologies, development of next-generation high areal recording density heads, and strengthening the lineup of next-generation DVD-related products, focusing on Blu-ray Discs. Furthermore, TDK has commercialized EMC components such as EMC filters, composite magnetic sheet “Flexield,” and electromagnetic absorbers for anechoic chambers. Moreover, the company is strengthening its lineup of modules, including high-frequency modules.

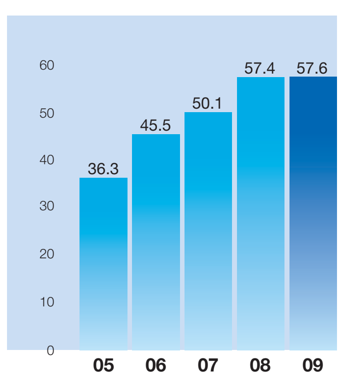
R&D at TDK is conducted by the Materials & Process Development Center, Devices Development Center, Application & Analysis Center and SQ Research Center, and the R&D functions of each operating group. Each facility develops new products and technologies in its respective area of responsibility. The Materials & Process Development Center is responsible for responding to cutting-edge materials technologies and process technologies as well as strengthening and increasing core technologies. The Devices Development Center conducts research in new devices. The SQ Research Center is responsible for R&D of next-generation recording technologies.

In terms of overseas R&D activities, TDK conducts R&D in collaboration with leading universities in the U.S. and Europe, and overseas R&D subsidiaries make use of local technological resources. In China, where TDK is aiming to establish and develop an operating base capable of supporting growth, R&D activities are being carried out in the area of electronic components and materials. In addition, consolidated subsidiary Headway Technologies, Inc. is developing next-generation HDD heads.

R&D expenses in fiscal 2009 rose 0.4% year on year to ¥57,645 million, 7.9% of net sales.

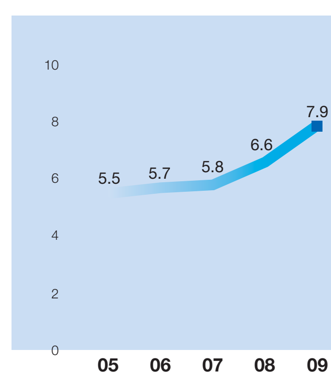
R&D expenses

(Billions of yen)



Ratio to net sales

(%)



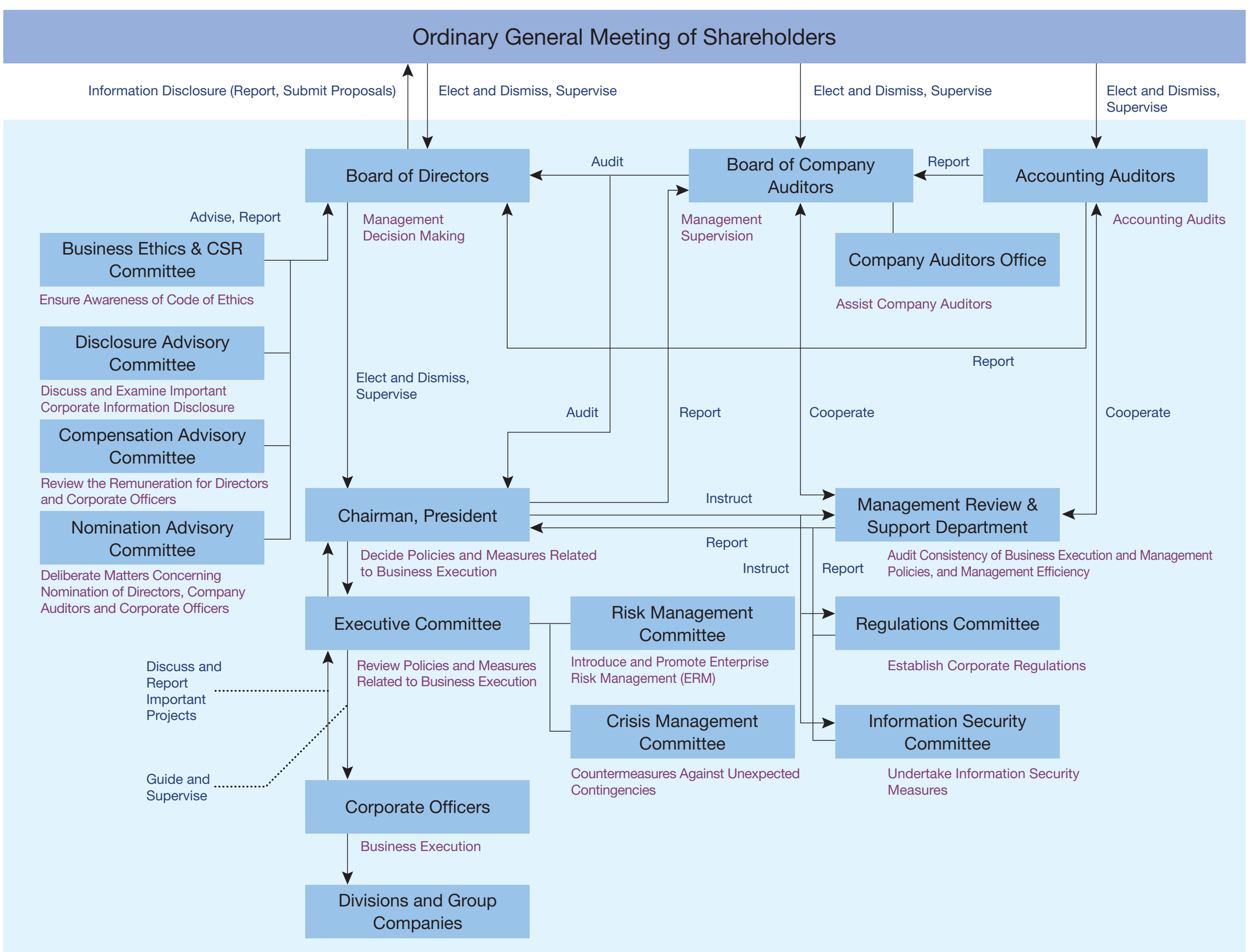
Corporate Social Responsibility (CSR)

A company exists as a member of society that has relationships with all stakeholders—shareholders, customers, suppliers, employees and communities.

Based on our founding spirit—"Contribute to culture and industry through creativity"—we have been putting great emphasis on maintaining a harmonious and symbiotic relationship with society. In the electronics industry, we contribute to society by providing innovative new products exuding originality. And our corporate activities are based on the observance and enforcement of fair corporate ethics, which we recognize as a social responsibility.

Corporate Governance

The following is a summary of the resolutions regarding the system which ensures that the execution of duties by Directors complies with laws and ordinances and the Articles of Incorporation, and the system which ensures that the Company's business is duly executed:



1. Systems for ensuring the execution of duties by Directors complies with laws and regulations, and the Articles of Incorporation:

TDK Corporation ("TDK") was established in 1935 as the world's first company to commercialize a magnetic material called ferrite. In the ensuing years, TDK has increased corporate value through the development of a variety of products of value and originality to society, based on the founding spirit "Contribute to culture and industry through creativity" as its Corporate Motto. In addition, in the "TDK Code of Ethics," TDK has clearly stated its understanding that corporations exist in society with the support of various stakeholders, including shareholders, customers, suppliers, employees and communities, etc. The same Code states that TDK respects the rights of all stakeholders; and that it complies with social norms, including laws and regulations, as a good corporate citizen. All members of the TDK Group behave in strict compliance with the corporate standards of business conduct prescribed by the TDK Code of Ethics.

TDK aims to achieve its management targets and further improve corporate value through the creation of products while adhering to its founding spirit. At the same time, TDK strives to foster a sound corporate culture and sincerely conduct business activities, always aware of its place as a member of society. Moreover, TDK will fulfill its accountability to all stakeholders through the comprehensive, timely and impartial disclosure of appropriate information.

As mentioned above, TDK sincerely and devotedly seeks to achieve its management philosophy, and to maintain the following effective and orderly corporate governance systems to continue to ensure soundness, compliance and transparency in its business operations.

1) Adoption of Company Auditor System and Strengthening the Supervisory Function:

TDK has adopted the Company Auditor System pursuant to the Companies Act of Japan and has appointed three independent outside Company Auditors who have no conflicts of interest to constitute a majority of the five Company Auditors, in order to enhance the supervision of management.

2) Strengthening the Function of the Board of Directors and Holding Directors More Accountable:

TDK has a small number of Directors (seven) to expedite management decision-making. At the same time, TDK has appointed three outside Directors who have no conflict of interest in order to enhance the supervision of management. In addition, the Directors' term of office is set at one year to give shareholders an opportunity to cast votes of confidence regarding Directors' performance every business year.

3) Adoption of Corporate Officer System for Expeditious Business Execution:

TDK 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. Corporate Officers are in charge of business execution and carrying out decisions by the Board of Directors, thereby expediting business execution in line 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 corporate ethics and improve awareness of corporate social responsibility (CSR). To achieve this aim, the Directors, Company Auditors, Corporate Officers and all other members of the TDK Group are made fully conversant with the TDK Corporate Motto and Corporate Principle ("Vision" "Courage" "Trust") as TDK's management philosophy, and the TDK Code of Ethics, which stipulates concrete standards and guidelines for compliance with all laws, regulations and social norms.

The Disclosure Advisory Committee reviews and examines important corporate information and disclosure materials required for investment decisions by shareholders and investors, to ensure that TDK conducts comprehensive, appropriate, timely and impartial disclosure in accordance with various laws and regulations regarding securities transactions and the rules and regulations of the stock exchanges where TDK's shares are listed.

The Compensation Advisory Committee, which is chaired by an outside Director of TDK, examines the level of remuneration and remuneration system pertaining to Directors and Corporate Officers, as well as presidents and qualifying executive officers of principal TDK subsidiaries. It also verifies whether such remuneration is reasonable in light of the transparency of the remuneration decision-making process, corporate business results, individual performance, and the general standards of other companies.

The Nomination Advisory Committee, which is chaired by an outside Director of TDK, discusses the conditions expected with regard to nominations for the post of Director, Company Auditor or Corporate Officer and makes nominations. In this way it helps ensure the appropriateness of the selection of Directors, Company Auditors and Corporate Officers, and the transparency of the decision-making process.

Under the foregoing corporate systems, the Company Auditors with supervisory functions over management ensure soundness, compliance and transparency in TDK's conduct of its business operations by executing their duties pursuant to the Regulations of the Board of Company Auditors and the Code of Company Auditors' Auditing Standards, and by auditing whether the Directors' performance is appropriate as well as in compliance with laws and regulations and the Articles of Incorporation.

Similarly, Directors in charge of management decision-making and supervision of business execution ensure compliance, transparency and soundness in TDK's conduct of its 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 laws and regulations and the Articles of Incorporation. Corporate Officers who are in charge of business execution ensure soundness, compliance and transparency in TDK's conduct of its business operations by executing their duties pursuant to the Regulations of the Corporate Officers' Business and the Executive Committee Regulations.

TDK has established the following system to ensure compliance with all applicable securities and exchange laws and other similar laws and regulations of any country, as well as the rules and regulations of each stock exchange where TDK's shares are listed (hereinafter collectively referred to as the "Securities Regulations").

(i) TDK will collect, record, analyze, process, summarize and report all the information required to be disclosed under the Securities Regulations and has established an internal control system and other procedures to warrant timely information disclosures within the deadlines stipulated by the Securities Regulations.
(ii) TDK has established a system to ensure that TDK has procedures designed so as to obtain reasonable assurance that all transactions are properly authorized, that its assets are protected from unauthorized or improper use, and that all trading activities are appropriately recorded and reported for the purpose of enabling TDK to prepare financial statements in accordance with applicable accounting standards.
(iii) TDK 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 execution of business by Directors shall be maintained and controlled:

The President, who is responsible for the business execution of TDK, has established Document Control Regulations, which are applicable to the TDK Group and provide basic rules for the storage and control of information.

3. Regulations and other systems for managing the risk of losses:

With respect to overall corporate risks, TDK has established the Risk Management Committee, which is chaired by a Corporate Officer appointed in accordance with internal rules, under the direct control of the Executive Committee to promote enterprise risk management ("ERM") across TDK. Meanwhile, the Crisis Management Committee plays a central role in providing responses to unexpected events (risks). Furthermore, corporate regulations, bylaws, guidelines and departmental guidelines provide for operating rules for specific risks, including legal, financial, IT-related, disasters and environmental risks. These risks are managed by managers in charge of the particular areas of operation on a daily basis.

The Company Auditors and the Management Review & Support Department, an internal audit organization, monitor the implementation of risk countermeasures and give advice and provide support to minimize risks. In addition, TDK receives advice from outside legal counsel from time to time regarding risks associated with its corporate activities.

4. System for ensuring Directors execute their duties efficiently:

TDK has a small number of Directors and has adopted the Corporate Officer system so as to facilitate quick and efficient management decision making by Directors.

At the same time, policies and measures with respect to business execution, such as development, manufacturing, marketing and financing of the TDK Group, are deliberated by the Executive Committee, which consists of Corporate Officers in senior positions ranking at or above the level of not lower than Senior Vice President and other Corporate Officers designated by the President. All Corporate Officers perform their duties expeditiously pursuant to the decisions made by the Executive Committee. TDK ensures efficient management via proposals to the Board of Directors and regular reports from Corporate Officers to the Executive Committee.

In addition, TDK establishes medium-term management targets shared by all members of the TDK Group and strives to make them fully understand those objectives. TDK also establishes systems that enable it to quickly gather and understand the targets and implementation plans of all divisions, as well as their progress by using IT systems.

5. System for ensuring employees' performance of duties is in compliance with laws and regulations, and the Articles of Incorporation:

TDK strives to ensure that all Directors, Company Auditors, Corporate Officers and employees in the TDK Group are fully conversant with the corporate philosophy, TDK Code of Ethics and Corporate Standards of Business Conduct, in order to achieve improved soundness, compliance and transparency of management, and ensure the business execution of every TDK member complies with laws and regulations, as well as TDK's Articles of Incorporation. Furthermore, TDK has established a corporate ethics management system under the Business Ethics & CSR Committee to regularly monitor and investigate the enforcement of and compliance with the TDK Code of Ethics by the TDK Group worldwide. A consultation office (with help lines) also enables employees to directly report any information and opinion concerning compliance within the TDK Group.

6. System for ensuring optimum business execution by the corporate group consisting of the subject company, its parent company and subsidiaries:

Each Director, Corporate Officer and executive officer strives to ensure optimum business operations by making decisions in observance of the TDK Code of Ethics, job authority regulations for the entire TDK Group and applicable corporate regulations, in order to maintain soundness, compliance and transparency in business operations and to achieve the business targets of TDK and the TDK Group.

The Company Auditors audit, on a regular basis, the conditions of business operations of each division of TDK and the TDK Group, by auditing divisions, examining important documents and attending important meetings. In addition, the Management Review & Support Department audits and supports, on a regular basis, each division of TDK and the TDK Group in order to promote consistency of the business operations and management policies, and efficiency.

7. Matters relating to employees when Company Auditors request full-time support for their duties:

The Company Auditors Office, consisting of designated full-time employees who do not perform any business execution duties, shall assist the Company Auditors.

8. Matters regarding the independence of employees in the preceding item from Directors:

The Company Auditors shall directly evaluate the performance of the employees in the Company Auditors Office, and any transfer or official reprimand of these employees shall be determined pursuant to the operating rules of the Company subject to consent of the Company Auditors.

Any employee who has been instructed or ordered by a Company Auditor in connection with audit duties shall not be subject to any Director's instruction or order with respect to said Company Auditor's instruction or order.

9. System for ensuring Directors or employees report to Company Auditors and for ensuring other reports to Company Auditors:

Minutes of the Management Committee and other meetings are sent immediately to the Company Auditors, and information regarding business execution by Corporate Officers and the TDK Group's approach to management policies and targets is also provided. Furthermore, Company Auditors attend important meetings, including meetings of the Business Plan Review Meeting, and receive explanations directly from Corporate Officers, as necessary. Moreover, management reports prepared by each business division executing business operations are submitted to Company Auditors, who also confirm progress with business execution across the Company in relation to such reports.

Company Auditors examine meeting minutes and other information regarding the activities of the Business Ethics & CSR Committee, the Risk Management Committee and other committees and receive explanations directly from Corporate Officers involved in such committees depending on the project, enabling Company Auditors to confirm the overall status of corporate activities.

10. System for ensuring Company Auditors conduct audits effectively:

The Company Auditors and the Board of Company Auditors meet with the Representative Directors on a regular basis to confirm management policies, exchange opinions on pressing issues of the TDK Group, risks and important matters from the perspective of Company Auditors' audits. These meetings also deepen mutual understanding between the Company Auditors and the Representative Directors.

Furthermore, the Company Auditors and the Management Review & Support Department meet regularly and also receive regular audit reports from the Accounting Auditors. Through the sharing of information regarding initial audit plans and results, Company Auditors conduct efficient audits.


TDK Code of Ethics

Foreword

The TDK Code of Ethics can be found on TDK's website at http://www.tdk.co.jp/teaaa01/aaa06000.htm

The TDK Code of Ethics provides concrete standards and guidelines for compliance with all laws, regulations and social norms, to be followed by every Director, Company Auditor, Corporate Officer and employee of TDK and its consolidated subsidiaries in conducting business.

Environmental Activities

TDK positions environmental activities as a top management priority. In line with this positioning, TDK has formulated an environmental plan based on a long-term perspective called “TDK Environmental Action 2015.” We are conducting various activities in accordance with this plan. In the year ended March 31, 2007, all of TDK’s facilities worldwide achieved zero emissions status. From fiscal 2008, we embarked on the company-wide policy of cutting CO_2 emissions. Our target is to reduce these emissions by at least 7% in Japan in fiscal 2011, compared with fiscal 1991.

● Specific Initiatives

Global Warming Countermeasures Summits

In May 2008, TDK began holding Global Warming Countermeasures Summits for energy technicians with the aim of developing energy-conservation measures, revolving around production activities. Subcommittee activities commenced at main facilities (sintering, air conditioning and compressed air). In fiscal 2009, TDK measured facility energy efficiency, losses and other data according to uniform TDK Group standards.

Environment-Conscious Product (ECO LOVE Products) Certification System Commences

In September 2008, TDK launched a certification system for products that are especially effective at reducing the environmental burden, as a framework for continuously creating highly environment-conscious products. These products are awarded “ECO LOVE” certifications.

Besides having a lower environmental impact, ECO LOVE products outperform other products on the market in terms of their environmental performance. Products that are highly effective in reducing the environmental burden and that boast industry-leading technology, function and form among ECO LOVE products are designated as “SUPER ECO LOVE” products. Details of these products can be found on TDK’s website (Japanese only). (http://www.tdk.co.jp/ecolove/)

Social Contribution Activities

TDK recognizes the importance of being a corporate citizen with a harmonious and symbiotic relationship with greater society. Considering what TDK as a company could do to benefit society, we have devised various unique social activities.

Philosophy

Based on the corporate motto of "Contribute to culture and industry through creativity," the TDK Group will help build a healthier, richer society by carrying out creative activities, with each and every employee maintaining a keen awareness of his or her role as a corporate citizen.

Policy

TDK will channel its corporate citizenship into four spheres of activity: academic, research and education; sports, art and culture; environmental conservation; and social welfare and local community activities. Drawing on the various resources of the TDK Group (employees, products, capital, information, etc.), the company will conduct activities on a global scale. These activities will include cooperation with nonprofit organizations and nongovernment organizations.

• Academic, Research and Education

TDK provides opportunities for young people, tomorrow's leaders, to acquire various types of knowledge and skill and gain new experiences.

• Sports, Art and Culture

TDK supports sports and arts programs that inspire and excite people.

An electronics class at the TDK History Museum

TDK provides opportunities for music students to meet some of the world's best classical musicians.

• Environmental Conservation

TDK works hard on various environmental protection activities with the aim of promoting co-existence with the global environment.

• Social Welfare and Local Community Activities

The TDK Group draws on its resources to help address various kinds of issues in local communities as it works to help realize a better society.

A tree-planting program run by TDK (Thailand) Co., Ltd.

TDK provides a heliport for air ambulance helicopters at its Mikumagawa Plant in Oita Prefecture.

Directors, Company Auditors and Corporate Officers (As of June 26, 2009)

● Directors (☆ Outside Director)

Hajime Sawabe
Representative Director

Takehiro Kamigama
Representative Director

Seiji Enami
Director

Yasuhiro Hagihara☆
Director

Kenichi Mori☆
Director

Shinichi Araya
Director

Yukio Yanase☆
Director

● Corporate Officers

Hajime Sawabe
Chairman

Takehiro Kamigama
President and CEO

Seiji Enami
Executive Vice President

Raymond Leung
Senior Vice President

Shiro Nomi
Senior Vice President

Shinichi Araya
Senior Vice President

Takeo Suzuki
Senior Vice President

Kenichiro Fujihara
Senior Vice President

Takeshi Nomura
Corporate Officer

Takaya Ishigaki
Corporate Officer

● Company Auditors (* Outside Company Auditor)

Masaaki Miyoshi
Full-time Company Auditor

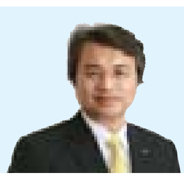
Noboru Hara
Full-time Company Auditor

Kaoru Matsumoto*
Outside Company Auditor

Ryoichi Ohno*
Outside Company Auditor

Osamu Nakamoto*
Outside Company Auditor

Shinya Yoshihara
Corporate Officer



Atsuo Kobayashi
Corporate Officer

Junji Yoneyama
Corporate Officer

Hiroyuki Uemura
Corporate Officer

Robin Zeng
Corporate Officer

Seiji Osaka
Corporate Officer

Masataka Kajiya
Corporate Officer

Annual Securities Report

Annual Securities Report

(Yukashoken Hokokusho)

On July 30, 2009, TDK electronically filed its Annual Securities Report (excluding non-consolidated financial statements and notes) in English with the London Stock Exchange. The information contained in this electronic filing is contained on the following pages. This translation is provided principally for investors with little understanding of the Japanese language. Please note that interpretations in the Japanese language Annual Securities Report shall take precedence, if there is any difference in interpretation from the English translation.

On June 26, 2009, TDK filed its Annual Securities Report in accordance with Japan's Financial Instruments and Exchange Act with the Financial Services Agency. TDK makes this report available on its website at (http://www.tdk.co.jp/ir/library/lib40000.htm).

Contents

[Cover]

Document to be filed:	Annual Securities Report
Provisions to base upon:	Article 24, paragraph 1 of the Financial Instruments and Exchange Act
Filing to:	Director-General of the Kanto Local Finance Bureau
Date of filing:	June 26, 2009
Business year:	113th term (from April 1, 2008 to March 31, 2009)
Company name (Japanese):	*TDK Kabushiki-Kaisha*
Company name (English):	TDK CORPORATION
Title and name of representative:	Takehiro Kamigama, President & Representative Director
Location of head office:	1-13-1, Nihonbashi, Chuo-ku, Tokyo, Japan
Telephone number:	+81-3-5201-7116
Contact person:	Takakazu Momozuka, General Manager, Finance & Accounting Department of Administration Group
Place of contact:	1-13-1, Nihonbashi, Chuo-ku, Tokyo, Japan
Telephone number:	+81-3-5201-7116
Contact person:	Takakazu Momozuka, General Manager, Finance & Accounting Department of Administration Group
Places where the document to be filed is available for public inspection:	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo, Japan)

A. COMPANY INFORMATION

I. Overview of the Company

1. Trends in principal management benchmarks

(1) Management benchmarks (consolidated)

Term	109th term	110th term	111th term	112th term	113th term
Accounting period	From April 1, 2004 to March 31, 2005	From April 1, 2005 to March 31, 2006	From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
Net sales (Millions of yen)	657,853	795,180	862,025	866,285	727,400
Income (loss) from continuing operations before income taxes (Millions of yen)	60,728	66,103	88,665	91,505	(81,630)
Net income (loss) (Millions of yen)	33,300	44,101	70,125	71,461	(63,160)
Stockholders' equity (Millions of yen)	639,067	702,419	762,712	716,577	554,218
Total assets (Millions of yen)	808,001	923,503	989,304	935,533	1,101,036
Stockholders' equity per share (Yen)	4,832.46	5,310.62	5,759.18	5,556.77	4,296.95
Net income (loss) per share (Yen)	251.71	333.50	529.88	551.72	(489.71)
Diluted net income (loss) per share (Yen)	251.56	333.20	529.29	551.19	(489.71)
Stockholders' equity ratio (%)	79.1	76.1	77.1	76.6	50.3
Return on stockholders' equity (%)	5.5	6.6	9.6	9.7	(9.9)
Price earnings ratio (PER) (Times)	29.2	26.6	19.3	10.7	—
Net cash provided by (used in) operating activities (Millions of yen)	95,249	89,118	145,483	119,413	59,189
Net cash provided by (used in) investing activities (Millions of yen)	(62,359)	(104,782)	(81,488)	(157,747)	(275,576)
Net cash provided by (used in) financing activities (Millions of yen)	(9,629)	(7,125)	(15,862)	(60,086)	223,803
Net cash provided by (used in) discontinued operations (Millions of yen)	(1,625)	(414)	—	—	—
Cash and cash equivalents at end of period (Millions of yen)	251,508	239,017	289,169	166,105	165,705
Number of employees (Person)	37,115	53,923	51,614	60,212	66,429

Notes: 1. Net sales do not include consumption taxes, etc.

2. Net assets, net assets per share, equity ratio and return on equity have been replaced with pre-existing stockholders' equity, stockholders' equity per share, stockholders' equity ratio and return on stockholders' equity based on U.S. GAAP.

(2) Filing company's management benchmarks (non-consolidated)

Term	109th term	110th term	111th term	112th term	113th term
Accounting period	From April 1, 2004 to March 31, 2005	From April 1, 2005 to March 31, 2006	From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
Net sales (Millions of yen)	328,452	334,817	347,280	353,034	254,139
Current income (loss) (Millions of yen)	30,550	32,350	31,774	16,787	(28,553)
Net income (loss) (Millions of yen)	39,513	30,825	18,719	(785)	(37,147)
Common stock (Millions of yen)	32,641	32,641	32,641	32,641	32,641
Total number of issued shares (Thousands of shares)	133,189	133,189	133,189	129,590	129,590
Net assets (Millions of yen)	447,480	468,597	475,366	417,870	361,154
Total assets (Millions of yen)	538,877	561,070	580,379	544,736	675,533
Net assets per share (Yen)	3,382.98	3,542.02	3,589.45	3,236.08	2,793.48
Cash dividends per share (Yen)	70.00	90.00	110.00	130.00	130.00
[Interim dividends per share] (Yen)	[30.00]	[40.00]	[50.00]	[60.00]	[70.00]
Net income (loss) per share (Yen)	297.93	232.30	141.45	(6.06)	(288.03)
Diluted net income per share (Yen)	297.74	232.10	141.29	–	–
Equity ratio (%)	83.0	83.5	81.9	76.6	53.3
Return on equity (ROE) (%)	9.2	6.7	4.0	(0.2)	(9.6)
Price earnings ratio (PER) (Times)	24.6	38.2	72.3	–	–
Dividend payout ratio (%)	23.5	38.7	77.8	–	–
Number of employees (Person)	5,190	5,169	5,202	5,300	5,478

Notes:
1. The management benchmarks in the above table are based on financial accounting standards of Japan.
2. Net sales do not include consumption taxes, etc.
3. Diluted net income per share in the 112th and 113th terms are not presented because although there were potentially dilutive shares, net losses per share were reported.

2. History

Date	Details of change
December 1935	Tokyo Denki Kagaku Kogyo K.K. established with ¥20,000 capital in Shiba-ku, Tokyo for the world's first commercial production of ferrite cores. (December 7, 1935)
July 1937	Kamata Plant constructed.
July 1940	Hirasawa Plant constructed.
April 1951	Meguro Laboratory opened.
October 1952	Shimizu Plant in Tokyo opened, production of magnetic recording tape commenced.
March 1953	Kotoura Plant in Akita constructed, all magnetic capacitor production moved to these plants from Hirasawa Plant.
July 1956	Ichikawa Plant constructed, Meguro Laboratory and Kamata Plant closed with all equipment relocated to Ichikawa Plant.
June 1961	Division-based organization of operations adopted.
September 1961	TDK shares listed on the Tokyo Stock Exchange.
September 1962	Headquarters moved to Uchikanda, Chiyoda-ku, Tokyo.
September 1965	U.S. subsidiary, TDK Electronics Corporation, established in New York. (Marking the start of plans for manufacturing and sales bases in various overseas regions)
November 1966	TDK shares listed on the Osaka Securities Exchange. (Delisted January 2007)
December 1969	Chikumagawa Plant constructed in Saku City, Nagano Prefecture, magnetic tape production commenced.
June 1970	Shizuoka Plant constructed in Sagara-cho, Shizuoka Prefecture, magnet production commenced.
July 1974	S-12 ADRs (American Depositary Receipt) issued to enter global capital market.
October 1976	Due to increased issuance of CDRs (Continental Depositary Receipt), TDK shares listed on the Amsterdam Stock Exchange. (Delisted June 2002)
May 1978	Headquarters moved to Nihonbashi, Chuo-ku, Tokyo.
October 1978	Narita Plant constructed in Narita City, Chiba Prefecture, rare-earth magnet production commenced.
	TDK shares listed by depository receipt on the Brussels Stock Exchange. (Delisted January 2007)
March 1980	Akita Plant constructed as a white ceramic specialist.
June 1982	TDK shares listed on the New York Stock Exchange. (Delisted in April 2009)
October 1982	Mikumagawa Plant constructed in Hita City, Oita Prefecture, magnetic tape production commenced.
November 1982	Kofuminami Plant construcled in Kosai-cho, Yamanashi Prefecture, magnetic head production commenced.
March 1983	Company name changed to TDK Corporation.
May 1983	TDK shares listed on the London Stock Exchange.
January 1985	TDK issued Japan's first "fully unsecured straight bonds."
August 1986	TDK acquired Hong Kong magnetic head manufacturer, SAE Magnetics (Hong Kong) Limited.
March 1989	Fiscal closing date changed from November 30 to March 31.
May 1990	Materials and Research Center constructed in Narita City, Chiba Prefecture.
September 1990	Ichikawa Technical Center constructed in Ichikawa City, Chiba Prefecture.
April 1997	Mikumagawa Plant acquired ISO 14001 certification.
April 1998	TDK Malaysia Sdn. Bhd. became first overseas plant to acquire ISO 14001 certification.
March 2000	TDK acquired U.S. magnetic head manufacturer, Headway Technologies, Inc.
August 2000	TDK share unit number changed from 1,000 to 100.
	Introduced stock option system.
September 2001	TDK Recording Media Europe S.A. became first TDK Group company to achieve "zero emissions."
October 2003	All TDK business offices in Japan achieved zero emissions.
December 2004	TDK Fujitsu Philippines Corporation established in Philippines as joint venture with Fujitsu Limited for magnetic heads for HDD.
May 2005	TDK acquired Amperex Technology Limited, a manufacturing and sales company of Polymer Lithium Battery in Hong Kong.
October 2005	TDK acquired Lambda Power Group, power-supply business of Invensys plc.
August 2007	TDK-brand recording media sales business transferred to U.S. company, Imation Corporation.
November 2007	TDK acquired Thai manufacturer of suspension for HDD, Magnecomp Precision Technology Public Company Limited.
March 2008	TDK acquired DENSEI-LAMBDA K.K. as a wholly owned subsidiary of TDK.
October 2008	TDK acquired German electronic components company, EPCOS AG.
January 2009	TDK issued unsecured straight bonds.

3. Description of business operations

TDK (the Company) prepares its consolidated financial statements according to U.S. generally accepted accounting principals (U.S. GAAP). It discloses information based on these consolidated financial statements pertaining to its subsidiaries and affiliates based on the defintions of U.S. GAAP. The same applies to "II. Review of operations" and "III. Facilities."

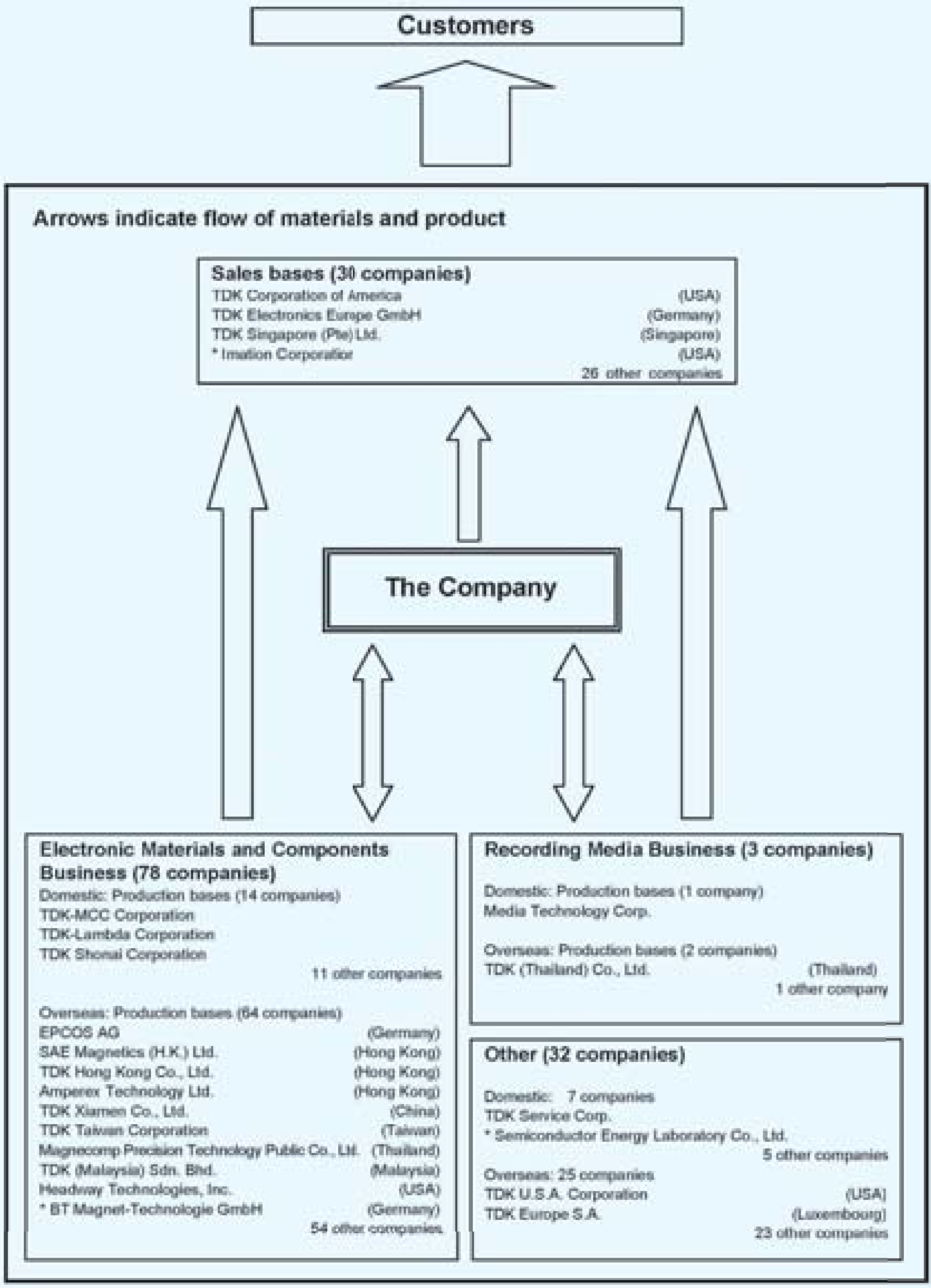
In fiscal 2009 (October 17, 2008), the TDK Group (the Company and its subsidiaries and affiliates) acquired EPCOS AG (Headquarters: Germany, President & CEO: Gerhard Pegam) and its subsidiaries (hereinafter "the EPCOS Group"), making them consolidated subsidiaries of TDK.

Current as of March 31, 2009, the TDK Group comprised TDK Corporation (the Company), 135 consolidated subsidiaries and 8 equity-method affiliates. Its business operations comprised manufacturing and sales of electronic materials and components and recording media products.

The following table presents a description of business operations and the respective placement of the Company and subsidiaries and affiliates with respect to these business operations.

<table>
<tr><th colspan="2">Categories</th><th>Main products</th><th>Companies active in operations (major companies listed by name)</th></tr>
<tr><td rowspan="4">Electronic Materials and Components</td><td>Electronic Materials</td><td>Multilayer ceramic chip capacitors, rare-earth magnets, ferrite magnets, and ferrite cores</td><td>The Company
TDK-MCC Corporation
TDK Hong Kong Co., Ltd.
TDK Taiwan Corporation
22 other companies (Domestic: 4, Overseas: 18)
(Total: 26 companies)</td></tr>
<tr><td>Electronic Devices</td><td>Inductive devices (coils and transformers), high-frequency components, power supplies, sensors, and piezoelectric materials</td><td>The Company
TDK Hong Kong Co., Ltd.
TDK-Lambda Corporation
TDK Shonai Corporation
TDK Xiamen Co., Ltd.
35 other companies (Domestic: 7, Overseas: 28)
(Total: 40 companies)</td></tr>
<tr><td>Recording Devices</td><td>HDD heads, and suspension assemblies</td><td>The Company
SAE Magnetics (H.K.) Ltd.
Headway Technologies, Inc.
18 other companies (Domestic: 1, Overseas: 17)
(Total: 21 companies)</td></tr>
<tr><td>Others</td><td>Anechoic chambers, mechatronics (production equipment), energy devices (rechargeable batteries), and EPCOS Group products</td><td>The Company
EPCOS AG
Amperex Technology Ltd.
67 other companies (Domestic: 7, Overseas 60)
(Total: 70 companies)</td></tr>
<tr><td colspan="2">Recording Media</td><td>Audiotapes and videotapes, CD-Rs, DVDs, and tape-based data storage media for computers</td><td>The Company
TDK Electronics Corporation
6 other companies (Domestic: 1, Overseas: 5)
(Total: 8 companies)</td></tr>
</table>

The following business activities diagram show the matters described the page before.



Notes:
1. On October 17, 2008, the Company acquired EPCOS AG and its consolidated subsidiaries (including specified subsidiary EPCOS (China) Investment Ltd., EPCOS Technology (Wuxi) Co., EPCOS do Brasil Ltda. and EPCOS (Anhui) Feida Electronics Co., Ltd.), making them consolidated subsidiaries of TDK.
2. Companies without a prefix mark are consolidated subsidiaries while companies with a prefix mark are equity-method affiliates.

4. Status of subsidiaries and affiliates

Name	Location	Common stock	Principal business	Holding rate of voting rights (%)	Business relationship
(Consolidated subsidiaries – Overseas)					
SAE Magnetics (H.K.) Ltd. *1, *4	New Territories, Hong Kong	HK$50,000	Electronic Materials and Components	100 (100)	Manufacturing and sales of TDK products Interlocking directorate: No
TDK Hong Kong Co., Ltd. *1	Kowloon, Hong Kong	HK$25,500,000	Electronic Materials and Components	100	Manufacturing and sales of TDK products Interlocking directorate: No
TDK Xiamen Co., Ltd. *1	Xiamen, China	RMB489,683,000	Electronic Materials and Components	100 (89.1)	Manufacturing and sales of TDK products Interlocking directorate: No
TDK Taiwan Corporation	Taipei, Taiwan	NT$424,125,000	Electronic Materials and Components	95.4	Manufacturing and sales of TDK products Interlocking directorate: No
Headway Technologies, Inc. *1	California, U.S.A.	US$163,161,945	Electronic Materials and Components	100 (100)	Manufacturing and sales of TDK products Interlocking directorate: No
Amperex Technology Ltd.	New Territories, Hong Kong	US$2,000,000	Electronic Materials and Components	100	Manufacturing and sales of TDK products Interlocking directorate: Yes
TDK (Malaysia) Sdn. Bhd.	Negeri Sembilan, Malaysia	M.RINGGIT 58,122,510	Electronic Materials and Components	100	Manufacturing and sales of TDK products Interlocking directorate: No
Magnecomp Precision Technology Public Co., Ltd. *1	Ayutthaya, Thailand	US$96,320,255	Electronic Materials and Components	99.7	Manufacturing and sales of TDK products Interlocking directorate: No
TDK Dalian Corporation *1	Dalian, China	US$47,616,000	Electronic Materials and Components	100 (10)	Manufacturing and sales of TDK products Interlocking directorate: No
TDK Corporation of America	Illinois, U.S.A.	US$3,800,000	Electronic Materials and Components	100 (100)	Sales of TDK products in U.S. Interlocking directorate: No
TDK Electronics Europe GmbH *1	Dusseldorf, Germany	EURO 46,544,000	Electronic Materials and Components	100 (100)	Sales of TDK products in E.U. Interlocking directorate: No
TDK Singapore (Pte) Ltd.	Singapore	US$126,050	Electronic Materials and Components/ Recording Media	100 (100)	Sales of TDK products in S.E. Asia Interlocking directorate: No
TDK (Thailand) Co., Ltd.	Bangkok, Thailand	BAHT 699,000,000	Recording Media/ Electronic Materials and Components	100	Manufacturing and sales of TDK products Interlocking directorate: No
TDK Electronics Corporation	New York, U.S.A.	US$5,050,000	Recording Media	100 (100)	Manufacturing and sales of TDK products Interlocking directorate: No
TDK U.S.A. Corporation	New York, U.S.A.	US$850	Finances & controls subsidiaries and affiliates	100	—— Interlocking directorate: No
TDK Europe S.A. *1	Bascharage, Luxembourg	EURO 252,113,042	Finances & controls subsidiaries and affiliates	100	—— Interlocking directorate: Yes
TDK Germany GmbH	Dusseldorf, Germany	EURO 25,000	Finances subsidiaries and affiliates	100	—— Interlocking directorate: No
Lambda Holdings Inc. *1	New York, U.S.A.	US$529,046,247	Finances subsidiaries and affiliates	100 (100)	—— Interlocking directorate: Yes
Lambda Far East Ltd. *1	Devon, United Kingdom	GBP 29,677,439	Finances subsidiaries and affiliates	100 (100)	—— Interlocking directorate: Yes
Magnecomp Labuan Inc. *1	Labuan, Malaysia	US$77,545,071	Finances subsidiaries and affiliates	100 (100)	—— Interlocking directorate: No
EPCOS AG *1	Munich, Germany	EURO 66,682,270	Electronic Materials and Components	95.8 (51.7)	—— Interlocking directorate: Yes
EPCOS (China) Investment Ltd. *1	Shanghai, China	US$42,000,000	Finances subsidiaries and affiliates	100 (100)	—— Interlocking directorate: No

Name	Location	Common stock	Principal business	Holding rate of voting rights (%)	Business relationship
EPCOS Technology (Wuxi) Co., Ltd. *1	Wuxi, China	EURO 29,000,000	Electronic Materials and Components	100 (100)	—— Interlocking directorate: No
EPCOS do Brasil Ltda. *1	Gravataí, Brazil	R$76,239,960	Electronic Materials and Components	100 (100)	—— Interlocking directorate: No
EPCOS (Anhui) Feida Electronics Co., Ltd. *1	Ningguo City, China	RMB255,000,000	Electronic Materials and Components	60 (60)	—— Interlocking directorate: No
(Consolidated subsidiaries – Domestic) TDK-MCC Corporation *1	Nikaho City, Akita Prefecture	(Millions of yen) 1,000	Electronic Materials and Components	100	Manufacturing of TDK products Interlocking directorate: No
TDK-Lambda Corporation *2	Shinagawa-ku, Tokyo	2,976	Electronic Materials and Components	100 (52.9)	Manufacturing and sales of TDK products Interlocking directorate: Yes
TDK Shonai Corporation	Tsuruoka City, Yamagata Prefecture	110	Electronic Materials and Components	100	Manufacturing of TDK products Interlocking directorate: No
Media Technology Corp. *1	Chuo City, Yamanashi Prefecture	5,000	Recording Media	70	Manufacturing of TDK products Interlocking directorate: No
TDK Service Corp.	Chuo-ku, Tokyo	34	Insurance and real estate agent	100	Insurance and property management of TDK Interlocking directorate: No
105 other companies					
(Equity-method affiliates) Imation Corporation	Minnesota, U.S.A.	US$400,000	Recording Media	20.5 (7.4)	Sales of TDK products Interlocking directorate: No
BT Magnet-Technologie GmbH *3	Herne, Germany	EURO 5,112,919	Electronic Materials and Components	51 (51)	Manufacturing and sales of TDK products Interlocking directorate: No
Semiconductor Energy Laboratory Co., Ltd.	Atsugi City, Kanagawa Prefecture	(Millions of yen) 4,348	Semi-conductor-product research and development	29.5	Research and development Interlocking directorate: Yes
5 other companies					

Notes:
1. Descriptions in the "Principal business" column are names of business segments.
2. Figures in parentheses in the "Holding rate of voting rights" column indicate indirect holding rates included in the figures outside the parentheses.
3. *1: Applies to specific subsidiaries.
4. *2: On October 1, 2008, DENSEI-LAMBDA K.K. changed its name to TDK-Lambda Corporation.
5. *3: Decisions of important matters concerning BT Magnet-Technologie GmbH are subject to the approval of Robert Bosch GmbH, as outlined in the merger agreement. For this reason, the Company treats BT Magnet-Technologie GmbH as an equity-method affiliate.
6. *4: Net sales of SAE Magnetics (H.K.) Ltd. exceeded 10% of consolidated sales.
   The major items of income are as follows:
   i. Net sales ¥223,711 million
   ii. Income before income taxes ¥5,643 million
   iii. Net income ¥5,253 million
   iv. Net assets ¥132,050 million
   v. Total assets ¥154,193 million

5. Status of employees

(1) Status of consolidated companies

(As of March 31, 2009)

Name of business segment	Number of employees (Person)
Electronic Materials and Components	63,413
Recording Media	939
Corporate (common)	2,077
Total	66,429

Note: Employees in Electronic Materials and Components increased by 6,185 compared with the end of fiscal 2008. This was the result of the addition of about 19,600 employees of newly consolidated companies arising from he acquisition of the EPCOS Group outweighing the decline of about 13,600 employees in overseas operations, particularly in Asia.

(2) Status of filing company (TDK)

(As of March 31, 2009)

Number of employees (Person)	Average age (Years old)	Average years of service (Years)	Average annual salary (Yen)
5,478	40.7	19.6	7,081,524

Notes: 1. The number of employees indicates the number of woking employees.

2. Average annual salary includes bonuses and surplus vages.

(3) Status of labor union

The filing company and some of its subsidiaries have a labor union.

II. Review of operations

1. Overview of operating results

(1) Operating results

Looking at economic conditions worldwide during fiscal 2009, the collapse of a major U.S. financial institution in the fall of 2008 exacerbated a credit crunch that had started from the beginning of the fiscal year, all of which subsequently had a noticeable impact on the real economy. This showed through in the form of slowing capital expenditures and flagging consumer spending, which thrust the world economy into an extremely grave simultaneous recession.

In terms of major developments in the electronics market, which has a bearing on TDK's consolidated performance, there was a visible downturn in demand for high-performance electronic devices such as video-related equipment, PCs and mobile phones. From the third quarter of fiscal 2009, demand for electronic devices dropped sharply across the board amid the global simultaneous recession. The automotive electronics market was sluggish due to the impact of steeply higher oil prices, which affected the auto market in the first half, and a large drop-off in demand in the auto market due to the global simultaneous recession in the second half of fiscal 2009. The result of all these market trends was a sharp downturn in demand for electronic components, prompting production cutbacks in the second half of fiscal 2009. Moreover, a deteriorating supply-demand environment pushed down sales prices further and the yen's rapid appreciation against the U.S. dollar also affected TDK's operating results.

Amid these conditions, TDK initiated structural reforms to improve its business structure, recognizing that sluggish demand was likely to persist. At the same time, TDK worked to optimize inventories by actively adjusting production levels. Having to deal with such factors, TDK posted consolidated net sales of ¥727,400 million, down 16.0% from ¥866,285 million in fiscal 2008. TDK recorded an operating loss of ¥54,305 million, compared with operating income of ¥87,175 million in fiscal 2008. TDK also posted a loss before income taxes of ¥81,630 million, compared with income before income taxes of ¥91,505 million in fiscal 2008. Furthermore, TDK recorded a net loss of ¥63,160 million, compared with net income of ¥71,461 million in fiscal 2008. Net loss per share was ¥489.71, compared with net income per share of ¥551.72 in fiscal 2008.

On October 17, 2008, TDK made the EPCOS Group consolidated subsidiaries. Accordingly, the EPCOS Group's results have been included in TDK's consolidated results from the second half of fiscal 2009.

TDK's businesses are broadly classified into two business segments: the electronic materials and components segment and the recording media segment. Net sales of the EPCOS Group, which were consolidated from the third quarter of fiscal 2009, are included in "others" because the EPCOS Group's product segmentation does not correspond to the segmentation used by TDK.

The electronic materials and components segment is made up of four product sectors: (a) electronic materials, (b) electronic devices, (c) recording devices, and (d) others. The consolidated operating results of this segment were as follows. Net sales decreased 13.6% from ¥818,115 million in fiscal 2008 to ¥706,561 million and operating loss was ¥49,112 million, compared with an operating income of ¥75,972 million in fiscal 2008. The following presents a breakdown of these sales by product sector.

The electronic materials sector is broken down into two product categories: capacitors, and ferrite cores and magnets. Sales in the electronic materials sector dropped 27.5% from ¥200,101 million in fiscal 2008 to ¥145,111 million.

Sales of capacitors decreased year on year. This reflected lower sales of multilayer ceramic chip capacitors, the main product in the capacitors category, for use in key applications, namely PCs, AV and game equipment, mobile phones and car electronics. Flagging demand, falling prices and an appreciating yen against the U.S. dollar were the other main factors behind the decrease in overall sales.

Sales of ferrite cores and magnets declined year on year, the result of lower sales for use in main applications in respect of both products.

The electronic devices sector has three product categories: inductive devices, high-frequency components and other products. Sales in the electronic devices sector declined 20.5% from ¥209,089 million in fiscal 2008 to ¥166,164 million.

Sales of inductive devices decreased year on year, the result mainly of lower sales of coils for flat-screen TVs, game equipment, mobile phones and automotive electronics applications; of EMC products for mobile phones and automotive electronics applications; and transformers for power supplies.

Sales of high-frequency components decreased year on year, reflecting mainly falling sales for use in PCs.

Sales of other products were down year on year, mainly with sales of sensors and actuators falling, and sales of power supply products falling for use in semiconductor and other manufacturing facilities markets and due to the termination of some power supply products.

The recording devices sector has two product categories: HDD heads and other. Sector sales decreased 26.1% from ¥334,734 million in fiscal 2008 to ¥247,233 million.

In HDD heads category, demand declined year on year. As a result, TDK's HDD head sales volume declined from fiscal 2008. Coupled with falling prices and the yen's appreciation against the U.S. dollar, this brought sales down year on year in monetary terms.

Sales of other category increased year on year, mainly because sales of an HDD suspension assembly business that became a subsidiary in November 2007 contributed fully to fiscal-year results for the first time.

The others sector includes all electronic components excluded in the above three product sectors. Consolidated sales in this sector rose 99.6% from ¥74,191 million to ¥148,053 million. Of this amount, EPCOS Group sales were ¥67,983 million. Excluding the products handled by the EPCOS Group, the representative products of this sector are anechoic chambers, mechatronics (manufacturing equipment), and energy devices (rechargeable batteries). Sales increased for energy devices but decreased for anechoic chambers and mechatronics.

The recording media segment has three product categories: audiotapes and videotapes, optical media and other products. Segment sales dropped 56.7% from ¥48,170 million in fiscal 2008 to ¥20,839 million. The segment recorded operating loss of ¥5,193 million, from an operating income of ¥11,203 million in fiscal 2008. Profit from the transfer of a sales business is recorded in the operating income of fiscal 2008.

On August 1, 2007, TDK transferred a TDK-brand recording media sales business to U.S. company Imation Corp. Through this business transfer, the sales structure and pricing structure of audiotapes and videotapes, and optical media changed. As a result, recording media segment sales decreased in all of the above three product categories.

With respect to sales by region, recording media segment sales decreased in all regions due to the aforementioned sales business transfer to Imation Corp.

In the Japan region, sales dropped 23.4% from ¥152,113 million in fiscal 2008 to ¥116,456 million. In the electronic materials and components business segment, sales in the three product categories other than the recording devices sector declined.

In the Americas region, sales dropped 17.8% from ¥96,287 million to ¥79,164 million. Sales in the electronic materials and components segment declined in all four product sectors.

In the Europe region, sales increased 21.4% from ¥59,128 million to ¥71,778 million. Sales increased in both the recording devices and the others sector. The EPCOS Group contributed to the sales increase, particularly in the others sector.

In the Asia and others region, sales dropped 17.7% from ¥558,757 million to ¥460,002 million. In the electronic materials and components segment, sales in the three product sectors other than the others sector declined. The sales of the EPCOS Group contributed to others sector results while sales of the other group of products in this category also increased.

As a result, overseas sales declined 14.5% from ¥714,172 million in fiscal 2008 to ¥610,944 million. Overseas sales accounted for 84.0% of consolidated net sales, a 1.6 percentage point increase from 82.4% in fiscal 2008.

(2) Cash flows

Cash and cash equivalents at the end of fiscal 2009 was ¥165,705 million, ¥400 million lower than at the end of fiscal 2008. An overview of cash flows is provided below.

Cash flows from operating activities

Operating activities provided net cash of ¥59,189 million, a year-on-year decrease of ¥60,224 million. The main reason for this decrease was a net loss of ¥63,160 million due to deteriorating market conditions and other factors. Depreciation and amortization increased ¥18,270 million to ¥89,567 million. In changes in assets and liabilities, trade receivables decreased ¥69,537 million, trade payables decreased ¥56,318 million, mostly at recording device manufacturing subsidiaries in the Asia region, the Company and the EPCOS Group. Also, inventories decreased ¥28,410 million, mostly at recording device manufacturing subsidiaries in the Asia region and the Company.

Cash flows from investing activities

Investing activities used net cash of ¥275,576 million, ¥117,829 million more year on year. In order to accurately respond to rapid technological innovation and intensified sales competition in the electronics market to which TDK belongs, capital expenditures in the electronic materias and components segment increased ¥14,113 million to ¥98,425 million. Proceeds from sale and maturity of short-term investments declined by ¥7,801 million, payment for purchase of short-term investments increased ¥24,848 million, and acquisition of subsidiaries, net of cash acquired increased ¥117,964 million. While the aforesaid factors contributed to the increase, acquisition of minority interests decreased ¥15,689 million to partly offset the increase in net cash used in investing activities.

Cash flows from financing activities

Financing activities switched from using net cash in fiscal 2008 to providing net cash in fiscal 2009. The difference in net cash was ¥283,889 million. In fiscal 2008, the Company used ¥39,250 million to acquire its treasury stock and ¥15,683 million to pay dividends, among other outflows that resulted in the use of net cash of ¥60,086 million. In fiscal 2009, on the other hand, there were proceeds from long-term debt of ¥204,906 million and increase in short-term debt, net of ¥39,531 million, mainly due to fundraising to purchase EPCOS AG shares, while ¥18,056 million was used to pay dividends, among other cash inflows and outflows that resulted in net cash provided of ¥223,803 million. Proceeds from long-term debt includes, in addition to borrowings from banks, ¥84,000 million in proceeds from an issuance of unsecured straight bonds.

2. Status of production, orders received and sales

(1) Production results

A breakdown of production results by business segment for fiscal 2009 is given below.

(Millions of yen)

Name of business segment	FY2009 (From Apr. 1, 2008 to Mar. 31, 2009)	YoY Change (%)
Electronic Materials	142,058	(31.2)
Electronic Devices	164,881	(21.6)
Recording Devices	244,389	(27.2)
Others	173,722	133.7
Electronic Materials and Components	725,050	(12.3)
Recording Media	20,161	(31.7)
Total	745,211	(13.0)

Notes: 1. Amounts are calculated by the sales price.
2. Production results of consolidated subsidiary, the EPCOS Group, is included in "Others."
3. Consumption taxes, etc. are not included.

(2) Status of orders received

A breakdown of orders received in the electronic materials and components segment for fiscal 2009 is given below.

The products other than electronic materials and components are produced based on demand forecasting instead of customer orders.

Category	Amount of orders received (Millions of yen)	YoY Change (%)	Balance of orders received (Millions of yen)	YoY Change (%)
Electronic Materials and Components	744,721	(10.0)	83,245	1.5

(3) Sales results

A breakdown of sales results by business segment for fiscal 2009 is given below.

(Millions of yen)

Name of business segment		FY2009 (From Apr. 1, 2008 to Mar. 31, 2009)	YoY Change (%)
	Electronic Materials	145,111	(27.5)
	Electronic Devices	166,164	(20.5)
	Recording Devices	247,233	(26.1)
	Others	148,053	99.6
Electronic Materials and Components		706,561	(13.6)
Recording Media		20,839	(56.7)
Total		727,400	(16.0)

Notes: 1. Consumption taxes, etc. are not included.
2. Sales results of consolidated subsidiary, EPCOS Group, is included in "Others."
3. The share of the total sales results that were sales to major customers is provided below.

Customer	FY2008 (From Apr. 1, 2007 to Mar. 31, 2008)		FY2009 (From Apr. 1, 2008 to Mar. 31, 2009)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Samsung Electronics H.K. Co., Ltd.	103,114	11.9	61,441	8.4

Note: Consumption taxes, etc. are not included.

3. Pressing issues

TDK was founded in 1935, to commercialize the magnetic material called ferrite. Inspired by its founding spirit, "Contribute to culture and industry through creativity," TDK has dynamically developed its creativity and its ability to adapt speedily to various change over the ensuing years.

(1) Responding to major changes in the business environment

The electronics industry, of which the TDK Group is a part, underwent tumultuous change in fiscal 2009. Demand for electronic components, which had continued to expand after the IT bubble burst in 2001, contracted rapidly and sharply in the second half of fiscal 2009 due to the direct impact of the uniform worldwide recession. Rather than anticipating a rapid recovery in demand for electronic components in fiscal 2010, TDK is assuming that sluggish demand will continue for some time.

Due to this rapid change in its business environment, TDK decided to discontinue its three-year medium-term management plan initiated in fiscal 2008 after two years. In its place, TDK has begun a new three-year medium-term management plan that reflects the dramatically changed business environment. The new medium-term management plan launched in April 2009 has four basic policies: (a) provide distinctive electronic materials and components that enrich the natural environment and people's lives; (b) optimize cost and quality by pursuing advances in materials and process technologies; (c) create a strong earnings structure by boldly prioritizing businesses and reducing total costs; and (d) provide workplaces where employees can thrive. The new management plan is premised on the global economy shifting to a phase of low growth and unavoidable polarization into a low price-oriented market and a market that seeks high-value-added products.

Furthermore, the plan assumes an extremely difficult business environment, one defined by the simultaneous forces of accelerating globalization and digitization in the electronics industry, as well as by the emergence of newly industrializing economies and the beginning of an era of massive competition created by the move toward open platforms. In light of these changes in the business environment, TDK will implement a new plan under which it will refocus on the basic strategy of using technology to spur growth as a manufacturer. TDK will focus on materials and process technologies, pursue optimal costs and fundamentally revamp its business model in an effort to rebuild its profit structure by reducing selling, general and administrative expenses. The goal will be to increase enterprise value. From a resilient earnings base, TDK is determined to propose and offer value recognized by customers. This value will be offered in the form of distinctive products grounded on TDK's proprietary technologies and eco-friendly products.

(2) Strengthening the passive components business via the EPCOS Group acquisition

In fiscal 2009, TDK made the EPCOS Group consolidated subsidiaries. The EPCOS Group is a group of electronics components companies that develop, manufacture and sell capacitors (ceramic, aluminum electrolytic and film capacitors), inductive devices, sensors, high-frequency components and other products. It excels at customizing products based on customers' individual specifications and its products in the automotive and telecommunications fields are particularly competitive. The TDK Group, for its part, is highly competitive in electronic components for the digital home appliances field (including flat-screen TVs, video games, portable digital audio players, PCs and mobile phones) and the automotive field. In contrast to the EPCOS Group, TDK is strong in commodity products. Furthermore, the EPCOS Group is strong in Europe, while the TDK Group is strong in Japan and Asia. In this way, the TDK Group and the EPCOS Group have a strong complementary fit in terms of technologies, products, customers and regions served. The inclusion of the EPCOS Group in the TDK Group should enable TDK to create a much stronger passive components business foundation.

In fiscal 2010, the TDK Group and the EPCOS Group will combine their passive components businesses to create a new growth platform and steps will be taken to realize the benefits of this business combination as quickly as possible.

(3) Establishment of a new company by an Incorporation Type Corporate Split

When TDK acquires the EPCOS Group it plans to establish a new company specializing in passive components by carving out from TDK its passive components businesses, namely, capacitors, magnetics, network devices, sensor and actuator, and electronic components sales and marketing groups. TDK sees this as the fastest and most effective way to enhance its passive components business foundation. The new company will be wholly owned by TDK and from this platform the business combination with the EPCOS Group will take place. The EPCOS Group will be a subsidiary of this new company. In deciding on this process, management determined that in order to maximize the effect of the investment there was a need to quickly strengthen the passive components business since it is one of the TDK Group's core businesses, and also to create an environment that enables quick management decisions and easily generates benefits from the combination when the EPCOS Group is integrated.

By establishing a mobile, new company, the TDK Group aims to promote new growth in the passive components business.

As a manufacturer of electronic materials and components, the TDK Group will provide customers with unique products in a timely manner and at appropriate prices by actively embracing VA (Value Analysis) and VE (Value Engineering) to raise product quality. In particular, because environment-related products that can help finished products (such as household appliances and automobiles) achieve greater energy savings are expected to see growing demand going forward, TDK will create distinctive products in these fields. Naturally, TDK will also continue to make progress reducing the environmental load of its business activities, such as by cutting CO_2 emissions.

In this way, TDK will address current key issues, as well as work to build a sound corporate culture with a constant recognition that it is a member of society. As such, the "TDK Code of Ethics" clearly states that TDK will comply with social norms, including laws and regulations, as a good corporate citizen. The TDK Group asks each of its members to act with pride not only as a member of society, but as a member of the TDK Group. The TDK Group is also aiming to manage the company so as to earn the confidence of all stakeholders, including shareholders.

4. Business risks

Listed below are items that, among those relating to the review of operations and accounting, etc. revealed in the Annual Securities Report, may significantly influence investor decisions. The following includes forward-looking statements determined, on June 26, 2009.

(1) Risks concerning fluctuations in economic trends

The electronics industry, our field of operations, is highly susceptible to economic trends in the U.S., Europe, China and Japan, which are the main markets of end products. In addition, markets in these countries are constantly exposed to various risk factors such as international issues and economic fluctuations. Furthermore, the digital consumer products field is significantly affected by the extremely fast pace of technological innovation and competition in the development of new products as well as changes in economic conditions.

If changes beyond our expectations occur in the business environments, such changes could significantly affect our business results and financial condition. Moreover, if the severe economic climate currently upon us in this global simultaneous recession were to continue, such an event could have a considerable impact on the TDK Group's earnings and delay an earnings recovery.

(2) Risks concerning fluctuations in currency exchange rates

We import and export products between different regions of the world as we conduct our business activties in countries around the globe. Sudden changes in foreign currency exchange rates affect company transactions between regions and prices of our products and service costs at overseas bases, which consequently have effects on our business results such as sales and income. Such fluctuations also give rise to conversion differences with respect to our investments in overseas assets and liabilities, which are converted into Japanese yen in our consolidated financial statements.

Therefore, significant fluctuations in foreign currency exchange rates could have a significant adverse effect on our business results.

(3) Risks concerning overseas operations

The TDK Group's operations extend to most countries across the globe. Overseas sales account for approximately 80% of total sales on a consolidated basis.

Therefore, in many of our target markets, we may be exposed to international political risks, such as war, terrorism and other events; economic risks, such as fluctuations in foreign currency exchange rates and trade imbalance; and social risks, including disease and labor problems stemming from differences in cultures and customs. Such risks may give rise to changes of a far greater magnitude than we anticipate. We may also face unexpected barriers in building relationships with trading partners due to differences in commercial and business customs. These risks could lower productivity in manufacturing processes, undermine the competitiveness of products and hinder sales activities. These outcomes could in turn have a significant adverse effect on our business results.

(4) Risks concerning business operations in China

We have many manufacturing bases in China for mainstay products, such as HDD heads. China is a country in the midst of strong economic growth. We have also established a system for supplying both customers and local companies that have been setting up operations in China.

However, in the event that political factors (such as changes in laws and regulations), economic factors (such as the continuity of high growth and problems with electric power supply and other infrastructure) and social factors cause unexpected events in China, there could be a significant adverse effect on our business results.

(5) Risks concerning price competitiveness

We supply electronic components in a broad range of fields in an electronics industry defined by intense competition. These fields include information technology and communications devices such as digital home appliances, PCs and mobiles phones. Price is one of the main competitive factors differentiating us from other companies in an industry in which leading Japanese companies and Asian companies in South Korea and Taiwan have fueled intense price-based competition.

In recent years, there has been a trend in the electronics market for products to polarize towards the low-price end of regular products or the high-price end of high-function products. In terms of quantity demand, the low-price end is significantly growing. In the event that this trend forces existing prices to be lowered and the fall in prices far exceeds our expectations or becomesprotracted, there could be a significant adverse effect on our business results.

(6) Risks concerning technological innovation and new product development

In the TDK Group, the launch of new commercially valuable products contributes to boosting our profitability. We therefore believe ongoing new product development is key to enterprise survival. We believe that our ability to increase sales by developing appealing, innovative products has an important role to play in our growth and we place suitable importance on this in our management strategies.

However, it is extremely difficult to predict future demand in the rapidly changing electronics industry and develop new technologies to meet that demand. We may fail to develop and supply in a timely manner attractive, new products with innovative technologies for this industry and our markets. In the event that our technology innovations lag behind others and existing technology becomes obsolete due to the technological change at an unexpectedly rapid pace, actual earnings could differ significantly from our forecasts. Such events also may negatively affect our ability to compete in existing markets, resulting in a significant adverse effect on our business results and growth prospects.

(7) Risks concerning product quality

We manufacture various products at overseas manufacturing bases that we are developing globally in accordance with ISO (International Organization for Standardization) quality management standards (ISO 9001) and the strict standards required by customers in the remarkably technologically innovative electronics industry.

We cannot be fully certain, however, that all of our products are defect-free and immune from recalls at some later date. A product recall or a product liability claim against us caused by product defects (including cases where products contained banned materials) could result in recall costs or damage claims, lower sales and have a negative impact on our reputation and brand, and may have a significant adverse effect on TDK's business performance. A situation resulting from poor product quality due to a major product defect could have a significant adverse effect on our business results.

(8) Risks concerning intellectual property

Our growth depends to a great extent on our ability to obtain patents, licenses and other intellectual property rights covering our products, product designs and manufacturing processes (hereinafter "intellectual property rights"). We therefore work hard to manage and acquire intellectual property rights. However, there are cases where our intellectual property rights cannot be fully protected in a particular region for reasons unique to that region. Furthermore, we may suffer damages resulting from the manufacture by a third party of similar products to our own with the unauthorized use of our intellectual property rights.

There may be cases where it is alleged that our products infringe on the intellectual property rights of third parties that may sue for damages as a result of such alleged infringement. This would require either settlement negotiations or legal processes. If our defenses against such claims are not accepted in such disputes, we may have to pay damages and royalties and suffer losses such as the loss of markets.

The failure to defend against such third party infringement claims could have a significant adverse effect on our business development and business results.

(9) Risks concerning securing personnel and training personnel

To prevail against fierce competition in the electronics industry, we believe that it is necessary to retain and develop personnel who possess advanced technical skills. With respect to personnel with excellent management capabilities, such as those necessary for formulating management strategy and managing organizations, we strive to bring these talents to a higher level.

However, intense competition to recruit such skilled employees is not limited to the industries where we are active. Moreover, in Japan, the change of employment environment progresses rapidly because of the falling birthrate and the aging population, and the decline of the workforce population. These and other factors mean there is no guarantee that we will continue to be able to recruit and retain skilled employees. The inability to recruit excellent personnel and to train personnel as planned could have a significant adverse effect on our business development, business results and growth prospects.

(10) Risks concerning raw material procurement

Our manufacturing system is premised on deliveries of raw materials and other supplies in adequate quality and quantity in a timely manner from many external suppliers. In new product development, we may rely on certain irreplaceable suppliers for materials. Because of this, there may be cases where supplies of raw materials and other products to us are interrupted by an accident or some other event at a supplier, supply is suspended due to quality or other issues, or there is an instability in or shortage of supply due to a rapid increase in demand for finished products that use certain materials and products. If any of these situations becomes protracted, we may have difficulty finding substitutes in a timely manner from other suppliers, which could have a significant, adverse effect on our production and prevent us from fulfilling our responsibilities to supply products to our customers. Furthermore, such changes in the supply-demand equation may considerably increase the price we pay for the raw materials.

It is conceivable that a soaring in oil prices could inflate energy costs. In the event of these or other similar occurrences, there could be a significant adverse effect on our business results.

(11) Risks concerning government regulations

We are subject to various regulations in Japan and other countries where we conduct business. These include approval for conducting business and making investments, laws and regulations governing the safety of electric and electronic products, laws and regulations relating to national security between nations, and export/import laws and regulations. We are also subject to commercial, antitrust, patent, product liability, environmental, consumer and business taxation laws and regulations.

In the event that these laws and regulations become more stringent in the future, our business development could be affected adversely and we may incur additional operating costs. Furthermore, in the event that we are unable to respond appropriately to these laws and regulations, we may be forced to partially withdraw from certain businesses or take other actions.

Government laws and regulations in their various forms could have a significant adverse effect on our business results.

(12) Risks concerning interest rate fluctuation

The TDK Group has financial assets and liabilities that are exposed to the risk of interest rate fluctuation. Fluctuation in interest rates could affect the interest income, interest expense and the value of financial assets, which could have a significant adverse effect on our business results.

(13) Risks concerning business to business transactions

We are developing on a global scale business to business transactions, whereby we supply electronic components to a variety of electronics manufacturers, personal computer makers and other customers.

However, supplies to these customers are significantly affected by various factors that are beyond our control such as changes in each customer's business results and management strategies. A drop-off in purchasing demand due to poor business results at major customers, changes in customers' purchasing plans and policies, the unexpected termination of contracts and other occurrences could result in our profit margins being reduced due to discounting pressure from customers or our being left holding large amounts of inventory.

In recent years, mergers and acquisitions have been actively conducted in Japan and overseas. In the event that our customers go through reorganization or acquisition effected by enterprises of different business types with huge funds or by competitive enterprises, this situation could have a significant adverse effect on our sales.

Customers' business results, changes in management strategy or other factors could thus have a significant adverse effect on our business results.

(14) Risks concerning natural disasters and pandemics

We have many production sites and research and development facilities in Japan and overseas. These facilities and plants have taken disaster-protection and infection-control measures in preparation for unexpected natural disasters or infection outbreaks. However, significant damage could be incurred at these facilities and plants due to a force majeure event beyond assumed standards such as a large earthquake, typhoon or flood, or due to an outbreak of an unknown infectious disease such as a potent new strain of influenza. In the event of interruption to manufacturing, disruption of transportation routes, damage to or disconnection of information and communications infrastructure, our ability to supply our customers could be affected for a long period of time. This situation could have a significant adverse effect on our business results.

(15) Risks concerning environmental regulations

We are subject to various environmental laws and regulations with respect to industrial waste and emissions into the atmosphere and water from our production processes in Japan and overseas and with respect to specified hazardous chemical substances used in the products. Considering the trend of global environmental conservation, we expect environmental protection regulations to become more stringent in the future, and for our cost of compliance with such regulations to increase as well.

We are currently engaged in a wide range of environmental conservation activities, including compliance with environmental regulations prescribed by laws. In situations where we have difficulty responding appropriately to such demands and laws and regulations, we may be forced to withdraw from certain business activities impacting our brand name, which could have a significant adverse effect on our business results.

(16) Risks concerning M&A

The TDK Group has conducted mergers and acquisitions (M&A) to develop business bodies by which to pursue higher competitiveness and profitability in the highly competitive electronics field. However, if synergistic benefit from association with TDK is not realized due to reasons such as the TDK Group's management policies or management strategies failing to infiltrate the target company of such M&A activity, or if the anticipated profitability or benefit is not realized, then such events, could have a significant adverse effect on the TDK Group's business results, growth prospects and business development.

(17) Risks concerning information security

As part of its business operations, the TDK Group holds confidential information and personal information relating to customers and trading partners as well as confidential information of the TDK Group and personal information of employees. We have constructed a group-wide control system to prevent this information from being leaked to outside parties, falsified or otherwise manipulated. Moreover, with respect to this information, we execute measures to ensure thorough management and IT security, improved facility security and employee training. However, there is still a risk that such information could be leaked or falsified by illegal conduct, or that such information could be leaked to outside parties due to loss or unavoidable circumstances.

In the event that information were leaked or falsified, the TDK Group could suffer a lowering of credibility and be liable for huge costs relating to the compensation payment to the parties suffering damage. It could also have a significant adverse effect on our business results and financial condition.

5. Important operational contracts, etc.

(1) Technology license agreement

Licensee	Licensor	Country	Subject of license	Type of contract	Term of contract
TDK Corporation	Eastman Kodak Company	U.S.	Organic EL elements	Patent license agreement	From August 12, 1999 until patent expiry date

(2) Business merger agreement with EPCOS AG

On July 31, 2008, the Company concluded a business merger agreement with EPCOS AG and from August 25, 2008 to October 27, 2008 executed a tender offer for the shares of EPCOS AG. As a result of the tender offer, EPCOS AG became a consolidated subsidiary of the Company commencing the third quarter of fiscal 2009. For more details see "Notes to consolidated financial statements; Notes: 24. Acquisition (1) EPCOS."

a. Purpose of business merger

Up until the merger, the Company and EPCOS AG both operated in the same electronic components business and had a complementary relationship with generally no product field or market overlap. Based on this background, the purpose of the merger was to establish a partnership with EPCOS AG to create strong synergies.

b. Outline of the business merger agreement

(A) Merger partner: EPCOS AG

(B) Contract execution date: July 31, 2008

(C) Primary conditions of agreement

(a) Execution of tender offer
- Target: Outstanding common stock of EPCOS AG
- Purchase price: 17.85 euro/share

(b) Explicit endorsement of tender offer by management of EPCOS AG

(c) Corporate Split of electronic components business
- Precondition: Success of tender offer; approval by Board of Directors of the Company; approval by the General Meeting of Shareholders

(d) Dispatching of Directors from the Company to Board of Company Auditors of EPCOS AG.
- Precondition: Success of tender offer
- Period from completion of tender offer to completion of Corporate Split of electronic components business: Dispatching of 2 Directors
- After completion of Corporate Split of electronic components business: Dispatching of 3 Directors

(3) Corporate split

At the meeting of the Board of Directors on May 27, 2009, the Company resolved to transfer the business conducted by the Company's Capacitors Business Group, Magnetics Business Group, Network Devices Business Group, Sensors and Actuators Business Group and Electronics Components Sales and Marketing Group and partial rights and obligations pertaining to other businesses relating to TDK-EPC Corporation (hereinafter "TDK-EPC"), a company to be newly incorporated.

Outline of the corporate split is as follows.

a. Purpose of the Corporate Split

The Company and EPCOS AG concluded a business merger agreement on July 31, 2008 and agreed to combine their passive component businesses. The Company has proceeded with the preparations of the following matters: (i) the launch of a public tender offer by the Company for the outstanding shares of EPCOS AG, (ii) the carving out of relevant passive components business by the Company and (iii) the combination of such business with EPCOS AG's business under TDK-EPC. The Corporate Split corresponds to item (ii) above, and the Company believes that the Corporate Split and the organic integration with EPCOS AG to be implemented thereafter will enhance management efficiency and competitiveness. The Company considers the aforesaid two matters as the important strategy aimed to make the TDK Group a global leading company in the field of electronic components. (As announced in the press release of October 31, 2008 ("TDK takeover offer for EPCOS shares very successful"), the tender offer for the outstanding shares of EPCOS AG aforementioned in item (i) above has been completed.)

b. Method of the Corporate Split

The Corporate Split is an Incorporation Type Corporate Split solely implemented by the Company, in which the Company and TDK-EPC will be the Splitting Company and the Incorporated Company, respectively.

c. Schedule of the Corporate Split

October 1, 2009

d. Share issuance and Allocation upon the Corporate Split

The Incorporated Company, TDK-EPC, will issue 100 common shares upon the Corporate Split, and the Company will receive all of such shares.

e. Calculation of number of allotted shares

As this is an Incorporation Type Corporate Split implemented solely by the Company, all shares of the Incorporated Company, TDK-EPC, to be issued upon the Corporate Split will be allotted to the Company, the Splitting Company. As the number of allotted shares can be determined at the Company's discretion, the Company comprehensively considered factors including setting appropriate size of units of contribution and determined that the number of shares to be issued by TDK-EPC, the Incorporated Company, is 100 and TDK-EPC will deliver all the said shares to the Company, the Splitting Company.

f. Other plans for Incorporation Type Corporate Split

Board of Directors Meeting held on May 27, 2009, a resolution was passed to put forward an incorporation type corporate split plan as an item for resolution at the Ordinary General Meeting of Shareholders held on June 26, 2009. This is a plan for joint deliberation of the Company and EPCOS on concrete processes for the combination between the passive components business succeeded by TDK-EPC from the above-mentioned Corporate Split and the passive components business operated by EPCOS. As part of this deliberation, there will be a review of the items of resolution and the method of resolution by the Board of Directors at TDK-EPC, and it is possible that this review will result in changes in the provisions of the Articles of Incorporation relating to these matters.

g. Operating results of the business division subject to the Corporate Split as of fiscal 2009

(Millions of yen)

	Performance of the business division subject to the Corporate Split (a)	Performance of the Company (b)	Ratio (a)/(b)
Net sales	201,355	254,139	79.2%

h. Items and values of assets and liabilities to be split (as of March 31, 2009)

(Millions of yen)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	60,557	Liabilities	21,906
Noncurrent assets	249,934	Net Assets	288,585
Total	310,491	Total	310,491

i. Company name, address of the head office, name of representative, amount of capital, net assets and total assets and business content of the Incorporated Company

Company name:	TDK-EPC Corporation
Address of head office:	1-13-1, Nihonbashi, Chuo-ku, Tokyo, Japan
Name of representative:	Takehiro Kamigama, President & Representative Director
Common stock:	¥2,000 million
Net assets:	¥288,585 million
Total assets:	¥310,491 million
Business content:	Manufacture and sales of passive components, etc.

Note: Net assets and total assets are based on those as of March 31, 2009.

6. Research and development activities

In its R&D activities, the TDK Group continues to work on strengthening and expanding development of new products that respond to diversification in the electronics market. In particular, the Group is concentrating on next-generation recording-related products, micro electronics modules for mobile communications-related applications, and energy-efficient, environmentally friendly devices based on materials and design technologies. Furthermore, the Group is using its reservoir of technologies to conduct efficient R&D activities concentrating on three strategic areas: IT home electronic appliances; high-speed and large-capacity networks; and car electronics.

Development themes include commercializing next-generation ferrite magnets that leverage core technologies in the electronic materials and components segment, and development of high recording density next generation heads in the recording devices sector. In the recording media segment, TDK has made progress strengthening its lineup of next-generation DVD-related products, focusing on Blu-ray discs. Furthermore, TDK has commercialized EMC components such as EMC filters, composite magnetic sheet "Flexield", and electromagnetic absorbers for anechoic chambers. Moreover, TDK is strengthening its lineup of modules, including high-frequency modules.

R&D at TDK is conducted by the Materials & Process Development Center, Devices Development Center, Application & Analysis Center, SQ Research Center and the R&D functions of each operating group. Each facility develops new products and technologies in its respective area of responsibility. The Materials & Process Development Center is responsible for responding to cutting-edge materials technologies and process technologies as well as strengthening and increasing core technologies. The Devices Development Center conducts development in new devices and SQ Research Center conducts research and development in high recording density next generation heads.

In terms of overseas R&D activities, TDK is advancing R&D activities through collaboration with leading universities in the U.S. and Europe, and overseas R&D subsidiaries are escalating their use of local technological resources. In China, where TDK is aiming to establish and develop an operating base, R&D activities are being carried out in the area of electronic components and materials. In addition, consolidated subsidiary Headway Technologies, Inc. is developing next-generation HDD heads.

R&D expenses in fiscal 2009 rose 0.4% year on year to ¥57,645 million, 7.9% of net sales.

7. Analysis of financial position and operating results

Matters concerning the future in this report are based on judgment current as of the end of fiscal 2009.

(1) Critical accounting policies

Critical accounting policies are those that require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

The following is not intended to be a comprehensive list of all of TDK's accounting policies. TDK's critical accounting policies are more fully described in Note 1 to the Consolidated Financial Statements. In many cases, the accounting treatment of a particular transaction is specifically dictated by U.S. generally accepted accounting principles, with no need for management's judgment in their application. There are also areas in which management's judgment in selecting an available alternative would not produce a materially different result.

TDK Group has identified the following as critical accounting policies: impairment of long-lived assets, valuation of inventories, accounting for business combinations, goodwill and other intangible assets, pension benefit costs, and deferred tax assets.

<u>Impairment of long-lived assets</u>

As of March 31, 2008 and 2009, the aggregate of TDK's property, plant and equipment and amortized intangible assets was ¥326,179 million and ¥427,647 million, which accounted for 34.9% and 38.8% of the total assets, respectively. TDK believes that impairment of long-lived assets are critical to TDK's financial statements because the recoverability of the amounts or lack thereof, could significantly affect its results of operations.

TDK's long-lived assets and certain identifiable intangibles with certain amortization period are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This review is performed using estimates of future cash flows. If the carrying amount of the asset is considered to be impaired, an impairment charge is recorded for the amount by which the carrying value of an asset exceeds its fair value. Management believes that the estimates of future cash flows and fair values are reasonable; however, changes in estimates resulting in lower future cash flows and fair value due to unforeseen changes in business assumptions could negatively affect the valuation of those long-lived assets and significantly affect TDK's financial position and results of operations. TDK makes investments with due prudence, taking sufficiently into consideration the future profitability of products and the recoverability of investments.

<u>Valuation of inventories</u>

Inventories are stated at the lower of cost or market. The carrying value of inventory is reduced for estimated obsolescence by the difference between its cost and the estimated market value based upon assumptions about future demand. TDK evaluates the inventory carrying value for potential excess and obsolete inventory exposures by analyzing historical and anticipated demand. In addition, known and anticipated engineering change orders are evaluated against on-hand quantities for their potential obsolescence affects. As fluctuations in estimates, which become a standard in recognizing adjustments in the carrying values of inventory for expected obsolescence, are influential to business results of TDK, we conclude it as a critical accounting policy. If actual demand were to be substantially lower than estimated, additional inventory adjustments for excess or obsolete inventory may be required, which could have a material adverse effect on TDK's business, financial condition and results of operations.

Regarding the appropriateness of estimates in the past, TDK does not use a method based on various scenarios, but a method to reconsider every quarter by comparing estimate and actual results. For example, in the operation management of product sector with rapid development in technological innovation such as the recording devices sector, TDK revises the estimates of valuation of obsolete inventories arising from the timely response to customers' demands for high-efficiency products on a quarterly basis.

<u>Business combination</u>

We account for acquired businesses by using the purchase method of accounting which requires that the assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. The judgments made in determining the estimated fair value assigned to each class of assets acquired, as well as asset lives, can materially impact net income of the periods subsequent to the acquisition through depreciation and amortization, and in certain instances by impairment charges, if the asset becomes impaired in the future.

In determining the estimated fair value for intangible assets, we typically utilize the income approach, which employs discounting of the projected future net cash flow using an appropriate discount rate that reflects the risk factors associated with the cash flow streams.

Determining the useful life of an intangible asset also requires judgment as different types of intangible assets will have different useful lives and certain assets may even be considered to have indefinite useful lives. Intangible assets determined to have an indefinite useful life have been reassessed periodically based on the factors prescribed in SFAS No. 142 including, but not limited to, the expected use of the asset by us, legal or contractual provisions that may affect the useful life or renewal or extension of the asset's contractual life without substantial cost, and the effects of demand, competition and other economic factors.

Goodwill and other intangible assets

Goodwill and other intangible assets that are determined to have an indefinite life are not amortized but are tested for impairment on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of these assets below their carrying amount. Fair value for these assets is determined using a discounted cash flow analysis, which is based on an authorized business plan. Management believes that the estimates of future cash flows and fair value are reasonable; however, changes in estimates resulting in lower future cash flows and fair value due to unforeseen changes in business assumptions could negatively affect the valuations.

Pension benefit costs

Employee pension benefit costs and obligations are dependent on assumptions used by actuaries in calculating such amounts. These assumptions include discount rates, retirement rates and mortality rates which are based upon current statistical data, as well as salary growth, long-term return on plan assets and other factors. Actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, generally affect TDK's recognized expense and recorded obligation in future periods. While TDK believes that its assumptions used are appropriate, differences in actual experience or changes in assumptions may affect TDK's benefit obligations and future expense.

In preparing its financial statements for fiscal 2009, TDK established discount rates of 2.0% and 6.2% for domestic and overseas pension plans respectively, and expected long-term rates of return of 3.0% and 7.1% on domestic and overseas plan assets respectively. In estimating the discount rate, TDK uses available information about rates of return on long-term corporate bonds currently available and expected to be available during the period to the maturity of the pension benefits. TDK established the expected long-term rate of return on plan assets based on management's expectations in respect of the long-term returns of the various plan asset categories in which it invests. Management developed expectations with respect to each plan asset category based on actual historical returns and its current expectations for future returns.

A decrease in the discount rate leads to an increase in actuarial pension benefit obligations that could lead to an increase in net periodic pension cost through amortization of unrecognized actuarial gain or losses.

An increase in the expected return on plan assets may decrease net periodic pension cost in the current year. However, the difference between the expected return and the actual return on those assets could negatively affect net income in future years.

Deferred tax assets

TDK Group has significant deferred tax assets, which are subject to realizability assessment. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the planned reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes that it is more likely than not that all of the deferred tax assets less valuation allowance, will be realized. However, in the event future projections for income are not realized or are realized in lesser amounts, or in cases where management revises the assessment of the potential for realization of deferred tax assets based on other factors, deferred tax assets may be determined not to be realizable, which then would require TDK to increase a valuation allowance against the deferred tax assets resulting in additional income tax expenses.

(2) Analysis of business results for the fiscal year

Overview of consolidated operating results

In fiscal 2009, TDK posted consolidated net sales of ¥727,400 million, down 16.0% from fiscal 2008. TDK recorded an operating loss of ¥54,305 million, decreased by ¥141,480 million from an operating income of ¥87,175 million in fiscal 2008. Furthermore, TDK recorded a net loss of ¥63,160 million, decreased by ¥134,621 from a net income of ¥71,461 million in fiscal 2008.

Concerning the electronics market during fiscal 2009, in the first half, despite the holding of the Beijing Olympics, production of electronic equipment failed to grow as much as expected. Moreover, a trend of flagging demand was observed in relation to high-performance electronic devices (video-related equipment, PCs, mobile phones etc.) and growth of electronic components was already in a declining trend. In the second half, demand for electronic devices fell sharply across the board amid the global recession. The sudden drop in production adjustments unavoidably led to a dramatic lowering of utilization rates. The market for automobile-related electronics was also weak; it was adversely affected by oil price hikes in the first half and by sharp drops in demand because of the global recession in the second half. Operating results were also affected by the continual fall in selling prices as a result of the deterioration of the supply and demand relationship, and by the considerable rise in the value of the yen to the U.S. dollar.

Amid these conditions, TDK initiated structural reforms to improve its businesses, recognizing that sluggish demand was likely to persist. At the same time, TDK worked to optimize inventories by actively adjusting production levels. Aiming to further strengthen its passive components business, TDK acquired EPCOS AG, deeming there to be little overlap with respect to products, technology, applications and geographical presence and perceiving potential synergies from the complementary aspects of the two companies.

Effect of foreign exchange movements

In fiscal 2009, overseas sales accounted for 84.0% of consolidated net sales, an increase of 1.6 percentage point compared to fiscal 2008. As a result, fluctuations in foreign exchange rates had a significant effect on TDK's consolidated sales and income. During fiscal 2009, the yen's value rose 12.0% against the U.S. dollar and 10.8% against the Euro, based on average exchange rates in markets. Overall, exchange rate movements had the effect of decreasing net sales by approximately ¥79,800 million and operating income by approximately ¥18,900 million in fiscal 2009.

By geographic area based on the location of TDK entities, foreign exchange fluctuations decreased sales in Japan by approximately ¥20,125 million, in Asia (excluding Japan) and Oceania by approximately ¥81,776 million, in North and South America by approximately ¥13,001 million and in Europe by approximately ¥5,451 million. The effect of foreign exchange fluctuations on consolidated net sales after the elimination of intersegment transactions between and among TDK and consolidated subsidiaries was approximately ¥79,800 million.

As one method for reducing the impact of exchange rate fluctuation on the TDK Group, TDK is increasing the share of business activities conducted overseas. Such overseas activities comprise not only manufacturing and sales but also R&D, design, and procurement. The ratio of in-region production to in-region sales in fiscal 2009 was 105.9% in Asia (excluding Japan) and Oceania, 26.9% in the Americas and 47.2% in Europe. The ratio overseas production to sales rose from 70.1% in fiscal 2008 to 74.0% in fiscal 2009. The ratio of overseas production to overseas sales rose from 85.1% in fiscal 2008 to 88.1% in fiscal 2009.

TDK and certain overseas consolidated subsidiaries hedge exposure to foreign exchange movements by entering into forward foreign exchange contracts and currency option contracts. Foreign exchange risk arising from operating activities is hedged by using forward foreign exchange contracts. In principle, TDK's policy is to hedge up to 50% of expected foreign currency-denominated accounts receivable for each month for the next six months to follow. Due to the global nature of operations, management realizes that currency movements continue to have the potential to exert a material influence on consolidated performance.

Cost and net income

The cost of sales decreased 4.7% to ¥605,943 million in fiscal 2009 from ¥635,529 million in fiscal 2008 due primarily to lower sales. The cost of sales ratio to net sales increased from 73.4% to 83.3% of net sales, respectively. In addition to strong pressure to discount the prices of products, reduced earnings due to foreign exchange loss when translating from the U.S. dollar, a considerable and unavoidable drop in utilization rates accompanying the massive production adjustments accompanying the sharp drop in demand, and amortization of intangible noncurrent assets which were valued at the time of the acquisition of EPCOS AG shares all contributed to the above in the cost of sales ratio to net sales. As a result, gross profit decreased year on year ¥109,299 million (47.4%) in fiscal 2009, thus the gross profit ratio to net sales became 16.7 percent.

Selling, general and administrative expenses increased by ¥957 million from ¥158,921 million in fiscal 2008 to ¥159,878 million in fiscal 2009. This represented an increase in the ratio to net sales from 18.3% to 22.0%, respectively. Although there was a decrease of ¥15,677 million as an impact of foreign exchange following the appreciation of the yen, there were losses such as loss on impairment and loss on disposal of fixed assets. In addition, an extra ¥6,871 was added as a result of the acquisition of EPCOS AG and its inclusion in consolidated operating results. Amortization on intangible fixed assets that were valued at the time EPCOS AG shares were acquired was also added. Furthermore ¥5,519 million was added to research and development expenses included in selling, general and administrative expenses as a result of the acquisition of EPCOS AG and its inclusion in the consolidated operating results. Research and development expenses included in selling, general and administrative expenses rose ¥258 million from ¥57,387 in fiscal 2008 to ¥57,645 million yen and as the ratio to net sales increased from 6.6% in fiscal 2008 to 7.9% in fiscal 2009.

Given the protraction of sluggish demand, ¥15,884 million was recorded under restructuring expenses which included rationalization of staff sizes and restructuring bases to improve the business standing.

Other income (deductions) decreased ¥31,655 million from fiscal 2008. This is primary because interest and dividend income decreased by ¥4,304 million due to lower interest rates and a decrease in on-hand liquidity. On the other hand, in addition to an increase in interest expense by ¥2,118 million due to an increase in funds borrowed etc. for the acquisition of shares of EPCOS AG, equity in earnings of affiliates declined by ¥18,980 million due to the decline of share prices of listed affiliates.

The ratio of income taxes to income (loss) before income taxes (the effective tax rate) decreased from 21.8% in fiscal 2008 to minus 20.9% in fiscal 2009 due to the income before income taxes turning into loss before income taxes.

TDK posted net loss of ¥63,160 million, resulting in diluted net loss per common share of ¥489.71. Return on Equity, deteriorated from 9.7% to minus 9.9%.

Cash dividends per share paid during fiscal 2009 were ¥140. This dividend was the sum of the June 2008 year-end dividend of ¥70 and the December 2008 interim dividend of ¥70. (Shareholders of record on March 31, 2009 receive a cash dividend of ¥60 per share at the end of June 2009.)

(3) Financial position

Total assets amounted to ¥1,101,036 million as of March 31, 2009, increased by ¥165,503 million from ¥935,533 million at the end of fiscal 2008. Specificaly, the purchase of the EPCOS Group resulted in increases in inventories by ¥16,868 million, net property, plant and equipment by ¥81,496 million, goodwill by ¥25,178 million and intangible assets by ¥24,616 million. Long-term deferred income taxes increased by ¥64,299 million primarily due to losses carried forward and a below-mentioned increase in retirement and severance benefits. In addition, short-term investments increased by ¥22,314 million as used as funds-on-hand management method. On the other hand, trade receivables decreased by ¥34,407 million due to the sluggish sales influenced by the simultaneous global recession; and investments in securities decreased by ¥33,667 million due to the recognition of impairment losses on investment securities and investments in affiliates.

Total liabilities increased by ¥322,723 million from ¥215,272 million in fiscal 2008 to ¥537,995 million in fiscal 2009. As a result of the financing for purchasing shares of EPCOS AG, short-term debt, current installments of long-term debt and long-term debt increased by ¥62,151 million, ¥3,203 million and ¥209,931 million, respectively. Long-term debt includes bank loans and unsecured straight bonds of ¥84,000 million issued in January 2009. Another attributable factor was that retirement and severance benefits increased by ¥64,017 million since the pension asset management yield significantly deteriorated influenced by the low stock market condition.

Total stockholders' equity decreased by ¥162,359 million from ¥716,577 million in fiscal 2008 to ¥554,218 million in fiscal 2009. Primarily attributable factors are that other retained earnings decreased by ¥83,097 million due to the posting of a net loss; and that accumulated other comprehensive loss expanded ¥81,158 million owing to the effect of the stronger yen on foreign currency translation adjustment and the effect of the deterioration of pension assets management yield on pension liablity adjustments.

(4) Liquidity and fund resources

Demand for funds

TDK's working funds are primarily used for the purchase of raw materials and parts for use in the manufacture of its products. The payment of payroll, marketing fees or distribution-related costs and other administrative fees accompanying sales activities are also a significant disbursement from the fund. In addition, personnel expenses relating to R&D are also significant. The necessary funds for these disbursements are mainly provided from cash generated by operations.

Capital Expenditures

In fiscal 2009, capital expenditures on a cash basis increased compared to fiscal 2008 by ¥14,113 million from ¥84,312 million in 2008 to ¥98,425 million in 2009. The TDK Group made significant investment in a number of its product offerings, including IT home electronics appliances, high-speed, large-capacity networks, and car electronics, which are fields the Group regards as strategically important for growth.

In the electronic materials and components segment, TDK invested in improving facilities for development and mass production of HDD heads, high recording density next generation heads, increased production and rationalization in multilayer ceramic chip capacitors, inductive devices, ferrite cores and magnets mainly in Japan, China, North America, and Thailand. Capital expenditures in the electronic materials and components segment of ¥96,005 million also include investment in a processing and assembly of Polymer Lithium Battery in China.

In the recording media segment, capital expenditures totaled ¥2,420 million including investment in development and mass production facilities for next generation optical products such as Blu-ray disc and strengthening production capacity and rationalization of tape-based data storage media for computers.

In principle, the funds for these capital expenditures are provided from cash generated by operations.

Supply of funds

The TDK Group regards cash and cash equivalents (cash, deposits, short-term investments, marketable securities) as liquid funds, and The TDK Group's policy has long been to maintain its liquidity level at 2.0 months or more of consolidated monthly sales. The balance of liquid funds amounted to ¥207,666 million at the end of fiscal 2009, which was equal to approximately 3.4 average months of annual sales. TDK considers this level of liquidity sufficient for current needs.

Although net cash of ¥275,576 million was used in investing activities of the Group in fiscal 2009, due to the acquisition of EPCOS AG and proactive capital expenditures, TDK, in order to maintain liquidity, took out long-term debt of the sum of ¥120,000 million, issued straight bonds of the sum of ¥84,000 million and took out short-term debt of the sum of ¥35,000 million. For details of the debt, please refer to the section of Notes: 7. Short-Term and Long-Term Debt.

Fund Management

As a general rule, working funds or funds for capital expenditure are provided from cash generated by operations. Also, in order to improve capital efficiency, TDK has introduced a cash management system (CMS) in Japan, the U.S. and Europe and it centrally manages funds from its Headquarters whenever it is possible to do so. When subsidiaries are unable to provide their working funds or funds for capital expenditure, TDK utilizes funds from within the group as much as possible. Moreover, TDK manages on-hand funds by placing priority on security and liquidity.

III. Facilities

1. Outline of capital expenditures

In fiscal 2009, the TDK Group spent ¥98,425 million in total on capital expenditures to accurately respond to the rapid technological innovation and the intensified sales competition in the electronics market to which TDK belongs.

Capital expenditures in the electronic materials and components segment totaled ¥96,005 million.

Major capital expenditures for the electronic materials products included plant extension and the introduction of new facilities at the Honjo Plant (Yurihonjo City, Akita Prefecture) as part of production expansion and rationalization of multilayer ceramic chip capacitors.

Major capital expenditures for the recording device products included the introductions of HGA processing facilities at SAE Magnetics (H.K.) Ltd., high-density next-generation wafer production facilities at Headway Technologies, Inc. and HDD suspension manufacturing facilities at Magnecomp Precision Technology Public Co., Ltd. These introductions are investments aimed at the development and production of high-density next-generation heads for HDD.

Capital expenditures for the other electronic components products included extension of plant facilities and investment in processing and assembling facilities to boost production of polymer lithium batteries at Amperex Technology Ltd.

In the recording media segment, capital expenditures totaled ¥2,420 million including investment in development and mass production facilities for next-generation optical products such as Blu-ray disc as well as facilities improvements to strengthening production capacity and implement production rationalization of data storage media for computers.

2. Main facilities

Main facilities of the TDK Group are as follows. Concerning land area, the value in the square brackets [ ] indicates the leased portion.

(1) Electronic Materials and Components segment

a. Filing company (TDK)

Name of facility (Location)	Description	Book value (Millions of yen)						Number of employees (Person)
		Buildings and structures	Machinery, equipment and vehicles	Land (thousand m²)	Lease assets	Construction in progress	Total	
Akita Plant (Nikaho City, Akita Pref.) four other plants in the Pref.	Manufacturing Electronic Materials and Electronic Devices	21,957	50,094	2,849 (512)	3	3,151	78,056	1,397
Narita Plant (Narita City, Chiba Pref.)	Manufacturing Electronic Materials and Electronic Devices	3,712	6,141	3,132 (156)	–	216	13,202	376
Kofu Plant (Minami-Alps City, Yamanashi Pref.) one other plant in Nagano Pref.	Manufacturing Recording Devices	6,534	6,264	2,015 (177)	–	3,637	18,452	733
Shizuoka Plant (Makinohara City, Shizuoka Pref.)	Manufacturing Electronic Materials	583	3,037	576 (98)	–	50	4,547	257

Notes 1. Tools, furniture and fixtures are included in the book value of "Machinery, equipment and vehicles."

2. ¥39,326 million of machinery and equipment lent to domestic subsidiaries is included in "Machinery, equipment and vehicles" of Akita Plant.

b. Domestic subsidiaries

Name of company (Location)	Description	Book value (Millions of yen)					Number of employees (Person)
		Buildings	Machinery and equipment	Land (thousand m²)	Construction in progress	Total	
TDK-MCC Corporation (Nikaho City, Akita Pref. and other locations)	Manufacturing Electronic Materials	4,814	516	849 (96) [57]	33	6,212	1,148
TDK-Lambda Corporation (Nagaoka City, Niigata Pref. and other locations)	Manufacturing Electronic Devices	1,452	690	1,235 (121) [9]	994	4,371	804

c. Overseas subsidiaries

Name of company (Location)	Description	Book value (Millions of yen)					Number of employees (Person)
		Buildings	Machinery and equipment	Land (thousand m^2)	Construction in progress	Total	
EPCOS AG (Germany)	Manufacturing Other Electronic Components	1,075	17,333	1 [4]	635	19,044	1,674
SAE Magnetics (H.K.) Ltd. (Hong Kong and China)	Manufacturing Recording Devices	6,367	11,254	– [209]	456	18,077	780
Amperex Technology Limited (Hong Kong and China)	Manufacturing Other Electronic Components	3,823	6,859	– (327) [133]	5,644	16,326	7,509
EPCOS OHG (Austria)	Manufacturing Other Electronic Components	936	13,641	577 (121) [24]	959	16,113	1,166
TDK Xiamen Co., Ltd. (China)	Manufacturing Electronic Materials and Electronic Devices	3,392	6,632	– (157)	287	10,311	5,726
Magnecomp Precision Technology Public Co., Ltd. (Thailand)	Manufacturing Recording Devices	2,323	6,847	416 (135)	88	9,674	4,656
Headway Technologies, Inc. (U.S.A.)	Manufacturing Recording Devices	335	7,807	– [26]	–	8,142	462
Becromal S.p.A. (Italy)	Manufacturing Other Electronic Components	1,737	3,914	– (22)	1,653	7,304	158
EPCOS PTE LTD (Singapore)	Manufacturing Other Electronic Components	–	7,065	–	106	7,171	1,068
EPCOS Electronic Parts Ltd. (Hungary)	Manufacturing Other Electronic Components	1,226	2,956	306 (126)	172	4,660	1,293

(2) Recording Media segment

a. Filing company (TDK)

Name of facility (Location)	Description	Book value (Millions of yen)						Number of employees (Person)
		Buildings and structures	Machinery, equipment and vehicles	Land (thousand m^2)	Construction in progress	Lease assets	Total	
Chikumagawa Techno Plant (Saku City, Nagano Pref.)	Manufacturing Recording Media	1,340	2,597	837 (74)	113	–	4,889	128
Mikumagawa Plant (Hita City, Oita Pref.)	Manufacturing Recording Media	1,963	1,028	700 (101)	169	–	3,860	241

Note: Tools, furniture and fixtures are included in the book value of "Machinery, equipment and vehicles."

b. Domestic subsidiaries

Name of company (Location)	Description	Book value (Millions of yen)					Number of employees (Person)
		Buildings	Machinery and equipment	Land (thousand m^2)	Construction in progress	Total	
Media Technology Corp. (Chuo City, Yamanashi Pref.)	Manufacturing Recording Media	972	145	1,867 (29)	–	2,984	146

3. Plan for installation and retirement, etc. of facilities

The TDK Group conducts a broad range of operations in Japan and overseas. At the end of fiscal 2009, plans of new constructions and expansions of facilities for these operations had not been decided for each individual project. For this reason, the method of disclosing figures differs for each business segment. Capital expenditure plans (new constructions and expansions) within the one year period following fiscal 2009 are ¥41,000 million and the breakdown by business segment is as follows.

Name of business segment	Projected amount at the end of fiscal 2009 (Millions of yen)	Main contents and objectives of facilities, etc.	Capital resources
Electronic Materials and Components	35,000	Increased production and rationalization for Electronic Materials such as ferrite cores, ferrite magnets, multilayer ceramic chip capacitors and other products; Electronic Devices such as high-frequency components, inductive devices and other products; Recording Devices such as GMR heads and other products; and EPCOS Group products	Own capital
Recording Media	1,000	Development and mass production of Recording Media such as tape-based data storage media for computers and next-generation optical disc	Own capital
HQ/R&D divisions	5,000	Establishment of internal IT system and basic research and development, etc.	Own capital
Total	41,000	–	–

Notes: 1. Consumption taxes, etc. are not included.

2. There are no plans for retirement or sale of important facilities except for the regular retirement or sale related to updating facilities.

IV. Filing company

1. Information on the Company (TDK)'s shares

(1) Total number of shares authorized, etc.

a. Total number of shares authorized

Class	Total number of shares authorized by TDK
Common stock	480,000,000
Total	480,000,000

b. Number of shares issued

Class	Number of shares issued (as of March 31, 2009)	Number of shares issued (as of the date of submission: June 26, 2009)	Name of financial instruments exchange where the stock of TDK is traded or the name of authorized financial instruments firms association where TDK is registered	Details
Common stock	129,590,659	129,590,659	Tokyo Stock Exchange (First Section) London Stock Exchange	Share unit number 100 shares
Total	129,590,659	129,590,659	–	–

Notes: 1. TDK's stock is traded on the London Stock Exchange using the central certificate service.

2. The number of shares issued by exercise of stock acquisition rights (including exercise of conversion rights of convertible bonds and stock acquisition rights of bonds with stock acquisition rights issued pursuant to he former Commercial Code) between June 1, 2009 and the date of submission of this Annual Securities Report, is not included in "Number of shares issued".

3. With regard to New York Stock Exchange, TDK applied for delisting the TDK stock from the Exchange on April 7, 2009, and the stock was delisted on April 27, 2009.

(2) Status of stock acquisition rights

Stock acquisition rights issued pursuant to Articles 280-20 and 280-21 of the former Japanese Commercial Code are as follows.

a. Resolution of the Ordinary General Meeting of Shareholders on June 27, 2002

	As of March 31, 2009	As of May 31, 2009
Number of stock acquisition rights	–	–
Of which, the number of treasury stock acquisition rights	–	–
Class of shares issued upon the exercise of stock acquisition rights	Common stock	Same as left
Number of shares issued upon the exercise of stock acquisition rights	–	–
Paying due upon exercise of stock acquisition rights per share	¥5,909 per share	Same as left
Exercise period of stock acquisition rights	From August 1, 2004 to July 31, 2008	Same as left
Issue price and additional paid-in capital if shares in cases where shares will be issued as a result of exercise of stock acquisition rights	Issue Price ¥5,909 Additional paid-in capital ¥2,955	Same as left
Conditions of exercising stock acquisition rights	Partial exercise of stock acquisition rights is allowed only when the number of shares to be issued upon the exercise is an integral multiple of the share unit number of the Company's stock.	Same as left
Assignment of stock acquisition rights	The approval of the Board of Directors of the Company is required for the assignment of stock acquisition rights.	Same as left
Matters regarding surrogate payments	–	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–	–

b. Resolution of the Ordinary General Meeting of Shareholders on June 27, 2003

	As of March 31, 2009	As of May 31, 2009
Number of stock acquisition rights	1,043 units	1,043 units
Of which, the number of treasury stock acquisition rights	–	–
Class of shares issued upon the exercise of stock acquisition rights	Common stock	Same as left
Number of shares issued upon the exercise of stock acquisition rights	104,300 shares	104,300 shares
Paying due upon exercise of stock acquisition rights per share	¥6,954 per share	Same as left
Exercise period of stock acquisition rights	From August 1, 2005 to July 31, 2009	Same as left
Issue price and additional paid-in capital if shares in cases where shares will be issued as a result of exercise of stock acquisition rights	Issue Price ¥6,954 Additional paid-in capital ¥3,477	Same as left
Conditions of exercising stock acquisition rights	Partial exercise of each stock acquisition rights is allowed only when the number of shares to be issued upon the exercise is an integral multiple of the share unit number of the Company's stock.	Same as left
Assignment of stock acquisition rights	The approval of the Board of Directors of the Company is required for the assignment of stock acquisition rights.	Same as left
Matters regarding surrogate payments	–	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–	–

c. Resolution of the Ordinary General Meeting of Shareholders on June 29, 2004

	As of March 31, 2009	As of May 31, 2009
Number of stock acquisition rights	1,396 units	1,396 units
Of which, the number of treasury stock acquisition rights	–	–
Class of shares issued upon the exercise of stock acquisition rights	Common stock	Same as left
Number of shares issued upon the exercise of stock acquisition rights	139,600 shares	139,600 shares
Paying due upon exercise of stock acquisition rights per share	¥8,147 per share	Same as left
Exercise period of stock acquisition rights	From August 1, 2006 to July 31, 2010	Same as left
Issue price and additional paid-in capital if shares in cases where shares will be issued as a result of exercise of stock acquisition rights	Issue Price ¥8,147 Additional paid-in capital ¥4,074	Same as left
Conditions of exercising stock acquisition rights	Partial exercise of stock acquisition rights is not permitted.	Same as left
Assignment of stock acquisition rights	The approval of the Board of Directors of the Company is required for the assignment of stock acquisition rights.	Same as left
Matters regarding surrogate payments	–	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–	–

d. Resolution of the Ordinary General Meeting of Shareholders on June 29, 2005 (Stock-linked Compensation Stock Acquisition Rights)

	As of March 31, 2009	As of May 31, 2009
Number of stock acquisition rights	194 units	194 units
Of which, the number of treasury stock acquisition rights	–	–
Class of shares issued upon the exercise of stock acquisition rights	Common stock	Same as left
Number of shares issued upon the exercise of stock acquisition rights	19,400 shares	19,400 shares
Paying due upon exercise of stock acquisition rights per share	¥1 per share	Same as left
Exercise period of stock acquisition rights	From July 1, 2005 to June 30, 2025	Same as left
Issue price and additional paid-in capital if shares in cases where shares will be issued as a result of exercise of stock acquisition rights	Issue Price ¥1 Additional paid-in capital ¥1	Same as left
Conditions of exercising stock acquisition rights	a. Holders of stock acquisition rights, excluding those in b. below, may not exercise rights during the period from July 1, 2005 through June 30, 2008. Rights may be exercised from July 1, 2008 onward. b. Holders of stock acquisition rights may exercise stock acquisition rights until June 30, 2008 in cases specified in (A) and (B) below, as long as it is within the time frame stipulated. (A) In the event that a stock acquisition rights holder loses his or her position as either director or employee of the Company (including full-time consultants and contract employees, but excluding part-time consultants and part-time contract employees) Three years from the day after losing the position. (B) In the event that a proposal for approval of a merger agreement, under which the Company is to be dissolved, or a proposal for approval of a share exchange agreement or a proposal for share transfer that makes the Company a wholly owned subsidiary, is approved at a meeting of shareholders of the Company. A period of 15 days from the day following the approval date. c. On or after July 1, 2008, in the event that a stock acquisition rights holder loses his or her position as either a director or employee of the Company, the individual may exercise his or her rights up to three years from the day after losing the position as long as it is within the exercise period for stock acquisition rights. d. Partial exercise of stock acquisition rights is not permitted.	Same as left
Assignment of stock acquisition rights	The approval of the Board of Directors of the Company is required for the assignment of stock acquisition rights.	Same as left
Matters regarding surrogate payments	–	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–	–

e. Resolution of the Ordinary General Meeting of Shareholders on June 29, 2005

	As of March 31, 2009	As of May 31, 2009
Number of stock acquisition rights	822 units	797 units
Of which, the number of treasury stock acquisition rights	–	–
Class of shares issued upon the exercise of stock acquisition rights	Common stock	Same as left
Number of shares issued upon the exercise of stock acquisition rights	82,200 shares	79,700 shares
Paying due upon exercise of stock acquisition rights per share	¥8,134 per share	Same as left
Exercise period of stock acquisition rights	From August 1, 2007 to July 31, 2011	Same as left
Issue price and additional paid-in capital if shares in cases where shares will be issued as a result of exercise of stock acquisition rights	Issue Price ¥8,134 Additional paid-in capital ¥4,067	Same as left
Conditions of exercising stock acquisition rights	Partial exercise of stock acquisition rights is not permitted.	Same as left
Assignment of stock acquisition rights	The approval of the Board of Directors of the Company is required for the assignment of stock acquisition rights.	Same as left
Matters regarding surrogate payments	–	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–	–

Stock acquisition rights issued pursuant to Companies Act are as follows.

a. Approval at the Ordinary General Meeting of Shareholders and resolution of the Board of Directors Meeting held on June 29, 2006 (Issued to Directors, Stock-linked Compensation Stock Acquisition Rights)

	As of March 31, 2009	As of May 31, 2009
Number of stock acquisition rights	108 units	108 units
Of which, the number of treasury stock acquisition rights	–	–
Class of shares issued upon the exercise of stock acquisition rights	Common stock	Same as left
Number of shares issued upon the exercise of stock acquisition rights	10,800 shares	10,800 shares
Paying due upon exercise of stock acquisition rights per share	¥1 per share	Same as left
Exercise period of stock acquisition rights	From August 6, 2006 to August 5, 2026	Same as left
Issue price and additional paid-in capital if shares in cases where shares will be issued as a result of exercise of stock acquisition rights	Issue Price ¥8,140 Additional paid-in capital ¥4,070	Same as left
Conditions of exercising stock acquisition rights	a. Holders of stock acquisition rights, excluding those in b. below, may not exercise rights during the period from August 6, 2006 through August 5, 2009. Rights may be exercised from August 6, 2009 onward. b. Holders of stock acquisition rights may exercise stock acquisition rights until August 5, 2009 in cases specified in (A) and (B) below, as long as it is within the time frame stipulated. (A) In the event that a stock acquisition rights holder loses his or her position as either director or employee of the Company (including full-time consultants and contract employees, but excluding part-time consultants and part-time contract employees) Three years from the day after losing the position. (B) In the event that a proposal for approval of a merger agreement, under which the Company is to be dissolved, or a proposal for approval of a share exchange agreement or a proposal for share transfer that makes the Company a wholly owned subsidiary, is approved at a meeting of shareholders of the Company. A period of 15 days from the day following the approval date. c. On or after August 6, 2009, in the event that a stock acquisition rights holder loses his or her position as either a director or employee of the Company, the individual may exercise his or her rights up to three years from the day after losing the position as long as it is within the exercise period for stock acquisition rights. d. Partial exercise of stock acquisition rights is not permitted.	Same as left
Assignment of stock acquisition rights	The approval of the Board of Directors of the Company is required for the assignment of stock acquisition rights.	Same as left
Matters regarding surrogate payments	–	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–	–

b. Resolution of the Ordinary General Meeting of Shareholders on June 29, 2006 (Issued to Corporate Officers, Stock-linked Compensation Stock Acquisition Rights)

	As of March 31, 2009	As of May 31, 2009
Number of stock acquisition rights	89 units	66 units
Of which, the number of treasury stock acquisition rights	–	–
Class of shares issued upon the exercise of stock acquisition rights	Common stock	Same as left
Number of shares issued upon the exercise of stock acquisition rights	8,900 shares	6,600 shares
Paying due upon exercise of stock acquisition rights per share	¥1 per share	Same as left
Exercise period of stock acquisition rights	From August 6, 2006 to August 5, 2026	Same as left
Issue price and additional paid-in capital if shares in cases where shares will be issued as a result of exercise of stock acquisition rights	Issue Price ¥8,140 Additional paid-in capital ¥4,070	Same as left
Conditions of exercising stock acquisition rights	a. Holders of stock acquisition rights, excluding those in b. below, may not exercise rights during the period from August 6, 2006 through August 5, 2009. Rights may be exercised from August 6, 2009 onward. b. Holders of stock acquisition rights may exercise stock acquisition rights until August 5, 2009 in cases specified in (A) and (B) below, as long as it is within the time frame stipulated. (A) In the event that a stock acquisition rights holder loses his or her position as either director or employee of the Company (including full-time consultants and contract employees, but excluding part-time consultants and part-time contract employees) Three years from the day after losing the position. (B) In the event that a proposal for approval of a merger agreement, under which the Company is to be dissolved, or a proposal for approval of a share exchange agreement or a proposal for share transfer that makes the Company a wholly owned subsidiary, is approved at a meeting of shareholders of the Company. A period of 15 days from the day following the approval date. c. On or after August 6, 2009, in the event that a stock acquisition rights holder loses his or her position as either a director or employee of the Company, the individual may exercise his or her rights up to three years from the day after losing the position as long as it is within the exercise period for stock acquisition rights. d. Partial exercise of stock acquisition rights is not permitted.	Same as left
Assignment of stock acquisition rights	The approval of the Board of Directors of the Company is required for the assignment of stock acquisition rights.	Same as left
Matters regarding surrogate payments	–	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–	–

c. Resolution of the Ordinary General Meeting of Shareholders on June 29, 2006

	As of March 31, 2009	As of May 31, 2009
Number of stock acquisition rights	951 units	951 units
Of which, the number of treasury stock acquisition rights	–	–
Class of shares issued upon the exercise of stock acquisition rights	Common stock	Same as left
Number of shares issued upon the exercise of stock acquisition rights	95,100 shares	95,100 shares
Paying due upon exercise of stock acquisition rights per share	¥9,072 per share	Same as left
Exercise period of stock acquisition rights	From August 1, 2008 to July 31, 2012	Same as left
Issue price and additional paid-in capital if shares in cases where shares will be issued as a result of exercise of stock acquisition rights	Issue Price ¥11,048 Additional paid-in capital ¥5,524	Same as left
Conditions of exercising stock acquisition rights	Partial exercise of stock acquisition rights is not permitted.	Same as left
Assignment of stock acquisition rights	The approval of the Board of Directors of the Company is required for the assignment of stock acquisition rights.	Same as left
Matters regarding surrogate payments	–	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–	–

d. Resolution of the Board of Directors Meeting held on May 15, 2007 based on the approval at the Ordinary General Meeting of Shareholders held on June 29, 2006 (Issued to Directors, Stock-linked Compensation Stock Acquisition Rights)

	As of March 31, 2009	As of May 31, 2009
Number of stock acquisition rights	86 units	86 units
Of which, the number of treasury stock acquisition rights	–	–
Class of shares issued upon the exercise of stock acquisition rights	Common stock	Same as left
Number of shares issued upon the exercise of stock acquisition rights	8,600 shares	8,600 shares
Paying due upon exercise of stock acquisition rights per share	¥1 per share	Same as left
Exercise period of stock acquisition rights	From July 8, 2007 to July 7, 2027	Same as left
Issue price and additional paid-in capital if shares in cases where shares will be issued as a result of exercise of stock acquisition rights	Issue Price ¥11,015 Additional paid-in capital ¥5,508	Same as left
Conditions of exercising stock acquisition rights	a. Holders of stock acquisition rights, excluding those in b. below, may not exercise rights during the period from July 8, 2007 through July 7, 2010. Rights may be exercised from July 8 2010 onward. b. Holders of stock acquisition rights may exercise stock acquisition rights until July 7, 2010 in cases specified in (A) and (B) below, as long as it is within the time frame stipulated. (A) In the event that a stock acquisition rights holder loses his or her position as either director or employee of the Company (including full-time consultants and contract employees, but excluding part-time consultants and part-time contract employees) Three years from the day after losing the position. (B) In the event that a proposal for approval of a merger agreement, under which the Company is to be dissolved, or a proposal for approval of a share exchange agreement or a proposal for share transfer that makes the Company a wholly owned subsidiary, is approved at a meeting of shareholders of the Company. A period of 15 days from the day following the approval date. c. On or after July 8 2010, in the event that a stock acquisition rights holder loses his or her position as either a director or employee of the Company, the individual may exercise his or her rights up to three years from the day after losing the position as long as it is within the exercise period for stock acquisition rights. d. In the event that a stock acquisition rights holder relinquishes his or her stock acquisition rights, such stock acquisition rights cannot be exercised.	Same as left
Assignment of stock acquisition rights	The approval of the Board of Directors of the Company is required for the assignment of stock acquisition rights.	Same as left
Matters regarding surrogate payments	–	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–	–

e. Resolution of the Ordinary General Meeting of Shareholders on June 28, 2007 (Issued to Corporate Officers, Stock-linked Compensation Stock Acquisition Rights)

	As of March 31, 2009	As of May 31, 2009
Number of stock acquisition rights	59 units	59 units
Of which, the number of treasury stock acquisition rights	–	–
Class of shares issued upon the exercise of stock acquisition rights	Common stock	Same as left
Number of shares issued upon the exercise of stock acquisition rights	5,900 shares	5,900 shares
Paying due upon exercise of stock acquisition rights per share	¥1 per share	Same as left
Exercise period of stock acquisition rights	From July 8, 2007 to July 7, 2027	Same as left
Issue price and additional paid-in capital if shares in cases where shares will be issued as a result of exercise of stock acquisition rights	Issue Price ¥11,015 Additional paid-in capital ¥5,508	Same as left
Conditions of exercising stock acquisition rights	a. Holders of stock acquisition rights, excluding those in b. below, may not exercise rights during the period from July 8, 2007 through July 7, 2010. Rights may be exercised from July 8 2010 onward. b. Holders of stock acquisition rights may exercise stock acquisition rights until July 7, 2010 in cases specified in (A) and (B) below, as long as it is within the time frame stipulated. (A) In the event that a stock acquisition rights holder loses his or her position as either director or employee of the Company (including full-time consultants and contract employees, but excluding part-time consultants and part-time contract employees) Three years from the day after losing the position. (B) In the event that a proposal for approval of a merger agreement, under which the Company is to be dissolved, or a proposal for approval of a share exchange agreement or a proposal for share transfer that makes the Company a wholly owned subsidiary, is approved at a meeting of shareholders of the Company. A period of 15 days from the day following the approval date. c. On or after July 8 2010, in the event that a stock acquisition rights holder loses his or her position as either a director or employee of the Company, the individual may exercise his or her rights up to three years from the day after losing the position as long as it is within the exercise period for stock acquisition rights. d. In the event that a stock acquisition rights holder relinquishes his or her stock acquisition rights, such stock acquisition rights cannot be exercised.	Same as left
Assignment of stock acquisition rights	The approval of the Board of Directors of the Company is required for the assignment of stock acquisition rights.	Same as left
Matters regarding surrogate payments	–	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–	–

f. Resolution of the Ordinary General Meeting of Shareholders on June 28, 2007 (6th Stock Acquisition Rights)

	As of March 31, 2009	As of May 31, 2009
Number of stock acquisition rights	956 units	956 units
Of which, the number of treasury stock acquisition rights	–	–
Class of shares issued upon the exercise of stock acquisition rights	Common stock	Same as left
Number of shares issued upon the exercise of stock acquisition rights	95,600 shares	95,600 shares
Paying due upon exercise of stock acquisition rights per share	¥12,098 per share	Same as left
Exercise period of stock acquisition rights	From July 1, 2009 to June 30, 2013	Same as left
Issue price and additional paid-in capital if shares in cases where shares will be issued as a result of exercise of stock acquisition rights	Issue Price ¥14,109 Additional paid-in capital ¥7,055	Same as left
Conditions of exercising stock acquisition rights	Partial exercise of stock acquisition rights is not permitted.	Same as left
Assignment of stock acquisition rights	The approval of the Board of Directors of the Company is required for the assignment of stock acquisition rights.	Same as left
Matters regarding surrogate payments	–	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–	–

g. Resolution of the Ordinary General Meeting of Shareholders on June 28, 2007 (6(2)th Stock Acquisition Rights)

	As of March 31, 2009	As of May 31, 2009
Number of stock acquisition rights	10 units	10 units
Of which, the number of treasury stock acquisition rights	–	–
Class of shares issued upon the exercise of stock acquisition rights	Common stock	Same as left
Number of shares issued upon the exercise of stock acquisition rights	1,000 shares	1,000 shares
Paying due upon exercise of stock acquisition rights per share	¥12,098 per share	Same as left
Exercise period of stock acquisition rights	From July 1, 2009 to June 30, 2013	Same as left
Issue price and additional paid-in capital if shares in cases where shares will be issued as a result of exercise of stock acquisition rights	Issue Price ¥14,083 Additional paid-in capital ¥7,042	Same as left
Conditions of exercising stock acquisition rights	Partial exercise of stock acquisition rights is not permitted.	Same as left
Assignment of stock acquisition rights	The approval of the Board of Directors of the Company is required for the assignment of stock acquisition rights.	Same as left
Matters regarding surrogate payments	–	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–	–

h. Resolution of the Board of Directors Meeting held on May 28, 2008 based on the approval at the Ordinary General Meeting of Shareholders held on June 29, 2006 (Issued to Directors, Stock-linked Compensation Stock Acquisition Rights)

	As of March 31, 2009	As of May 31, 2009
Number of stock acquisition rights	139 units	139 units
Of which, the number of treasury stock acquisition rights	–	–
Class of shares issued upon the exercise of stock acquisition rights	Common stock	Same as left
Number of shares issued upon the exercise of stock acquisition rights	13,900 shares	13,900 shares
Paying due upon exercise of stock acquisition rights per share	¥1 per share	Same as left
Exercise period of stock acquisition rights	From July 6, 2008 to July 5, 2028	Same as left
Issue price and additional paid-in capital if shares in cases where shares will be issued as a result of exercise of stock acquisition rights	Issue Price ¥5,968 Additional paid-in capital ¥2,984	Same as left
Conditions of exercising stock acquisition rights	a. Holders of stock acquisition rights, excluding those in b. below, may not exercise rights during the period from July 6, 2008 through July 5, 2011. Rights may be exercised from July 6, 2011 onward. b. Holders of stock acquisition rights may exercise stock acquisition rights until July 5, 2011 in cases specified in (A) and (B) below, as long as it is within the time frame stipulated. (A) In the event that a stock acquisition rights holder loses his or her position as either director or employee of the Company (including full-time consultants and contract employees, but excluding part-time consultants and part-time contract employees) Three years from the day after losing the position. (B) In the event that a proposal for approval of a merger agreement, under which the Company is to be dissolved, or a proposal for approval of a share exchange agreement or a proposal for share transfer that makes the Company a wholly owned subsidiary, is approved at a meeting of shareholders of the Company. A period of 15 days from the day following the approval date. c. On or after July 6 2011, in the event that a stock acquisition rights holder loses his or her position as either a director or employee of the Company, the individual may exercise his or her rights up to three years from the day after losing the position as long as it is within the exercise period for stock acquisition rights. d. In the event that a stock acquisition rights holder relinquishes his or her stock acquisition rights, such stock acquisition rights cannot be exercised.	Same as left
Assignment of stock acquisition rights	The approval of the Board of Directors of the Company is required for the assignment of stock acquisition rights.	Same as left
Matters regarding surrogate payments	–	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–	–

i. Resolution of the Ordinary General Meeting of Shareholders on June 27, 2008 (Issued to Corporate Officers, Stock-linked Compensation Stock Acquisition Rights)

	As of March 31, 2009	As of May 31, 2009
Number of stock acquisition rights	107 units	107 units
Of which, the number of treasury stock acquisition rights	–	–
Class of shares issued upon the exercise of stock acquisition rights	Common stock	Same as left
Number of shares issued upon the exercise of stock acquisition rights	10,700 shares	10,700 shares
Paying due upon exercise of stock acquisition rights per share	¥1 per share	Same as left
Exercise period of stock acquisition rights	From July 6, 2008 to July 5, 2028	Same as left
Issue price and additional paid-in capital if shares in cases where shares will be issued as a result of exercise of stock acquisition rights	Issue Price ¥5,968 Additional paid-in capital ¥2,984	Same as left
Conditions of exercising stock acquisition rights	a. Holders of stock acquisition rights, excluding those in b. below, may not exercise rights during the period from July 6, 2008 through July 5, 2011. Rights may be exercised from July 6, 2011 onward. b. Holders of stock acquisition rights may exercise stock acquisition rights until July 5, 2011 in cases specified in (A) and (B) below, as long as it is within the time frame stipulated. (A) In the event that a stock acquisition rights holder loses his or her position as either director or employee of the Company (including full-time consultants and contract employees, but excluding part-time consultants and part-time contract employees) Three years from the day after losing the position. (B) In the event that a proposal for approval of a merger agreement, under which the Company is to be dissolved, or a proposal for approval of a share exchange agreement or a proposal for share transfer that makes the Company a wholly owned subsidiary, is approved at a meeting of shareholders of the Company. A period of 15 days from the day following the approval date. c. On or after July 6 2011, in the event that a stock acquisition rights holder loses his or her position as either a director or employee of the Company, the individual may exercise his or her rights up to three years from the day after losing the position as long as it is within the exercise period for stock acquisition rights. d. In the event that a stock acquisition rights holder relinquishes his or her stock acquisition rights, such stock acquisition rights cannot be exercised.	Same as left
Assignment of stock acquisition rights	The approval of the Board of Directors of the Company is required for the assignment of stock acquisition rights.	Same as left
Matters regarding surrogate payments	–	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–	–

j. Resolution of the Ordinary General Meeting of Shareholders on June 27, 2008 (7th Stock Acquisition Rights)

	As of March 31, 2009	As of May 31, 2009
Number of stock acquisition rights	977 units	977 units
Of which, the number of treasury stock acquisition rights	–	–
Class of shares issued upon the exercise of stock acquisition rights	Common stock	Same as left
Number of shares issued upon the exercise of stock acquisition rights	97,700 shares	97,700 shares
Paying due upon exercise of stock acquisition rights per share	¥6,837 per share	Same as left
Exercise period of stock acquisition rights	From August 1, 2010 to July 31, 2014	Same as left
Issue price and additional paid-in capital if shares in cases where shares will be issued as a result of exercise of stock acquisition rights	Issue Price ¥7,792 Additional paid-in capital ¥3,896	Same as left
Conditions of exercising stock acquisition rights	Partial exercise of stock acquisition rights is not permitted.	Same as left
Assignment of stock acquisition rights	The approval of the Board of Directors of the Company is required for the assignment of stock acquisition rights.	Same as left
Matters regarding surrogate payments	–	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–	–

(3) Details of rights plan

No items to report

(4) Trends in total number of issued shares, common stock, etc.

Date	Fluctuation in the total number of issued shares (Thousands of shares)	Balance of total number of issued shares (Thousands of shares)	Fluctuation in common stock (Millions of yen)	Balance of common stock (Millions of yen)	Fluctuation in additional paid-in capital (Millions of yen)	Balance of additional paid-in capital (Millions of yen)
August 10, 2007 (Note)	(3,599)	129,591	–	32,641	–	59,256

Note: Decrease due to retirement of treasury stock.

(5) Shareholder composition

(As of March 31, 2009)

Category	Shareholder composition (Number of shares consisting one unit: 100)								Shares less than one unit (Shares)
	Public sector	Financial institutions	Financial instruments business operators	Other corporations	Foreign investors		Individuals, etc.	Total	
					Companies, etc.	Individuals			
Number of shareholders (Person)	–	148	45	319	520	16	23,731	24,779	–
Number of shares held (Share units)	–	613,417	50,714	90,716	425,140	109	115,209	1,295,305	60,159
Holding rate of shares (%)	–	47.36	3.92	7.00	32.82	0.01	8.89	100.00	–

Notes: 1. In the "Other corporations" row, three share units in the name of Japan Securities Depository Center, Inc. are included.

2. 611,272 treasury shares of which 6,112 share units are included in "Individuals, etc." and 72 shares are included in "Shares less than one unit."

(6) Status of major shareholders

(As of March 31, 2009)

Name of shareholders	Address	Number of shares held (Thousands of shares)	Percentage of number of shares held in the total number of issued shares (%)
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11 Harumi, Chuo-ku, Tokyo, Japan	16,524	12.75
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo, Japan	15,859	12.24
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	1-8-11 Harumi, Chuo-ku, Tokyo, Japan	8,496	6.56
Nats Cumco (Standing proxy: Citibank Japan Ltd.)	New York, U.S.A. (2-3-14 Higashi Shinagawa, Shinagawa-ku, Tokyo, Japan)	7,319	5.65
Panasonic Corporation (Note: 1)	1006 Kadoma, Kadoma City, Osaka, Japan	6,250	4.82
Trust & Custody Services Bank, Ltd. (Securities investment trust accounts)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	2,662	2.05
JPMorgan Securities Japan Co., Ltd.	2-7-3 Marunouchi, Chiyoda-ku, Tokyo, Japan	2,594	2.00
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo, Japan	2,140	1.65
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1-2-1 Marunouchi, Chiyoda-ku, Tokyo, Japan	2,132	1.65
NikkoCiti Trust and Banking Corporation (Investment account)	2-3-14 Higashi Shinagawa, Shinagawa-ku, Tokyo, Japan	1,981	1.53
Total	–	65,955	50.9

Notes: 1. Matsushita Electric Industrial Co., Ltd. has become Panasonic Corporation on October 1, 2008.

2. As a copy of Report of Possession of Large Volume dated September 10, 2008, was sent from Brandes Investment Partners, L.P., TDK acknowledges it has received the report pertaining to the share possessionas of the date as detailed below. However, as TDK cannot confirm the number of such shares substantially held as of the end of fiscal 2009, the details were not icluded in the above "Status of major shareholders."

Name of shareholders	Address	Number of shares held (Shares)	Percentage of shares held (%)
Brandes Investment Partners, L.P.	San Diego, U.S.A.	6,533,249	5.04
Total	–	6,533,249	5.04

3. As a copy of Change Report of Possession of Large Volume dated February 19, 2009, was sent from Nomura Securities Co., Ltd. and its one joint holder, TDK acknowledges it has received the report pertaining to he share possession by each shareholder as of the date as detailed below. However, as TDK cannot confirm the numbers of such shares substantially heldas of the end of fiscal 2009, the details were not included in the above "Status of major shareholders."

Name of shareholders	Address	Number of shares held (Shares)	Percentage of shares held (%)
Nomura Securities Co., Ltd.	1-9-1 Nihonbashi, Chuo-ku, Tokyo, Japan	313,144	0.24
Nomura Asset Management Co.,Ltd.	1-12-1 Nihonbashi, Chuo-ku, Tokyo, Japan	6,516,200	5.03
Total	–	6,829,344	5.27

4. As a copy of Change Report dated March 30, 2009, was sent from Mitsubishi UFJ Financial Group, Inc., TDK acknowledges it has received the report pertaining to the share possession by each shareholder as of thedate as detailed below. However, as TDK cannot confirm the numbers of such shares substantially held as of the end of fiscal 2009, the details were not includedin the above "Status of major shareholders."

Name of shareholders	Address	Number of shares held (Shares)	Percentage of shares held (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo, Japan	675,372	0.52
Mitsubishi UFJ Trust and Banking Corporation	1-4-5 Marunouchi, Chiyoda-ku, Tokyo, Japan	3,504,000	2.70
Mitsubishi UFJ Securities Co., Ltd.	2-4-1 Marunouchi, Chiyoda-ku, Tokyo, Japan	837,304	0.65
Mitsubishi UFJ Asset Management Co., Ltd.	1-4-5 Marunouchi, Chiyoda-ku, Tokyo, Japan	2,115,100	1.63
MU Investments Co., Ltd.	3-2-15 Nihonbashi Muromachi, Chuo-ku, Tokyo, Japan	678,400	0.52
Total	–	7,810,176	6.03

5. As a copy of Change Report Pertaining to Possession dated April 7, 2009, was sent from JPMorgan Asset Management (Japan) Limited and its three joint holders, TDK acknowledges it has received the report pertaining to the share possession by each shareholder as of the date as detailed below. However, as TDK cannot confirm the numbers of such shares substantially held as of the end of fiscal 2009, the details were not included in the above "Status of major shareholders."

Name of shareholders	Address	Number of shares held (Shares)	Percentage of shares held (%)
JPMorgan Asset Management (Japan) Limited	2-7-3 Marunouchi, Chiyoda-ku, Tokyo, Japan	4,260,500	3.29
J.P. Morgan Whitefriars Inc.	Newark, U.S.A.	136,928	0.11
JPMorgan Securities Japan Co., Ltd.	2-7-3 Marunouchi, Chiyoda-ku, Tokyo, Japan	3,698,900	2.85
J.P. Morgan Securities Ltd.	London, U.K.	37,277	0.03
Total	–	8,133,605	6.28

(7) Status of voting rights

a. Issued shares

(As of March 31, 2009)

Classification	Number of shares (Shares)	Number of voting rights (Units)	Content
Shares without voting rights	–	–	–
Shares with restricted voting rights (Treasury stock, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury stock, etc.)	Common stock 611,200	–	–
Shares with full voting rights (Other)	Common stock 128,919,300	1,289,193	–
Shares less than one unit	Common stock 60,159	–	–
Total number of issued shares	129,590,659	–	–
Total number of voting rights	–	1,289,193	–

Note: The number of "Shares with full voting rights (Other)" includes 300 shares in the name of Japan Securities Depository Center, Inc. "Number of voting rights" includes three units of voting rights related to shares with full voting rights in its name.

b. Treasury stock, etc.

(As of March 31, 2009)

Name of shareholders	Address	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Percentage of total number of shares held in the total number of issued shares (%)
TDK Corporation	1-13-1, Nihonbashi, Chuo-ku, Tokyo, Japan	611,200	–	611,200	0.47
Total	–	611,200	–	611,200	0.47

(8) Stock options

TDK adopts the system of stock options. Through the system, TDK issues stock acquisition rights in accordance with the provisions of Articles 280-20 and 280-21 of the former Japanese Commercial Code and repurchases treasury stock in accordance with the provisions of Article 210-2 of the former Japanese Commercial Code.

The details of the system are as follows.

(By resolutions of the General Meeting of Shareholders held on June 27, 2002)

Pursuant to the provisions of the Articles 280-20 and 280-21 of the former Japanese Commercial Code, the issuance of stock acquisition rights with specially favorable terms and conditions for Directors, Corporate Officers and key employees of TDK, and the Directors and key employees of its affiliated companies was approved by special resolution of the Ordinary General Meeting of Shareholders held on June 27, 2002.

Resolution date	June 27, 2002
Category and number of persons granted	Directors, Corporate Officers and key employees of the Company and Directors and key employees of affiliated companies (Number of persons granted: 197 persons)
Class of shares issued upon the exercise of stock acquisition rights	See "(2) Status of stock acquisition rights"
Number of shares	223,600 shares
Paying due upon exercise of stock acquisition rights per share	See "(2) Status of stock acquisition rights" (Note)
Exercise period of stock acquisition rights	Same as above
Conditions of exercising stock acquisition rights	Same as above
Assignment of stock acquisition rights	Same as above
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

Note: Exercise Price

The exercise price shall be an amount which is the average of the closing price of the Company's common stock in a regular transaction on the Tokyo Stock Exchange on each day (other than any day on which no sale is reported) of the month immediately preceding the date of issuance of stock acquisition rights, multiplied by 1.05. Any amount less than one yen arising from this calculation shall be rounded up to the nearest yen. However, if the resulting exercise price is less than the closing price as of the issuance date for regular transactions of common stock of the Company on the Tokyo Stock Exchange (or the closing price on the nearest preceding day if there is no closing price on that date), then the closing price on the day before the issuance date shall be used instead.

In case the Company issues new shares or disposes of its own shares at a price less than the current market price (excluding exercises of stock acquisition rights and transfers of its own shares in accordance with the provisions of Article 5, paragraph 2 of the Supplementary Provisions of the Act on the Partial Revision of the Commercial Code, etc. (Act No. 79 of 2001)), the exercise price shall be adjusted in accordance with the following formula and any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen:

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares issued} + \dfrac{\text{Number of shares newly issued} \times \text{Amount paid per share}}{\text{Price before splitting and/or new issuance of shares}}}{\text{Number of shares issued} + \text{Number of increased shares by splitting and/or new issuance}}$$

In the above formula, the "number of shares issued" shall be defined as the aggregate number of shares of common stock issued and outstanding less the number of shares of treasury stock. In the event that the Company disposes of treasury stock, the "number of shares newly issued" shall be read as "number of shares of treasury stock disposed of." In the event that the Company conducts a share split, allots shares without contribution, or consolidates its common stock, the exercise price shall be adjusted in accordance with the following method of calculation and any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen.

Exercise price after adjustment = Exercise price before adjustment x 1/share split or share consolidation ratio

Moreover, in other cases such as company merger, company split or capital reduction, where circumstances arise requiring the exercise price to be adjusted, the exercise price shall be adjusted as necessary and appropriately.

(By resolutions of the General Meeting of Shareholders held on June 27, 2003)

Pursuant to the provisions of the Articles 280-20 and 280-21 of the former Japanese Commercial Code, the issuance of stock acquisition rights with specially favorable terms and conditions for Directors, Corporate Officers and key employees of TDK, and the Directors and key employees of its affiliated companies was approved by special resolution of the Ordinary General Meeting of Shareholders held on June 27, 2003.

Resolution date	June 27, 2003
Category and number of persons granted	Directors, Corporate Officers and key employees of the Company and Directors and key employees of affiliated companies (Number of persons granted: 179 persons)
Class of shares issued upon the exercise of stock acquisition rights	See "(2) Status of stock acquisition rights"
Number of shares	254,700 shares
Paying due upon exercise of stock acquisition rights per share	See "(2) Status of stock acquisition rights" (Note)
Exercise period of stock acquisition rights	Same as above
Conditions of exercising stock acquisition rights	Same as above
Assignment of stock acquisition rights	Same as above
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

Note: Exercise Price

The amount to be contributed when exercising each stock acquisition right shall be the amount to be paid for each share issued or transferred upon exercise of such stock acquisition rights (hereinafter the "exercise price") multiplied by the "number of shares granted."

The exercise price shall be an amount which is the average of the closing price of the Company's common stock in a regular transaction on the Tokyo Stock Exchange on each day (other than any day on which no sale is reported) of the month immediately preceding the date of issuance of stock acquisition rights, multiplied by 1.05. Any amount less than one yen arising from this calculation shall be rounded up to the nearest yen. However, if the resulting exercise price is less than the closing price as of the issuance date for regular transactions of common stock of the Company on the Tokyo Stock Exchange (or the closing price on the nearest preceding day if there is no closing price on that date), then the closing price on the day shall be used instead.

In case the Company issues new shares or disposes of its own shares at a price less than the current market price after the issuance day, the exercise price shall be adjusted in accordance with the following formula and any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen:

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares issued} + \dfrac{\text{Number of shares newly issued} \times \text{Amount paid per share}}{\text{Current market price}}}{\text{Number of shares issued} + \text{Number of increased shares by splitting and/or new issuance}}$$

In the above formula, the "number of shares issued" shall be defined as the aggregate number of shares of common stock issued and outstanding less the number of shares of treasury stock. In the event that the Company disposes of treasury stock, the "number of shares newly issued" shall be read as "number of shares of treasury stock disposed of."

In the event that the Company conducts a share split, allots shares without contribution, or consolidates its common stock after the issuance date, the exercise price shall be adjusted in accordance with the following method of calculation and any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen:

Exercise price after adjustment = Exercise price before adjustment x 1/share split or share consolidation ratio

Moreover, in other cases such as company merger, company split or capital reduction, where circumstances arise requiring the exercise price to be adjusted after the issuance day, the exercise price shall be adjusted reasonably as required and appropriately, taking conditions of the company merger or company split or level of capital reduction into account.

(By resolutions of the General Meeting of Shareholders held on June 29, 2004)

Pursuant to the provisions of the Articles 280-20 and 280-21 of the former Japanese Commercial Code, the issuance of stock acquisition rights with specially favorable terms and conditions for Directors, Corporate Officers and key employees of TDK, and the Directors and key employees of its affiliated companies was approved by special resolution of the Ordinary General Meeting of Shareholders held on June 29, 2004.

Resolution date	June 29, 2004
Category and number of persons granted	Directors, Corporate Officers and key employees of the Company and Directors and key employees of affiliated companies (Number of persons granted: 187 persons)
Class of shares to issued upon the exercise of stock acquisition rights	See "(2) Status of stock acquisition rights"
Number of shares	234,300 shares
Paying due upon exercise of stock acquisition rights per share	See "(2) Status of stock acquisition rights" (Note)
Exercise period of stock acquisition rights	Same as above
Conditions of exercising stock acquisition rights	Same as above
Assignment of stock acquisition rights	Same as above
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

Note: Exercise Price

The amount to be contributed when exercising each stock acquisition right shall be the amount to be paid for each share issued or transferred upon exercise of such stock acquisition rights (hereinafter the "exercise price") multiplied by the "number of shares granted."

The exercise price shall be an amount which is the average of the closing price of the Company's common stock in a regular transaction on the Tokyo Stock Exchange on each day (other than any day on which no sale is reported) of the month immediately preceding the date of issuance of stock acquisition rights, multiplied by 1.05. Any amount less than one yen arising from this calculation shall be rounded up to the nearest yen. However, if the resulting exercise price is less than the closing price as of the issuance date for regular transactions of common stock of the Company on the Tokyo Stock Exchange (or the closing price on the nearest preceding day if there is no closing price on that date), then the closing price on the day shall be used instead.

In case the Company issues new shares or disposes of its own shares at a price less than the current market price after the issuance day, the exercise price shall be adjusted in accordance with the following formula and any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen:

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares issued} + \dfrac{\text{Number of shares newly issued} \times \text{Amount paid per share}}{\text{Current market price}}}{\text{Number of shares issued} + \text{Number of shares newly issued}}$$

In the above formula, the "number of shares issued" shall be defined as the aggregate number of shares of common stock issued and outstanding less the number of shares of treasury stock. In the event that the Company disposes of treasury stock, the "number of shares newly issued" shall be read as "number of shares of treasury stock disposed of."

In the event that the Company conducts a share split, allots shares without contribution, or consolidates its common stock after the issuance date, the exercise price shall be adjusted in accordance with the following method of calculation and any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen:

Exercise price after adjustment = Exercise price before adjustment x 1/share split or share consolidation ratio

Moreover, in other cases such as company merger, company split or capital reduction, where circumstances arise requiring the exercise price to be adjusted after the issuance day, the exercise price shall be adjusted reasonably as required and appropriately, taking conditions of the company merger or company split or level of capital reduction into account.

(By resolutions of the General Meeting of Shareholders held on June 29, 2005)

a. Pursuant to the provisions of the Articles 280-20 and 280-21 of the former Japanese Commercial Code, for the purpose of providing stock-linked compensation stock options, the issuance of stock acquisition rights with specially favorable terms and conditions for Directors, Corporate Officers of TDK was approved by special resolution of the Ordinary General Meeting of Shareholders held on June 29, 2005.

Resolution date	June 29, 2005
Category and number of persons granted	7 Directors and 10 Corporate Officers of the Company
Class of shares issued upon the exercise of stock acquisition rights	See "(2) Status of stock acquisition rights"
Number of shares	24,600 shares
Paying due upon exercise of stock acquisition rights per share	See "(2) Status of stock acquisition rights"
Exercise period of stock acquisition rights	Same as above
Conditions of exercising stock acquisition rights	Same as above
Assignment of stock acquisition rights	Same as above
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

b. Pursuant to the provisions of the Articles 280-20 and 280-21 of the former Japanese Commercial Code, for the purpose of providing stock options, the issuance of stock acquisition rights with specially favorable terms and conditions for key employees of TDK and the Directors and key employees of its subsidiaries was approved by special resolution of the Ordinary General Meeting of Shareholders held on June 29, 2005.

Resolution date	June 29, 2005
Category and number of persons granted	1 Corporate Officer and 168 key employees of the Company and 2 Directors and 1 key employee of its subsidiaries
Class of shares issued upon the exercise of stock acquisition rights	See "(2) Status of stock acquisition rights"
Number of shares	90,600 shares
Paying due upon exercise of stock acquisition rights per share	See "(2) Status of stock acquisition rights" (Note)
Exercise period of stock acquisition rights	Same as above
Conditions of exercising stock acquisition rights	Same as above
Assignment of stock acquisition rights	Same as above
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

Note: Exercise Price

The amount to be contributed when exercising each stock acquisition right shall be the amount to be paid for each share issued or transferred upon exercise of such stock acquisition rights (hereinafter the "exercise price") multiplied by the "number of shares granted."

The exercise price shall be an amount which is the average of the closing price of the Company's common stock in a regular transaction on the Tokyo Stock Exchange on each day (other than any day on which no sale is reported) of the month immediately preceding the date of issuance of stock acquisition rights, multiplied by 1.05. Any amount less than one yen arising from this calculation shall be rounded up to the nearest yen. However, if the resulting exercise price is less than the closing price as of the issuance date for regular transactions of common stock of the Company on the Tokyo Stock Exchange (or the closing price on the nearest preceding day if there is no closing price on that date), then the closing price on the day shall be used instead.

In case the Company issues new shares or disposes of its own shares at a price less than the current market price after the issuance day (except in the case of the conversion of convertible stock or stock with mandatory conversion terms, or in the case of a request by a shareholder for the sale of shares constituting less than one unit or the exercise of stock acquisition rights), the exercise price shall be adjusted in accordance with the following formula and any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen:

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares issued} + \dfrac{\text{Number of shares newly issued} \times \text{Amount paid per share}}{\text{Current market price}}}{\text{Number of shares issued} + \text{Number of shares newly issued}}$$

In the above formula, the "number of shares issued" shall be defined as the aggregate number of shares of common stock issued and outstanding less the number of shares of treasury stock. In the event that the Company disposes of treasury stock, the "number of shares newly issued" shall be read as "number of shares of treasury stock disposed of."

In the event that the Company conducts a share split, allots shares without contribution, or consolidates its common stock after the issuance date, the exercise price shall be adjusted proportionally in accordance with the ratio of the share split or consolidation.

Moreover, in other cases such as company merger, or company split, where circumstances arise requiring the exercise price to be adjusted, the exercise price shall be adjusted reasonably as required and appropriately, taking conditions of the company merger or company split into account.

Any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen.

(By resolutions of the General Meeting of Shareholders held on June 29, 2006)

a. The remuneration amount and details of stock options provided to Directors as part of remunerations to Directors of TDK was approved by resolution at the Ordinary General Meeting of Shareholders held on June 29, 2006.

Resolution date	June 29, 2006
Category and number of persons granted	7 Directors of the Company
Class of shares issued upon the exercise of stock acquisition rights	See "(2) Status of stock acquisition rights"
Number of shares	10,800 shares
Paying due upon exercise of stock acquisition rights per share	See "(2) Status of stock acquisition rights"
Exercise period of stock acquisition rights	Same as above
Conditions of exercising stock acquisition rights	Same as above
Assignment of stock acquisition rights	Same as above
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

b. Pursuant to the provisions of Articles 236, 238 and 239 of the Companies Act of Japan, the issuance of stock acquisition rights as stock-linked compensation stock options with specially favorable terms and conditions for Corporate Officers of TDK was approved by special resolution of the Ordinary General Meeting of Shareholders held on June 29, 2006.

Resolution date	June 29, 2006
Category and number of persons granted	10 Corporate Officers of the Company
Class of shares issued upon the exercise of stock acquisition rights	See "(2) Status of stock acquisition rights"
Number of shares	9,500 shares
Paying due upon exercise of stock acquisition rights per share	See "(2) Status of stock acquisition rights"
Exercise period of stock acquisition rights	Same as above
Conditions of exercising stock acquisition rights	Same as above
Assignment of stock acquisition rights	Same as above
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

c. Pursuant to the provisions of Articles 236, 238 and 239 of the Companies Act of Japan, for the purpose of providing stock options, the issuance of stock acquisition rights with specially favorable terms and conditions for key employees of TDK, and the Directors and key employees of its subsidiaries was approved by special resolution of the Ordinary General Meeting of Shareholders held on June 29, 2006.

Resolution date	June 29, 2006
Category and number of persons granted	175 key employees of the Company and 4 of Directors and key employees of its subsidiaries
Class of shares issued upon the exercise of stock acquisition rights	See "(2) Status of stock acquisition rights"
Number of shares	96,600 shares
Paying due upon exercise of stock acquisition rights per share	See "(2) Status of stock acquisition rights" (Note)
Exercise period of stock acquisition rights	Same as above
Conditions of exercising stock acquisition rights	Same as above
Assignment of stock acquisition rights	Same as above
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

Note: Exercise Price

The amount to be contributed when exercising each stock acquisition right shall be the amount to be paid for each share issued or transferred upon exercise of such stock acquisition rights (hereinafter the "exercise price") multiplied by the "number of shares granted."

The exercise price shall be an amount which is the average of the closing price of the Company's common stock in a regular transaction on the Tokyo Stock Exchange on each day (other than any day on which no sale is reported) of the month immediately preceding the date of allotment of stock acquisition rights, multiplied by 1.05. Any amount less than one yen arising from this calculation shall be rounded up to the nearest yen. However, if the resulting exercise price is less than the closing price as of the day before the allotment date for regular transactions of common stock of the Company on the Tokyo Stock Exchange (or the closing price on the nearest preceding day if there is no closing price on that date), then the closing price on the day before the allotment date shall be used instead.

In case the Company issues new shares or disposes of its own shares at a price less than the current market price after the allotment day (except in the case of the conversion of convertible stock or stock with mandatory conversion terms, or in the case of a request by a shareholder for the sale of shares constituting less than one unit or the exercise of stock acquisition rights), the exercise price shall be adjusted in accordance with the following formula and any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen:

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares issued} + \dfrac{\text{Number of shares newly issued} \times \text{Amount paid per share}}{\text{Current market price}}}{\text{Number of shares issued} + \text{Number of shares newly issued}}$$

In the above formula, the "number of shares issued" shall be defined as the aggregate number of shares of common stock issued and outstanding less the number of shares of treasury stock. In the event that the Company disposes of treasury stock, the "number of shares newly issued" shall be read as "number of shares of treasury stock disposed of."

In the event that the Company conducts a share split, allots shares without contribution, or consolidates its common stock after the allotment date, the exercise price shall be adjusted proportionally in accordance with the ratio of the share split or consolidation.

Moreover, in other cases such as company merger, or company split, where circumstances arise requiring the exercise price to be adjusted, the exercise price shall be adjusted reasonably as required and appropriately, taking conditions of the company merger or company split into account.

Any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen.

(By resolutions of the Board of Directors meeting held on May 15, 2007)

The remuneration amount and details of stock options provided to Directors as part of remunerations to Directors of TDK was approved by resolution at the Board of Directors meeting held on May 15, 2007.

Resolution date	May 15, 2007
Category and number of persons granted	7 Directors of the Company
Class of shares issued upon the exercise of stock acquisition rights	See "(2) Status of stock acquisition rights"
Number of shares	8,600 shares
Paying due upon exercise of stock acquisition rights per share	See "(2) Status of stock acquisition rights"
Exercise period of stock acquisition rights	Same as above
Conditions of exercising stock acquisition rights	Same as above
Assignment of stock acquisition rights	Same as above
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

(By resolutions of the General Meeting of Shareholders held on June 28, 2007)

a. Pursuant to the provisions of Articles 236, 238 and 239 of the Companies Act of Japan, the issuance of stock acquisition rights as stock-linked compensation stock options with specially favorable terms and conditions for Corporate Officers of TDK was approved by special resolution of the Ordinary General Meeting of Shareholders held on June 28, 2007.

Resolution date	June 28, 2007
Category and number of persons granted	9 Corporate Officers of the Company
Class of shares issued upon the exercise of stock acquisition rights	See "(2) Status of stock acquisition rights"
Number of shares	6,100 shares
Paying due upon exercise of stock acquisition rights per share	See "(2) Status of stock acquisition rights"
Exercise period of stock acquisition rights	Same as above
Conditions of exercising stock acquisition rights	Same as above
Assignment of stock acquisition rights	Same as above
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

b. Pursuant to the provisions of Articles 236, 238 and 239 of the Companies Act of Japan, for the purpose of providing stock options, the issuance of stock acquisition rights with specially favorable terms and conditions for key employees of TDK, and the Directors and key employees of its subsidiaries was approved by special resolution of the Ordinary General Meeting of Shareholders held on June 28, 2007.

Resolution date	June 28, 2007
Category and number of persons granted	177 key employees of the Company and 7 of Directors and key employees of its subsidiaries
Class of shares to issued upon the exercise of stock acquisition rights	See "(2) Status of stock acquisition rights"
Number of shares	97,600 shares
Paying due upon exercise of stock acquisition rights per share	See "(2) Status of stock acquisition rights" (Note)
Exercise period of stock acquisition rights	Same as above
Conditions of exercising stock acquisition rights	Same as above
Assignment of stock acquisition rights	Same as above
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

Note: Exercise Price

The amount to be contributed when exercising each stock acquisition right shall be the amount to be paid for each share issued or transferred upon exercise of such stock acquisition rights (hereinafter the "exercise price") multiplied by the "number of shares granted."

The exercise price shall be an amount which is the average of the closing price of the Company's common stock in a regular transaction on the Tokyo Stock Exchange on each day (other than any day on which no sale is reported) of the month immediately preceding the date of allotment of stock acquisition rights, multiplied by 1.05. Any amount less than one yen arising from this calculation shall be rounded up to the nearest yen. However, if the resulting exercise price is less than the closing price as of the day before the allotment date for regular transactions of common stock of the Company on the Tokyo Stock Exchange (or the closing price on the nearest preceding day if there is no closing pice on that date), then the closing price on the day before the allotment date shall be used instead.

In case the Company issues new shares or disposes of its own shares at a price less than the current market price after the allotment date (except in the case of the conversion of convertible stock or stock with mandatory conversion terms, or in the case of a request by a shareholder for the sale of shares constituting less than one unit or the exercise of stock acquisition rights), the exercise price shall be adjusted in accordance with the following formula and any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares issued} + \dfrac{\text{Number of shares newly issued} \times \text{Amount paid per share}}{\text{Current market price}}}{\text{Number of shares issued} + \text{Number of shares newly issued}}$$

In the above formula, the "number of shares issued" shall be defined as the aggregate number of shares of common stock issued and outstanding less the number of shares of treasury stock. In the event that the Company disposes of treasury stock, the "number of shares newly issued" shall be read as "number of shares of treasury stock disposed of."

In the event that the Company conducts a share split, allots shares without contribution, or consolidates its common stock after the allotment date, the exercise price shall be adjusted proportionally in accordance with the rato of the share split or consolidation.

Moreover, in other cases such as company merger, or company split, where circumstances arise requiring the exercise price to be adjusted, the exercise price shall be adjusted reasonably as required and appropriately, taking conditions of the company merger or company split into account.

Any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen.

c. Pursuant to the provisions of Articles 236, 238 and 239 of the Companies Act of Japan, for the purpose of providing stock options, the issuance of stock acquisition rights with specially favorable terms and conditions for key employees of TDK, and the Directors and key employees of its subsidiaries was approved by special resolution of the Ordinary General Meeting of Shareholders held on June 28, 2007.

Resolution date	June 28, 2007
Category and number of persons granted	2 key employees of the Company
Class of shares issued upon the exercise of stock acquisition rights	See "(2) Status of stock acquisition rights"
Number of shares	1,000 shares
Paying due upon exercise of stock acquisition rights per share	See "(2) Status of stock acquisition rights" (Note)
Exercise period of stock acquisition rights	Same as above
Conditions of exercising stock acquisition rights	Same as above
Assignment of stock acquisition rights	Same as above
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

Note: Exercise Price

The amount to be contributed when exercising each stock acquisition right shall be the amount to be paid for each share issued or transferred upon exercise of such stock acquisition rights (hereinafter the "exercise price") multiplied by the "number of shares granted."

The exercise price shall be an amount which is the average of the closing price of the Company's common stock in a regular transaction on the Tokyo Stock Exchange on each day (other than any day on which no sale is reported) of the month immediately preceding the date of allotment of stock acquisition rights, multiplied by 1.05. Any amount less than one yen arising from this calculation shall be rounded up to the nearest yen. However, if the resulting exercise price is less than the closing price as of the day before the allotment date for regular transactions of common stock of the Company on the Tokyo Stock Exchange (or the closing price on the nearest preceding day if there is no closing price on that date), then the closing price on the day before the allotment date shall be used instead.

In case the Company issues new shares or disposes of its own shares at a price less than the current market price after the allotment date (except in the case of the conversion of convertible stock or stock with mandatory conversions terms, or in the case of a request by a shareholder for the sale of shares less than one unit or the exercise of stock acquisition rights), the exercise price shall be adjusted in accordance with the following formula and any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen:

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares issued} + \dfrac{\text{Number of shares newly issued} \times \text{Amount paid per share}}{\text{Current market price}}}{\text{Number of shares issued} + \text{Number of shares newly issued}}$$

In the above formula, the "number of shares issued" shall be defined as the aggregate number of shares of common stock issued and outstanding less the number of shares of treasury stock. In the event that the Company disposes of treasury stock, the "number of shares newly issued" shall be read as "number of shares of treasury stock disposed of."

In the event that the Company conducts a share split, allots shares without contribution, or consolidates its common stock after the allotment date, the exercise price shall be adjusted proportionally in accordance with the ratio of the share split or consolidation.

Moreover, in other cases such as company merger, or company split, where circumstances arise requiring the exercise price to be adjusted, the exercise price shall be adjusted reasonably as required and appropriately, taking conditions of the company merger or company split into account.

Any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen.

(By resolutions of the Board of Directors meeting held on May 28, 2008)

The remuneration amount and details of stock options provided to Directors as part of remunerations to Directors of TDK was approved by resolution at the Board of Directors meeting held on May 28, 2008.

Resolution date	May 28, 2008
Category and number of persons granted	5 Directors of the Company
Class of shares issued upon the exercise of stock acquisition rights	See "(2) Status of stock acquisition rights"
Number of shares	13,900 shares
Paying due upon exercise of stock acquisition rights per share	See "(2) Status of stock acquisition rights"
Exercise period of stock acquisition rights	Same as above
Conditions of exercising stock acquisition rights	Same as above
Assignment of stock acquisition rights	Same as above
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

(By resolutions of the General Meeting of Shareholders held on June 27, 2008)

a. Pursuant to the provisions of Articles 236, 238 and 239 of the Companies Act of Japan, for the purpose of providing stock options, the issuance of stock acquisition rights with specially favorable terms and conditions for Corporate Officers of TDK was approved by special resolution of the Ordinary General Meeting of Shareholders held on June 27, 2008.

Resolution date	June 27, 2008
Category and number of persons granted	8 Corporate Officers of the Company
Class of shares issued upon the exercise of stock acquisition rights	See "(2) Status of stock acquisition rights"
Number of shares	10,700 shares
Paying due upon exercise of stock acquisition rights per share	See "(2) Status of stock acquisition rights" (Note)
Exercise period of stock acquisition rights	Same as above
Conditions of exercising stock acquisition rights	Same as above
Assignment of stock acquisition rights	Same as above
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

b. Pursuant to the provisions of Articles 236, 238 and 239 of the Companies Act of Japan, the issuance of stock acquisition rights as stock-linked compensation stock options with specially favorable terms and conditions for key employees of TDK, and the Directors and key employees of its subsidiaries was approved by special resolution of the Ordinary General Meeting of Shareholders held on June 27, 2008.

Resolution date	June 27, 2008
Category and number of persons granted	185 key employees of the Company and 3 of Directors and key employees of subsidiaries
Class of shares issued upon the exercise of stock acquisition rights	See "(2) Status of stock acquisition rights"
Number of shares	98,700 shares
Paying due upon exercise of stock acquisition rights per share	See "(2) Status of stock acquisition rights" (Note)
Exercise period of stock acquisition rights	Same as above
Conditions of exercising stock acquisition rights	Same as above
Assignment of stock acquisition rights	Same as above
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

Note: Exercise Price

The amount to be contributed when exercising each stock acquisition right shall be the amount to be paid for each share issued or transferred upon exercise of such stock acquisition rights (hereinafter the "exercise price") multiplied by the "number of shares granted."

The exercise price shall be an amount which is the average of the closing price of the Company's common stock in a regular transaction on the Tokyo Stock Exchange on each day (other than any day on which no sale is reported) of the month immediately preceding the date of allotment of stock acquisition rights, multiplied by 1.05. Any amount less than one yen arising from this calculation shall be rounded up to the nearest yen. However, if the resulting exercise price is less than the closing price as of the day before the allotment date for regular transactions of common stock of the Company on the Tokyo Stock Exchange (or the closing price on the nearest preceding day if there is no closing price on that date), then the closing price on the day before the allotment date shall be used instead.

In case the Company issues new shares or disposes of its own shares at a price less than the current market price after the allotment date (except in the case of the conversion of convertible stock or stock with mandatory conversion terms, or in the case of a request by a shareholder for the sale of shares constituting less than one unit or the exercise of stock acquisition rights) after the allotment date, the exercise price shall be adjusted in accordance with the following formula and any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen:

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares issued} + \dfrac{\text{Number of shares newly issued} \times \text{Amount paid per share}}{\text{Current market price}}}{\text{Number of shares issued} + \text{Number of shares newly issued}}$$

In the above formula, the "number of shares issued" shallbe defined as the aggregate number of shares of common stock issued and outstanding less the number of shares of treasury stock. In the event that the Company disposes of treasury stock, the "number of shares newly issued" shall be read as "number of shares of treasury stock disposed of."

In the event that the Company conducts a share split, allots shares without contribution, or consolidates its common stock after the allotment date, the exercise price shall be adjusted proportionally in accordance with the ratio of the share split or consolidation.

Moreover, in other cases such as company merger, or company split, where circumstances arise requiring the exercise price to be adjusted, the exercise price shall be adjusted reasonably as required and appropriately, taking conditions of the company merger or company split into account.

Any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen.

(By resolutions of the Board of Directors meeting held on May 27, 2009)

The remuneration amount and details of stock options provided to Directors and Corporate Officers as part of remunerations to Directors and Corporate Oficers of TDK was approved by resolution at the Board of Directors meeting held on May 27, 2009.

Resolution date	May 27, 2009
Category and number of persons granted	Directors and Corporate Officers of the Company (Note)
Class of shares issued upon the exercise of stock acquisition rights	Common stock
Number of shares	Up to 38,900 shares (Note)
Paying due upon exercise of stock acquisition rights per share	¥1
Exercise period of stock acquisition rights	July 5, 2009 to July 4, 2029
Conditions of exercising stock acquisition rights	(Note)
Assignment of stock acquisition rights	Regarding the acquisition of stock acquisition rights due to assignment, approval is required by resolution of the Company's Board of Directors.
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

Note: The details shall be approved by resolution at a Board of Directors meeting following the Ordinary General Meeting of Shareholders on June 26, 2009

(By resolutions of the General Meeting of Shareholders held on June 26, 2009)

Pursuant to Articles 236, 238 and 239 of the Companies Act, the issuance of stock acquisition rights as compensation stock options with specially favorable terms and conditions for key employees of TDK, and the Directors and key employees of its subsidiaries was approved by special resolution of the Ordinary General Meeting of Shareholders held on June 26, 2009.

Resolution date	June 26, 2009
Category and number of persons granted	Key employees of the Company, and Directors and key employees of its subsidiaries (Note: 1)
Class of shares issued upon the exercise of stock acquisition rights	Common stock
Number of shares	Up to 110,000 shares (Note: 1)
Paying due upon exercise of stock acquisition rights per share	(Note: 2)
Exercise period of stock acquisition rights	August 1, 2011 to July 31, 2015
Conditions of exercising stock acquisition rights	(Note: 1)
Assignment of stock acquisition rights	Regarding the acquisition of stock acquisition rights due to assignment, approval is required by resolution of the Company's Board of Directors.
Matters regarding surrogate payments	–
Matters regarding deliver of stock acquisition rights accompanied by reorganization	–

Notes: 1. The details shall be approved by resolution at a Boardof Directors meeting held after the Ordinary General Meeting of Shareholders.

2. Exercise Price

The amount to be contributed when exercising each stock acquisition right shall be the amount to be paid for each share issued upon exercise of such stock acquisition rights (hereinafter the "exercise price") multiplied by the "number of shares granted."

The exercise price shall be an amount which is the average of the closing price ("closing price") of the Company's common stock in a regular transaction on the Tokyo Stock Exchange on each day (other than any day on which no sale is reported) of the month immediately preceding the date of allotment (hereinafter "allotment date") of stock acquisition rights, multiplied by 1.05. Any amount less than one yen arising from this calculation shall be rounded up to the nearest yen. However, if the resulting exercise price is less than the closing price as of the day before the allotment date (or the closing price on the nearest preceding day if there is no closing price on that date), then the closing price on the day before the allotment date shall be used instead.

In the event that the Company conducts a share split, allots shares without contribution, or consolidates its common stock after the allotment date, the exercise price shall be adjusted in accordance with the following method of calculation and any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen:

Exercise price after adjustment = Exercise price befor adjustment × 1 / Share split or share consolidation ratio

In case the Company issues new shares of common sock or disposes of its shares of its treasury stock at a price less than the market price after the allotment date (except in the case of the conversion of convertible stock or stock with mandatory conversion terms, or in the case of a request by a shareholder for the sale of shares constituting less than one unit or the exercise of stock acquisition rights) after the allotment date, the exercise price shall be adjusted in accordance with the following formula and any amount less than one yen arising out of such adjustment shall be rounded up to the nearest yen:

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares issued} + \dfrac{\text{Number of shares newly issued} \times \text{Amount paid per share}}{\text{Current market price}}}{\text{Number of shares issued} + \text{Number of shares newly issued}}$$

In the above formula, the "number of shares issued" shall be defined as the aggregate number of shares of common stock issued and outstanding less the number of shares of treasury stock. In the event that the Company disposes of treasury stock, the "number of shares newly issued" shall be read as "number of shares of treasury stock disposed of."

Moreover, in other cases where circumstances arise requiring the exercise price to be adjusted after the allotment date, the exercise price shall be adjusted appropriately.

2. Acquisition of treasury stock

[Class of shares] Acquisitions of common shares that fall under Article 155, item (iii) of the Companies Act, acquisitions of common shares by requests to purchase shares less than one unit in accordance with the provisions of Article 221, paragraph 6 of the former Commercial Code, and acquisitions of common shares that fall under Article 155, item (xii) of the Companies Act

(1) Acquisition by resolution of the General Meeting of Shareholders

No items to report

(2) Acquisition by resolution of the Board of Directors

No items to report

(3) Items not based on resolution of the General Meeting of Shareholders or Board of Directors

Category	Number of shares (Shares)	Total value (Yen)
Acquired treasury stock during the fiscal year ended March 31, 2009	3,181	15,130,255
Acquired treasury stock during the period under review	264	1,130,460

Note: Shares acquired by the purchase of shares less than one unit between June 1, 2009 and the date of submission of this Annual Securities Report, are not included in "Acquired treasury stock during the period under review."

(4) Status of disposal and ownership of acquired treasury stock

Category	FY2009		Period under review	
	Number of shares (Shares)	Total disposal value (Yen)	Number of shares (Shares)	Total disposal value (Yen)
Acquired treasury stock offered for subscription	–	–	–	–
Acquired treasury stock that were disposed	–	–	–	–
Acquired treasury stock transferred for merger, share exchange and company split	–	–	–	–
Other (Note: 1)	26,832	278,681,202	2,300	23,824,803
Treasury stock held	611,272	–	609,236	–

Notes: 1. The components of "Fiscal year ended March 31, 2009" consist of disposals due to exercises of stock acquisition rights (number of shares: 24,300 shares; total disposal value: ¥252,405,139) and sales due to requests to sell shares less than one unit (number of shares: 2,532 shares; total disposal value: ¥26,276,063). All the shares included in "Period under review" were disposals due to exercises of stock acquisition rights.

2. Shares acquired by the purchase of shares less than one unit between June 1, 2009 and the date of submission of this Annual Securities Report, are not included in "Treasury stock held" during the period under review.

3. Shares sold by the sale of shares less than one unit between June 1, 2009 and the date of submission of this Annual Securities Report, are not included in treasury stock disposed during the period under review.

3. Dividend policy

The Company recognizes that achieving growth in corporate value over the long term ultimately translates into higher shareholder value. In line with this recognition, 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 key fields so as to respond precisely to rapid technological innovation in the electronics industry, the Company is aiming to increase long-term corporate value. Accordingly, the Company actively reinvests the Company's profits in business activities and sets its dividends taking into consideration comprehensive factors, including the return on stockholders' equity and dividends on stockholders' equity on a consolidated basis, as well as changes in the business environment, among other factors.

The Articles of Incorporation of TDK prescribe "TDK may distribute an interim dividend with the record date of September 30 each year by resolution of the Board of Directors."

Dividends from surplus for the 113th term is as follows.

Resolution date	Total amount of dividends (Millions of yen)	Cash dividends per share (Yen)
Meeting of the Board of Directors held on October 30, 2008	9,029	70
General Meeting of Shareholders held on June 26, 2009	7,739	60

4. Trends in share price

(1) Highest and lowest share prices for the most recent five years by term

Term	109th term	110th term	111th term	112th term	113th term
Accounting period	From April 1, 2004 to March 31, 2005	From April 1, 2005 to March 31, 2006	From April 1, 2006 to March 31, 2007	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
Highest (Yen)	8,630	10,230	10,360	11,990	7,410
Lowest (Yen)	6,790	7,250	7,990	5,790	2,565

Note: The above highest and lowest share prices were those recorded on the first section of the Tokyo Stock Exchange.

(2) Monthly highest and lowest share prices for the most recent six months

Month	October 2008	November 2008	December 2008	January 2009	February 2009	March 2009
Highest (Yen)	5,400	3,700	3,250	3,850	3,990	4,130
Lowest (Yen)	2,625	2,600	2,565	3,090	3,170	3,000

Note: The above highest and lowest share prices were those recorded on the first section of the Tokyo Stock Exchange.

5. Status of Directors and Company Auditors

Title	Post	Name	Date of birth	Summary of career		Term of office	Number of shares held (Hundreds of shares)
Representative Director	Chairman	Hajime Sawabe	Jan. 9, 1942	Apr. 1964: Apr. 1991: Jun. 1996: Jun. 1998: Jun. 2006:	entered into the Company General Manager of European Division of Recording Media Business Group of the Company Director & General Manager of Recording Device Business Group of the Company President & Representative Director of the Company Chairman & Representative Director of the Company (present post)	Note: 3	131
Representative Director	President and CEO	Takehiro Kamigama	Jan. 12, 1958	Apr. 1981: Apr. 2001: Oct. 2001: Jun. 2002: Jun. 2003: Jun. 2004: Jun. 2006:	entered into the Company General Manager in charge of strategic technology of Recording Device Business Group of the Company General Manager of Head Business Group of the Company Corporate Officer of the Company Senior Vice President of the Company Director & Executive Vice President of the Company President & Representative Director of the Company (present post)	Note: 3	33

Title	Post	Name	Date of birth	Summary of career	Term of office	Number of shares held (Hundreds of shares)
Director	General Manager of Administration Group	Seiji Enami	Sep. 14, 1947	Jan. 1974: entered into the Company Apr. 2001: General Manager of Finance & Accounting Department of the Company Jun. 2004: Corporate Officer of the Company, General Manager of Finance & Accounting Department of Administration Group of the Company Jun. 2005: Director of the Company Jun. 2007: Director & Senior Vice President of the Company Jun. 2008: Director & Executive Vice President of the Company (present post) General Manager of Administration Group of the Company (present post) In charge of Safety & Environment of the Company	Note: 3	11
Director		Yasuhiro Hagihara	Oct. 19, 1937	Apr. 1971: registered as lawyer in Washington D.C. in the U.S. Aug. 1976: joined Graham and James LLP in the U.S. Jan. 1979: Partner of the said law firm Jul. 2000: Partner of Squire Sanders & Dempsey LLP Aug. 2001: Squire Sanders *Gaikokuhou Kyodo Jigyo Horitsu Jimusho, Gaikokuho Jimu Bengoshi* Apr. 2002: Adjunct Professor at Keio University, Department of Law (present post) Jun. 2002: Director of the Company (present post) Jan. 2009: *Gaikokuho Jimu* Senior Counsel of Squire Sanders *Gaikokuhou Kyodo Jigyo Horitsu Jimusho* (present post)	Note: 3	10

Title	Post	Name	Date of birth	Summary of career	Term of office	Number of shares held (Hundreds of shares)
Director		Kenichi Mori	Sep. 28, 1938	Apr. 1962: entered into Toshiba Corporation, Research and Development Center Jun. 1994: Director of Toshiba Corporation, General Manager of Personal Information Equipment Group Jun. 1996: Executive Director of the same company Jun. 1998: Executive Director of Toshiba Tec Corporation Jun. 1999: President of the same company Jun. 2004: Professor at Tokyo University of Science, MOT Graduate School (present post) Program Director at the Japan Science and Technology Agency, a semi governmental organization (present post) Jun. 2008: Director of the Company (present post)	Note: 3	–
Director	General Manager of the Capacitors Business Group	Shinichi Araya	Mar. 7, 1952	Apr. 1975: entered into the Company Oct. 2001: General Manager in charge of manufacturing technology development of Technology Group of the Company Jun. 2005: Corporate Officer of the Company, Deputy General Manager of Circuit Device Business Group of the Company Jun. 2007: Senior Vice President of the Company, General Manager of Magnetics Business Group of the Company Apr. 2009: General Manager of Capacitors Business Group of the Company (present post) Jun. 2009: Director & Senior Vice President of the Company (present post)	Note: 3	10

Title	Post	Name	Date of birth	Summary of career	Term of office	Number of shares held (Hundreds of shares)
Director		Yukio Yanase	Jun. 15, 1944	Apr. 1968: entered into the Saitama Bank (which became Asahi Bank in 1991 and is now Resona Bank) Jun. 1996: Director of the said bank Jun. 2000: Executive Director of the said bank Oct. 2001: President of the said bank Nov. 2003: Consultant to the Board of ORIX Corporation Feb. 2004: Executive Officer of ORIX Corporation Feb. 2005: Director, Executive Officer & Deputy President of ORIX Corporation Jun. 2007: Outside Company Auditor of the Company Jan. 2008: Director, Representative Executive Officer, President and Group Chief Operating Officer of the said company (present post) Jun. 2009: Director of the Company (present post)	Note: 3	–
Full-time Company Auditor		Masaaki Miyoshi	Sep. 3, 1947	Apr. 1970: entered into the Company Jun. 1998: General Manager of Corporate Planning Office of the Company Jul. 2000: President of Korea TDK Co., Ltd. Jun. 2003: Full-time Company Auditor of the Company (present post)	Note: 4	10
Full-time Company Auditor		Noboru Hara	Dec. 24, 1949	Apr. 1968: entered into the Company Nov. 1995: General Manager of Procurement Department of Recording Media Business Group of the Company Oct. 2001: General Manager of General Affairs Department of Administration Group of the Company Jun. 2007: Full-time Company Auditor of the Company (present post)	Note: 4	5
Company Auditor		Kaoru Matsumoto	Dec. 8 1947	Nov. 1971: joined Nakajima & Co. Mar. 1976: registered as Certified Public Accountant Nov. 1977: Certified Public Accountant, Matsumoto & Co. (present post) Jun. 2003: Company Auditor of the Company (present post) Jun. 2008: Director of Foster Electric Company, Limited (present post)	Note: 4	–

Title	Post	Name	Date of birth	Summary of career	Term of office	Number of shares held (Hundreds of shares)
Company Auditor		Ryoichi Ohno	Nov. 3, 1958	Nov. 1988: Registered as Certified Public Accountant in the U.S.A. Jul. 1994: Senior Partner of Japanese Company Audit Department, PricewaterhouseCoopers International Limited, New York Office Sep. 2001: Senior Vice President and Chief Financial Officer of the Gibraltar Life Insurance Co., Ltd. Finance Vice President of the Prudential Financial, Inc. Jun. 2004: Company Auditor of the Company (present post) Jul. 2006: Director of The Prudential Life Insurance Co., Ltd. (present post) Feb. 2007: Regional CFO-Japan (USGAAP reporting) of Prudential Finance Inc., Japan Representative Office Apr. 2009: Director, and CFO of Prudential Holdings of Japan, Inc. (USGAAP Reporting) (present post)	Note: 4	–
Company Auditor		Osamu Nakamoto	Apr. 8, 1942	Apr. 1974: registered as lawyer Mar. 1975: joined *Hamada Matsumoto Horitsu Jimusho* Apr. 1981: Partner of the said law firm Jun. 2000: Outside Company Auditor of the Company Dec. 2002: Partner of *Mori Hamada Matsumoto Horitsu Jimusho* Jun. 2004: resigned Outside Company Auditor of the Company Jun. 2007: Outside Company Auditor of *Mitsui-Soko* Co., Ltd. (present post) Jan. 2008: established *Nakamoto Sogo Horitsu Jimusho* (present post) Jun. 2008: Outside Company Auditor of Foster Electric Company, Limited (present post) Jun. 2009: Company Auditor of the Company (present post)	Note: 5	–
				Total		210

Notes: 1. Directors Yasuhiro Hagihara, Kenichi Mori and Yukio Yanase are Outside Directors provided for by Article 2, item (xv) of the Companies Act.

2. Company Auditors Kaoru Matsumoto, Ryoichi Ohno and Osamu Nakamoto are Outside Company Auditors provided for by Article 2, item (xvi) of the Companies Act.

3. One year from the closing date of the Ordinary General Meeting of Shareholders held on June 26, 2009.

4. Four years from the closing date of the Ordinary General Meeting of Shareholders held on June 28, 2007.

5. Two years from the closing date of the Ordinary General Meeting of Shareholders held on June 26, 2009.

6. TDK, aiming to boost execution of duties and improve management efficiency, has introduced a Corporate Officer System. TDK has 17 Corporate Officers.

6. Status of corporate governance, etc.

(1) Status of corporate governance

Corporate governance system of the TDK Group is as follows:

a. Systems for ensuring the execution of duties by Directors complies with laws and regulations, and the Articles of Incorporation:

TDK Corporation ("TDK") was established in 1935 as the world's first company to commercialize the magnetic material called ferrite. In the ensuing years, TDK has increased corporate value through the development of a variety of products of value and originality to society, based on the founding spirit "Contribute to culture and industry through creativity" as its Corporate Motto. In addition, in the "TDK Code of Ethics," TDK has clearly stated its understanding that corporations exist in society with the support of various stakeholders, including shareholders, customers, suppliers, employees and communities, etc. The same Code states that TDK respects the rights of all stakeholders; and that it complies with social norms, including laws and regulations, as a good corporate citizen. All members of the TDK Group behave in strict compliance with the corporate standards of business conduct prescribed by the TDK Code of Ethics.

TDK aims to achieve its management targets and further improve corporate value through the creation of products while adhering to its founding spirit. At the same time, TDK strives to foster a sound corporate culture and sincerely conduct business activities, always aware of its place as a member of society. Moreover, TDK will fulfill its accountability to all stakeholders through the comprehensive, timely and impartial disclosure of appropriate information.

As mentioned above, TDK sincerely and devotedly seeks to achieve its management philosophy, and to maintain the following effective and orderly corporate governance systems to continue to ensure soundness, compliance and transparency in its business operations.

1) Adoption of Company Auditor System and strengthening the supervisory function:

TDK has adopted the Company Auditor System pursuant to the Companies Act of Japan and has appointed three independent Outside Company Auditors who have no conflicts of interest to constitute a majority of the five Company Auditors, in order to enhance the supervision of management.

2) Strengthening the function of the Board of Directors and holding Directors more accountable:

TDK has a small number of Directors (seven) to expedite management decision-making. At the same time, TDK has appointed three Outside Directors who have no conflict of interest in order to enhance the supervision of management. In addition, the Directors' term of office is set at one year to give shareholders an opportunity to cast votes of confidence regarding Directors' performance every business year.

3) Adoption of Corporate Officer System for expeditious business execution:

TDK 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. Corporate Officers are in charge of business execution and carrying out decisions by the Board of Directors, thereby expediting business execution in line 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 corporate ethics and improve awareness of corporate social responsibility (CSR). To achieve this aim, the Directors, Company Auditors, Corporate Officers and all other members of the TDK Group are made fully conversant with the TDK Corporate Motto and Corporate Principle ("Vision" "Courage" and "Trust") as TDK's management philosophy, and the TDK Code of Ethics, which stipulates concrete standards and guidelines for compliance with all laws, regulations and social norms.

The Disclosure Advisory Committee reviews and examines important corporate information and disclosure materials required for investment decisions by shareholders and investors, to ensure that TDK conducts comprehensive, appropriate, timely and impartial disclosure in accordance with various laws and regulations regarding securities transactions and the rules and regulations of the stock exchanges where TDK's shares are listed.

The Compensation Advisory Committee, which is chaired by the Outside Directors of TDK, examines the level of remuneration and remuneration system pertaining to Directors and Corporate Officers, as well as presidents and qualifying executive officers of principal TDK subsidiaries. It also verifies whether such remuneration is reasonable in light of the transparency of the remuneration decision-making process, corporate business results, individual performance, and the general standards of other companies.

The Nomination Advisory Committee, which is chaired by an Outside Director of TDK, discusses the conditions expected with regard to nominations for the post of Director, Company Auditor or Corporate Officer and makes nominations. In this way it helps ensure the appropriateness of the selection of Directors, Company Auditors and Corporate Officers, and the transparency of the decision-making process.

Under the foregoing corporate systems, the Company Auditors with supervisory functions over management ensure soundness, compliance and transparency in TDK's conduct of its business operations by executing their duties pursuant to the Regulations of the Board of Company Auditors and the Code of Company Auditors' Auditing Standards, and by auditing whether the Directors' performance is appropriate as well as in compliance with laws and regulations and the Articles of Incorporation.

Similarly, Directors in charge of management decision-making and supervision of business execution ensure compliance, transparency and soundness in TDK's conduct of its 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 laws and regulations and the Articles of Incorporation. Corporate Officers who are in charge of business execution ensure soundness, compliance and transparency in TDK's conduct of its business operations by executing their duties pursuant to the Regulations of the Corporate Officers' Business and the Executive Committee Regulations.

TDK has established the following system to ensure compliance with all applicable securities and exchange laws and other similar laws and regulations of any country, as well as the rules and regulations of each stock exchange where TDK's shares are listed (hereinafter collectively referred to as the "Securities Regulations").

1) TDK will collect, record, analyze, process, summarize and report all the information required to be disclosed under the Securities Regulations and has established an internal control system and other procedures to warrant timely information disclosures within the deadlines stipulated by the Securities Regulations.

2) TDK has established a system to ensure that TDK has procedures designed so as to obtain reasonable assurance that all transactions are properly authorized, that its assets are protected from unauthorized or improper use, and that all trading activities are appropriately recorded and reported for the purpose of enabling TDK to prepare financial statements in accordance with applicable accounting standards.

3) TDK will ensure that the above-mentioned management system is in compliance with the requirements of the Securities Regulations with respect to corporate governance systems.

b. System under which information regarding execution of business by Directors shall be maintained and controlled:

The President, who is responsible for the business execution of TDK, has established Document Control Regulations, which are applicable to the TDK Group and provide basic rules for the storage and control of information.

c. Regulations and other systems for managing the risk of losses:

With respect to overall corporate risks, TDK has established the Corporate Risk Management Committee, which is chaired by a Corporate Officer appointed in accordance with internal rules, under the direct control of the Executive Committee to promote enterprise risk management ("ERM") across TDK. Meanwhile, the Crisis Management Committee plays a central role in providing responses to unexpected events (risks). Furthermore, corporate regulations, bylaws, guidelines and departmental guidelines provide for operating rules for specific risks, including legal, financial, IT-related, disasters and environmental risks. These risks are managed by managers in charge of the particular areas of operation on a daily basis.

The Company Auditors and Management Review & Support Department, an internal audit organization, monitor the implementation of risk countermeasures and give advice and provide support to minimize risks. In addition, TDK receives advice from outside legal counsel from time to time regarding risks associated with its corporate activities.

d. System for ensuring Directors execute their duties efficiently:

TDK has a small number of Directors and has adopted the Corporate Officer System so as to facilitate quick and efficient management decision making by Directors.

At the same time, policies and measures with respect to business execution, such as development, manufacturing, marketing and financing of the TDK Group, are deliberated by the Executive Committee, which consists of Corporate Officers in senior positions ranking at or above the level of not lower than Senior Vice President and other Corporate Officers designated by the President. All Corporate Officers perform their duties expeditiously pursuant to the decisions made by the Executive Committee. TDK ensures efficient management via proposals to the Board of Directors and regular reports from Corporate Officers to the Executive Committee.

In addition, TDK establishes medium-term management targets shared by all members of the TDK Group and strives to make them fully understand those objectives. TDK also establishes systems that enable it to quickly gather and understand the targets and implementation plans of all divisions, as well as their progress by using IT systems.

e. System for ensuring employees' performance of duties is in compliance with laws and regulations, and the Articles of Incorporation:

TDK strives to ensure that all Directors, Company Auditors, Corporate Officers and employees in the TDK Group are fully conversant with the corporate philosophy, TDK Code of Ethics and Corporate Standards of Business Conduct, in order to achieve improved soundness, compliance and transparency of management, and ensure the business execution of every TDK member complies with laws and regulations, as well as TDK's Articles of Incorporation.

Furthermore, TDK has established a corporate ethics management system under the Business Ethics & CSR Committee to regularly monitor and investigate the enforcement of and compliance with the TDK Code of Ethics by the TDK Group worldwide. A consultation office (with help lines) also enables employees to directly report any information and opinion concerning compliance within the TDK Group.

f. System for ensuring optimum business execution by the corporate group consisting of the subject company, its parent company and subsidiaries:

Each Director, Corporate Officer and executive officer strives to ensure optimum business operations by making decisions in observance of the TDK Code of Ethics, job authority regulations for the entire TDK Group and applicable corporate regulations, in order to maintain soundness, compliance and transparency in business operations and to achieve the business targets of TDK and the TDK Group.

The Company Auditors audit, on a regular basis, the conditions of business operations of each division of TDK and the TDK Group, by auditing divisions, examining important documents and attending important meetings. In addition, the Management Review & Support Department audits and supports, on a regular basis, each division of TDK and the TDK Group in order to promote consistency of the business operations and management policies, and efficiency.

g. Matters relating to employees when Company Auditors request full-time support for their duties:

The Company Auditors Office, consisting of designated full-time employees who do not perform any business execution duties, shall assist the Company Auditors.

h. Matters regarding the independence of employees in the preceding item from Directors:

The Company Auditors shall directly evaluate the performance of the employees in the Company Auditors Office, and any transfer or official reprimand of these employees shall be determined pursuant to the operating rules of the Company subject to consent of the Company Auditors.

Any employee who has been instructed or ordered by a Company Auditor in connection with audit duties shall not be subject to any Director's instruction or order with respect to said Company Auditor's instruction or order.

i. System for ensuring Directors or employees report to Company Auditors and for ensuring other reports to Company Auditors:

Minutes of the Management Committee and other meetings are sent immediately to the Company Auditors, and information regarding business execution by Corporate Officers and the TDK Group's approach to management policies and targets is also provided. Furthermore, Company Auditors attend important meetings, including meetings of the Business Plan Review Meeting, and receive explanations directly from Corporate Officers, as necessary. Moreover, management reports prepared by each business division executing business operations are submitted to Company Auditors, who also confirm progress with business execution across the Company in relation to such reports.

Company Auditors examine meeting minutes and other information regarding the activities of the Business Ethics & CSR Committee, the Risk Management Committee and other committees and receive explanations directly from Corporate Officers involved in such committees depending on the project, enabling Company Auditors to confirm the overall status of corporate activities.

j. System for ensuring Company Auditors conduct audits effectively:

The Company Auditors and the Board of Company Auditors meet with the Representative Directors on a regular basis to confirm management policies, exchange opinions on pressing issues of the TDK Group, risks and important matters from the perspective of Company Auditors' audits. These meetings also deepen mutual understanding between the Company Auditors and the Representative Directors.

Furthermore, the Company Auditors and the Management Review & Support Department meet regularly and also receive regular audit reports from the Accounting Auditors. Through the sharing of information regarding initial audit plans and results, Company Auditors conduct efficient audits.

k. Number of Directors

TDK's Articles of Incorporation stipulate that the number of Directors of the Company shall be ten or less.

l. Resolution requirements for election and dismissal of Directors

TDK's Articles of Incorporation stipulate that resolutions of the General Meeting of Shareholders concerning the election or dismissal of Directors shall be adopted by an affirmative vote of a majority of the voting rights of shareholders present at the General Meeting of Shareholders, a quorum for which shall be the presence of shareholders with one-third (1/3) or more of the voting rights exercisable for such meeting.

m. Items for resolution by the General Meeting of Shareholders that can be approved by resolution by the Board of Directors meeting

1) Acquisition of treasury stock

Pursuant to Article 165, paragraph 2 of the Companies Act, for the purpose of enabling the execution of flexible capital policy, TDK's Articles of Incorporation provide for the acquisition of treasury stock to be possible by resolution at the Board of Directors meeting.

2) Interim dividend

The Articles of Incorporation of TDK provide that TDK may distribute an interim dividend with the record date of September 30 each year by resolution of the Board of Directors, pursuant to the provisions of Article 454, paragraph 5 of the Companies Act, to the effect that TDK may flexibly distribute profits to shareholders.

n. Requirements of special resolution of the General Meeting of Shareholders

TDK's Articles of Incorporation stipulate that special resolutions of the General Meeting of Shareholders as provided for in Article 309, paragraph 2 of the Companies Act shall be adopted by an affirmative vote of two-thirds (2/3) or more of the voting rights of shareholders present at the General Meeting of Shareholders, a quorum for which shall be the presence of shareholders with one-third (1/3) or more of the voting rights exercisable for such meeting. This constitutes an easier quorum for special resolutions, which has been provided to facilitate the smooth conduct of General Meeting of Shareholders.

o. Details of Director and Company Auditor Remunerations

In fiscal 2009, a total of ¥291 million in remunerations was paid to Directors and Company Auditors, which comprised ¥215 million to Directors (including ¥198 million paid to Internal Directors) and ¥75 million to Company Auditors.

Also a total of ¥166 million in bonuses was paid to Directors of TDK. There was no provision of allowance for Directors' bonuses in fiscal 2009.

p. Circumstances of accounting audit and details of remunerations for auditing

TDK has an auditing agreement with KPMG AZSA & Co., for this company to conduct the accounting audit of TDK.

The three certified public accountants who conducted the accounting audit of TDK were Naoki Matsumoto, Toshiya Mori and Masahiro Sasaki, and all were affiliated with KPMG AZSA & Co. The number of years of continued audits is seven years or less.

In addition, working to assist the above accountants conduct the accounting audit of TDK were 8 certified public accountants, 19 junior accountants, and 13 other people, and all were affiliated with KPMG AZSA & Co.

A total of ¥651 million was paid as remunerations for the accounting audit based on the duties provided for by Article 2, paragraph 1 of the Certified Public Accountants Act.

q. Overview of special interests including personal relationships, capital relationships or trading relationships between TDK and TDK's Outside Directors or Outside Company Auditors

Between TDK, the three Outside Directors and the three Outside Company Auditors there are no personal or capital relationships.

(2) Audit fees, etc.

a. Details of fees to auditors

(Millions of yen)

Category	FY2008		FY2009	
	Audit fees	Fees for non-attest service	Audit fees	Fees for non-attest service
Filing company	–	–	658	–
Consolidated subsidiaries	–	–	92	–
Total	–	–	750	–

b. Details of other material fees

Principal overseas consolidated subsidiaries of TDK pay audit fees to overseas member firms of KPMG to which KPMG AZSA & Co., TDK's auditors belong.

c. Details of non-attest service rendered by auditors to the submitting company

No items to report

d. Policy of deciding audit fees

TDK carefully considers the independence of auditors and decides the audit fees by resolution of the Board of Directors.

V. Consolidated Financial Statements and Notes to Consolidated Financial Statements

Consolidated balance sheets

As of March 31, 2009 and 2008

	Yen (Millions)		U.S. Dollars (Thousands) (Note 2)
ASSETS	**2009**	2008	**2009**
Current assets:			
Cash and cash equivalents	**¥165,705**	166,105	**$1,690,867**
Short-term investments	**23,993**	1,179	**244,827**
Marketable securities (Note 4)	**17,968**	3,986	**183,347**
Trade receivables (Note 23):			
Notes	**5,309**	7,925	**54,173**
Accounts (Note 28)	**119,633**	153,175	**1,220,745**
Allowance for doubtful receivables	**(2,231)**	(3,982)	**(22,765)**
Net trade receivables	**122,711**	157,118	**1,252,153**
Inventories (Note 6)	**105,684**	88,816	**1,078,408**
Income tax receivables (Note 8)	**13,085**	1,340	**133,520**
Assets held for sale (Note 19)	**-**	919	**-**
Prepaid expenses and other current assets (Notes 8 and 28)	**32,011**	43,357	**326,643**
Total current assets	**481,157**	462,820	**4,909,765**
Investments in securities (Notes 4 and 5)	**35,047**	68,714	**357,623**
Property, plant and equipment, at cost (Notes 20) :			
Land	**27,800**	23,161	**283,674**
Buildings	**240,454**	194,248	**2,453,612**
Machinery and equipment	**624,164**	546,362	**6,369,020**
Construction in progress	**23,798**	22,229	**242,837**
	916,216	786,000	**9,349,143**
Less accumulated depreciation	**(567,571)**	(518,851)	**(5,791,541)**
Net property, plant and equipment	**348,645**	267,149	**3,557,602**
Goodwill (Note 21)	**55,198**	30,020	**563,245**
Intangible assets (Note 20 and 21)	**87,938**	63,322	**897,326**
Deferred income taxes (Note 8)	**75,556**	11,257	**770,980**
Other assets (Notes 9 and 13)	**17,495**	32,251	**178,520**
	¥1,101,036	935,533	**$11,235,061**

See accompanying notes to consolidated financial statements.

LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY	Yen (Millions) 2009	2008	U.S. Dollars (Thousands) (Note 2) 2009
Current liabilities:			
Short-term debt (Note 7)	**¥71,049**	8,898	**$724,990**
Current installments of long-term debt (Note 7)	**3,497**	294	**35,684**
Trade payables:			
Notes	**2,015**	2,981	**20,561**
Accounts (Note 28)	**48,955**	73,410	**499,541**
Accrued salaries and wages	**21,611**	23,858	**220,520**
Accrued expenses (Notes 9, 18 and 28)	**41,703**	39,976	**425,541**
Income taxes payables (Note 8)	**1,942**	7,660	**19,816**
Other current liabilities (Note 8)	**8,849**	4,884	**90,296**
Total current liabilities	**199,621**	161,961	**2,036,949**
Long-term debt, excluding current installments (Note 7	**210,083**	152	**2,143,704**
Retirement and severance benefits (Note 9)	**98,007**	33,990	**1,000,071**
Deferred income taxes (Note 8)	**14,284**	5,998	**145,755**
Other noncurrent liabilities (Note 8)	**16,000**	13,171	**163,266**
Total liabilities	**537,995**	215,272	**5,489,745**
Minority interests	**8,823**	3,684	**90,030**
Commitments and contingent liabilities (Notes 13 and 14)			
Stockholders' equity:			
Common stock Authorized 480,000,000 shares; issued 129,590,659 shares in 2009 and 2008; outstanding 128,979,387 shares in 2009 and 128,955,736 shares in 2008	**32,641**	32,641	**333,071**
Additional paid-in capital	**64,257**	63,887	**655,684**
Legal reserve (Note 10)	**20,772**	19,510	**211,959**
Retained earnings (Note 10)	**605,622**	688,719	**6,179,816**
Accumulated other comprehensive income (loss) (Notes 8, 9 and 12)	**(162,741)**	(81,583)	**(1,660,622)**
Treasury stock at cost; 611,272 shares in 2009 and 634,923 shares in 2008 (Note 11)	**(6,333)**	(6,597)	**(64,622)**
Total stockholders' equity	**554,218**	716,577	**5,655,286**
	¥1,101,036	935,533	**$11,235,061**

Consolidated statements of operations

For the years ended March 31, 2009, 2008 and 2007

	Yen (Millions)			U.S. Dollars (Thousands) (Note 2)
	2009	2008	2007	**2009**
Net sales (Notes 23 and 28)	**¥727,400**	866,285	862,025	**$7,422,449**
Cost of sales (Note 28)	**605,943**	635,529	622,819	**6,183,092**
Gross profit	**121,457**	230,756	239,206	**1,239,357**
Selling, general and administrative expenses (Note 28)	**159,878**	158,921	159,106	**1,631,408**
Gain on sale of business to Imation Corp. (Note 26)	**-**	(15,340)	-	**-**
Restructuring cost (Note 18)	**15,884**	-	510	**162,082**
Operating income (loss)	**(54,305)**	87,175	79,590	**(554,133)**
Other income (deductions):				
Interest and dividend income	**3,980**	8,284	7,025	**40,612**
Interest expense	**(2,336)**	(218)	(200)	**(23,836)**
Equity in earnings of affiliates (Note 5)	**(17,011)**	1,969	1,489	**(173,582)**
Gain (loss) on securities, net (Note 4)	**(6,388)**	(2,081)	(212)	**(65,184)**
Foreign exchange gain (loss)	**(5,392)**	(3,670)	973	**(55,020)**
Other - net	**(178)**	46	0	**(1,816)**
	(27,325)	4,330	9,075	**(278,826)**
Income (loss) before income taxes	**(81,630)**	91,505	88,665	**(832,959)**
Income taxes (Note 8)	**(17,041)**	19,948	16,985	**(173,888)**
Income (loss) before minority interests	**(64,589)**	71,557	71,680	**(659,071)**
Minority interests, net of tax	**(1,429)**	96	1,555	**(14,581)**
Net income (loss)	**¥(63,160)**	71,461	70,125	**$(644,490)**

Amounts per share:	Yen (except number of common shares outstanding)			U.S. Dollars (Note 2)
Net income (loss) per share (Note 22):				
Basic	**¥(489.71)**	551.72	529.88	**$(5.00)**
Diluted	**(489.71)**	551.19	529.29	**(5.00)**
Weighted average basic common shares outstanding (in thousands) (Note 22)	**128,974**	129,525	132,342	
Weighted average diluted common shares outstanding (in thousands) (Note 22)	**128,974**	129,649	132,488	
Cash dividends paid during the year (Note 10)	**¥140.00**	120.00	100.00	**$1.43**

See accompanying notes to consolidated financial statements.

Consolidated statements of stockholders' equity

For the years ended March 31, 2009, 2008 and 2007

	Yen (Millions) 2009	2008	2007	U.S. Dollars (Thousands) (Note 2) 2009
Common stock:				
Balance at beginning of period	¥ 32,641	32,641	32,641	$ 333,071
Balance at end of period	32,641	32,641	32,641	333,071
Additional paid-in capital:				
Balance at beginning of period	63,887	63,695	63,237	651,908
Non cash compensation charges under stock option plans	333	375	458	3,398
Adjustment for change in equity method interest	37	(134)	-	378
Adjustment for employee stock awards to be reclassified as a liability	-	(49)	-	-
Balance at end of period	64,257	63,887	63,695	655,684
Legal reserve (Note 10) :				
Balance at beginning of period	19,510	18,844	17,517	199,081
Transferred to legal reserve	1,262	666	1,327	12,878
Balance at end of period	20,772	19,510	18,844	211,959
Retained earnings (Note 10) :				
Balance at beginning of period	688,719	671,350	615,972	7,027,745
Cash dividends	(18,056)	(15,683)	(13,230)	(184,245)
Transferred to legal reserve	(1,262)	(666)	(1,327)	(12,878)
Net Income (loss)	(63,160)	71,461	70,125	(644,490)
Retirement of treasury stock	-	(37,410)	-	-
Exercise of stock option	(153)	(333)	(190)	(1,561)
Adjustment to apply measurement date provision of SFAS 158, net of tax	(466)	-	-	(4,755)
Balance at end of period	605,622	688,719	671,350	6,179,816
Accumulated other comprehensive income (loss) (Note 8, 9 and 12) :				
Balance at beginning of period	(81,583)	(17,846)	(21,946)	(832,480)
Foreign currency translation adjustments	(42,046)	(55,757)	4,383	(429,040)
Minimum pension liability adjustments	-	-	2,290	-
Pension liability adjustments	(39,008)	(4,684)	-	(398,041)
Net unrealized gains (losses) on securities	(104)	(3,296)	76	(1,061)
Adjustment to initially apply SFAS 158, net of tax	-	-	(2,649)	-
Balance at end of period	(162,741)	(81,583)	(17,846)	(1,660,622)
Treasury stock (Note 11) :				
Balance at beginning of period	(6,597)	(5,972)	(7,289)	(67,316)
Acquisition of treasury stock	(15)	(39,250)	(32)	(153)
Retirement of treasury stock	-	37,410	-	-
Exercise of stock option	279	1,215	1,349	2,847
Balance at end of period	(6,333)	(6,597)	(5,972)	(64,622)
Total stockholders' equity	¥ 554,218	716,577	762,712	$ 5,655,286
Disclosure of comprehensive income (loss):				
Net income (loss) for the period	¥ (63,160)	71,461	70,125	$ (644,490)
Other comprehensive income (loss) for the period, net of tax (Note 12)	(81,158)	(63,737)	6,749	(828,142)
Total comprehensive income (loss) for the period	¥ (144,318)	7,724	76,874	$ (1,472,632)

See accompanying notes to consolidated financial statements.

Consolidated statements of cash flows

For the years ended March 31, 2009, 2008 and 2007

	Yen (Millions)			U.S. Dollars (Thousands) (Note 2)
	2009	2008	2007	**2009**
Cash flows from operating activities:				
Net income (loss)	**¥(63,160)**	71,461	70,125	**$(644,490)**
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	**89,567**	71,297	65,337	**913,948**
Loss on disposal of property and equipment	**2,387**	1,762	558	**24,357**
Impairment loss on long-lived assets	**17,922**	1,193	2,091	**182,878**
Deferred income taxes	**(23,457)**	(1,885)	(1,878)	**(239,357)**
Loss (gain) on securities, net	**6,388**	2,081	212	**65,184**
Equity in earnings of affiliates, net of dividends received	**17,654**	(1,256)	(1,022)	**180,143**
Gain on sale of business to Imation Corp.	**-**	(15,340)	-	**-**
Gain on sale of a subsidiary	**-**	(274)	-	**-**
Changes in assets and liabilities, net of effects of acquisition of businesses:				
Decrease (increase) in trade receivables	**55,746**	(13,791)	11,241	**568,837**
Decrease (increase) in inventories	**13,458**	(14,952)	892	**137,327**
Decrease (increase) in other current assets	**10,578**	(9,090)	6,202	**107,939**
Increase (decrease) in trade payables	**(39,595)**	16,723	(5,272)	**(404,031)**
Increase (decrease) in accrued expenses	**(8,721)**	8,745	(7,068)	**(88,990)**
Increase (decrease) in income taxes payables, net	**(17,272)**	(849)	4,004	**(176,245)**
Increase (decrease) in other current liabilities	**(2,105)**	1,962	(1,808)	**(21,480)**
Increase (decrease) in retirement and severance benefits, net	**1,239**	(2,221)	(74)	**12,643**
Other - net	**(1,440)**	3,847	1,943	**(14,694)**
Net cash provided by operating activities	**59,189**	119,413	145,483	**603,969**
Cash flows from investing activities:				
Capital expenditures	**(98,425)**	(84,312)	(70,440)	**(1,004,337)**
Proceeds from sale and maturity of short-term investments	**10,707**	18,508	20,046	**109,255**
Payment for purchase of short-term investments	**(33,388)**	(8,540)	(31,089)	**(340,694)**
Proceeds from sale and maturity of investments in securities	**4,455**	1,177	23	**45,459**
Payment for purchase of investments in securities	**(17,708)**	(17,834)	(3,638)	**(180,694)**
Acquisitions of assets	**(393)**	(37,155)	-	**(4,010)**
Proceeds from sale of businesses	**624**	3,264	-	**6,367**
Acquisition of subsidiaries, net of cash acquired	**(136,146)**	(18,182)	-	**(1,389,244)**
Acquisition of affiliates	**(153)**	(2,206)	-	**(1,561)**
Proceeds from sale of tangible and intangible assets	**1,351**	3,000	3,678	**13,786**
Acquisition of minority interests	**(166)**	(15,855)	(6)	**(1,694)**
Payment of deposits for investments	**(6,755)**	-	-	**(68,929)**
Other - net	**421**	388	(62)	**4,296**
Net cash used in investing activities	**(275,576)**	(157,747)	(81,488)	**(2,812,000)**
Cash flows from financing activities:				
Proceeds from long-term debt	**204,906**	-	-	**2,090,877**
Repayment of long-term debt	**(2,428)**	(9,242)	(2,143)	**(24,776)**
Increase (decrease) in short-term debt, net	**39,531**	3,574	(1,456)	**403,378**
Proceeds from exercise of stock options	**125**	882	1,159	**1,276**
Cash paid to acquire treasury stock	**(15)**	(39,250)	(32)	**(153)**
Dividends paid	**(18,056)**	(15,683)	(13,230)	**(184,245)**
Other - net	**(260)**	(367)	(160)	**(2,653)**
Net cash provided by (used in) financing activities	**223,803**	(60,086)	(15,862)	**2,283,704**
Effect of exchange rate changes on cash and cash equivalents	**(7,816)**	(24,644)	2,019	**(79,755)**
Net increase (decrease) in cash and cash equivalents	**(400)**	(123,064)	50,152	**(4,082)**
Cash and cash equivalents at beginning of period	**166,105**	289,169	239,017	**1,694,949**
Cash and cash equivalents at end of period	**¥165,705**	166,105	289,169	**$1,690,867**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Nature of Operations and Summary of Significant Accounting Policies

(a) Nature of Operations

TDK, a Tokyo-based company founded in 1935, is a multinational manufacturer of ferrite products and a producer of inductor, ceramic capacitors, magnetic head and other components and recording media. TDK's two business segments are electronic materials and components, and recording media, which accounted for 97.1 percent and 2.9 percent of net sales, respectively, for the year ended March 31, 2009. The main products which are manufactured and sold by the two business segments are as follows:

(i) Electronic materials and components products:

Multilayer ceramic chip capacitors, Rare-earth magnets, Ferrite cores, Inductive devices (Coils, Transformers), Switching power supplies, HDD heads, Energy devices, and products manufactured and sold by the EPCOS Group

(ii) Recording media products:

Audio tapes, Video tapes, CD-Rs, DVDs, and Tape-based data storage media for computers

TDK sells electronic materials and components products to the electric industry, mainly in Asia and Japan, and recording media products mainly in Japan, Europe, and North America.

(b) Basis of Presentation

TDK and most of its domestic subsidiaries maintain their books of account in conformity with financial accounting standards of Japan, and its foreign subsidiaries mainly in conformity with those of the countries of their domicile.

The consolidated financial statements presented herein reflect certain adjustments, not recorded on the primary books of TDK and subsidiaries, to present the financial position, results of operations, and cash flows in conformity with U.S. generally accepted accounting principles (the "U.S. GAAP").

(c) Consolidation Policy

The consolidated financial statements include the accounts of TDK, its subsidiaries and those variable interest entities where TDK is the primary beneficiary under Financial Accounting Standards Board ("FASB") Interpretation No. 46 ("FIN 46(R)"), "Consolidation of Variable Interest Entities". All significant intercompany accounts and transactions have been eliminated in consolidation.

The investments in affiliates in which TDK's ownership is 20 percent to 50 percent and where TDK exercises significant influence over their operating and financial policies are accounted for by the equity method. All significant intercompany profits from these affiliates have been eliminated.

(d) Cash Equivalents and Short-term Investments

Cash equivalents include all highly liquid investments with an original maturity of three months or less. All other highly liquid investments not considered to be cash equivalents are classified as short-term investments. TDK determines the appropriate classification of its investments at the time of purchase.

(e) Allowance for Doubtful Receivables

The allowance for doubtful receivables is TDK's best estimate of the amount of probable credit losses in TDK's existing trade receivables. An additional reserve for individual receivables is recorded when TDK becomes aware of a customer's inability to meet its financial obligations, such as in the case of bankruptcy filings or deterioration in a customer's operating results or financial position. If customer circumstances change, estimates of the recoverability of receivables would be further adjusted.

(f) Investments in Securities

TDK classifies its debt and equity securities into one of three categories: trading, available-for-sale, or held-to-maturity. Trading securities are bought and held principally for the purpose of selling them in the near term. Held-to-maturity securities are those securities in which TDK has the ability and intent to hold the security until maturity. All securities not included in trading or held-to-maturity are classified as available-for-sale.

Trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Unrealized holding gains and losses on trading securities are included in earnings. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of accumulated other comprehensive income (loss) until realized. As of March 31, 2009 and 2008, TDK did not hold any trading or held-to-maturity securities. Available-for-sale securities, which mature or are expected to be sold in less than one year, are classified as marketable securities.

A decline in the fair value of any available-for-sale security below cost that is deemed to be other-than-temporary results in a reduction in carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. To determine whether an impairment is other-than-temporary, TDK periodically reviews the fair value of available-for-sale securities for possible impairment by taking into consideration the financial and operating conditions of the issuer, general market conditions in the issuer's industry, degree and period of the decline in fair value and other relevant factors.

Nonmarketable securities are recorded at cost. TDK periodically evaluates whether an event or change in circumstances may have a significant adverse effect on the fair value of the investment. Factors considered in assessing whether an indication of impairment exists include the financial and operating conditions of the issuer, general market conditions in the issuer's industry and other relevant factors. If an indication of impairment is present, TDK estimates the fair value of nonmarketable securities. If the fair value is less than cost and the impairment is determined to be other-than-temporary, a nonmarketable security is written down to its impaired value through a charge to earnings.

(g) Inventories

Inventories are stated at the lower of cost or market. Cost is determined principally by the average cost method.

The cost elements for finished goods and work in process include direct costs for materials such as primary materials and purchased semi-finished products, direct labor costs such as basic salaries, bonuses, and legal welfare expenses, direct costs such as expenses paid to subcontractors, and indirect manufacturing costs comprising material costs, labor costs and other overhead costs.

(h) Property, Plant and Equipment

Depreciation of property, plant and equipment is principally computed by the declining-balance method for assets located in Japan and of certain foreign subsidiaries, and by the straight-line method for assets of other foreign subsidiaries based on the following estimated useful lives:

Buildings	3 to 60 years
Machinery and equipment	2 to 22 years

(i) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. TDK uses a specific identification method to release the residual tax effects associated with components of accumulated other comprehensive income (loss) resulting from a change in tax law or rate.

TDK adopted FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes" on April 1, 2007. FIN 48 establishes the threshold for recognizing the benefits of tax-return positions in the consolidated financial statements as "more-likely-than-not" to be sustained by the taxing authority, and prescribes a measurement methodology for those positions meeting the recognition threshold.

(j) Stock Option Plan

TDK accounts for stock options based on Statement of Financial Accounting Standards No. 123 ("SFAS 123(R)"), "Share-Based Payment". SFAS 123(R) requires TDK to measure the cost of employee services received in exchange for equity awards based on the grant date fair value of the awards. TDK uses the straight-line attribution method to recognize stock-based compensation expense over the requisite service period for the entire award. In accordance with SFAS 123(R), compensation expenses related to stock options TDK recognized for the years ended March 31, 2009, 2008 and 2007 were ¥333 million ($3,398 thousand), ¥375 million and ¥458 million, respectively. The related tax benefits TDK recognized for the years ended March 31, 2009, 2008 and 2007 were ¥56 million ($571 thousand), ¥65 million and ¥67 million, respectively.

In December 2007, the United States Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 110 ("SAB 110"). SAB 110 amends the SEC's views discussed in Staff Accounting Bulletin No. 107 ("SAB 107") regarding the use of the simplified method in developing estimates of the expected lives of share options in accordance with SFAS 123(R). TDK will continue to use the simplified method until TDK has the historical data necessary to provide reasonable estimates of expected lives in accordance with SAB 107, as amended by SAB 110.

(k) Research and Development Expenses

Research and development expenses are expensed as incurred.

(l) Advertising Costs

Advertising costs are expensed as incurred.

(m) Shipping and Handling Fees and Costs

Shipping and handling fees and costs amounted to ¥11,535 million ($117,704 thousand), ¥13,063 million and ¥15,134 million for the years ended March 31, 2009, 2008 and 2007, respectively, and are included in selling, general and administrative expenses in the consolidated statements of operations.

(n) Foreign Currency Translation

Foreign currency financial statements have been translated in accordance with Statement of Financial Accounting Standards No. 52 ("SFAS 52"), "Foreign Currency Translation". Under SFAS 52, the assets and liabilities of TDK's subsidiaries located outside Japan are translated into Japanese yen at the rates of exchange in effect at the balance sheet date. Revenue and expense items are translated at the average exchange rates prevailing during the year. Gains and losses resulting from foreign currency transactions are included in other income (deductions), and those resulting from translation of financial statements of foreign subsidiaries are excluded from the statements of operations and are accumulated in stockholders' equity as a component of accumulated other comprehensive income (loss).

(o) Use of Estimates

Management of TDK has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with the U.S. GAAP. Significant items subject to such estimates and assumptions include the valuation of goodwill and other intangible assets, property, plant and equipment, trade receivables, inventories, investments in securities, and deferred tax assets, and assumptions related to the estimation of actuarial determined employee benefit obligations. Actual results could differ from those estimates.

(p) Accounting for the Impairment of Long-Lived Assets

Property, plant and equipment and certain identifiable intangible assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest charges) expected to be generated by the asset. If such assets are considered to be impaired, an impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of by sale are reported at the lower of the carrying amount or fair value less costs to sell.

(q) Goodwill and Other Intangible Assets

Goodwill is not amortized, but instead is tested for impairment at least annually or more frequently if certain indicators arise. Intangible assets with finite useful lives are amortized over their respective estimated useful lives. Intangible assets determined to have an indefinite useful lives are not amortized, but instead are tested for impairment annually until the life is determined to no longer be indefinite.

TDK conducts its annual impairment test of goodwill and other intangible assets with indefinite useful lives in the fourth quarter of each year.

(r) Derivative Financial Instruments

TDK has elected not to apply hedge accounting. Accordingly, changes in the fair value of derivatives are recognized in earnings in the period of the changes.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161 ("SFAS 161"), "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133". SFAS 161 has amended and expanded the current disclosure requirements of FASB Statement No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," such that entities must now provide enhanced disclosures regarding how and why the entity uses derivatives; how derivatives and related hedged items are accounted for under SFAS 133 and how derivatives and related hedged items affect the entity's financial position, financial results and cash flows. SFAS 161 has not changed the current standards for recognizing and measuring derivative instruments and hedging activities. SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. TDK adopted SFAS 161 effective the fourth quarter of the year ended March 31, 2009. The required disclosures in accordance with SFAS 161 are presented in Note 15 of the Notes to Consolidated Financial Statements.

(s) Net Income per Share

Basic net income per share has been computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding during each year. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock of TDK.

(t) Revenue Recognition

TDK generates revenue principally through the sale of electronic materials and components and recording media under separate contractual arrangements for each. TDK recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred and title and risk of loss have been transferred to the customer, the sales price is fixed or determinable, and collectibility is probable.

Revenue from sales of electronic materials and components is recognized when the products are received by customers based on the free on board destination sales term. With regards to sales of electronic materials and components, TDK's policy is not to accept product returns unless the products are defective. The conditions of acceptance are governed by the terms of the contract or customer arrangement and those not meeting the predetermined specification are not recorded as revenue.

Revenue from sales of recording media products such as LTO and Blu-ray Discs is also recognized when the products are received by customers based on the free on board destination sales term or when the products are delivered to carriers on the Carriage and Insurance Paid to (CIP).

TDK offers sales incentives through various programs to certain resellers and retailers. These sales incentives include product discounts, volume-based discounts, marketing development funds ("MDFs"), rebates and coupons, and are accounted for in accordance with Emerging Issues Task Force Issue No. 01-9 ("EITF 01-9"), "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of Vendor's Product)". Generally, under EITF 01-9, consideration given by a vendor to a customer is presumed to be a reduction of the selling price of goods and services, and therefore, should be recognized as a reduction of revenue in the vendor's income statement. The presumption may be overcome based on certain factors.

On August 1, 2007, TDK transferred substantially all of the assets relating to TDK branded world wide recording media business to an U.S. company, Imation Corp. ("Imation"). TDK retained its research and development, manufacturing and OEM business, and sales incentives decreased due to this transfer. Sales incentives totaled to ¥525 million ($5,357 thousand), ¥5,042 million and ¥14,034 million for the years ended March 31, 2009, 2008 and 2007, respectively.

A number of product discounts are based on a certain percentage off the invoice price predetermined by spot contracts or based on contractually agreed upon amounts with resellers and retailers. Product discounts are recognized as a reduction of revenue at the time the related revenue is recognized and amounted to ¥104 million ($1,061 thousand), ¥2,247 million and ¥6,586 million for the years ended March 31, 2009, 2008 and 2007, respectively.

Volume-based discounts are provided only if the resellers and retailers achieve a specified cumulative level of revenue transactions in a year or less period. Liabilities are recognized as a reduction of revenue for the expected sales incentive at the time the related revenue is recognized and are initially based on the estimation of sales volume by using historical experience on an individual customer basis. Estimates of expected sales incentives are evaluated and adjusted periodically based on actual revenue transactions and forecasts for the balance of the year or incentive period. Volume-based discounts recognized as a reduction of revenue amounted to ¥421 million ($4,296 thousand), ¥1,390 million and ¥3,815 million for the years ended March 31, 2009, 2008 and 2007, respectively.

MDFs are provided to certain resellers and retailers as a contribution to or a sponsored fund for customers' marketing programs, such as customers' coupons, catalog, sales contests and advertisements, mostly in the form of a subsidy. Under this program, we do not receive an identifiable benefit sufficiently separable from our customers. Accordingly, MDFs are accounted for as a reduction of revenue based on the annual contract or at the time TDK has incurred the obligation, if earlier, and amounted to ¥606 million and ¥1,692 million for the years ended March 31, 2008 and 2007, respectively.

Consumer promotions mainly consist of coupons and mail-in rebates offered to end users, that are reimbursed by TDK to retailers or end users for the coupons or mail-in rebates redeemed. Liabilities are recognized at the time related revenue is recognized (or at the time of the offer if the sale to retailers occurs before the offer) for the expected number of coupons or mail-in rebates to be redeemed. TDK uses historical rates of redemption on similar offers for similar products to estimate redemption rates for current incentive offerings. Consumer promotions recognized as a reduction of revenue amounted to, ¥658 million and ¥1,436 million for the years ended March 31, 2008 and 2007, respectively.

TDK also provides slotting fees paid to certain retailers for putting TDK products at attractive areas or shelves in the store. Slotting fees are recognized as a reduction of revenue at the time TDK has incurred the obligation. Slotting fees recognized as a reduction of revenue amounted to ¥42 million and ¥365 million for the years ended March 31, 2008 and 2007, respectively.

Additionally, TDK has advertising programs with certain resellers and retailers where TDK agrees to reimburse them for advertising cost incurred by them to put TDK products on their flyers, catalogs and billboards. TDK receives an identifiable benefit (advertising) in return for the consideration and that benefit is sufficiently separable because TDK could have purchased that advertising from other parties. Also, TDK can reasonably estimate the fair value of the benefit through obtaining sufficient evidence from the resellers and retailers in the form of the invoice issued by the third party providing the service to the resellers and retailers. Therefore, such advertising programs are expensed as selling, general and administrative expenses at the time TDK has incurred the obligation and amounted to ¥99 million and ¥140 million for the years ended March 31, 2008 and 2007, respectively.

TDK allows limited right of returns in certain cases and reduces revenue for estimated future returns based upon historical experience at the time the related revenue is recorded.

Warranties offered on TDK's products are insignificant.

(u) Fair Value Measurements

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 ("SFAS 157"), "Fair Value Measurements". SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. In February 2008, the FASB issued Staff Positions No. FAS 157-1 ("FSP FAS 157-1"), "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13" and No. FAS 157-2 ("FSP FAS 157-2"), "Effective Date of FASB Statement No. 157". FSP FAS 157-1 amends SFAS 157 to exclude certain leasing transactions from its scope, while FSP FAS 157-2 delays the effective date of SFAS 157 for one year for all nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis.

TDK adopted SFAS 157 effective from the year ended March 31, 2009, with the exception of all nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis, such as nonfinancial assets and nonfinancial liabilities with respect to the business combinations.

The adoption of SFAS 157 has no material effect on TDK's consolidated financial position and results of operations. From April 1, 2009, the adoption of SFAS 157 is required for all nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis, however, TDK does not expect this to have a material effect on its consolidated financial position and results of operations. The required disclosures in accordance with SFAS 157 are presented in Note 17 of the Notes to Consolidated Financial Statements.

(v) Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158 ("SFAS 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106 and 132(R)". SFAS 158 requires TDK to measure the fair value of plan assets and benefit obligations as of the date of its year-end. TDK adopted this measurement date provision effective for the year ended March 31, 2009. TDK has previously used a December 31 measurement date, and has evaluated the effect of changing measurement date on TDK's consolidated financial position and results of operations. As a result of applying the measurement date provision of SFAS 158, retained earnings decreased by ¥466 million ($4,755 thousand) (net of tax).

(w) New Accounting Standards Not Yet Adopted

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised 2007) ("SFAS 141(R)"), "Business Combinations". SFAS 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141(R) also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS 141(R) is effective for fiscal years beginning on or after December 15, 2008. The effect that the adoption of SFAS 141(R) will have on TDK's consolidated financial position and results of operations will depend on the scale and nature of business combinations that may occur after the adoption of SFAS 141(R).

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160 ("SFAS 160"), "Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51". SFAS 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. Although the adoption of SFAS 160 will have an effect on the presentation of TDK's consolidated balance sheets and consolidated statements of operations, TDK does not expect that the adoption of SFAS 160 will have a material effect on TDK's financial position and results of operations.

In December 2008, the FASB issued FASB Staff Position No. FAS 132(R)-1 ("FSP FAS 132(R)-1"), "Employers' Disclosures about Postretirement Benefit Plan Assets". FSP FAS 132(R)-1 requires additional disclosures about plan assets including investment policies; fair value of each major category of plan assets; information about the fair value valuation techniques; and significant concentrations of risk in plan assets. FSP FAS 132(R)-1 is effective for fiscal years ending on or after December 16, 2009. TDK is examining the items to be disclosed, however, TDK expects that the adoption of FSP FAS 132(R)-1 will have no effect on TDK's financial position and results of operations.

(x) Reclassifications

Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the presentation used for the year ended March 31, 2009.

2. Financial Statement Translation

The consolidated financial statements are expressed in Japanese yen, the functional currency of TDK. Supplementally, the Japanese yen amounts as of and for the year ended March 31, 2009, have also been translated into U.S. dollar amounts, solely for the convenience of the reader, at the rate of ¥98=U.S.$1, the approximate exchange rate on the Tokyo Foreign Exchange Market on March 31, 2009. This translation should not be construed as a representation that the amounts shown could be converted into U.S. dollars at such rate.

3. Foreign Operations

Amounts included in the consolidated financial statements relating to subsidiaries operating in foreign countries are summarized as follows:

	Yen (Millions)			U.S. Dollars (Thousands)
	2009	2008	2007	**2009**
Net sales	**¥ 595,822**	693,993	674,969	**$ 6,079,816**
Net income (loss)	**(17,464)**	48,833	47,599	**(178,204)**

4. Marketable Securities and Investments in Securities

Marketable securities and investments in securities at March 31, 2009 and 2008, are as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2009	2008	**2009**
Marketable securities	**¥ 17,968**	3,986	**$ 183,347**
Investments in Securities:			
Long-term marketable securities	**10,566**	22,026	**107,817**
Nonmarketable securities	**990**	426	**10,102**
Investments in affiliates (Note 5)	**23,491**	46,262	**239,704**
Total investments in Securities	**35,047**	68,714	**357,623**
	¥ 53,015	72,700	**$ 540,970**

Marketable securities and investments in securities include available-for-sale securities. Information with respect to such securities at March 31, 2009 and 2008, is as follows:

As of March 31, 2009

Yen (Millions):	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Equity securities	¥ 12,420	482	3,029	9,873
Debt securities	18,659	3	1	18,661
	¥ 31,079	485	3,030	28,534

As of March 31, 2008

Yen (Millions):	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Equity securities	¥ 22,800	2,276	4,039	21,037
Debt securities	4,972	3	-	4,975
	¥ 27,772	2,279	4,039	26,012

As of March 31, 2009

U.S. Dollars (Thousands):	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Equity securities	$ 126,735	4,918	30,908	100,745
Debt securities	190,398	31	10	190,419
	$ 317,133	4,949	30,918	291,164

Debt securities classified as available-for-sale at March 31, 2009 have a weighted average remaining term of 0.9 years.

The proceeds from sale and maturity of available-for-sale securities are ¥4,455 million ($45,459 thousand), ¥1,177 million and ¥23 million for the years ended March 31, 2009, 2008 and 2007, respectively. The gross realized gains on the sale and settlement of available-for-sale securities are ¥172 million ($1,755 thousand), ¥47 million and ¥3 million for the years ended March 31, 2009, 2008 and 2007, respectively. TDK recorded an impairment of ¥6,621 million ($67,561 thousand), ¥2,128 million and ¥215 million on certain available-for-sale securities and nonmarketable securities representing other-than-temporary declines in the fair value for the years ended March 31, 2009, 2008 and 2007, respectively.

At March 31, 2009, all of the available-for-sale securities with unrealized losses had been in a continuous unrealized loss position for less than 12 months.

The aggregate cost of nonmarketable securities accounted for under the cost method at March 31, 2009 and 2008 totaled ¥990 million ($10,102 thousand) and ¥426 million, respectively, and a part of those securities as of March 31, 2009 and all of those securities as of March 31, 2008 were not evaluated for impairment because (a) TDK did not estimate the fair value of those investments as it was not practicable to estimate the fair value of the investment and (b) TDK did not identify any events or changes in circumstances that might have had significant adverse effect on the fair value of those investments.

As of March 31, 2009 and 2008, certain debt securities in the amount of ¥1,688 million ($17,224 thousand) and ¥990 million, respectively were pledged as collateral for extended custom duty payments to Tokyo Customs.

5. Investments in Affiliates

As of March 31, 2009, investments in affiliates accounted for by the equity method consist of 20.5 percent of the common stock of Imation, 29.5 percent of the common stock of Semiconductor Energy Laboratory Co., Ltd., a research and development company, 34.0 percent of the common stock of Toppan TDK Label Co., Ltd., a magnetic products manufacturing company, and five other affiliated companies, collectively, which are not significant, at March 31, 2009 and 2008. As of March 31, 2009 and 2008, the difference between TDK's carrying value of investments in affiliates and its share of the underlying net equity in such affiliates substantially consists of unamortized amounts of equity method goodwill of ¥980 million ($10,000 thousand) and ¥4,226 million, respectively.

TDK evaluates the recoverability of the carrying value of its investments in affiliates when there are indications of a decline in value below carrying amount. As a result of such evaluations, TDK determined that there was an other-than-temporary decline in the value of an investment and recorded an impairment of ¥17,419 million ($177,745 thousand) on the investment for the year ended March 31, 2009.

As of March 31, 2009 and 2008, consolidated retained earnings included undistributed earnings of affiliates accounted for by the equity method in the amount of ¥11,208 million ($114,367 thousand) and ¥10,421 million, respectively.

6. Inventories

Inventories at March 31, 2009 and 2008, are summarized as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2009	2008	**2009**
Finished goods	**¥ 50,473**	34,856	**$ 515,030**
Work in process	**25,440**	23,070	**259,592**
Raw materials	**29,771**	30,890	**303,786**
	¥ 105,684	88,816	**$ 1,078,408**

7. Short-Term and Long-Term Debt

Short-term debt and weighted average interest rates at March 31, 2009 and 2008 are as follows:

	Yen (Millions)		U.S. Dollars (Thousands)	Weighted average interest rate	
	2009	2008	**2009**	**2009**	2008
Short-term bank loans - secured	**¥ 1,396**	-	**$ 14,245**	**4.69%**	-
Short-term bank loans - unsecured	**69,653**	8,898	**710,745**	**1.43%**	1.45%

Long-term debt at March 31, 2009 and 2008, is set forth below:

	Yen (Millions)		U.S. Dollars (Thousands)
	2009	2008	**2009**
Loans from banks, secured (weighted average: 2009—0.75%, 2008—0.89%)	**¥ 75**	165	**$ 765**
Loans from banks, unsecured (weighted average: 2009—1.04%)	**127,257**	-	**1,298,541**
Unsecured Bonds due 2012—1.085%	**23,000**	-	**234,694**
Unsecured Bonds due 2014—1.413%	**48,000**	-	**489,796**
Unsecured Bonds due 2019—2.038%	**13,000**	-	**132,653**
Lease obligation (weighted average: 2009—3.67%, 2008—6.03%)	**2,248**	281	**22,939**
	213,580	446	**2,179,388**
Less current installments	**3,497**	294	**35,684**
	¥ 210,083	152	**$ 2,143,704**

The aggregate annual maturities of long-term debt outstanding at March 31, 2009 are as follows:

	Yen (Millions)	U.S. Dollars (Thousands)
Year ending March 31,		
2010	¥ 3,497	$ 35,684
2011	11,529	117,643
2012	82,784	844,735
2013	10,014	102,184
2014	92,210	940,918
2015 and thereafter	13,546	138,224
	¥ 213,580	$ 2,179,388

Short-term and long-term bank loans were made under general agreements in which security and guarantees for present and future indebtedness will be given upon request of the banks, and that the banks shall have the rights, as the obligations become due, or in the event of default, to offset cash deposits against such obligations due to the banks.

As of March 31, 2009, current assets having a net book value of ¥2,723 million ($27,786 thousand) were pledged as a collateral for short-term debt from banks.

As of March 31, 2009 and 2008, property, plant and equipment having a net book value of ¥2,105 million ($21,480 thousand) and ¥2,112 million, respectively were pledged as a collateral for long-term debt from banks.

There were no debt covenants or cross-default provisions under TDK's financing arrangements. Furthermore, there were no subsidiary level dividend restrictions under the financing arrangements.

TDK and certain of its subsidiaries enter into the contracts with financial institutions regarding lines of credit and overdrafts. Unused lines of credit and overdrafts amounted to ¥142,836 million ($1,457,510 thousand) as of March 31, 2009.

TDK has established a program to issue up to ¥150,000 million ($1,530,612 thousand) of bonds.

8. Income Taxes

TDK and its domestic subsidiaries are subject to a national corporate tax of 30 percent an inhabitants tax of between 5.2 percent and 6.2 percent and a deductible enterprise tax of between 7.7 percent and 8.0 percent, which in the aggregate resulted in a statutory rate of approximately 40.4 percent for the years ended March 31, 2009, 2008 and 2007.

The effective tax rates of TDK for the years ended March 31, 2009, 2008 and 2007, are reconciled with the Japanese statutory tax rate in the following table:

	2009	2008	2007
Japanese statutory tax rate	**40.4%**	40.4%	40.4%
Expenses not deductible for tax purposes	**(3.1)**	1.1	1.1
Nontaxable income	**0.1**	(0.2)	(0.2)
Difference in statutory tax rates of foreign subsidiaries	**(3.4)**	(15.7)	(15.0)
Change in the valuation allowance	**(17.1)**	1.5	(1.1)
Investment tax credit	**1.8**	(1.2)	(0.5)
Research and development tax credit	**0.5**	(2.8)	(4.5)
Prior-year tax adjustments	**0.9**	(0.8)	(0.6)
Other	**0.8**	(0.5)	(0.4)
Effective tax rate	**20.9%**	21.8%	19.2%

Total income taxes for the years ended March 31, 2009, 2008 and 2007 are allocated as follows:

	Yen (Millions)			U.S.Dollars (Thousands)
	2009	2008	2007	**2009**
Income (loss) before income taxes	**¥ (17,041)**	19,948	16,985	**$ (173,888)**
Stockholders' equity, accumulated other comprehensive income (loss):				
Foreign currency translation adjustments	**(1,257)**	914	4	**(12,827)**
Net unrealized gains (losses) on securities	**(639)**	(1,534)	88	**(6,520)**
Minimum pension liability adjustments	**-**	-	1,037	**-**
Pension liability adjustments to initially apply SFAS 158	**-**	-	(1,022)	**-**
Pension liability adjustments	**(26,894)**	(3,396)	-	**(274,428)**
Effect of application of the measurement date provision of SFAS 158	**(288)**	-	-	**(2,939)**
Total income taxes	**¥ (46,119)**	15,932	17,092	**$ (470,602)**

Income (loss) before income taxes and income taxes for the years ended March 31, 2009, 2008 and 2007, are summarized as follows:

	Income (Loss) Before Income Taxes	Income Taxes		
		Current	Deferred	Total
Yen (Millions):				
2009				
Japanese	**¥ (64,855)**	**697**	**(19,783)**	**(19,086)**
Foreign	**(16,775)**	**5,719**	**(3,674)**	**2,045**
	¥ (81,630)	**6,416**	**(23,457)**	**(17,041)**
2008				
Japanese	37,005	13,615	718	14,333
Foreign	54,500	8,218	(2,603)	5,615
	91,505	21,833	(1,885)	19,948
2007				
Japanese	35,189	11,947	537	12,484
Foreign	53,476	6,916	(2,415)	4,501
	88,665	18,863	(1,878)	16,985
U.S. Dollars (Thousands):				
2009				
Japanese	**$ (661,786)**	**7,112**	**(201,867)**	**(194,755)**
Foreign	**(171,173)**	**58,357**	**(37,490)**	**20,867**
	$ (832,959)	**65,469**	**(239,357)**	**(173,888)**

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at March 31, 2009 and 2008 are as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2009	2008	**2009**
Deferred tax assets:			
Trade accounts receivable, principally due to allowance for doubtful receivables	**¥ 261**	543	**$ 2,663**
Inventories	**3,608**	1,429	**36,816**
Accrued business tax	**-**	675	**-**
Accrued expenses	**7,536**	6,077	**76,898**
Retirement and severance benefits	**15,133**	9,740	**154,418**
Net operating loss carryforwards	**60,093**	21,485	**613,194**
Tax credit carryforwards	**3,047**	1,911	**31,092**
Pension liability adjustments	**32,604**	5,433	**332,694**
Property, plant and equipment, principally due to differences in depreciation	**7,029**	4,917	**71,725**
Other	**3,367**	1,831	**34,357**
Total gross deferred tax assets	**132,678**	54,041	**1,353,857**
Less valuation allowance	**(36,168)**	(21,039)	**(369,061)**
Net deferred tax assets	**¥ 96,510**	33,002	**$ 984,796**
Deferred tax liabilities:			
Investments, principally due to differences in valuation	**(6,200)**	(5,729)	**(63,265)**
Undistributed earnings of foreign subsidiaries and affiliated companies	**(3,316)**	(3,792)	**(33,837)**
Net unrealized gains on securities	**-**	(58)	**-**
Acquired intangible assets	**(13,506)**	(7,183)	**(137,816)**
Other	**(2,596)**	(1,002)	**(26,490)**
Total gross deferred tax liabilities	**(25,618)**	(17,764)	**(261,408)**
Net deferred tax assets	**¥ 70,892**	15,238	**$ 723,388**

The net changes in the total valuation allowance were an increase of ¥15,129 million ($154,378 thousand) for the year ended March 31, 2009, a decrease of ¥1,194 million for the year ended March 31, 2008, and an increase of ¥1,935 million for the year ended March 31, 2007. The valuation allowance primarily relates to deferred tax assets associated with net operating loss carryforwards. Of ¥36,168 million ($369,061 thousand) in valuation allowances at March 31, 2009, ¥10,007 million ($102,112 thousand) was related to preacquisition tax benefits. In the future, if TDK determines that the realization of these deferred tax assets is more likely than not, the reversal of the related valuation allowance will reduce goodwill instead of the provision for taxes.

The decrease in the valuation allowance attributable to preacquisition tax benefits recognized during the year ended March 31, 2008 amounted to ¥75 million. The reversal of the valuation allowance upon realization of tax benefits resulted in a reduction of goodwill. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and tax carryforwards are utilized. Management considered the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets are deductible, management believes it is more likely than not that TDK will realize the benefits of these deductible differences and tax carryforwards, net of the existing valuation allowance at March 31, 2009.

At March 31, 2009, there are net operating loss carryforwards for income tax purposes of ¥189,205 million ($1,930,663 thousand) which are available to offset future taxable income, if any.

Periods available to offset future taxable income vary in each tax jurisdiction and range from one year to an indefinite period as follows:

	Yen (Millions)	U.S. Dollars (Thousands)
Within 1 year	¥ 2,426	$ 24,755
1 to 5 years	7,758	79,163
5 to 20 years	83,384	850,857
Indefinite periods	95,637	975,888
	¥ 189,205	$ 1,930,663

At March 31, 2009, certain subsidiaries have tax credit carryforwards for income tax purposes of ¥3,047 million ($31,092 thousand) which are available to reduce future income taxes, if any. Approximately ¥1,170 million ($11,939 thousand) of the tax credit carryforwards will expire through 2028, while the remainder has an indefinite carryforward period.

Net deferred income tax assets and liabilities at March 31, 2009 and 2008 are reflected in the accompanying consolidated balance sheets under the following captions:

	Yen (Millions)		U.S. Dollars (Thousands)
	2009	2008	**2009**
Prepaid expenses and other current assets	**¥ 10,239**	10,031	**$ 104,479**
Deferred income taxes (noncurrent assets)	**75,556**	11,257	**770,980**
Other current liabilities	**(619)**	(52)	**(6,316)**
Deferred income taxes (noncurrent liabilities)	**(14,284)**	(5,998)	**(145,755)**
	¥ 70,892	15,238	**$ 723,388**

As of March 31, 2009 and 2008, TDK did not recognize deferred tax liabilities of approximately ¥10,789 million ($110,092 thousand) and ¥86,721 million, respectively, for certain portions of undistributed earnings of foreign subsidiaries because TDK currently does not expect those unremitted earnings to reverse and become taxable to TDK in the foreseeable future. The amended tax law of Japan was promulgated on March 31, 2009, and the Foreign Dividend Exclusion System was introduced. As a result of introducing this system, unrecognized deferred tax liabilities decreased by ¥64,958 million ($662,837 thousand) for the year ended March 31, 2009.

A deferred tax liability will be recognized when TDK expects that it will recover those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of the investments. As of March 31, 2009 and 2008, the undistributed earnings of these subsidiaries are approximately ¥393,790 million ($4,018,265 thousand) and ¥375,526 million, respectively.

TDK adopted FIN48 on April 1, 2007.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits for the years ended March 31, 2009 and 2008 are as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2009	2008	**2009**
Balance at beginning of year	**¥ 5,497**	5,420	**$ 56,092**
Additions for acquisition of subsidiaries	**1,147**	-	**11,704**
Additions for tax positions of the current year	**1,003**	726	**10,235**
Additions for tax positions of prior years	**401**	2,112	**4,092**
Reductions for tax positions of prior years	**(714)**	(1,795)	**(7,286)**
Settlements with taxing authorities during the period	**(456)**	(204)	**(4,653)**
Other	**(555)**	(762)	**(5,664)**
Balance at end of year	**¥ 6,323**	5,497	**$ 64,520**

The total amount of unrecognized tax benefits that, if recognized, would reduce the effective tax rate as of March 31, 2009 and 2008 are ¥4,847 million ($49,459 thousand) and ¥4,297 million, respectively.

Although TDK believes its estimates and assumptions used to identify unrecognized tax benefits are reasonable, there is uncertainty about the final determination of tax audit settlements and any related litigation which could affect the effective tax rate in the future periods. As at March 31, 2009, TDK is not aware of any significant changes in its unrecognized tax benefits over the next twelve months.

TDK classifies interest and penalties related to unrecognized tax benefits as interest expense and other expense, respectively, in the consolidated statements of operations. Interest and penalties accrued as of March 31, 2009 as well as interest and penalties recorded in interest expense and other expense for the year then ended are not material.

TDK files income tax returns in Japan and various foreign tax jurisdictions. In Japan, TDK is no longer subject to regular income tax examinations by the tax authority for years ended on or before March 31, 2007. While there has been no specific indication by the tax authority that TDK will be subject to a transfer pricing examination in the near future, the tax authority could conduct a transfer pricing examination for years ended on or after March 31, 2003. In other major foreign tax jurisdictions, including the U.S. and Hong Kong, TDK is no longer subject to income tax examinations by tax authorities for years ended on or before March 31, 2000 with few exceptions. The tax authorities are currently conducting income tax examinations of TDK's income tax returns for certain years ended on or after March 31, 2001 in major foreign tax jurisdictions.

9. Retirement and Severance Benefits

TDK and certain of its subsidiaries sponsor contributory and noncontributory retirement and severance plans that provide for pension or lump-sum benefit payments, based on length of service, employee salary and certain other factors, to substantially all employees who retire or terminate their employment for reasons other than dismissal for cause. Corporate statutory auditors participate in an unfunded retirement plan sponsored by TDK.

On March 31, 2007, TDK adopted the recognition and disclosure provisions of SFAS 158. SFAS 158 required TDK to recognize the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its pension plans in the consolidated balance sheets, with a corresponding adjustment to accumulated other comprehensive income (loss), net of tax. The adjustment to accumulated other comprehensive income (loss) at adoption represents the unrecognized net actuarial loss and unrecognized prior service cost, which were previously netted against the plans' funded status in the consolidated balance sheets pursuant to the provisions of Statement of Financial Accounting Standards No. 87 ("SFAS 87"), "Employees' Accounting for Pensions". These amounts will be subsequently recognized as net periodic benefit cost pursuant to TDK's historical accounting policy for amortizing such amounts. Further, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic benefit cost in the same periods will be recognized as a component of other comprehensive income (loss). Those amounts will be subsequently recognized as a component of net periodic benefit cost on the same basis as the amounts recognized in accumulated other comprehensive income (loss) at adoption of SFAS 158.

The measurement date regarding the pension plans of TDK and its subsidiaries had previously been December 31 and was changed to March 31 effective for the year ended March 31, 2009 upon adoption of the measurement date provision of SFAS 158. Since the effect of the adoption of this provision (after income tax effect) was reflected in the consolidated statements of stockholders' equity for the year ended March 31, 2009, retained earnings decreased by ¥466 million ($4,755 thousand).

For the year ended March 31, 2009, settlement of the pension plans was implemented at certain subsidiaries of TDK. In line with the settlement of the pension plans, ¥1,067 million ($10,888 thousand) was included in net periodic benefit cost. As a result of the settlement of the pension plans, benefit obligations and plan assets decreased by ¥2,002 million ($20,428 thousand) and ¥681 million ($6,949 thousand), respectively.

Reconciliations of beginning and ending balances of the benefit obligations and the fair value of the plan assets are as follows:

	Yen (Millions)			
	2009		2008	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Change in benefit obligations:				
Benefit obligations at beginning of period	¥179,885	11,693	177,650	13,335
Service cost	5,711	1,028	5,765	702
Interest cost	3,887	1,369	3,845	593
Actuarial (gain) loss	4,572	(133)	(936)	478
Benefits paid	(7,461)	(1,536)	(6,151)	(461)
Curtailment/settlement	(354)	(1,648)	-	(720)
Sale of business	-	-	(244)	(950)
Acquisition of subsidiaries	46	31,504	-	-
Effect of change in measurement date	2,095	141	-	-
Others	(44)	158	(44)	406
Translation adjustment	-	(4,857)	-	(1,690)
Benefit obligations at end of period	188,337	37,719	179,885	11,693
Change in plan assets:				
Fair value of plan assets at beginning of period	174,523	6,202	177,877	7,184
Actual return on plan assets	(57,229)	(1,737)	(2,348)	151
Employer contributions	4,780	505	3,976	1,237
Benefits paid	(6,079)	(312)	(4,982)	(200)
Curtailment/settlement	(354)	(327)	-	(365)
Sale of business	-	-	-	(750)
Acquisition of subsidiaries	-	5,287	-	-
Effect of change in measurement date	1,148	111	-	-
Others	-	39	-	-
Translation adjustment	-	(878)	-	(1,055)
Fair value of plan assets at end of period	116,789	8,890	174,523	6,202
Funded status	¥(71,548)	(28,829)	(5,362)	(5,491)

	U.S. Dollars (Thousands)	
	2009	
	Japanese plans	Foreign plans
Change in benefit obligations:		
Benefit obligations at beginning of period	$1,835,561	119,316
Service cost	58,276	10,490
Interest cost	39,663	13,969
Actuarial (gain) loss	46,653	(1,357)
Benefits paid	(76,133)	(15,673)
Curtailment/settlement	(3,612)	(16,816)
Acquisition of subsidiaries	469	321,469
Effect of change in measurement date	21,378	1,439
Others	(449)	1,612
Translation adjustment	-	(49,561)
Benefit obligations at end of period	1,921,806	384,888
Change in plan assets:		
Fair value of plan assets at beginning of period	1,780,847	63,286
Actual return on plan assets	(583,969)	(17,724)
Employer contributions	48,775	5,153
Benefits paid	(62,031)	(3,184)
Curtailment/settlement	(3,612)	(3,337)
Acquisition of subsidiaries	-	53,949
Effect of change in measurement date	11,714	1,133
Others	-	398
Translation adjustment	-	(8,959)
Fair value of plan assets at end of period	1,191,724	90,715
Funded status	$(730,082)	(294,173)

The fair value of plan assets as of March 31, 2009 has declined due to unfavorable performance of plan assets, resulted from the financial markets crisis, drop in stock prices and other factors.

Amounts recognized in the consolidated balance sheets as of March 31, 2009 and 2008 consist of:

	Yen (Millions)			
	2009		2008	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Other assets	¥ -	304	24,450	-
Accrued expenses	(1,282)	(1,392)	(1,313)	-
Retirement and severance benefits	(70,266)	(27,741)	(28,499)	(5,491)
	¥(71,548)	(28,829)	(5,362)	(5,491)

	U.S. Dollars (Thousands)	
	2009	
	Japanese plans	Foreign plans
Other assets	$ -	3,102
Accrued expenses	(13,082)	(14,204)
Retirement and severance benefits	(717,000)	(283,071)
	$(730,082)	(294,173)

Amounts recognized in accumulated other comprehensive income (loss) as of March 31, 2009 and 2008 consist of:

	Yen (Millions)			
	2009		2008	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Net actuarial loss	¥98,499	4,437	33,519	2,526
Prior service benefit	(19,423)	(45)	(21,958)	32
	¥79,076	4,392	11,561	2,558

	U.S. Dollars (Thousands)	
	2009	
	Japanese plans	Foreign plans
Net actuarial loss	$1,005,092	45,275
Prior service benefit	(198,194)	(459)
	$806,898	44,816

Accumulated benefit obligations for all defined benefit plans are as follows:

	Yen (Millions)			
	2009		2008	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Accumulated benefit obligations	¥178,928	33,827	170,784	9,669

	U.S. Dollars (Thousands)	
	2009	
	Japanese plans	Foreign plans
Accumulated benefit obligations	$1,825,796	345,173

The projected benefit obligations and the fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets, and the accumulated benefit obligations and the fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets are as follows:

	Yen (Millions)			
	2009		2008	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Plans with projected benefit obligations in excess of plan assets:				
Projected benefit obligations	¥188,337	36,925	55,138	11,693
Fair value of plan assets	116,789	7,875	32,869	6,202
Plans with accumulated benefit obligations in excess of plan assets:				
Accumulated benefit obligations	¥178,928	33,113	52,913	4,049
Fair value of plan assets	116,789	7,829	32,869	187

	U.S. Dollars (Thousands)	
	2009	
	Japanese plans	Foreign plans
Plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligations	$ 1,921,806	376,786
Fair value of plan assets	1,191,724	80,357
Plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligations	$ 1,825,796	337,888
Fair value of plan assets	1,191,724	79,888

Net periodic benefit cost for TDK's employee retirement and severance defined benefit plans for the years ended March 31, 2009, 2008 and 2007 consist of the following components:

	Yen (Millions)					
	2009		2008		2007	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Service cost-benefits earned during the year	**¥ 5,711**	**1,028**	5,765	702	6,052	729
Interest cost on projected benefit obligation	**3,887**	**1,369**	3,845	593	3,550	636
Expected return on plan assets	**(4,687)**	**(612)**	(5,562)	(521)	(4,425)	(453)
Amortization of transition assets	**-**	**-**	-	-	(1,276)	-
Recognized actuarial loss	**1,165**	**107**	893	85	1,408	137
Amortization of unrecognized prior service benefit	**(2,025)**	**9**	(2,025)	9	(2,041)	12
Curtailment charge	**-**	**-**	-	349	-	-
Settlement loss	**69**	**998**	-	41	-	-
	¥ 4,120	**2,899**	2,916	1,258	3,268	1,061

	U.S. Dollars (Thousands)	
	2009	
	Japanese plans	Foreign plans
Service cost-benefits earned during the year	**$ 58,276**	**10,490**
Interest cost on projected benefit obligation	**39,663**	**13,969**
Expected return on plan assets	**(47,827)**	**(6,245)**
Recognized actuarial loss	**11,888**	**1,092**
Amortization of unrecognized prior service benefit	**(20,663)**	**92**
Settlement loss	**704**	**10,184**
	$ 42,041	**29,582**

Prior service benefit is amortized by the straight-line method over the average remaining service period of current employees.

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the year ended March 31, 2009 and 2008 are summarized as follows:

	Yen (Millions)			
	2009		2008	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Current year actuarial loss	¥ 66,489	2,200	6,974	654
Amortization of actuarial loss	(1,165)	(107)	(893)	(85)
Amortization of prior service benefit	2,025	(9)	2,025	(9)
Curtailment charge	-	-	-	(210)
Settlement loss	(69)	(404)	-	(41)
Sale of business	-	-	-	(51)
Effect of change in measurement date	235	(15)	-	-
	¥ 67,515	1,665	8,106	258

	U.S. Dollars (Thousands)	
	2009	
	Japanese plans	Foreign plans
Current year actuarial loss	$ 678,459	22,449
Amortization of actuarial loss	(11,887)	(1,092)
Amortization of prior service benefit	20,663	(92)
Settlement loss	(704)	(4,122)
Effect of change in measurement date	2,398	(153)
	$ 688,929	16,990

The estimated net actuarial loss and prior service benefit for the defined pension plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next year are summarized as follows:

	Yen (Millions)		U.S. Dollars (Thousands)	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Net actuarial loss	¥ 5,226	178	$ 53,327	1,816
Prior service benefit	(2,025)	4	(20,663)	41

Assumptions

Weighted average assumptions used to determine benefit obligations at March 31:

	2009		2008	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Discount rate	2.0%	6.2%	2.2%	5.1%
Assumed rate of increase in future compensation levels	3.0%	3.0%	3.0%	3.1%

Weighted average assumptions used to determine net periodic benefit cost for the years ended March 31:

	2009		2008		2007	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Discount rate	**2.2%**	**6.2%**	2.2%	4.8%	2.0%	5.0%
Assumed rate of increase in future compensation levels	**3.0%**	**3.1%**	3.0%	2.8%	3.0%	3.0%
Expected long-term rate of return on plan assets	**3.0%**	**7.1%**	3.5%	6.1%	3.0%	6.2%

TDK determines the expected long-term rate of return based on the expected long-term return of the various asset categories in which it invests. TDK considers the current expectations for future returns and the actual historical returns of each plan asset category.

Plan assets

The weighted average asset allocations of TDK's benefit plans at March 31, 2009 and 2008 by asset category are as follows:

	2009		2008	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Equity securities	**38.5%**	**34.2%**	58.2%	62.1%
Debt securities	**36.3%**	**35.0%**	25.0%	29.3%
Cash	**2.2%**	**26.8%**	2.9%	4.4%
Other	**23.0%**	**4.0%**	13.9%	4.2%
	100.0%	**100.0%**	100.0%	100.0%

TDK's investment policies are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, TDK formulates a "model" portfolio comprised of the optimal combination of equity securities and debt securities. Plan assets are invested in individual equity and debt securities using the guidelines of the "model" portfolio in order to produce a total return that will match the expected return on a mid-term to long-term basis. TDK evaluates the gap between expected return and actual return of invested plan assets on an annual basis to determine if such differences necessitate a revision in the formulation of the "model" portfolio. TDK revises the "model" portfolio when and to the extent considered necessary to achieve the expected long-term rate of return on plan assets.

Contributions

TDK expects to contribute ¥4,061 million ($41,439 thousand) to its Japanese defined benefit plans and ¥884 million ($9,020 thousand) to its foreign defined benefit plans for the year ending March 31, 2010.

Estimated future benefit payments

The benefits are expected to be paid from the pension plans in each year 2010 through 2019 are as follows:

	Yen (Millions)		U.S. Dollars (Thousands)	
	Japanese plans	Foreign plans	Japanese plans	Foreign plans
Year ending March 31,				
2010	¥ 7,620	1,619	$ 77,755	16,520
2011	7,693	1,477	78,500	15,071
2012	8,059	1,824	82,235	18,612
2013	7,253	1,746	74,010	17,816
2014	6,935	1,831	70,765	18,684
2015 - 2019	40,311	10,857	411,337	110,786

10. Legal Reserve and Dividends

The Japanese Companies Act provides that an amount equal to 10 percent of cash dividends and other distributions from retained earnings paid by TDK and its Japanese subsidiaries be appropriated as a legal reserve. No further appropriations are required when the total amount of the additional paid-in capital and the legal reserve equals 25 percent of their respective stated capital. The Japanese Companies Act also provides that additional paid-in capital and the legal reserve are available for appropriations by the resolution of the shareholders. Certain foreign subsidiaries are also required to appropriate their earnings to legal reserves under the laws of the respective countries. Cash dividends and appropriations to the legal reserve charged to retained earnings in accordance with Japanese Companies Act for the years ended March 31, 2009, 2008 and 2007 represent dividends paid out during those years and the related appropriations to the legal reserve. The accompanying consolidated financial statements do not include any provision for the dividend taken up at the Ordinary General Meeting of Shareholders of ¥60 ($0.61) per share aggregating ¥7,738 million ($78,959 thousand) in respect of the year ended March 31, 2009.

Cash dividends per common share are computed based on dividends paid for the year.

11. Stock Option Plan

The Board of Directors, which was held on May 28, 2008 regarding the issuance of stock acquisition rights as share-based compensation stock options (the Stock Acquisition Rights) to Directors pursuant to Articles 236, 238 and 239 of the Japanese Companies Act, adopted resolutions to issue an aggregate of 139 Stock Acquisition Rights, each representing an option to purchase 100 shares of common stock of TDK, to the then 5 Directors of TDK. The Stock Acquisition Rights issued on July 5, 2008 are fully vested on date of issuance and have the exercise period of 20 years. The amount to be paid by qualified persons upon the exercise of each Stock Acquisition Rights is set at ¥1 ($0.01) per share of common stock.

TDK obtained approval of the Ordinary General Meeting of Shareholders held on June 27, 2008 regarding the issuance of stock acquisition rights as share-based compensation stock options (the Stock Acquisition Rights) to Corporate Officers, pursuant to Articles 236, 238 and 239 of the Japanese Companies Act. Upon approval, the Board of Directors adopted resolutions to issue an aggregate of 107 Stock Acquisition Rights, each representing an option to purchase 100 shares of common stock of TDK, to the then 8 Corporate Officers of TDK. The Stock Acquisition Rights issued on July 5, 2008 are fully vested on date of issuance and have the exercise period of 20 years. The amount to be paid by qualified persons upon the exercise of each Stock Acquisition Rights is set at ¥1 ($0.01) per share of common stock.

TDK obtained approval of the Ordinary General Meeting of Shareholders held on June 27, 2008 regarding the issuance of stock acquisition rights as stock options to select senior executives of TDK, and the Directors and select senior executives of subsidiaries, pursuant to Articles 236, 238 and 239 of the Japanese Companies Act. Upon approval, the Board of Directors adopted resolutions to issue an aggregate of 987 Stock Acquisition Rights, each representing an option to purchase 100 shares of common stock of TDK, to the then 188 select senior executives of TDK, and the Directors and select senior executives of subsidiaries. The Stock Acquisition Rights issued on September 2, 2008 are vested based on 2 years of continuous service after the issuance and have the exercise period of 4 years. The amount to be paid by qualified persons upon the exercise of each Stock Acquisition Rights is set at ¥6,837 ($69.77) per share of common stock, which was calculated by a formula approved by shareholders at the aforementioned annual shareholders meeting and is subject to an adjustment in certain events, including but not limited to a stock split, stock dividend and issue of new shares at a price less than the current market price of the shares of TDK. The exercise price of each Stock Acquisition Rights was equal to or greater than the fair market value of TDK's common stock on the date of grant.

The Board of Directors, which was held on May 15, 2007 regarding the issuance of stock acquisition rights as share-based compensation stock options (the Stock Acquisition Rights) to Directors pursuant to Articles 236, 238 and 239 of the Japanese Companies Act, adopted resolutions to issue an aggregate of 86 Stock Acquisition Rights, each representing an option to purchase 100 shares of common stock of TDK, to the then 7 Directors of TDK. The Stock Acquisition Rights issued on July 7, 2007 are fully vested on date of issuance and have the exercise period of 20 years. The amount to be paid by qualified persons upon the exercise of each Stock Acquisition Rights is set at ¥1 per share of common stock.

TDK obtained approval of the Ordinary General Meeting of Shareholders held on June 28, 2007 regarding the issuance of stock acquisition rights as share-based compensation stock options (the Stock Acquisition Rights) to Corporate Officers, pursuant to Articles 236, 238 and 239 of the Japanese Companies Act. Upon approval, the Board of Directors adopted resolutions to issue an aggregate of 61 Stock Acquisition Rights, each representing an option to purchase 100 shares of common stock of TDK, to the then 9 Corporate Officers of TDK. The Stock Acquisition Rights issued on July 7, 2007 are fully vested on date of issuance and have the exercise period of 20 years. The amount to be paid by qualified persons upon the exercise of each Stock Acquisition Rights is set at ¥1 per share of common stock.

TDK obtained approval of the Ordinary General Meeting of Shareholders held on June 28, 2007 regarding the issuance of stock acquisition rights as stock options to select senior executives of TDK, and the Directors and select senior executives of subsidiaries, pursuant to Articles 236, 238 and 239 of the Japanese Companies Act. Upon approval, the Board of Directors adopted resolutions to issue an aggregate of 986 Stock Acquisition Rights, each representing an option to purchase 100 shares of common stock of TDK, to the then 186 select senior executives of TDK, and the Directors and select senior executives of subsidiaries. 10 Stock Acquisition Rights issued to the then 2 select senior executives of TDK on July 20, 2007 and 976 Stock Acquisition Rights issued to the then 184 select senior executives of TDK, and the Directors and select senior executives of subsidiaries on July 11, 2007 are vested based on 2 years of continuous service after the issuance and have the exercise period of 4 years. The amount to be paid by qualified persons upon the exercise of each Stock Acquisition Rights is set at ¥12,098 per share of common stock, which was calculated by a formula approved by shareholders at the aforementioned annual shareholders meeting and is subject to an adjustment in certain events, including but not limited to a stock split, stock dividend and issue of new shares at a price less than the current market price of the shares of TDK. The exercise price of each Stock Acquisition Rights was equal to or greater than the fair market value of TDK's common stock on the date of grant.

TDK obtained approval of the Ordinary General Meeting of Shareholders held on June 29, 2006 regarding the issuance of the Stock Acquisition Rights to Directors and Corporate Officers, pursuant to Articles 236, 238 and 239 of the Japanese Companies Act. Upon approval, the Board of Directors adopted resolutions to issue an aggregate of 203 Stock Acquisition Rights, each representing an option to purchase 100 shares of common stock of TDK, to the then 17 Directors and Corporate Officers of TDK. The Stock Acquisition Rights issued on August 5, 2006 are fully vested on date of issuance and have the exercise period of 20 years. The amount to be paid by qualified persons upon the exercise of each Stock Acquisition Rights is set at ¥1 per share of common stock.

TDK obtained approval of the Ordinary General Meeting of Shareholders held on June 29, 2006 regarding the issuance of stock acquisition rights as stock options to select senior executives of TDK, and the Directors and select senior executives of subsidiaries, pursuant to Articles 236, 238 and 239 of the Japanese Companies Act. Upon approval, the Board of Directors adopted resolutions to issue an aggregate of 966 Stock Acquisition Rights, each representing an option to purchase 100 shares of common stock of TDK, to the then 179 select senior executives of TDK, and the Directors and select senior executives of subsidiaries. The Stock Acquisition Rights issued on August 5, 2006 are vested based on 2 years of continuous service after the issuance and have the exercise period of 4 years. The amount to be paid by qualified persons upon the exercise of each Stock Acquisition Rights is set at ¥9,072 per share of common stock, which was calculated by a formula approved by shareholders at the aforementioned annual shareholders meeting and is subject to an adjustment in certain events, including but not limited to a stock split, stock dividend and issuance of new shares at a price less than the current market price of the shares of TDK. The exercise price of each Stock Acquisition Rights was equal to or greater than the fair market value of TDK's common stock on the date of grant.

TDK obtained approval of the Ordinary General Meeting of Shareholders held on June 29, 2005 regarding the issuance of stock acquisition rights as share-based compensation stock options (the Stock Acquisition Rights) to Board members and Corporate Officers, pursuant to Articles 280-20 and 280-21 of the Japanese Commercial Code. Upon approval, the Board of Directors adopted resolutions to issue an aggregate of 246 Stock Acquisition Rights, each representing an option to purchase 100 shares of common stock of TDK, to the then 17 Directors and Corporate Officers of TDK. The Stock Acquisition Rights issued on June 30, 2005 are fully vested on date of issuance and have the exercise period of 20 years. The amount to be paid by qualified persons upon the exercise of each Stock Acquisition Rights is set at ¥1 per share of common stock.

TDK obtained approval of the Ordinary General Meeting of Shareholders held in June 2005, 2004, 2003 and 2002 regarding the issuance of stock acquisition rights as stock options, pursuant to Articles 280-20 and 280-21 of the Japanese Commercial Code. Upon approval, the Board of Directors adopted resolutions to issue an aggregate of 906, 2,343, 2,547 and 2,236 Stock Acquisition Rights, each representing a stock option to purchase 100 shares of common stock of TDK, to the then 172, 187, 179 and 197 Directors, Corporate Officers and select senior executives of TDK, and the Directors and select senior executives of its subsidiaries, respectively. The Stock Acquisition Rights issued on August 11, 2005, August 6, 2004, August 7, 2003 and August 9, 2002 are vested based on 2 years of continuous service after the issuance and have the exercise period of 4 years, respectively. The amount to be paid by qualified persons upon the exercise of each Stock Acquisition Rights was set at ¥8,134, ¥8,147, ¥6,954 and ¥5,909 per share of common stock, respectively. The exercise price of each Stock Acquisition Rights was equal to or greater than the fair market value of TDK's common stock on the date of grant.

At March 31, 2009, TDK has ¥90 million ($918 thousand) of total unrecognized stock option related compensation cost that will be recognized over the weighted average period of 1.1 years. Cash received from stock option exercises was ¥125 million ($1,276 thousand) for the year ended March 31, 2009. The total intrinsic value of options exercised during the years ended March 31, 2009, 2008 and 2007 is ¥0 million ($0 thousand), ¥207 million and ¥421 million, respectively. The total fair value of options vested during the years ended March 31, 2009, 2008 and 2007 is ¥337 million ($3,439 thousand), ¥373 million and ¥683 million, respectively.

A summary of the status of TDK's stock option plans as of March 31, 2009, 2008 and 2007, and of the activity during the years ending on those dates, is as follows:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value [1]
		Yen	Years	Yen (Millions)
2009				
Outstanding at beginning of year	**626,100**	**¥7,790**		
Granted	**123,300**	**5,473**		
Exercised	**24,300**	**4,499**		
Forfeited or Expired	**31,400**	**6,760**		
Outstanding at end of year	**693,700**	**7,540**	**4.4**	**285**
Exercisable at end of year	**499,400**	**6,796**	**4.2**	**285**
Expected to vest after end of year	**194,300**	**9,453**	**4.8**	**—**
2008				
Outstanding at beginning of year	653,000	¥7,191		
Granted	113,300	10,528		
Exercised	121,600	7,165		
Forfeited or Expired	18,600	7,538		
Outstanding at end of year	626,100	7,790	4.4	351
Exercisable at end of year	432,400	6,533	4.3	351
Expected to vest after end of year	193,700	10,597	4.8	—
2007				
Outstanding at beginning of year	828,200	¥8,244		
Granted	116,900	7,497		
Exercised	170,400	6,787		
Forfeited or Expired	121,700	15,212		
Outstanding at end of year	653,000	7,191	4.3	1,978
Exercisable at end of year	465,800	6,618	4.1	1,678
Expected to vest after end of year	187,200	8,618	4.8	300

[1] The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the closing stock price of ¥3,650 ($37.24) of our common stock on March 31, 2009 and ¥5,890 of our common stock on March 31, 2008.

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
		U.S. Dollars	Years	U.S. Dollars (Thousands)
2009				
Outstanding at beginning of year	**626,100**	**$79.49**		
Granted	**123,300**	**55.85**		
Exercised	**24,300**	**45.91**		
Forfeited or Expired	**31,400**	**68.98**		
Outstanding at end of year	**693,700**	**76.94**	**4.4**	**2,908**
Exercisable at end of year	**499,400**	**69.35**	**4.2**	**2,908**
Expected to vest after end of year	**194,300**	**96.46**	**4.8**	**—**

Information about stock options outstanding at March 31, 2009 is as follows:

Range of exercise prices	Options Outstanding			
	Number outstanding at March 31, 2009	Weighted average remaining contractual term	Weighted average exercise price	
Yen		(years)	Yen	U.S. Dollars
1	**78,200**	17.9	1	0.01
6,837	**97,700**	5.3	6,837	69.77
6,954	**104,300**	0.3	6,954	70.96
8,134	**82,200**	2.3	8,134	83.00
8,147	**139,600**	1.3	8,147	83.13
9,072	**95,100**	3.3	9,072	92.57
12,098	**96,600**	4.3	12,098	123.45
1 to 12,098	**693,700**	4.4	7,540	76.94

The fair value of these stock options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

The Stock Acquisition Rights – the exercise price is equal to or greater than the market price of the stock on the grant date

	2009	2008 (1)	2007
Grant-date fair value	**¥ 955 ($ 9.74)**	¥ 2,011	¥ 1,976
Expected life	**4.0 years**	4.0 years	4.0 years
Risk-free interest rate	**0.95%**	1.33%	1.23%
Expected volatility	**27.40%**	26.09%	32.76%
Expected dividend yield	**1.19%**	0.97%	1.00%

(1) Grant-date fair value and Expected volatility are weighted average assumptions at date of grant for options as of July 11 and July 20, 2007 as mentioned above.

The Stock Acquisition Rights – the exercise price is less than the market price of the stock on the grant date

	2009	2008	2007
Grant-date fair value	**¥ 5,967 ($60.89)**	¥ 11,014	¥ 8,139
Expected life	**6.6 years**	5.5 years	5.5 years
Risk-free interest rate	**1.36%**	1.59%	1.47%
Expected volatility	**33.06%**	31.25%	38.84%
Expected dividend yield	**1.04%**	0.95%	0.96%

12. Other Comprehensive Income (Loss)

Change in accumulated other comprehensive income (loss) for the years ended March 31, 2009, 2008 and 2007 are as follows:

	Yen (Millions)			U.S. Dollars (Thousands)
	2009	2008	2007	**2009**
Foreign currency translation adjustments:				
Balance at beginning of period	**¥ (72,445)**	(16,688)	(21,071)	**$ (739,235)**
Adjustments for period	**(42,046)**	(55,757)	4,383	**(429,040)**
Balance at end of period	**(114,491)**	(72,445)	(16,688)	**(1,168,275)**
Net unrealized gains (losses) on securities:				
Balance at beginning of period	**(1,527)**	1,769	1,693	**(15,582)**
Adjustments for period	**(104)**	(3,296)	76	**(1,061)**
Balance at end of period	**(1,631)**	(1,527)	1,769	**(16,643)**
Minimum pension liability adjustments:				
Balance at beginning of period	-	-	(2,568)	-
Adjustments for period	-	-	2,290	-
Adjustment for application of SFAS158	-	-	278	-
Balance at end of period	-	-	-	-
Pension liability adjustments:				
Balance at beginning of period	**(7,611)**	(2,927)	-	**(77,663)**
Adjustments for period	**(39,008)**	(4,684)	-	**(398,041)**
Adjustment for application of SFAS158	-	-	(2,927)	-
Balance at end of period	**(46,619)**	(7,611)	(2,927)	**(475,704)**
Total accumulated other comprehensive income (loss):				
Balance at beginning of period	**(81,583)**	(17,846)	(21,946)	**(832,480)**
Adjustments for period	**(81,158)**	(63,737)	6,749	**(828,142)**
Adjustment for application of SFAS158	-	-	(2,649)	-
Balance at end of period	**¥ (162,741)**	(81,583)	(17,846)	**$ (1,660,622)**

Tax effects allocated to each component of other comprehensive income (loss) and reclassification adjustments for the years ended March 31, 2009, 2008 and 2007, are as follows:

	Yen (Millions)		
	Before tax amount	Tax (expense) or benefit	Net-of-tax amount
2009			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of period	**¥ (42,096)**	**(145)**	**(42,241)**
Reclassification adjustments for the portion of gains and losses realized upon sale and liquidation of investments in foreign entities	**195**	**-**	**195**
Net foreign currency translation adjustments	**(41,901)**	**(145)**	**(42,046)**
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising for period	**(6,430)**	**2,874**	**(3,556)**
Reclassification adjustments for (gains) losses realized in net income	**5,687**	**(2,235)**	**3,452**
Net unrealized gains (losses)	**(743)**	**639**	**(104)**
Pension liability adjustments	**(65,902)**	**26,894**	**(39,008)**
Other comprehensive income (loss)	**¥ (108,546)**	**27,388**	**(81,158)**
2008			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of period	¥ (56,565)	(103)	(56,668)
Reclassification adjustments for the portion of gains and losses realized upon sale and liquidation of investments in foreign entities	911	-	911
Net foreign currency translation adjustments	(55,654)	(103)	(55,757)
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising for period	(6,343)	2,145	(4,198)
Reclassification adjustments for (gains) losses realized in net income	1,513	(611)	902
Net unrealized gains (losses)	(4,830)	1,534	(3,296)
Pension liability adjustments	(8,080)	3,396	(4,684)
Other comprehensive income (loss)	¥ (68,564)	4,827	(63,737)

2007			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of period	¥ 4,298	(4)	4,294
Reclassification adjustments for the portion of gains and losses realized upon sale and liquidation of investments in foreign entities	89	-	89
Net foreign currency translation adjustments	4,387	(4)	4,383
Unrealized gains (losses) on securities:			
Unrealized holding gains arising for period	171	(91)	80
Reclassification adjustments for (gains) losses realized in net income	(7)	3	(4)
Net unrealized gains (losses)	164	(88)	76
Minimum pension liability adjustments	3,327	(1,037)	2,290
Other comprehensive income (loss)	¥ 7,878	(1,129)	6,749

	U.S. Dollars (Thousands)		
	Before tax amount	Tax (expense) or benefit	Net-of-tax amount
2009			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of period	**$ (429,551)**	**(1,479)**	**(431,030)**
Reclassification adjustments for the portion of gains and losses realized upon sale and liquidation of investments in foreign entities	**1,990**	**-**	**1,990**
Net foreign currency translation adjustments	**(427,561)**	**(1,479)**	**(429,040)**
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising for period	**(65,612)**	**29,326**	**(36,286)**
Reclassification adjustments for (gains) losses realized in net income	**58,031**	**(22,806)**	**35,225**
Net unrealized gains (losses)	**(7,581)**	**6,520**	**(1,061)**
Pension liability adjustments	**(672,469)**	**274,428**	**(398,041)**
Other comprehensive income (loss)	**$ (1,107,611)**	**279,469**	**(828,142)**

13. Leases

TDK and its subsidiaries occupy offices and other facilities under various cancellable lease agreements expiring in 2010 through 2011. Lease deposits made under such agreements, aggregating ¥1,284 million ($13,102 thousand) and ¥1,234 million, at March 31, 2009 and 2008, respectively, are included in other assets on the accompanying consolidated balance sheets.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of March 31, 2009:

	Yen (Millions)	U.S. Dollars (Thousands)
Year ending March 31,		
2010	¥ 6,402	$ 65,326
2011	5,380	54,898
2012	3,361	34,296
2013	2,759	28,153
2014	2,042	20,837
Later years	5,615	57,296
	¥ 25,559	$ 260,806

14. Commitments and Contingent Liabilities

Commitments outstanding for the purchase of property, plant and equipment at March 31, 2009 and 2008 are as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2009	2008	**2009**
Commitments outstanding for the purchase of property, plant and equipment	**¥ 17,303**	32,855	**$ 176,561**

TDK has entered into several purchase agreements with certain suppliers whereby TDK committed to purchase a minimum amount of raw materials to be used in the manufacture of its products. Future minimum purchases remaining under the agreements approximated ¥4,477 million ($45,684 thousand) and ¥7,189 million for the years ended March 31, 2009 and 2008, respectively.

TDK and certain of its subsidiaries provide guarantees to third parties on bank loans of its employees. The guarantees on behalf of the employees are made for their housing loans. For each guarantee issued, in the event the employee defaults on payment, TDK would be required to make payments under its guarantee.

The maximum amount of undiscounted payments TDK would have to make in the event of default at March 31, 2009 and 2008 are as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2009	2008	**2009**
Guarantees to third parties on bank loans of employees	**¥ 4,374**	4,764	**$ 44,633**

As of March 31, 2009, the liability recognized for the estimated fair value of TDK's obligation under the guarantee arrangements is not material.

Several claims against TDK and certain subsidiaries are pending. Provision has been made for the estimated liabilities for the items. In the opinion of management, based upon discussion with counsel, any additional liability not currently provided for will not materially affect the consolidated financial position and results of operations of TDK.

15. Risk Management Activities and Derivative Financial Instruments

TDK and its subsidiaries operate internationally and are exposed to the risk of changes in foreign exchange rates and interest rates as well as changes in raw material prices; derivative financial instruments are utilized to reduce these risks. TDK assesses these risks by continuously monitoring changes in the exchange rates, interest rates and raw material prices and by evaluating hedging opportunities. TDK and its subsidiaries do not hold or issue derivative financial instruments for trading purposes. TDK and its subsidiaries are exposed to credit related losses in the event of nonperformance by the counterparties to those derivative financial instruments, but does not expect any counterparties to fail to meet their obligations given their high credit ratings. The credit exposure of forward foreign exchange contracts, currency option contracts, currency and interest rate swaps and commodity forward transactions is represented by the fair values of contracts. The fair values of the contracts are calculated based on the quotes presented by financial institutions.

TDK uses forward foreign exchange contracts and currency option contracts in order to offset foreign exchange gain (loss) mainly arising from foreign-currency denominated assets and liabilities. TDK uses currency and interest rate swaps in order to control the fluctuation risks of foreign exchange rates and interest rates. Also, TDK uses commodity forward transactions in order to control the fluctuation risks of raw material prices. Although these contracts have not been designated as hedges, which is required to apply hedge accountings, TDK considers they are effective as hedges from the economic viewpoint. The fair values of these undesignated contracts are recognized as income or expenses as incurred.

Notional amounts of derivative financial instruments at March 31, 2009 and 2008, are as follows:

	Yen (Millions)		U.S. Dollars (Thousands)
	2009	2008	**2009**
Forward foreign exchange contracts	**¥ 44,226**	12,244	**$ 451,286**
Currency option contracts	**-**	1,080	**-**
Currency and interest rate swaps	**6,025**	-	**61,480**
Commodity forward transactions	**4,944**	-	**50,449**
	¥ 55,195	13,324	**$ 563,215**

Fair value of derivative financial instruments at March 31, 2009 and 2008 are as follows:

	Yen (Millions)	
	2009	
	Account	Fair value
Assets:		
Forward foreign exchange contracts	Prepaid expense and other current assets	**¥1,146**
Currency and interest rate swaps	Prepaid expense and other current assets	**143**
Commodity forward transactions	Prepaid expense and other current assets	**292**
Liabilities:		
Forward foreign exchange contracts	Other current liabilities	**807**
Currency and interest rate swaps	Other noncurrent liabilities	**164**
Commodity forward transactions	Other current liabilities	**1,042**

	Yen (Millions)	
	2008	
	Account	Fair value
Assets:		
Currency option contracts	Prepaid expense and other current assets	¥18
Liabilities:		
Forward foreign exchange contracts	Other current liabilities	50

	U.S. Dollars (Thousands)	
	2009	
	Account	Fair value
Assets:		
Forward foreign exchange contracts	Prepaid expense and other current assets	**$11,694**
Currency and interest rate swaps	Prepaid expense and other current assets	**1,459**
Commodity forward transactions	Prepaid expense and other current assets	**2,980**
Liabilities:		
Forward foreign exchange contracts	Other current liabilities	**8,235**
Currency and interest rate swaps	Other noncurrent liabilities	**1,673**
Commodity forward transactions	Other current liabilities	**10,633**

The effect of derivative financial instruments on the consolidated statements of operations for the year ended March 31, 2009 are as follows:

	Account	2009 Yen (Millions)	2009 U.S. Dollars (Thousands)
Forward foreign exchange contracts	Foreign exchange gain (loss)	**¥218**	**$2,224**
Currency option contracts	Foreign exchange gain (loss)	**(18)**	**(184)**
Currency and interest rate swaps	Other income (deductions): Other - net	**(252)**	**(2,571)**
Commodity forward transactions	Cost of sales	**744**	**7,592**

16. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of financial instruments in cases for which it is practicable:

(a) Cash and cash equivalents, Short-term investments, Trade receivables, Income tax receivables, Prepaid expenses and other current assets, Short-term debt, Trade payables, Accrued salaries and wages, Accrued expenses, Income taxes payables and Other current liabilities

The carrying amount approximates fair value because of the short maturity of these instruments.

(b) Marketable securities and Investments in securities

The fair values of marketable securities and investments in securities are primarily estimated based on quoted market prices for these instruments. For a part of investments in securities for which there are no quoted market prices, a reasonable estimate of fair values could not be made without incurring excessive costs.

(c) Long-term debt

The fair value of TDK's long-term debt is estimated based on the amount of future cash flows associated with the instrument discounted using TDK's current borrowing rate for similar debt of comparable maturity, or based on the quoted market prices for the same or similar issues.

The carrying amounts and estimated fair values of TDK's financial instruments at March 31, 2009 and 2008, are summarized as follows:

As of March 31, 2009	Yen (Millions)	
	Carrying amount	Estimated fair value
Assets:		
Marketable securities for which it is:		
Practicable to estimate fair value	**¥ 17,968**	**17,968**
Investments in securities and other assets for which it is:		
Practicable to estimate fair value	**26,830**	**26,830**
Not practicable to estimate fair value	**588**	**-**
Liability:		
Long-term debt, including current portion	**(213,580)**	**(213,290)**

As of March 31, 2008	Yen (Millions)	
	Carrying amount	Estimated fair value
Assets:		
Marketable securities for which it is:		
Practicable to estimate fair value	¥ 3,986	3,986
Investments in securities and other assets for which it is:		
Practicable to estimate fair value	28,863	28,863
Not practicable to estimate fair value	598	-
Liability:		
Long-term debt, including current portion	(446)	(446)

As of March 31, 2009	U.S. Dollars (Thousands)	
	Carrying amount	Estimated fair value
Assets:		
Marketable securities for which it is:		
Practicable to estimate fair value	**$ 183,347**	**183,347**
Investments in securities and other assets for which it is:		
Practicable to estimate fair value	**273,776**	**273,776**
Not practicable to estimate fair value	**6,000**	**-**
Liability:		
Long-term debt, including current portion	**(2,179,388)**	**(2,176,429)**

The carrying amounts of the nonderivative assets and liabilities are included in the consolidated balance sheets under the indicated captions.

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

17. Fair Value Measurements

SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. SFAS 157 establishes a three-level fair value hierarchy for material inputs used in measuring fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that TDK has the ability to access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directy or indirectly.
Level 3: Unobservable inputs for the asset or liability.

Assets and liabilities that are measured at fair value on a recurring basis

Assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2009 are as follows:

As of March 31, 2009	Yen (Millions)			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments	¥ 57	-	-	¥ 57
Marketable securities	17,968	-	-	17,968
Derivative contracts	-	1,581	-	1,581
Long-term marketable securities	9,728	838	-	10,566
Total	¥ 27,753	2,419	-	¥ 30,172
Liabilities:				
Derivative contracts	¥ -	2,013	-	¥ 2,013
Total	¥ -	2,013	-	¥ 2,013

As of March 31, 2009	U.S. Dollars (Thousands)			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments	$ 582	-	-	$ 582
Marketable securities	183,347	-	-	183,347
Derivative contracts	-	16,133	-	16,133
Long-term marketable securities	99,265	8,551	-	107,816
Total	$ 283,194	24,684	-	$ 307,878
Liabilities:				
Derivative contracts	$ -	20,541	-	$ 20,541
Total	$ -	20,541	-	$ 20,541

Level 1 short-term investments, marketable securities and long-term marketable securities that are mainly listed shares are valued using unadjusted quoted prices in active markets in which transactions occur with sufficient frequency and volume.

Level 2 derivative contracts include forward foreign exchange contracts, currency and interest rate swaps and commodity forward transactions and are valued based on quotes obtained from counterparties and are verified using observable market inputs, such as foreign currency exchange rates, interest rates and inputs from commodities markets. Long-term marketable securities consist of commercial papers and the fair values thereof are based on the third-party assessment using observable market data.

Assets and liabilities that are measured at fair value on a nonrecurring basis

Assets and liabilities that are measured at fair value on a nonrecurring basis as of March 31, 2009 are as follows:

	Yen (Millions)				
As of March 31, 2009	Carrying amount	Level 1	Level 2	Level 3	Total gains (losses) for 2009
Assets:					
Nonmarketable securities	¥ 572	-	-	572	(188)
Investments in affiliates	5,817	5,817	-	-	(17,419)
	Sub total				(17,607)
	Gains (losses) for assets no longer held				-
	Total				(17,607)

	U.S. Dollars (Thousands)				
As of March 31, 2009	Carrying amount	Level 1	Level 2	Level 3	Total gains (losses) for 2009
Assets:					
Nonmarketable securities	$ 5,837	-	-	5,837	(1,918)
Investments in affiliates	59,357	59,357	-	-	(177,745)
	Sub total				(179,663)
	Gains (losses) for assets no longer held				-
	Total				(179,663)

Nonmarketable securities valued using the cost method with the book value of ¥760 million ($7,755 thousand) is impaired to the fair value of ¥572 million ($5,837 thousand). These nonmarketable securities are classified as Level 3 because their fair value was calculated using unobservable inputs.

Investment in an affiliate listed in the U.S. is impaired to the fair value of ¥5,817 million ($59,357 thousand). This investment is valued using unadjusted quoted prices in active markets in which transactions occur with sufficient frequency and volume. See Note 5 "Investments in Affiliates" for judgments relating to the impairment.

As a result of the above, the impairment of ¥17,607 million ($179,663 thousand) caused by other-than-temporary declines in fair values during March 31, 2009 is included in consolidated statements of operations.

18. Restructuring Cost

For the year ended March 31, 2007, TDK recorded a restructuring cost of ¥510 million which included an additional charge of ¥441 million relating to employee termination benefits and ¥190 million relating to an impairment of building held for sale in connection with the TDK Recording Media Europe S.A. restructuring.

The entire accrued liabilities of ¥92 million recognized at March 31, 2007 were paid by March 31, 2008.

For the year ended March 31, 2009, TDK experienced a sharp deterioration in earnings due to falling orders and a lower capacity utilization rate. Under these circumstances, TDK established in November 2008 an internal Earnings Structure Reform Committee as an immediate countermeasure. The committee had put together urgent action plans to reform TDK's earnings structure and had steadily implemented the plans after obtaining the required approval.

The committee has looked closely at the realignment and rationalization of operating and production frameworks in response to falling orders. TDK recorded impairment mainly on manufacturing facilities and began reducing personnel mainly at subsidiaries during the year ended March 31, 2009. In line with these actions, TDK recorded an impairment of ¥9,763 million ($99,622 thousand) and expenses related to workforce reductions of ¥3,532 million ($36,041 thousand) for the year ended March 31, 2009. Of the latter, TDK had already paid ¥3,219 million ($32,847 thousand) by March 31, 2009.

Of the ¥9,763 million ($99,622 thousand) recorded as an impairment, ¥8,872 million ($90,530 thousand) is for the electronic materials and components segment and ¥891 million ($9,092 thousand) is for the recording media segment. Also, the ¥3,532 million ($36,041 thousand) recorded as expenses for workforce relocations and reduction relates to the rationalization of personnel in the electronic materials and components segment effected mainly at foreign subsidiaries. The entire ¥2,589 million ($26,419 thousand) recorded as other restructuring cost associated with the electronic materials and components segment and mainly relates to removal of property and equipment and contract termination fees.

The impact of the restructuring activities for the years ended March 31, 2009 and 2008 are as follows:

	Yen (Millions)			
	Workforce reduction obligations	Impairment	Others	Total
March 31, 2007	¥ 32	-	60	92
Costs and expenses	-	-	-	-
Payments	32	-	60	92
Noncash adjustments	-	-	-	-
March 31, 2008	-	-	-	-
Costs and expenses	**3,532**	**9,763**	**2,589**	**15,884**
Payments	**3,219**	-	**480**	**3,699**
Noncash adjustments	-	**9,763**	**892**	**10,655**
March 31, 2009	**¥ 313**	-	**1,217**	**1,530**

	U.S. Dollars (Thousands)			
March 31, 2008	**$ -**	-	-	-
Costs and expenses	**36,041**	**99,622**	**26,419**	**162,082**
Payments	**32,847**	-	**4,898**	**37,745**
Noncash adjustments	-	**99,622**	**9,102**	**108,724**
March 31, 2009	**$ 3,194**	-	**12,419**	**15,613**

Liabilities relate to the restructuring were included in Accrued expenses in the consolidated balance sheets as of March 31, 2009.

TDK expects that most of the accrued liabilities of ¥1,530 million ($15,613 thousand) recognized at March 31, 2009 will be paid by March 31, 2010.

19. Assets Held for Sale

At March 31, 2008, assets held for sale consist of certain property, plant and equipment in Japan. During the year ended March 31, 2008, assets held for sale decreased by ¥1,206 million mainly from completion of sale of certain assets in connection with the restructuring activities in Europe in the amount of ¥853 million and completion of sale of certain assets in Japan in the amount of ¥172 million.

Assets held for sale which were recognized in the consolidated balance sheet as of March 31, 2008 are reclassified to property, plant and equipment as it is unlikely to be able to sell them within a year.

20. Impairment of Long-Lived Assets

For the year ended March 31, 2009, an impairment of ¥8,159 million ($83,255 thousand) is recorded mainly with respect to the property, plant and equipment of the electronic material and components segment. This is the result of a reduction of the carrying value of the long-lived assets to the fair value because of a reduction in profitability derived from lower demand and the inability to predict salability of these assets. Impairment is included in selling, general and administrative expenses in the consolidated statements of operations.

See Note 18 "Restructuring Cost" for details on impairment recognized as part of the Earnings Structure Reform.

21. Goodwill and Other Intangible Assets

The components of acquired intangible assets excluding goodwill at March 31, 2009 and 2008 are as follows:

	Yen (Millions)		
	2009		
	Gross Carrying Amount	Accumulated Amortization	Net Amount
Amortized intangible assets:			
Patent	¥ 39,629	10,395	29,234
Customer relationships	24,932	6,177	18,755
Software	11,903	7,141	4,762
Unpatented technologies	30,467	8,621	21,846
Other	6,227	1,822	4,405
Total	113,158	34,156	79,002
Unamortized intangible assets			
Trademark	7,705		7,705
Other	1,231		1,231
Total	¥ 8,936		8,936

	Yen (Millions)		
	2008		
	Gross Carrying Amount	Accumulated Amortization	Net Amount
Amortized intangible assets:			
Patent	¥ 34,425	5,893	28,532
Customer relationships	12,315	2,145	10,170
Software	8,571	4,936	3,635
Unpatented technologies	16,936	2,012	14,924
Other	2,970	1,201	1,769
Total	75,217	16,187	59,030
Unamortized intangible assets			
Trademark	3,733		3,733
Other	559		559
Total	¥ 4,292		4,292

	U.S. Dollars (Thousands)		
	2009		
	Gross Carrying Amount	Accumulated Amortization	Net Amount
Amortized intangible assets:			
Patent	$ 404,378	106,072	298,306
Customer relationships	254,408	63,030	191,378
Software	121,459	72,867	48,592
Unpatented technologies	310,888	87,970	222,918
Other	63,541	18,592	44,949
Total	1,154,674	348,531	806,143
Unamortized intangible assets			
Trademark	78,622		78,622
Other	12,561		12,561
Total	$ 91,183		91,183

Intangible assets acquisitions for the year ended March 31, 2009 primarily represent the intangible assets acquired in connection with the acquisition of 95.8 percent equity interest of EPCOS AG in the amount of ¥32,508 million ($331,714 thousand) (Note 24).

Intangible assets subject to amortization are amortized using the straight-line method over their estimated useful lives to their estimated residual value of zero. The useful lives are 4 years to 18 years for Patent, 5 to 17 years for Customer relationships, 2 to 10 years for Internal-use Software, 3 years to 20 years for Unpatented technologies and 5 to 15 years for Other intangible assets.

Aggregate amortization expense for the years ended March 31, 2009, 2008 and 2007 was ¥11,766 million ($120,061 thousand), ¥5,771 million and ¥3,942 million, respectively. Estimated amortization expense for the next five years is: ¥13,109 million in 2010, ¥12,179 million in 2011, ¥10,578 million in 2012, ¥8,349 million in 2013, and ¥7,173 million in 2014.

The changes in the carrying amount of goodwill by segment for the years ended March 31, 2009 and 2008 are as follows:

	Yen (Millions)		
	Electronic materials and components	Recording media	Total
March 31, 2007	¥ 17,539	-	17,539
Acquisitions	15,114	-	15,114
Others	(579)	-	(579)
Translation adjustment	(2,054)	-	(2,054)
March 31, 2008	30,020	-	30,020
Acquisitions	31,435	-	31,435
Impairments	(1,530)	-	(1,530)
Others	(475)	-	(475)
Translation adjustment	(4,252)	-	(4,252)
March 31, 2009	¥ 55,198	-	55,198

	U.S. Dollars (Thousands)		
	Electronic materials and components	Recording media	Total
March 31, 2008	$ 306,326	-	306,326
Acquisitions	320,766	-	320,766
Impairments	(15,612)	-	(15,612)
Others	(4,847)	-	(4,847)
Translation adjustment	(43,388)	-	(43,388)
March 31, 2009	$ 563,245	-	563,245

Goodwill acquisitions for the year ended March 31, 2009 primarily represent the excess of purchase price over the fair value of assets acquired and liabilities assumed in connection with the acquisition of 95.8 percent equity interest of EPCOS AG in the amount of ¥31,097 million (317,316 thousand) (Note 24).

Goodwill was tested for impairment and TDK recognized an impairment of ¥1,530 million ($15,612 thousand) for goodwill in the Electronic materials and components segment during the year ended March 31, 2009. The impairment charge was derived from a decline in the fair value of certain reporting business unit. The fair value of the reporting business unit was estimated using the present value of expected future cash flow.

Goodwill acquisitions during the year ended March 31, 2008 primarily represent the excess of purchase price over the fair value of assets acquired and liabilities assumed in connection with the acquisition of 99.0 percent equity interest of Magnecomp Precision Technology Public Company Limited and 41.3 percent equity interest of DENSEI-LAMBDA K.K. ("DENSEI-LAMBDA") in the amount of ¥10,143 million (Note 24) and ¥3,074 million (Note 25), respectively. On October 1, 2008, DENSEI-LAMBDA changed its name to TDK-Lambda Corporation.

22. Net Income (Loss) per Share

A reconciliation of the numerators and denominators of the basic and diluted net income (loss) per share computations is as follows:

	Yen (Millions)			U.S. Dollars (Thousands)
	2009	2008	2007	**2009**
Net income (loss) available to common stockholders	**¥ (63,160)**	71,461	70,125	**$ (644,490)**

	Number of shares (Thousands)		
	2009	2008	2007
Weighted average common shares outstanding - Basic	**128,974**	129,525	132,342
Effect of dilutive stock options	-	124	146
Weighted average common shares outstanding - Diluted	**128,974**	129,649	132,488

	Yen			U.S. Dollars
	2009	2008	2007	**2009**
Net income (loss) per share:				
Basic	**¥ (489.71)**	551.72	529.88	**$ (5.00)**
Diluted	**(489.71)**	551.19	529.29	**(5.00)**

For the years ended March 31, 2009, 2008 and 2007, stock options to purchase 615,500 shares, 193,700 shares and 96,600 shares, respectively, were excluded from the calculation of diluted earnings per share as the effect would have been antidilutive.

23. Business and Credit Concentrations

A significant customer, Samsung Electronics H.K. Co., Ltd., related to electronic materials and components business accounted for 8.4 percent, 11.9 percent and 10.9 percent of TDK's net sales for the years ended March 31, 2009, 2008 and 2007, respectively, and 3.8 percent and 7.6 percent of trade receivables at March 31, 2009 and 2008, respectively.

24. Acquisition

(1) EPCOS AG

On October 17, 2008 ("acquisition date"), TDK acquired 36.0 percent of the issued and outstanding common shares of EPCOS AG ("EPCOS") by a public tender offer ("Offer") in accordance with Business Combination Agreement ("BCA") that TDK and EPCOS concluded on July 31, 2008.

As a result of the Offer and the acquisitions of shares outside the Offer, TDK obtained 55,993 thousand shares (84.3 percent equity interest) in EPCOS at the acquisition date, and EPCOS became a consolidated subsidiary of TDK.

EPCOS is headquartered in Munich, Germany, and is a leading manufacturer of electronic components, modules and systems. With its broad portfolio, EPCOS offers a comprehensive range of products and focuses on fast-growing and technologically demanding markets, in particular in the areas of information and communication technology, as well as automotive, industrial and consumer electronics. EPCOS and its subsidiaries have design and manufacturing locations and sales offices in Europe, Asia, and in North and South America.

TDK and EPCOS are both engaged in the electronic components business, but there is little overlap in terms of product fields or markets, and TDK expects to capture powerful synergies.

TDK acquired 23,890 thousand shares (36.0 percent equity interest) at a cost of ¥63,560 million ($648,571 thousand) through the Offer. Prior to the conclusion of the Offer, TDK had acquired 32,103 thousand shares of EPCOS in the market, giving it 48.3 percent equity interest at a cost of ¥79,466 million ($810,878 thousand). As of the acquisition date, TDK held 55,993 thousand shares (84.3 percent equity interest) in EPCOS at a total cost of ¥143,026 million ($1,459,449 thousand).

As a result of the successful Offer, TDK conducted an additional public tender offer from October 14, 2008 through October 27, 2008 ("Additional Offer") in accordance with the German regulations. TDK acquired an additional 7,904 thousand shares (11.5 percent equity interest) for ¥17,858 million ($182,224 thousand) including shares acquired outside of the Additional Offer.

As of March 31, 2009, TDK held 63,897 thousand shares (95.8 percent equity interest) in EPCOS at a total cost of ¥163,727 million ($1,670,684 thousand), which was paid in cash. The total cost includes direct costs of ¥2,843 million ($29,010 thousand).

The acquisition has been accounted for by the purchase method of accounting. TDK applied equity method of accounting prior to the acquisition date.

TDK has included the results of operations of EPCOS and its subsidiaries in its consolidated financial statements since the acquisition date.

The preliminary allocation of the total purchase price of EPCOS to the assets acquired and liabilities assumed is as follows:

	Yen (Millions)	U.S. Dollars (Thousands)
Current assets	¥ 113,429	$ 1,157,439
Property, plant and equipment	92,247	941,296
Intangible assets	32,508	331,714
Goodwill	31,097	317,316
Other assets	18,554	189,327
Total assets acquired	287,835	2,937,092
Current liabilities	(70,381)	(718,174)
Noncurrent liabilities	(46,654)	(476,061)
Minority interests	(7,073)	(72,173)
Total liabilities assumed	(124,108)	(1,266,408)
Net assets acquired	¥ 163,727	$ 1,670,684

Of the ¥32,508 million ($331,714 thousand) of acquired intangible assets, ¥4,149 million ($42,337 thousand) was assigned to registered trademarks that are not subject to amortization and ¥799 million ($8,153 thousand) was assigned to in-process research and development assets that were written off at the acquisition date. Those write-offs are included in selling, general and administrative expenses. In-process research and development assets are defined as those projects that had not reached technological feasibility and had no alternative future use when acquired. The remaining ¥27,560 million ($281,224 thousand) of acquired intangible assets have a weighted average useful life of approximately 5.7 years. The intangible assets that make up that amount include technology of ¥12,698 million ($129,571 thousand) (7.0-year weighted average useful life), customer relationship of ¥12,084 million ($123,306 thousand) (4.5-year weighted average useful life), patents and licenses of ¥2,220 million ($22,653 thousand) (6.0-year weighted average useful life), order backlog of ¥434 million ($4,429 thousand) (0.3-year weighted average useful life) and other intangible assets of ¥124 million ($1,265 thousand). The ¥31,097 million ($317,316 thousand) of goodwill is expected to be nondeductible for tax purposes.

Pro Forma Results

The following unaudited Pro Forma result presents the combined results of operations of TDK and EPCOS as if the acquisition had occurred at the beginning of the reporting period being presented. The unaudited Pro Forma result is not intended to represent or be indicative of TDK's consolidated results of operations that would have been reported had the acquisition been completed as of the beginning of the periods presented and should not be taken as indicative of the TDK's future consolidated results of operations.

(Unaudited)	Yen (Millions)		U.S. Dollars (Thousands)
	2009	2008	**2009**
Net sales	**¥ 849,250**	1,103,696	**$ 8,665,816**
Net income (loss)	**(64,180)**	75,469	**(654,898)**
	Yen		U.S. Dollars
	2009	2008	**2009**
Net income (loss) per share:			
Basic	**¥ (497.62)**	582.66	**$ (5.08)**
Diluted	**(497.62)**	577.45	**(5.08)**

(2) Magnecomp Precision Technology Public Company Limited

On November 7, 2007 ("acquisition date"), TDK acquired 1,549,551 thousand shares, or 74.3 percent of the outstanding shares (inclusive of the option noted below), of Thailand-based Magnecomp Precision Technology Public Company Limited ("MPT") from Magnecomp International Limited presently known as InnoTek Limited ("InnoTek"), a Singapore-based company, for total purchase price, including direct cost, of ¥14,962 million. MPT became a subsidiary of TDK as a result of the acquisition.

TDK holds an option to purchase from InnoTek and InnoTek holds an option to put to TDK 208,486 thousand shares in 18 months from the acquisition date. The option was considered to be a part of the purchase consideration and was included in the total purchase price, all of which was paid in cash, with the exception of $16,500 thousand which will be paid upon settlement of the option.

In December 2007, TDK acquired an additional 513,963 thousand shares in MPT by a tender offer. TDK also purchased an additional 1,164 thousand shares in a series of open market transactions. The total purchase price to acquire these additional shares was ¥5,902 million.

As a result of these transactions, TDK's interest in MPT has increased to 99.0 percent by March 31, 2008.

MPT has technological strengths and expertise in the design and manufacture of suspension assemblies, a key component of HDD magnetic heads. TDK believes the acquisition of MPT will help TDK to strengthen the competitiveness of its HDD magnetic heads business.

TDK has included the results of operations of MPT and its subsidiaries in its consolidated financial statements since the acquisition date.

The purchase price has been allocated based on the fair value of the net assets acquired, including identifiable intangible assets and liabilities assumed, at the date of acquisition. The excess of the purchase price over the net of amounts assigned to the fair value of the tangible and identifiable intangible assets acquired and the liabilities assumed is recorded as goodwill.

As a result of the purchase price allocation, TDK recognized goodwill of ¥10,143 million and intangible assets, primarily consisting of unpatented technologies with a weighted average useful life of approximately 3.5 years, of ¥ 3,240 million. Goodwill is not deductible for tax purposes.

TDK expedited the purchase of shares in MPT from InnoTek specified in the option agreement and paid in cash during the year ended March 31, 2009.

For the year ended March 31, 2009, TDK acquired an additional 15,686 thousand shares in MPT in a series of open market transactions for total purchase price, including direct cost, of ¥166 million.

As a result of these transactions, TDK's interest in MPT has increased to 99.7 percent by March 31, 2009.

25. Additional acquisition

On November 15, 2007, TDK acquired an additional 37.5 percent of the issued and outstanding common shares of DENSEI-LAMBDA by a tender offer. TDK had initially acquired 58.7 percent of the outstanding shares on October 1, 2005, and DENSEI-LAMBDA has been a consolidated subsidiary of TDK since the initial acquisition. TDK purchased 8,111 thousands shares for approximately ¥14,525 million in total by the tender offer increasing TDK's interest in DENSEI-LAMBDA to 96.3 percent.

DENSEI-LAMBDA engages mainly in the power supply business including the manufacture and sale of switching power supplies and uninterruptible power supplies. The recent market environment in connection with the power supply business and the electronic materials and components businesses is growing and expanding not only within the existing field of industrial equipment but also into new fields, such as automobile and digital home appliances. In order to pursue the business growth under such environment, TDK completed the tender offer to turn DENSEI-LAMBDA into a wholly owned subsidiary.

On February 29, 2008, TDK purchased an additional 775 thousands of common shares subject to class-wide call (3.7 percent of issued and outstanding common stock) for ¥1,330 million in total. As a result of this transaction, DENSEI-LAMBDA became a wholly owned subsidiary of TDK.

As a result of the purchase price allocation, the purchase price has been allocated based on the fair value of the net assets acquired, including identifiable intangible assets and liabilities assumed, at the date of acquisition. The excess of the purchase price over the net of amounts assigned to the fair value of the tangible and identifiable intangible assets acquired and the liabilities assumed are recorded as goodwill. Goodwill is not deductible for tax purposes.

The acquired intangible assets which are being amortized have a weighted average useful life of approximately 12 years. The intangible assets include customer relationships of ¥1,485 million (15-year weighted average useful life), technologies of ¥743 million (12-year weighted average useful life), and other intangible assets of ¥361 million (2-year weighted average useful life). The acquired intangible assets which are not being amortized include trademarks of ¥1,403 million. Goodwill recorded with respect to the above step-acquisitions was ¥3,074 million.

On October 1, 2008, DENSEI-LAMBDA changed its name to TDK-Lambda Corporation.

26. Sale of Business to Imation Corp.

On August 1, 2007, pursuant to a definitive agreement between TDK and Imation dated April 19, 2007, TDK transferred substantially all of the assets relating to TDK branded world wide recording media business and use of the TDK brand name for current and future recording media products to Imation. TDK entered into this transaction to strengthen and grow its recording media products sales business by partnering with Imation. TDK retained its research and development, manufacturing and OEM recording media operations to improve competitiveness of the recoding media operations.

Under the terms of the agreement, TDK has transferred all the shares of its 6 subsidiaries and certain assets and liabilities relating to the recording media business of its 3 subsidiaries to Imation. The transaction was closed on August 1, 2007 for $250 million. The total consideration included Imation common stock constituting 16.6 percent (6,826 thousands shares) of Imation's common stock and cash of $29 million. TDK recognized ¥15,340 million on the consolidated statements of operations as "Gain on sale of business to Imation Corp." for the year ended March 31, 2008, which includes the excess of the target working capital amount under the contractual provision. TDK may receive additional cash of up to $70 million contingent on future financial performance compared to targeted gross margin for three years from December 2007 until December 2010.

TDK recorded the investment at fair value as of the acquisition date.

As a result of the transaction, TDK became the largest shareholder in Imation and obtained the right to nominate a representative to serve on Imation's Board of Directors. TDK's ownership stake in Imation shall not exceed 22 percent on a fully diluted basis pursuant to the Investor Rights Agreement, and TDK agreed to a three-year lock-up on sales of the Imation shares acquired in this transaction.

On December 5, 2007, TDK acquired an additional 2.4 percent (915 thousands shares) of Imation's outstanding common stock for ¥2,207 million in a series of open market transaction. In addition, Imation repurchased its own stock between August 1, 2007 and December 5, 2007, which resulted in a further increase in TDK's interest in Imation by 1.1 percent.

As a result of the transactions described above, TDK's ownership in Imation increased from 16.6 percent to 20.1 percent. Accordingly, TDK changed its accounting for the investment in Imation to the equity method of accounting and has retroactively reflected the change in accounting to the initial acquisition date.

The allocation of the purchase price included acquired intangible assets, including trademarks, customer relationships and noncompetition agreements. The trademarks, customer relationships and noncompetition agreements are being amortized over respective useful lives. The excess of the purchase price over the fair value allocated to the net assets, including intangible assets, is investor level goodwill in the amount of $32 million.

27. Acquisition of HDD Head Related Assets

On September 26, 2007, TDK reached an agreement with Alps Electric Co., Ltd. ("Alps") regarding a transfer of Alps' manufacturing and other equipment and intellectual property rights such as patents and unpatented technologies with respect to its HDD head business for an aggregate of ¥34,429 million.

The purpose of this acquisition is to improve the efficiency of TDK's operation and offer enhanced technologies in its HDD head business, thereby strengthening the international competitiveness.

The acquisition of the equipment and intangible assets was recorded based on the relative fair value of each asset. The total acquisition cost was allocated to the equipment and intangible assets in the amount of ¥7,184 million and ¥27,143 million, respectively.

Amortization periods for the acquired intangible assets range from 7 to 14 years.

TDK acquired the remaining equipment during the year ended March 31, 2009. All transfer by this agreement has hereby been completed.

28. Related Party Transaction

Receivables and payables include the following balances with affiliated companies at March 31, 2009 and 2008:

	Yen (Millions)		U.S. Dollars (Thousands)
	2009	2008	**2009**
Due from	**¥ 3,241**	6,212	**$ 33,071**
Due to	**1,937**	3,654	**19,765**

Purchases, research and development expenses and patent fee and sales include the following transactions with affiliated companies for the years ended March 31, 2009, 2008 and 2007:

	Yen (Millions)			U.S. Dollars (Thousands)
	2009	2008	2007	**2009**
Gross purchase	**¥ 28,978**	42,707	54,082	**$ 295,694**
Less raw materials sold with no mark-up	**(20,157)**	(32,569)	(43,327)	**(205,684)**
Net purchases	**8,821**	10,138	10,755	**90,010**
Research and development expenses and patent fee	**1,786**	1,626	1,642	**18,224**
Sales	**9,253**	8,645	217	**94,418**

29. Supplementary Information

	Yen (Millions)			U.S. Dollars (Thousands)
	2009	2008	2007	**2009**
(a) Statement of Operations				
Research and development	**¥ 57,645**	57,387	50,058	**$ 588,214**
Rent	**8,431**	8,991	8,794	**86,031**
Maintenance and repairs	**13,799**	14,820	13,494	**140,806**
Advertising costs	**3,178**	3,639	4,570	**32,429**
(b) Statement of Cash Flows				
Cash paid during year for:				
Interest	**¥ 2,106**	227	239	**$ 21,490**
Income taxes	**¥ 22,539**	26,613	15,364	**$ 229,990**

Noncash activities

In the year ended March 31, 2009, noncash investing and financing activities related to the purchase of subsidiaries were as follows:

	Yen (Millions)	U.S. Dollars (Thousands)
Short-term debt assumed in connection with purchase of subsidiaries	**¥ 23,514**	**$ 239,939**
Long-term debt assumed in connection with purchase of subsidiaries	**14,125**	**144,133**

In the year ended March 31, 2008, as mentioned in Note 26, there were noncash investing activities to acquire shares of Imation common stock worth $221 million (16.6 percent of the total outstanding Imation shares) as part of consideration for transferring the TDK brand world wide recording media business to Imation.

Also, noncash investing and financing activities related to the purchase of subsidiaries were as follows:

	Yen (Millions)
Short-term debt assumed in connection with purchase of subsidiaries	**¥ 2,480**
Long-term debt assumed in connection with purchase of subsidiaries	**8,769**

In the year ended March 31, 2007, there were no material noncash investing and financing activities.

VI. Outline of filing company's business concerning shares

Business year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Record date	March 31
Record dates for dividends from surplus	September 30 March 31
Number of shares consisting one unit	100 shares
Purchase demands or additional purchase requests of shares less than one unit:	
Office for handling business	(Special Account) Head office, The Chuo Mitsui Trust and Banking Company, Limited 3-33-1, Shiba, Minato-ku, Tokyo, Japan
Administrator of shareholder registry	(Special Account) The Chuo Mitsui Trust and Banking Company, Limited 3-33-1, Shiba, Minato-ku, Tokyo, Japan
Forwarding office	–
Handling charge for purchase	Amount separately specified as an amount equivalent to the fees pertaining to the entrustment of sale and purchase of shares
Method of public notice	Electronic public notice will be made. However, if TDK is unable to make electronic public notice due to an accident or any other compelling reason, it will make an alternative public notice on "The Nikkei" newspaper. Electronic public notice will be notified on TDK's website (http://www.tdk.co.jp).
Special benefits for shareholders	None

Note: Pursuant to the provisions of TDK's Articles of Incorporation, the rights of holders of shares less than one unit are limited to the following: (i) rights listed in the items of Article 189(2) of the Companies Act, (ii) rights to request to TDK in accordance with the provisions of Article 166(1) of the same Act, (iii) rights to receive the allotment of the shares for subscription and the stock acquisition rights for subscription in accordance with the number of shares they hold, and (iv) rights to request to TDK to sell shares less than one unit.

VII. Reference information on filing company

1. Information on filing company's parent company

TDK does not have a parent company.

B. INFORMATION ON GUARANTEE COMPANIES, ETC. OF FILING COMPANY

No items to report

Management's Annual Report on Internal Control over Financial Reporting

1. Matters Relating to Basic Framework for Internal Control Over Financial Reporting

Mr. Takehiro Kamigama, President and Representative Director, and Mr. Seiji Enami, Director and Executive Vice President, are responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the U.S. Securities Exchange Act of 1934, as amended.

TDK's management assessed the effectiveness of internal control over financial reporting as of March 31, 2009. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework* (the "COSO criteria").

Because of inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

2. Matters Relating to Scope of Assessment, the Assessment Date and Assessment Procedures

The assessment of internal control over financial reporting was carried out on the date of March 31, 2009, the last day of the Company's fiscal year. The assessment conformed to criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework*.

TDK's internal control over financial reporting includes policies and procedures that:

(1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of TDK's assets that could have a material effect on the financial statements.

Germany-based EPCOS AG and its subsidiaries ("the EPCOS Group"), which TDK acquired on October 17, 2008, were not subject to assessment of internal control over financial reporting at March 31, 2009. The total assets of the EPCOS Group at March 31, 2009 were ¥173,327 million, and total revenues were ¥67,983 million for the period from October 1, 2008 to March 31, 2009.

3. Matters Relating to Assessment Result

Based on its assessment, management concluded that, as of March 31, 2009, TDK's internal control over financial reporting was effective.

4. Supplementary Matters

TDK conducted assessments of internal control over financial reporting in conformity with the requirements of the U.S. Securities Exchange Act. Furthermore, TDK prepares internal control reports based on the terminology, forms and preparation methods required in the U.S. The main differences from preparing reports according to criteria for the assessment of internal control over financial reporting generally accepted in Japan are as follows:

(1) TDK uses criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework* (the "COSO criteria") for assessing internal control over financial reporting, not the basic framework for internal control shown in "The Standards and Practice Standards for Management Assessment and Audit Concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

(2) The assessment of internal control over financial reporting covers "Consolidated Financial Statements and Notes to Consolidated Financial Statements" but no other disclosures.

(3) Equity-method affiliates are not subject to assessment of internal control over financial reporting.

(4) Companies acquired during the year ended March 31, 2009 are not subject to assessment of internal control over financial reporting.

5. Special Information

Not applicable

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Independent Auditors' Report

The Board of Directors
TDK Corporation:

We have audited the accompanying consolidated balance sheets of TDK Corporation and subsidiaries (the "Company") as of March 31, 2009 and 2008, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended March 31, 2009, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of EPCOS AG, a 95.8 percent owned subsidiary, and its subsidiaries, which statements reflect total assets constituting 15.7 percent and total revenues constituting 9.3 percent as of and for the year ended March 31, 2009 of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for EPCOS AG and its subsidiaries, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

The Company declined to present segment information for each of the years in the three-year period ended March 31, 2009. In our opinion, disclosures of segment and related information about the different types of business activities in which the Company engages and the different economic environments in which it operates are required by U.S. generally accepted accounting principles. The omission of segment information results in an incomplete presentation of the Company's consolidated financial statements.

In our opinion, based on our audits and the report of the other auditors, except for the omission of segment information as discussed in the preceding paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TDK Corporation and subsidiaries as of March 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2009, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the Company's internal control over financial reporting as of March 31, 2009, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated July 22, 2009 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

The accompanying consolidated financial statements as of and for the year ended March 31, 2009 have been translated into United States dollars solely for convenience of the reader. We have audited the translation and, in our opinion, the consolidated financial statements, expressed in Japanese yen, have been translated into United States dollars on the basis set forth in Note 2 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
July 22, 2009

KPMG AZSA & Co., an audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

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Independent Auditors' Report

The Board of Directors
TDK Corporation:

We have audited the internal control over financial reporting of TDK Corporation and subsidiaries (the "Company") as of March 31, 2009, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assertion of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with U.S. generally accepted accounting principles. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, TDK Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of March 31, 2009, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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The Company acquired EPCOS AG and its subsidiaries during the year ended March 31, 2009, and management excluded from its assertion of the effectiveness of the Company's internal control over financial reporting as of March 31, 2009, EPCOS AG and its subsidiaries' internal control over financial reporting associated with total assets of Yen 173,327 million and total revenues of Yen 67,983 million included in the consolidated financial statements of TDK Corporation and subsidiaries as of and for the year ended March 31, 2009. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of EPCOS AG and its subsidiaries.

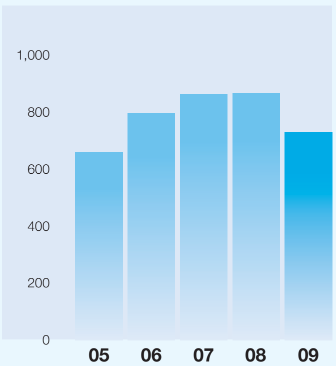
We also have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of TDK Corporation and subsidiaries as of March 31, 2009 and 2008, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended March 31, 2009, expressed in Japanese yen, and our report dated July 22, 2009 expressed a qualified opinion on those consolidated financial statements because of the omission of segment information required by U.S. generally accepted accounting principles.

KPMG AZSA & Co.

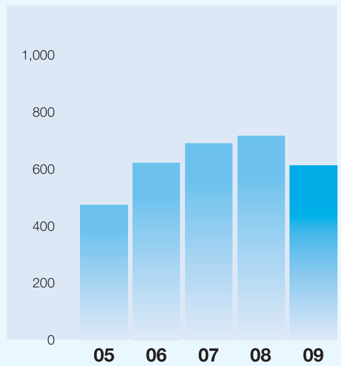
Tokyo, Japan
July 22, 2009

Financial Data

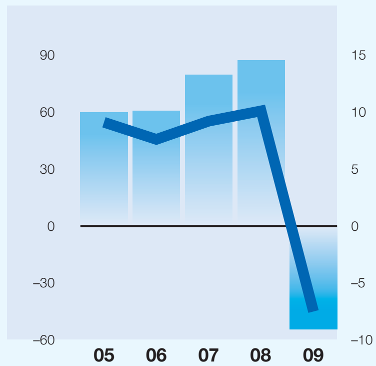
Net sales
(Billions of yen)



Overseas sales
(Billions of yen)

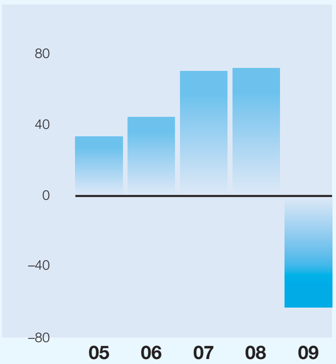


Operating income
and ratio to net sales
(Billions of yen, %)

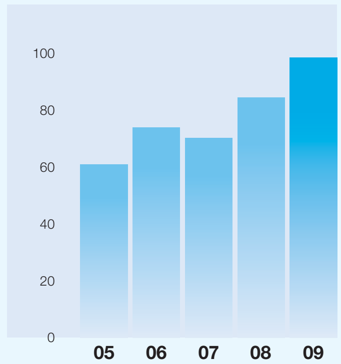


Operating income (left scale)
Ratio to net sales (right scale)

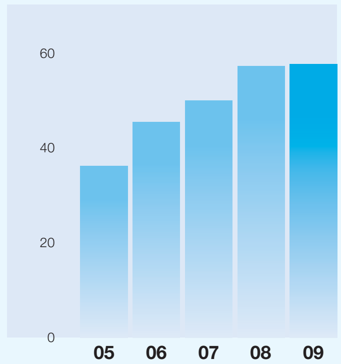
Net income
(Billions of yen)



Capital expenditures
(Billions of yen)

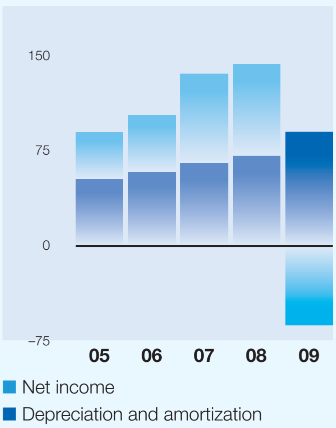


Research and development
(Billions of yen)



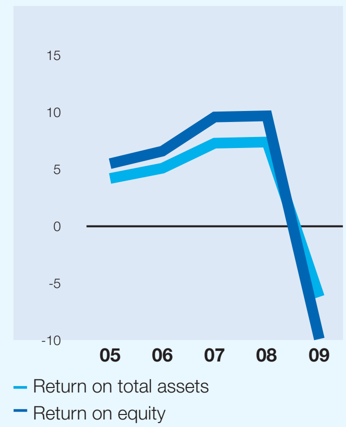
	Millions of yen				
Years ended March 31 or as of March 31	**2009**	2008	2007	2006	2005
Net sales	**¥ 727,400**	866,285	862,025	795,180	657,853
Overseas sales	**¥ 610,944**	714,172	690,673	621,522	473,828
Operating income and ratio to net sales					
Operating income	**¥ (54,305)**	87,175	79,590	60,523	59,830
Ratio to net sales (%)	**(7.5)%**	10.1	9.2	7.6	9.1
Net income	**¥ (63,160)**	71,461	70,125	44,101	33,300
Capital expenditures	**¥ 98,425**	84,312	70,440	73,911	61,005
Research and development	**¥ 57,645**	57,387	50,058	45,528	36,348

Net cash flows
(Billions of yen)

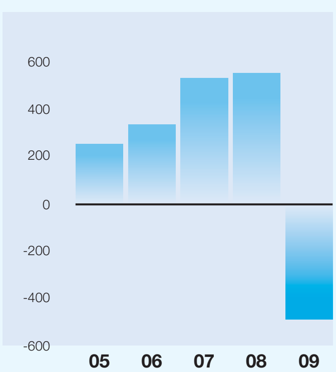


Total assets and stockholders' equity ratio
(Billions of yen, %)

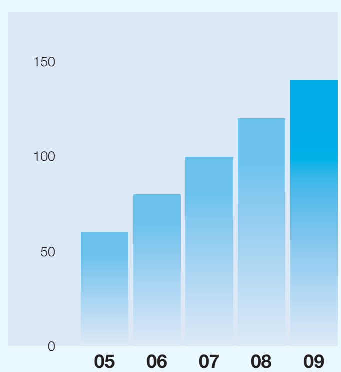
Return on total assets and return on equity
(%)



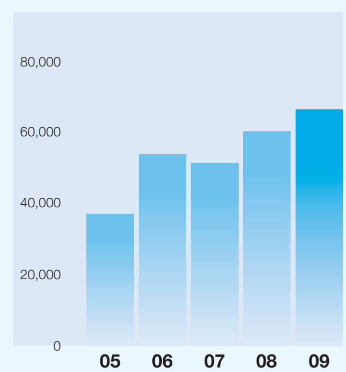
Basic net income per share
(Yen)



Dividend per share (Cash flow base)
(Yen)



Number of employees



	Millions of yen				
	2009	2008	2007	2006	2005
Net cash flows					
Net income	**¥ (63,160)**	71,461	70,125	44,101	33,300
Depreciation and amortization	**89,567**	71,297	65,337	58,540	52,806
Total assets and stockholders' equity ratio					
Total assets	**¥1,101,036**	935,533	989,304	923,503	808,001
Stockholders' equity ratio (%)	**50.3%**	76.6	77.1	76.1	79.1
Return on total assets and return on equity					
Return on total assets (%)	**(6.2)%**	7.4	7.3	5.1	4.2
Return on equity (%)	**(9.9)%**	9.7	9.6	6.6	5.5
Net income per share					
Basic (Yen)	**¥ (489.71)**	551.72	529.88	333.50	251.71
Diluted (Yen)	**(489.71)**	551.19	529.29	333.20	251.56
Dividend per share (Yen) (Cash flow base)	**¥ 140.00**	120.00	100.00	80.00	60.00
Number of employees	**66,429**	60,212	51,614	53,923	37,115

Investor Information (As of March 31, 2009)

CORPORATE HEADQUARTERS

TDK CORPORATION
1-13-1, Nihonbashi, Chuo-ku,
Tokyo 103-8272 Japan

DATE OF ESTABLISHMENT
December 7, 1935

PAID-IN CAPITAL
¥32,641,976,312

AUTHORIZED NUMBER OF SHARES
480,000,000 shares

ISSUED NUMBER OF SHARES
129,590,659

NUMBER OF SHAREHOLDERS
26,031

SECURITIES TRADED
Japan: Tokyo
Overseas: London

ADMINISTRATOR OF SHAREHOLDER'S REGISTER
The Chuo Mitsui Trust & Banking Co., Ltd.
3-33-1, Shiba, Minato-ku, Tokyo 105-8574 Japan

DEPOSITARY FOR AMERICAN DEPOSITARY RECEIPTS (ADRs)
Citibank, N.A.
111 Wall Street, 20th Floor, Zone 7
New York, NY 10005 U.S.A.

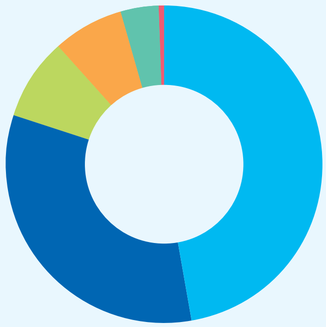
INDEPENDENT AUDITORS
KPMG AZSA & Co.

PRINCIPAL SHAREHOLDERS (TEN LARGEST SHAREHOLDERS)

Name of shareholder	Investment in the Company: Number of shares held (thousands of shares)	Percentage of shares held (%)
Japan Trustee Services Bank, Ltd. (Trust account)	16,524	12.81
The Master Trust Bank of Japan, Ltd. (Trust account)	15,859	12.30
Japan Trustee Services Bank, Ltd. (Trust account 4G)	8,496	6.59
Nats Cumco	7,319	5.67
Panasonic Corporation	6,250	4.85
Trust & Custody Services Bank, Ltd. (Securities investment trust accounts)	2,662	2.06
JPMorgan Securities Japan Co., Ltd.	2,594	2.01
Nippon Life Insurance Company	2,140	1.66
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,132	1.65
NikkoCiti Trust and Banking Corporation (Investment account)	1,981	1.54
Total	65,955	51.14

Notes: 1. The percentage of shares held is calculated deducting 611,272 shares of treasury stock.
2. Number of shares held and percentage of shares held have been rounded to the nearest unit.

STATUS BY OWNERSHIP



- Japanese Financial Institutions 47.3%
- Foreign Institutions and Individuals 32.8%
- Japanese Individuals 8.5%
- Other Japanese Corporations 7.0%
- Japanese Securities Firms 3.9%
- Treasury Stock 0.5%
- Japan Securities Depository Center, Inc. 0.0%

FURTHER INFORMATION
For further information and additional copies of this booklet and other publications, please contact:

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  Tel: +81 (3) 5201-7102 Fax: +81 (3) 5201-7114
- **TDK U.S.A. Corporation**
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  Tel: +1 (516) 535-2600
- **TDK Electronics Europe GmbH**
  Wanheimer Strasse 57, D-40472 Duesseldorf, Germany
  Tel: +49 (211) 90770
- **E-mail**
  tdkhqir@jp.tdk.com

INTERNET ADDRESS
http://www.tdk.co.jp/ir_e/
TDK provides various investor information, including its latest earnings results, in the Investor Relations section of its website.

For inquiries concerning ADRs, please contact:
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