

## [Summary Information and Financial Statements]

### 1. Summary Information Regarding Financial Results for the First Quarter of Fiscal 2015

#### (1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first three months of fiscal 2015, the period from April 1 to June 30, 2014, are as follows.

In the first quarter of fiscal 2015, the global economy continued to follow a recovery path, supported primarily by improvements in the corporate business climate and employment conditions, as well as steady growth in consumer spending. The Japanese economy saw a temporary setback due to the impact of a consumption tax hike, but is already showing signs of a pick-up in this quarter, and performed strongly overall. Under these world economic conditions, the electronics market, which has a large bearing on the consolidated performance of TDK, saw production levels differ by finished product. Production of smartphones was much higher than in the same period of fiscal 2014, driven mainly by expansion in demand in the Chinese market. Production of tablet devices was higher than the first quarter of fiscal 2014, but growth in demand has started to slow down slightly. Production in the automobile market rose year on year, supported by solid auto sales in the U.S. PC production was up slightly on the first quarter of fiscal 2014, due to ongoing demand since April 2014 for replacing PCs in conjunction with the end of Windows XP support. Production of hard disk drives (HDDs) was slightly higher than in the corresponding period of the previous year, in line with higher demand for PCs and game consoles.

In this business environment, the TDK Group's consolidated operating results for the first quarter of fiscal 2015 were as follows.

Term Item	1Q of FY2014 (April 1, 2013 - June 30, 2013)		1Q of FY2015 (April 1, 2014 - June 30, 2014)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	234,399	100.0	237,462	100.0	2,351,109	3,063	1.3
Operating income	4,526	1.9	9,595	4.0	95,000	5,069	112.0
Income from continuing operations before income taxes	5,185	2.2	10,355	4.4	102,525	5,170	99.7
Net income attributable to TDK	372	0.2	5,754	2.4	56,970	5,382	-
Per common share :							
Net income attributable to TDK / Basic	Yen 2.96		Yen 45.73		U.S.\$ 0.45		
Net income attributable to TDK / Diluted	Yen 2.10		Yen 45.08		U.S.\$ 0.45		

**Notes:**

1. U.S.\$1=Yen 101, for convenience only.
2. The figures related to the data tape business and the blu-ray business, which became discontinued operations in the year ended March 31, 2014, are restated.

Average yen exchange rates for the U.S. dollar and the euro during the first quarter of fiscal 2015 were ¥102.17 and ¥140.17, respectively, as the yen depreciated 3.5% against the U.S. dollar and 8.7% against the euro, compared with the first quarter of fiscal 2014. This increased net sales by approximately ¥5.8 billion and operating income by approximately ¥1.0 billion.

## Sales by Product

Term Product	1Q of FY2014 (April 1, 2013 - June 30, 2013)		1Q of FY2015 (April 1, 2014 - June 30, 2014)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	33,739	14.4	36,490	15.4	361,287	2,751	8.2
Inductive devices	34,969	14.9	36,738	15.5	363,743	1,769	5.1
Other Passive Components	48,319	20.6	50,186	21.1	496,891	1,867	3.9
Passive Components	117,027	49.9	123,414	52.0	1,221,921	6,387	5.5
Recording devices	60,210	25.7	59,074	24.8	584,891	(1,136)	-1.9
Other Magnetic Application Products	25,985	11.1	27,983	11.8	277,059	1,998	7.7
Magnetic Application Products	86,195	36.8	87,057	36.6	861,950	862	1.0
Film Application Products	26,467	11.3	22,484	9.5	222,614	(3,983)	-15.0
Other	4,710	2.0	4,507	1.9	44,624	(203)	-4.3
Total	234,399	100.0	237,462	100.0	2,351,109	3,063	1.3
Overseas sales	211,680	90.3	213,565	89.9	2,114,505	1,885	0.9

**Notes:**

1. U.S.\$1=Yen 101, for convenience only.
2. Net sales related to the data tape business and the blu-ray business, which became discontinued operations in the year ended March 31, 2014, are excluded.

### (1) Passive Components Segment

This segment is made up of (1) capacitors, (2) inductive devices, and (3) other passive components. Sales in the passive components segment were ¥123,414 million (U.S.\$1,221,921 thousand), up 5.5% year on year from ¥117,027 million.

The capacitors business is made up of ceramic capacitors, aluminum electrolytic capacitors, and film capacitors. Sales in the capacitors business were ¥36,490 million (U.S.\$361,287 thousand), up 8.2% year on year from ¥33,739 million. Sales of ceramic capacitors increased to the automotive market, and sales of aluminum electrolytic capacitors and film capacitors increased to the automotive and industrial equipment markets.

Sales of inductive devices increased 5.1% year on year from ¥34,969 million to ¥36,738 million (U.S.\$363,743 thousand). Sales increased to the automotive market.

Other passive components include high-frequency devices, piezoelectric material products and circuit protection components, and sensors. Sales of other passive components increased 3.9% year on year from ¥48,319 million to ¥50,186 million (U.S.\$496,891 thousand). Sales of high-frequency devices increased to the information equipment market. Sales of piezoelectric material products and circuit protection components increased to the

communications equipment and automotive markets. Sales of sensors increased to the automotive market.

#### (2) Magnetic Application Products Segment

This segment is made up of (1) recording devices, and (2) other magnetic application products. Segment sales increased 1.0% year on year, from ¥86,195 million to ¥87,057 million (U.S.\$861,950 thousand).

The recording devices business is comprised mainly of HDD heads and HDD suspension assemblies. It recorded sales of ¥59,074 million (U.S.\$584,891 thousand), down 1.9% from ¥60,210 million. This decrease reflected lower sales volumes of HDD heads and HDD suspension assemblies.

Other magnetic application products include power supplies and magnets. Sales increased 7.7% year on year from ¥25,985 million to ¥27,983 million (U.S.\$277,059 thousand). Sales of power supplies increased to the industrial equipment market. Sales of magnets increased to the information equipment market.

#### (3) Film Application Products Segment

This segment includes energy devices (rechargeable batteries) and applied films. Segment sales decreased 15.0% from ¥26,467 million to ¥22,484 million (U.S.\$222,614 thousand).

Sales of energy devices decreased substantially to the communications equipment market, but increased to the information equipment market, due to the production trends of primary customers.

#### (4) Other

Other includes mechatronics (production equipment) and other businesses. Segment sales decreased 4.3% from ¥4,710 million to ¥4,507 million (U.S.\$44,624 thousand).

The main businesses making up the three reporting segments and Other, which includes products not included in these reporting segments, are as follows.

New Classification	Constituent Main Business
Passive Components	Ceramic capacitors, Aluminum electrolytic capacitors, Film capacitors, Inductive devices (Coils/Ferrite cores/Transformers), High-frequency devices, Piezoelectric material products, Circuit protection components, Sensors
Magnetic Application Products	Recording devices, Power supplies, Magnets
Film Application Products	Energy devices (rechargeable batteries), Applied films
Other	Mechatronics (production equipments), other

**[Sales by Region]**

Overseas sales increased 0.9% year on year from ¥211,680 million to ¥213,565 million (U.S.\$2,114,505 thousand). Overseas sales accounted for 89.9% of consolidated net sales, a 0.4 percentage point decrease from 90.3% in the first quarter of fiscal 2014. Detailed information on sales by region can be found in the consolidated supplementary information on page 15.

## **(2) Summary Information Regarding Consolidated Financial Position**

(1) The following table summarizes TDK's consolidated balance sheet as of June 30, 2014.

Total assets	¥1,241,273 million	(0.1% increase)
Total TDK stockholders' equity	¥618,222 million	(2.7% decrease)
Stockholders' equity ratio	49.8%	(1.5 point decrease)

As of June 30, 2014, total assets had increased ¥1,684 million compared with March 31, 2014. In terms of liquidity, a ¥1,541 million decreased in cash and cash equivalents and a ¥497 million decreased in short-term investments. In addition, other assets had decreased ¥2,628 million. On the other hand, inventories increased ¥3,183 million and other current assets increased ¥3,061 million.

Total liabilities increased ¥17,869 million from March 31, 2014. Short-term debt increased ¥14,838 million and trade payables increased ¥5,555 million.

TDK stockholders' equity, which is included in total equity, decreased ¥17,105 million from March 31, 2014. Accumulated other comprehensive income (loss) decreased ¥9,631 million, mainly due to a downturn in foreign currency translation adjustments compared with March 31, 2014 as a result of the yen's appreciation slightly.

(2) Cash Flows

(Yen millions)

	FY 2014 1Q	FY 2015 1Q	Change
Net cash provided by operating activities	22,798	18,729	(4,069)
Net cash used in investing activities	(15,999)	(18,547)	(2,548)
Net cash provided by financing activities	2,651	1,725	(926)
Effect of exchange rate changes on cash and cash equivalents	9,956	(3,448)	(13,404)
Net increase (decrease) in cash and cash equivalents	19,406	(1,541)	(20,947)
Cash and cash equivalents at beginning of period	213,687	250,848	37,161
Cash and cash equivalents at end of period	233,093	249,307	16,214

Operating activities provided net cash of ¥18,729 million (U.S.\$185,436 thousand), a year on year decrease of ¥4,069 million. TDK recorded a net income of ¥6,287 million (U.S.\$62,248 thousand), a year on year increase of ¥5,207 million. Depreciation and amortization decreased ¥1,097 million to ¥19,650 million (U.S.\$194,554 thousand). In changes in assets and liabilities, trade receivables decreased ¥3,115 million. On the other hand, there were a ¥3,139 million increase in inventories and a ¥8,407 million increase in other assets and liabilities, net caused the decrease of operating cash flows.

Investing activities used net cash of ¥18,547 million (U.S.\$183,634 thousand), an increase of ¥2,548 million year on year. There was a ¥5,530 million increase in capital expenditures, which outweighed a ¥2,873 million decrease in payment for purchase of short-term investments.

Financing activities provided net cash of ¥1,725 million (U.S.\$17,079 thousand), a decrease of ¥926 million year on year. There was a ¥20,550 million increase in short-term debt, net. On the other hand, there were a ¥10,812 million decrease in proceeds from long-term debt and a ¥11,013 million increase in acquisition of noncontrolling interests.

### (3) Summary Information Regarding Consolidated Projections

(Fiscal 2015 Consolidated Projections)

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2015, the year ending March 31, 2015, are as follows. TDK keeps initial projections unchanged.

Term Item	FY2015 Projections (April 1, 2014 - March 31, 2015)	FY2014 Results (April 1, 2013 - March 31, 2014)	vs FY2014 Changes	
	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,050,000	984,525	65,475	6.7
Operating income	57,000	36,616	20,384	55.7
Income from continuing operations before income taxes	56,000	39,772	16,228	40.8
Net income attributable to TDK	34,000	16,288	17,712	108.7
Capital expenditures	80,000	68,606	11,394	16.6
Depreciation and amortization	83,000	82,893	107	0.1
Research and development	68,000	63,385	4,615	7.3

(Notes)

Management has judged that compared with TDK's projections as of April 28, 2014, there should be no major change in demand for electronic components used in major finished products based on information regarding trends in the electronics market and major finished products etc , which is currently available to TDK Group (as defined below).

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥100.00 and ¥135.00 respectively will be assumed from the second quarter onward.

### Cautionary Statements with Respect to Forward-Looking Statements

This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings and evaluations, about TDK or 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 positions could be materially different from any future results, performance, achievements or financial positions 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 material 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.



## 2. Other Information

### (1) Changes in Significant Subsidiaries

Media Technology Corporation finalized its liquidation process in the quarter ended June 30, 2014.

### (2) Simplified Accounting Treatment and Special Accounting Treatment

Nothing to report

### (3) Accounting Policy Changes, Accounting Estimate Changes and Restatements

Nothing to report

### (4) Fundamental Policy for Distribution of Earnings, and Fiscal 2015 Dividends

TDK recognizes that achieving growth in corporate value over the long term ultimately translates into higher shareholder value. In line with this recognition, TDK'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 advances in the electronics industry, TDK is aiming to increase long-term corporate value. Accordingly, TDK actively reinvests its profits in business activities and sets dividends taking comprehensively into consideration the return on equity (ROE) and dividends on equity (DOE) on a consolidated basis, as well as changes in the business environment, among other factors.

Projected dividends per share for fiscal 2015 are as follows. TDK keeps initial dividend forecast unchanged.

(Yen)

	FY2015 Forecast	FY2014 Actual
Interim dividend	40.00	30.00
Year-end dividend	40.00	40.00
Annual dividend	80.00	70.00