



TDK Corporation
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Contact;

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Consolidated results (U.S. GAAP) for FY March 2016

Summary (April 1, 2015 - March 31, 2016)

Term Item	FY2015 (Apr. 1, 2014 - March 31, 2015)		FY2016 (April 1, 2015 - March 31, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	1,082,560	100.0	1,152,255	100.0	10,196,947	69,695	6.4
Operating income	72,459	6.7	93,414	8.1	826,673	20,955	28.9
Income before income taxes	74,517	6.9	91,839	8.0	812,735	17,322	23.2
Net income attributable to TDK	49,440	4.6	64,828	5.6	573,699	15,388	31.1
Per common share :							
Net income attributable to TDK / Basic	Yen 392.78		Yen 514.23		U.S.\$ 4.55		
Net income attributable to TDK / Diluted	Yen 377.98		Yen 504.66		U.S.\$ 4.47		
Total assets	1,404,282		1,450,585		12,837,035	46,303	
Total equity	758,007		684,633		6,058,699	(73,374)	
Total TDK stockholders' equity	738,861		675,361		5,976,646	(63,500)	
Stockholders' equity ratio	52.6%		46.6%		-		
Net assets (per common share)	Yen 5,864.56		Yen 5,354.79		U.S.\$ 47.39		
Capital expenditures	102,525	-	160,674	-	1,421,894	58,149	56.7
Depreciation and amortization	80,249	7.4	83,224	7.2	736,496	2,975	3.7
Research and development	70,644	6.5	84,920	7.4	751,504	14,276	20.2
Result of financial income (loss)	1,083	-	1,380	-	12,212	297	-
Ratio of overseas production	87.9%	-	86.3%	-	-		
Number of employees	88,076	-	91,648	-	-		

Note:

U.S.\$1=Yen 113, for convenience only.

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[Summary Information and Financial Statements]

1. Business Results

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for fiscal 2016, the year ended March 31, 2016, were as follows.

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

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

In this business environment, the TDK's consolidated operating results for fiscal 2016 were as follows.

Term Item	FY2015 (Apr. 1, 2014 - March. 31, 2015)		FY2016 (April 1, 2015 - March 31, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
	Net sales	1,082,560	100.0	1,152,255	100.0	10,196,947	69,695
Operating income	72,459	6.7	93,414	8.1	826,673	20,955	28.9
Income before income taxes	74,517	6.9	91,839	8.0	812,735	17,322	23.2
Net income attributable to TDK	49,440	4.6	64,828	5.6	573,699	15,388	31.1
Per common share :							
Net income attributable to TDK / Basic	Yen 392.78		Yen 514.23		U.S.\$ 4.55		
Net income attributable to TDK / Diluted	Yen 377.98		Yen 504.66		U.S.\$ 4.47		

Note:

U.S.\$1=Yen 113, for convenience only.

Average exchange rates for the U.S. dollar and euro during fiscal 2016 were ¥120.13 and ¥132.67, respectively, as the yen depreciated 9.4% versus the U.S. dollar and the yen appreciated 4.5% against the euro year on year. This increased net sales by approximately ¥85.3 billion and operating income by approximately ¥17.3 billion.

Sales by Product

Term Product	FY2015 (April 1, 2014 - March 31, 2015)		FY2016 (April 1, 2015 - March 31, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	148,960	13.8	150,402	13.1	1,330,991	1,442	1.0
Inductive devices	147,282	13.6	149,229	12.9	1,320,611	1,947	1.3
Other Passive Components	235,756	21.7	276,115	24.0	2,443,495	40,359	17.1
Passive Components	531,998	49.1	575,746	50.0	5,095,097	43,748	8.2
Recording devices	260,506	24.1	219,836	19.0	1,945,451	(40,670)	-15.6
Other Magnetic Applicaton Products	102,841	9.5	95,486	8.3	845,009	(7,355)	-7.2
Magnetic Application Products	363,347	33.6	315,322	27.3	2,790,460	(48,025)	-13.2
Film Application Products	151,275	14.0	222,359	19.3	1,967,779	71,084	47.0
Other	35,940	3.3	38,828	3.4	343,611	2,888	8.0
Total	1,082,560	100.0	1,152,255	100.0	10,196,947	69,695	6.4
Overseas sales	989,348	91.4	1,061,203	92.1	9,391,177	71,855	7.3

Notes:

1. U.S.\$1=Yen 113, for convenience only.
2. In accordance with the reorganization in 1Q of FY2016, certain products of Inductive devices, Other Passive Components and Other Magnetic Application Products were reclassified into Other that wasn't a part of three reportable segments. The prior year's sales are also reclassified to conform to the new segmentation.

(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 ¥575,746 million (U.S.\$ 5,095,097 thousand), up 8.2% year on year from ¥531,998 million.

The capacitors business is made up of ceramic capacitors, aluminum electrolytic capacitors, and film capacitors. Sales in the capacitors business were ¥150,402 million (U.S.\$ 1,330,991 thousand), up 1.0% year on year from ¥148,960 million. Sales of ceramic capacitors increased to the automotive market, and sales of aluminum electrolytic capacitors and film capacitors also increased to the automotive market.

Sales of inductive devices increased 1.3% year on year from ¥147,282 million to ¥149,229 million (U.S.\$ 1,320,611 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 17.1% year on year from ¥235,756 million to ¥276,115 million (U.S.\$ 2,443,495 thousand). Sales of high-frequency devices increased significantly to the ICT (Information and Communications Technology) market. Sales of piezoelectric material products and circuit protection components increased to the ICT market. Sales of sensors increased to the automotive and the industrial equipment markets.

(2) Magnetic Application Products Segment

This segment is made up of (1) recording devices, and (2) other magnetic application products. Segment sales decreased 13.2% year on year, from ¥363,347 million to ¥315,322 million (U.S.\$ 2,790,460 thousand).

The recording devices business is comprised mainly of HDD heads and HDD suspension assemblies. It recorded consolidated sales of ¥219,836 million (U.S.\$ 1,945,451 thousand), down 15.6% from ¥260,506 million. Sales of HDD heads and HDD suspension assemblies declined due to the lackluster HDD production level.

Other magnetic application products include power supplies and magnets. Sales decreased 7.2% year on year from ¥102,841 million to ¥95,486 million (U.S.\$ 845,009 thousand). Sales of power supplies increased to the industrial equipment market. Sales of magnets decreased to the automotive market and the ICT market for use in HDDs.

(3) Film Application Products Segment

This segment includes energy devices (rechargeable batteries) and applied films. Sales increased 47.0% from ¥151,275 million to ¥222,359 million (U.S.\$ 1,967,779 thousand).

Sales of energy devices increased significantly to the ICT market.

(4) Other

Other includes mechatronics (production equipment) and other businesses. Segment sales increased 8.0% from ¥35,940 million to ¥38,828 million (U.S.\$ 343,611 thousand).

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

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	HDD Heads, HDD suspension assemblies, Power supplies, Magnets
Film Application Products	Energy devices (rechargeable batteries), Applied films
Other	Mechatronics (production equipment), other

[Sales by Region]

Overseas sales increased 7.3% year on year from ¥989,348 million to ¥1,061,203 million (U.S.\$ 9,391,177 thousand). Overseas sales accounted for 92.1% of consolidated net sales, a 0.7 percentage point increase from 91.4% one year earlier. Detailed information on sales by region can be found in the consolidated supplementary information on page 22.

[Fiscal 2017 Consolidated Projections]

TDK’s projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2017, the year ending March 31, 2017, are as follows.

Term Item	FY2017 (April 1, 2016 - March 31, 2017)	FY2016 (April 1, 2015 - March 31, 2016)	vs FY2016 Changes	
	Projection in April '16	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,160,000	1,152,255	7,745	0.7
Operating income	74,000	93,414	(19,414)	-20.8
Income before income taxes	73,000	91,839	(18,839)	-20.5
Net income attributable to TDK	50,000	64,828	(14,828)	-22.9
Capital expenditures	200,000	160,674	39,326	24.5
Depreciation and amortization	95,000	83,224	11,776	14.1
Research and development	90,000	84,920	5,080	6.0

(Exchange Rate Assumption)

Average yen exchange rates against the U.S. dollar and the euro of ¥110 and ¥125 respectively are assumed for fiscal 2017.

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 Corporation and/or its group companies (“TDK”). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of TDK in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors.

TDK therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK’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 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 operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK 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) Summary Information Regarding Consolidated Financial Position

(1) The following table summarizes TDK's consolidated balance sheet as of March 31, 2016.

Total assets	¥1,450,585 million	(3.3% increase)
Total TDK stockholders' equity	¥675,361 million	(8.6% decrease)
Stockholders' equity ratio	46.6%	(6.0 point decrease)

As of March 31, 2016, total assets increased ¥46,303 million compared with March 31, 2015. This increase mainly reflected a ¥20,936 million increase in terms of liquidity (cash and cash equivalents, short-term investments, marketable securities). Net trade receivables decreased ¥11,871 million, while property, plant and equipment increased ¥60,385 million.

Total liabilities increased ¥119,677 million from March 31, 2015. Short-term debt and current installments of long-term debt increased ¥58,062 million. Retirement and severance benefits increased ¥41,449 million.

TDK stockholders' equity, which is included in total equity, decreased ¥63,500 million from March 31, 2015. Retained earnings increased ¥46,349 million, while accumulated other comprehensive income (loss) decreased ¥96,403 million, as a result of decrease in foreign currency translation adjustments and pension liability adjustments.

(2) Cash Flows

(Yen millions)

	FY 2015	FY 2016	Change
Net cash provided by operating activities	142,850	151,563	8,713
Net cash used in investing activities	(127,312)	(140,585)	(13,273)
Net cash provided by (used in) financing activities	(35,243)	29,305	64,548
Effect of exchange rate changes on cash and cash equivalents	33,961	(19,919)	(53,880)
Net increase in cash and cash equivalents	14,256	20,364	6,108
Cash and cash equivalents at beginning of period	250,848	265,104	14,256
Cash and cash equivalents at end of period	265,104	285,468	20,364

Operating activities provided net cash of ¥151,563 million (U.S.\$1,341,265 thousand), an increase of ¥8,713 million year on year. There were the increases in net income and trade payables.

Investing activities used net cash of ¥140,585 million (U.S.\$1,244,115 thousand), an increase of ¥13,273 million year on year. There was the increase in capital expenditures.

Financing activities provided net cash of ¥29,305 million (U.S.\$259,336 thousand), changed by ¥64,548 million year on year. There was the increase in short-term debt.

(3) Trends in Cash Flow Indicators

	FY2013	FY2014	FY2015	FY2016
1) Stockholders' equity ratio (%)	48.0	51.3	52.6	46.6
2) Stockholders' equity ratio on a market value basis (%)	35.2	43.7	76.6	54.3
3) No. of years to redeem debt	2.71	2.10	1.88	2.22
4) Interest coverage ratio (times)	38.3	36.8	47.7	48.6

[Notes]

1) Stockholders' equity ratio = Total stockholders' equity/Total assets

2) Stockholders' equity ratio on a market value basis = Market capitalization (*1)/Total assets

(*1) Market capitalization = Closing price of TDK's common shares on the Tokyo Stock Exchange at fiscal year-end x Shares issued and outstanding at fiscal year-end after deducting treasury shares

3) No. of years to redeem debt = Interest-bearing liabilities (*2)/Cash flows from operating activities (*3)

(*2) Interest-bearing liabilities: "Short-term debt," "current installments of long-term debt," and "long-term debt, excluding current installments" on the consolidated balance sheets.

(*3) Cash flows from operating activities: "Net cash provided by operating activities" on the consolidated statements of cash flows.

4) Interest coverage ratio = Cash flows from operating activities/Interest payments (*4)

(*4) Interest payments: "Interest expense" on the consolidated statements of income

(3) Fundamental Policy for Distribution of Earnings, and Fiscal 2016 and Fiscal 2017 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 the Company's 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.

TDK plans to pay a year-end dividend of ¥60 per common share, subject to approval at the ordinary general meeting of shareholders scheduled for June 29, 2016. Combined with the interim dividend of ¥60 per common share paid in December 2015, the planned dividend per common share applicable to the year will be ¥120.

TDK plans to pay an interim dividend of ¥60 per common share and a year-end dividend of ¥60 per common share respectively in Fiscal 2017.

(Yen)	FY 2017 Forecast	FY 2016
Interim dividend	60.00	(Actual) 60.00
Year-end dividend	60.00	(Forecast) 60.00
Annual dividend	120.00	(Forecast) 120.00

2. Management Policies

(1) Fundamental Management Policy

TDK was established in 1935 as the world's first company to industrialize a magnetic material called ferrite. In the ensuing years, TDK has developed and commercialized passive components, magnetic application products and film application products, 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 provides even higher corporate value to all stakeholders, including shareholders, customers, suppliers, employees and society, by drawing on innovative thinking and a willingness to tackle new challenges.

(2) Targeted Management Indicators

To realize this fundamental management policy, TDK conducts its business activities with reference to the following indicators.

(Important Fundamental Management Indicator)

* TVA (TDK Value Added)

TVA measures the added value newly created by the company's business activities and is an important decision-making tool for management.

TVA is a TDK proprietary value-added yardstick that measures the extent of earnings commensurate with invested capital. This indicator compares earnings after taxes but without deducting interest expenses with the cost of capital (stockholders' equity + interest-bearing liabilities).

(Indicator for Managing Environmental Performance)

* CO2 Emissions Reductions

As part of its environmental action plan to promote business activities in harmony with the natural environment, TDK has set a target for CO2 emissions reductions.

(3) Medium- and Long-Term Management Strategy

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

Turning to TDK's businesses, TDK is continuing to accelerate sales expansion through new businesses as well as through the three segments of passive components, magnetic application products, and film application products, thereby boosting profitability. In addition to investing in core businesses, over the medium term TDK aims to achieve an operating margin of 10% or more, and ROE of 10% or more, while efficiently investing in new product development and new businesses. At the same time, as regards shareholder returns, TDK's policy is to continue paying stable dividends by leveraging the impact of these investments by growing earnings per share.

In line with the Corporate Governance Code that was applied to listed companies in June 2015 with the aim of achieving sustained growth and improving medium- and long-term corporate value, TDK will endeavor to implement appropriate information disclosure and ensure transparency to further activate its constructive

engagement with shareholders and investors and fulfill the role and obligations of the Board of Directors at the same time.

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

(4) Pressing Issues

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

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

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

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

Speedy management achieved by the delegation of authority is strongly required in the rapidly changing electronics market. To this end, TDK is reforming headquarter functions along with strengthening the headquarter functions for each overseas region, in order to realize headquarter functions appropriate for a global company.

In reinforcing its businesses, TDK will also take into account the environment. TDK will supply products that

meet customer demands and that respond to social concerns such as energy conservation, legal and regulatory compliance, and safety, and will also take further steps to reduce the environmental impact of its business activities, by cutting CO2 emissions and other measures. As a corporate citizen, TDK will reaffirm the importance of prospering together with society and will ensure that laws and regulations are observed in Japan and other countries as it seeks to strengthen its corporate governance.

3. Basic Rationale for Selection of Accounting Standards

TDK started to prepare its consolidated financial statements using U.S. GAAP when it issued an American Depositary Receipt (“ADR”) in July 1974. In April 2009, TDK delisted its shares on the New York Stock Exchange but maintained its ADR program in the U.S., and continues to use U.S. GAAP when it prepares consolidated financial statements. This was done from the viewpoint of protecting shareholders or investors and enabling them to make comparisons with past disclosures of information.

As for the application of International Financial Reporting Standards (“IFRS”), TDK’s policy is to respond appropriately after taking into consideration the circumstances unfolding both in Japan and overseas.

4. Consolidated Financial Statements

(1) Balance Sheets

ASSETS						
Term Item	As of March 31, 2015		As of March 31, 2016			Change
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Current assets	740,241	52.7	740,994	51.1	6,557,469	753
Cash and cash equivalents	265,104		285,468		2,526,265	20,364
Short-term investments	20,091		21,964		194,372	1,873
Marketable securities	1,301		-		-	(1,301)
Net trade receivables	238,089		226,218		2,001,929	(11,871)
Inventories	151,012		157,129		1,390,522	6,117
Other current assets	64,644		50,215		444,381	(14,429)
Noncurrent assets	664,041	47.3	709,591	48.9	6,279,566	45,550
Investments in securities	45,733		35,335		312,699	(10,398)
Net property, plant and equipment	427,254		487,639		4,315,389	60,385
Other assets	191,054		186,617		1,651,478	(4,437)
TOTAL	1,404,282	100.0	1,450,585	100.0	12,837,035	46,303

LIABILITIES AND EQUITY						
Term Item	As of March 31, 2015		As of March 31, 2016			Change
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Current liabilities	387,877	27.6	451,234	31.1	3,993,221	63,357
Short-term debt	136,098		158,683		1,404,274	22,585
Current installments of long-term debt	751		36,228		320,602	35,477
Trade payables	111,591		112,664		997,027	1,073
Accrued expenses	118,336		123,892		1,096,389	5,556
Other current liabilities	21,101		19,767		174,929	(1,334)
Noncurrent liabilities	258,398	18.4	314,718	21.7	2,785,115	56,320
Long-term debt, excluding current installments	131,483		140,847		1,246,434	9,364
Retirement and severance benefits	105,687		147,136		1,302,088	41,449
Other noncurrent liabilities	21,228		26,735		236,593	5,507
Total liabilities	646,275	46.0	765,952	52.8	6,778,336	119,677
Common stock	32,641		32,641		288,858	-
Additional paid-in capital	39,755		21,083		186,575	(18,672)
Legal reserve	29,685		34,221		302,841	4,536
Retained earnings	661,159		707,508		6,261,133	46,349
Accumulated other comprehensive income (loss)	(5,882)		(102,285)		(905,177)	(96,403)
Treasury stock	(18,497)		(17,807)		(157,584)	690
Total TDK stockholders' equity	738,861	52.6	675,361	46.6	5,976,646	(63,500)
Noncontrolling interests	19,146	1.4	9,272	0.6	82,053	(9,874)
Total equity	758,007	54.0	684,633	47.2	6,058,699	(73,374)
TOTAL	1,404,282	100.0	1,450,585	100.0	12,837,035	46,303

Note:

U.S.\$1=Yen 113, for convenience only.

(2) Statements of Income and Statements of Comprehensive Income (loss)

Statements of Income

Term Item	FY2015 (April 1, 2014 - March 31, 2015)		FY2016 (April 1, 2015 - March 31, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	1,082,560	100.0	1,152,255	100.0	10,196,947	69,695	6.4
Cost of sales	802,225	74.1	831,123	72.1	7,355,071	28,898	3.6
Gross profit	280,335	25.9	321,132	27.9	2,841,876	40,797	14.6
Selling, general and administrative expenses	207,876	19.2	227,718	19.8	2,015,203	19,842	9.5
Operating income	72,459	6.7	93,414	8.1	826,673	20,955	28.9
Other income (deductions):							
Interest and dividend income	4,075		4,496		39,787	421	
Interest expense	(2,992)		(3,116)		(27,575)	(124)	
Foreign exchange gain (loss)	(1,846)		(2,394)		(21,186)	(548)	
Other-net	2,821		(561)		(4,964)	(3,382)	
Total other income (deductions)	2,058	0.2	(1,575)	-0.1	(13,938)	(3,633)	-
Income before income taxes	74,517	6.9	91,839	8.0	812,735	17,322	23.2
Income taxes	21,738	2.0	25,216	2.2	223,151	3,478	16.0
Net income	52,779	4.9	66,623	5.8	589,584	13,844	26.2
Less: Net income attributable to noncontrolling interests	3,339	0.3	1,795	0.2	15,885	(1,544)	-46.2
Net income attributable to TDK	49,440	4.6	64,828	5.6	573,699	15,388	31.1

Note:

U.S.\$1=Yen 113, for convenience only.

Statements of comprehensive income (loss)

Term Item	FY2015 (April 1, 2014 - March 31, 2015)		FY2016 (April 1, 2015 - March 31, 2016)		Change
	(Yen millions)	(Yen millions)	(Yen millions)	(U.S.\$ thousands)	(Yen millions)
Net income	52,779	66,623	589,584	13,844	
Other comprehensive income (loss), net of taxes:					
Foreign currencies translation adjustments	92,481	(61,172)	(541,345)	(153,653)	
Pension liability adjustments	(13,804)	(31,555)	(279,248)	(17,751)	
Net unrealized gains (losses) on securities	4,463	(6,994)	(61,894)	(11,457)	
Total other comprehensive income (loss)	83,140	(99,721)	(882,487)	(182,861)	
Comprehensive income (loss)	135,919	(33,098)	(292,903)	(169,017)	
Comprehensive income attributable to noncontrolling interests	6,158	1,371	12,133	(4,787)	
Comprehensive income (loss) attributable to TDK	129,761	(34,469)	(305,036)	(164,230)	

Note:

U.S.\$1=Yen 113, for convenience only.

(3) Statements of Stockholders' Equity

(Yen millions)

FY2015 (April 1, 2014 - March 31, 2015)	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total TDK stockholders' equity
Balance as of March 31, 2014	32,641	57,635	26,651	624,919	(87,134)	(19,385)	635,327
Equity transaction of consolidated subsidiaries and other		(17,880)		(99)	931	895	(16,153)
Cash dividends				(10,067)			(10,067)
Transferred to legal reserve			3,034	(3,034)			-
Comprehensive income							
Net income				49,440			49,440
Other comprehensive income					80,321		80,321
Total comprehensive income							129,761
Acquisition of treasury stock						(7)	(7)
Sale of treasury stock		(0)				0	0
Balance as of March 31, 2015	32,641	39,755	29,685	661,159	(5,882)	(18,497)	738,861

FY2015 (April 1, 2014 - March 31, 2015)	Noncontrolling interests	Total equity
Balance as of March 31, 2014	16,916	652,243
Equity transaction of consolidated subsidiaries and other	(3,556)	(19,709)
Cash dividends	(372)	(10,439)
Transferred to legal reserve		-
Comprehensive income		
Net income	3,339	52,779
Other comprehensive income	2,819	83,140
Total comprehensive income	6,158	135,919
Acquisition of treasury stock		(7)
Sale of treasury stock		0
Balance as of March 31, 2015	19,146	758,007

(Yen millions)

FY2016 (April 1, 2015 - March 31, 2016)	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total TDK stockholders' equity
Balance as of March 31, 2015	32,641	39,755	29,685	661,159	(5,882)	(18,497)	738,861
Equity transaction of consolidated subsidiaries and other		(18,672)		(79)	2,894	702	(15,155)
Cash dividends				(13,864)			(13,864)
Transferred to legal reserve			4,536	(4,536)			-
Comprehensive income							
Net income				64,828			64,828
Other comprehensive income (loss)					(99,297)		(99,297)
Total comprehensive income (loss)							(34,469)
Acquisition of treasury stock						(12)	(12)
Sale of treasury stock							-
Balance as of March 31, 2016	32,641	21,083	34,221	707,508	(102,285)	(17,807)	675,361

FY2016 (April 1, 2015 - March 31, 2016)	Noncontrolling interests	Total equity
Balance as of March 31, 2015	19,146	758,007
Equity transaction of consolidated subsidiaries and other	(11,068)	(26,223)
Cash dividends	(177)	(14,041)
Transferred to legal reserve		-
Comprehensive income		
Net income	1,795	66,623
Other comprehensive income (loss)	(424)	(99,721)
Total comprehensive income (loss)	1,371	(33,098)
Acquisition of treasury stock		(12)
Sale of treasury stock		-
Balance as of March 31, 2016	9,272	684,633

TDK Corporation Consolidated FY March 2016(U.S. GAAP)

(U.S.\$ thousands)

FY2016 (April 1, 2015 - March 31, 2016)	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total TDK stockholders' equity
Balance as of March 31, 2015	288,858	351,814	262,699	5,850,965	(52,053)	(163,690)	6,538,593
Equity transaction of consolidated subsidiaries and other		(165,239)		(699)	25,611	6,212	(134,115)
Cash dividends				(122,690)			(122,690)
Transferred to legal reserve			40,142	(40,142)			-
Comprehensive income							
Net income				573,699			573,699
Other comprehensive income (loss)					(878,735)		(878,735)
Total comprehensive income (loss)							(305,036)
Acquisition of treasury stock						(106)	(106)
Sale of treasury stock							-
Balance as of March 31, 2016	288,858	186,575	302,841	6,261,133	(905,177)	(157,584)	5,976,646

FY2016 (April 1, 2015 - March 31, 2016)	Noncontrolling interests	Total equity
Balance as of March 31, 2015	169,434	6,708,027
Equity transaction of consolidated subsidiaries and other	(97,947)	(232,062)
Cash dividends	(1,567)	(124,257)
Transferred to legal reserve		-
Comprehensive income		
Net income	15,885	589,584
Other comprehensive income (loss)	(3,752)	(882,487)
Total comprehensive income (loss)	12,133	(292,903)
Acquisition of treasury stock		(106)
Sale of treasury stock		-
Balance as of March 31, 2016	82,053	6,058,699

Note:

U.S.\$1=Yen 113, for convenience only.

(4) Statements of Cash Flows

Term Item	FY2015	FY2016	
	(April 1, 2014 - March 31, 2015)	(April 1, 2015 - March 31, 2016)	
	(Yen millions)	(Yen millions)	(U.S.\$ thousands)
Cash flows from operating activities:			
Net income	52,779	66,623	589,584
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	80,249	83,224	736,496
Changes in assets and liabilities:			
Decrease (increase) in trade receivables	4,919	(7,262)	(64,266)
Decrease (increase) in inventories	(4,368)	(10,591)	(93,726)
Increase (decrease) in trade payables	(12,375)	16,460	145,664
Increase (decrease) in accrued expenses	7,892	(509)	(4,505)
Decrease (increase) in other assets and liabilities, net	(3,347)	75	664
Other-net	17,101	3,543	31,354
Net cash provided by operating activities	142,850	151,563	1,341,265
Cash flows from investing activities:			
Capital expenditures	(102,525)	(160,674)	(1,421,894)
Proceeds from sale and maturity of short-term investments	21,828	30,348	268,566
Payment for purchase of short-term investments	(30,861)	(27,352)	(242,053)
Proceeds from sale and maturity of securities	707	4,833	42,770
Payment for purchase of securities	(248)	(1,112)	(9,841)
Acquisition of subsidiaries, net of cash acquired	-	(15,165)	(134,203)
Disbursement for loans made by TDK	(26,321)	(148)	(1,310)
Receipt from collection of loans made by TDK	1,327	21,605	191,195
Proceeds from sales of tangible and intangible assets	7,698	3,918	34,673
Other-net	1,083	3,162	27,982
Net cash used in investing activities	(127,312)	(140,585)	(1,244,115)
Cash flows from financing activities:			
Proceeds from long-term debt	34,777	22,700	200,885
Repayment of long-term debt	(37,320)	(1,289)	(11,407)
Increase (decrease) in short-term debt, net	(916)	50,213	444,363
Dividends paid	(10,069)	(13,864)	(122,690)
Acquisition of noncontrolling interests	(24,633)	(28,504)	(252,248)
Other-net	2,918	49	433
Net cash provided by (used in) financing activities	(35,243)	29,305	259,336
Effect of exchange rate changes on cash and cash equivalents	33,961	(19,919)	(176,274)
Net increase in cash and cash equivalents	14,256	20,364	180,212
Cash and cash equivalents at beginning of period	250,848	265,104	2,346,053
Cash and cash equivalents at end of period	265,104	285,468	2,526,265

Note:

U.S.\$1=Yen 113, for convenience only.

(5) Note Relating to the Going Concern Assumption

Nothing to report.

(6) Summary of Significant Accounting Policies

1. The consolidated financial statements are prepared in conformity with the U.S. GAAP.
Inventories are valued at the lower of cost or market as in the past, with cost mainly determined by the periodic average method.
2. As of March 31, 2016, TDK Corporation had 129 subsidiaries (14 in Japan and 115 overseas).
TDK Corporation also had 7 affiliates (4 in Japan and 3 overseas) whose financial statements are accounted for by the equity method.
TDK disposed the whole share of EPCOS (Anhui) Feida Electronics Co., Ltd in the year ended March 31, 2016. On the other hand, TDK acquired Micronas Semiconductor Holding AG and its subsidiaries. As a result, these 11 entities were newly included in the scope of consolidation of TDK in the year ended March 31, 2016.
3. In November 2015, the FASB issued Accounting Standards Update (“ASU”) No. 2015-17, “Balance Sheet Classification of Deferred Taxes.” To simplify the presentation of deferred income taxes, this ASU requires that deferred tax assets and liabilities to be classified as noncurrent in a consolidated balance sheet. TDK has early adopted this ASU for the year ended March 31, 2016. For the adoption of this ASU, TDK did not retrospectively adjust the consolidated balance sheets of the prior periods.
4. The following items have been omitted from this earnings release because they are not deemed to be that necessary for disclosure.

Notes Concerning Consolidated Financial Statements

- Lease transactions
- Related-party transactions
- Tax-effect accounting
- Financial instruments
- Retirement benefits
- Stock options, etc.
- Business combinations, etc.
- Real estate for leasing
- Asset retirement obligations

(7) Segment Information

TDK has three reportable segments: Passive Components, Magnetic Application Products and Film Application Products, as well as Other, which includes products not included in these three reportable segments.

In accordance with the reorganization in 1Q of FY2016, certain products of Passive Components and Magnetic Application Products were reclassified into Other. The prior year's figures are also reclassified to conform to the new segmentation.

Sales by industry segment

		FY2015 (April 1, 2014 - March 31, 2015)		FY2016 (April 1, 2015 - March 31, 2016)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	531,998	49.1	575,746	50.0	5,095,097	43,748	8.2
	Intersegment	3,024		2,795		24,735	(229)	-7.6
	Total	535,022		578,541		5,119,832	43,519	8.1
Magnetic Application Products	External customers	363,347	33.6	315,322	27.3	2,790,460	(48,025)	-13.2
	Intersegment	202		325		2,876	123	60.9
	Total	363,549		315,647		2,793,336	(47,902)	-13.2
Film Application Products	External customers	151,275	14.0	222,359	19.3	1,967,779	71,084	47.0
	Intersegment	2,906		2,989		26,451	83	2.9
	Total	154,181		225,348		1,994,230	71,167	46.2
Other	External customers	35,940	3.3	38,828	3.4	343,611	2,888	8.0
	Intersegment	12,921		17,289		153,000	4,368	33.8
	Total	48,861		56,117		496,611	7,256	14.9
Intersegment eliminations		(19,053)		(23,398)		(207,062)	(4,345)	
Total		1,082,560	100.0	1,152,255	100.0	10,196,947	69,695	6.4

Note:

U.S.\$1=Yen 113, for convenience only.

Segment profit by industry segment

		FY2015 (April 1, 2014 - March 31, 2015)		FY2016 (April 1, 2015 - March 31, 2016)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		36,611	6.9	66,404	11.5	587,646	29,793	81.4
Magnetic Application Products		29,676	8.2	13,194	4.2	116,761	(16,482)	-55.5
Film Application Products		24,558	16.2	36,356	16.4	321,735	11,798	48.0
Other		571	1.6	1,881	4.8	16,646	1,310	229.4
Sub total		91,416	8.4	117,835	10.2	1,042,788	26,419	28.9
Corporate and Eliminations		(18,957)		(24,421)		(216,115)	(5,464)	
Operating income		72,459	6.7	93,414	8.1	826,673	20,955	28.9

Notes:

1. U.S.\$1=Yen 113, for convenience only.
2. % to sales of each corresponding segment

(8) Fair Value of Securities

(Yen millions)

	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
As of March 31, 2015				
Marketable securities (Debt securities):				
Government bonds	1,301	0	-	1,301
Investments (Debt securities):				
Commercial papers	66	73	-	139
Public-utility bonds	2	-	-	2
Investments (Equity securities):				
Manufacturing companies	8,407	14,684	33	23,058
Other	1,175	1,032	-	2,207
Investments (Mutual funds)	996	293	-	1,289
Total	11,947	16,082	33	27,996
As of March 31, 2016				
Investments (Debt securities):				
Commercial papers	6	108	-	114
Public-utility bonds	2	-	-	2
Investments (Equity securities):				
Manufacturing companies	2,701	5,045	47	7,699
Other	1,171	448	-	1,619
Investments (Mutual funds)	1,055	160	0	1,215
Total	4,935	5,761	47	10,649

(U.S.\$ thousands)

	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
As of March 31, 2016				
Investments (Debt securities):				
Commercial papers	53	956	-	1,009
Public-utility bonds	18	-	-	18
Investments (Equity securities):				
Manufacturing companies	23,903	44,646	416	68,133
Other	10,363	3,964	-	14,327
Investments (Mutual funds)	9,336	1,416	0	10,752
Total	43,673	50,982	416	94,239

Note:

U.S.\$1=Yen 113, for convenience only.

(9) Fair Value of Derivatives

(Yen millions)

	Contract Amount	Carrying Amount	Estimated Fair Value
As of March 31, 2015			
Forward foreign exchange contracts	92,963	(69)	(69)
Currency swap contracts	40,326	2,322	2,322
As of March 31, 2016			
Forward foreign exchange contracts	104,623	464	464
Non-deliverable forward contracts	4,345	(34)	(34)
Currency swap contracts	39,182	(450)	(450)
Currency option contracts	544	15	15
Commodity forward contracts	1,173	(60)	(60)

(U.S.\$ thousands)

(U.S.\$ thousands)	Contract Amount	Carrying Amount	Estimated Fair Value
As of March 31, 2016			
Forward foreign exchange contracts	925,867	4,106	4,106
Non-deliverable forward contracts	38,451	(301)	(301)
Currency swap contracts	346,743	(3,982)	(3,982)
Currency option contracts	4,814	133	133
Commodity forward contracts	10,381	(531)	(531)

Note:

U.S.\$1=Yen 113, for convenience only.

(10) Net Income per Share

Item	Term	FY2015 (April 1, 2014 - March 31, 2015)		FY2016 (April 1, 2015 - March 31, 2016)	
		Basic	Diluted	Basic	Diluted
Net income attributable to TDK		(Yen millions) 49,440	47,703	(Yen millions) 64,828	63,784
		Number of shares (Thousands)		Number of shares (Thousands)	
Weighted average common shares outstanding		125,873	125,873	126,068	126,068
Incremental shares arising from the exercise of stock options		-	332	-	322
Weighted average common shares outstanding - Total		125,873	126,205	126,068	126,390
		(Yen)		(Yen)	
Per common share :					
Net income attributable to TDK		392.78	377.98	514.23	504.66

Item	Term	FY2016 (April 1, 2015 - March 31, 2016)	
		Basic	Diluted
Net income attributable to TDK		(U.S.\$ thousands) 573,699	564,460
		Number of shares (Thousands)	
Weighted average common shares outstanding		126,068	126,068
Incremental shares arising from the exercise of stock options		-	322
Weighted average common shares outstanding - Total		126,068	126,390
		(U.S.\$)	
Per common share :			
Net income attributable to TDK		4.55	4.47

Notes:

1. U.S.\$1=Yen 113, for convenience only.
2. The dilution of net income attributable to TDK was caused by presuming the exercise of stock options issued by a subsidiary of TDK Corporation.

(11) Significant Subsequent Events

Nothing to report.

(12) Consolidated Supplementary Information

1. Exchange rates used for conversion

Item \ Term	As of March 31, 2015		As of March 31, 2016	
	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen
The end of the period	120.17	130.32	112.68	127.70

2. Sales by region

Region \ Term	FY2015 (April 1, 2014 - March 31, 2015)		FY2016 (April 1, 2015 - March 31, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas	89,871	8.3	101,974	8.9	902,425	12,103	13.5
Europe	146,016	13.5	145,336	12.6	1,286,159	(680)	-0.5
Asia and others	753,461	69.6	813,893	70.6	7,202,593	60,432	8.0
Overseas sales total	989,348	91.4	1,061,203	92.1	9,391,177	71,855	7.3
Japan	93,212	8.6	91,052	7.9	805,770	(2,160)	-2.3
Net sales	1,082,560	100.0	1,152,255	100.0	10,196,947	69,695	6.4

Notes:

1. U.S.\$1=Yen 113, for convenience only.
2. Overseas sales are based on the location of the customers.

3. Overview of sales by product

Product \ Term	1Q of FY2015 (April 1, 2014 - June 30, 2014)		2Q of FY2015 (July 1, 2014 - September 30, 2014)		3Q of FY2015 (October 1, 2014 - December 31, 2014)		4Q of FY2015 (January 1, 2015 - March 31, 2015)	
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%
Capacitors	36,490	15.4	37,308	14.1	37,518	12.5	37,644	13.5
Inductive devices	35,696	15.0	37,085	14.0	38,071	12.7	36,430	13.0
Other	49,736	20.9	55,529	20.9	67,645	22.5	62,846	22.4
Passive Components	121,922	51.3	129,922	49.0	143,234	47.7	136,920	48.9
Recording devices	59,074	24.8	63,739	24.0	75,088	25.0	62,605	22.4
Other	26,175	11.1	25,456	9.7	25,281	8.4	25,929	9.2
Magnetic Application Products	85,249	35.9	89,195	33.7	100,369	33.4	88,534	31.6
Film Application Products	22,484	9.5	37,235	14.1	47,417	15.8	44,139	15.8
Other	7,807	3.3	8,461	3.2	9,357	3.1	10,315	3.7
Total	237,462	100.0	264,813	100.0	300,377	100.0	279,908	100.0

Product \ Term	1Q of FY2016 (April 1, 2015 - June 30, 2015)		2Q of FY2016 (July 1, 2015 - September 30, 2015)		3Q of FY2016 (October 1, 2015 - December 31, 2015)		4Q of FY2016 (January 1, 2016 - March 31, 2016)		(U.S.\$ thousands)
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	
Capacitors	39,126	14.0	39,461	12.8	36,423	12.1	35,392	13.5	313,204
Inductive devices	37,895	13.6	38,570	12.5	37,356	12.4	35,408	13.5	313,345
Other	70,795	25.3	72,120	23.4	67,736	22.4	65,464	24.9	579,327
Passive Components	147,816	52.9	150,151	48.7	141,515	46.9	136,264	51.9	1,205,876
Recording devices	54,585	19.5	60,707	19.7	58,501	19.4	46,043	17.5	407,460
Other	24,773	8.9	24,559	8.0	23,292	7.7	22,862	8.7	202,319
Magnetic Application Products	79,358	28.4	85,266	27.7	81,793	27.1	68,905	26.2	609,779
Film Application Products	43,232	15.4	64,065	20.8	68,463	22.7	46,599	17.7	412,381
Other	9,150	3.3	8,576	2.8	9,957	3.3	11,145	4.2	98,628
Total	279,556	100.0	308,058	100.0	301,728	100.0	262,913	100.0	2,326,664

Notes:

1. U.S.\$1=Yen 113, for convenience only.
2. In accordance with the reorganization in 1Q of FY2016, certain products of Inductive devices, Other of Passive Components and Other of Magnetic Application Products were reclassified into Other that wasn't a part of three reportable segments. The prior year's sales are also reclassified to conform to the new segmentation.

Management Changes (June. 29, 2016)

1. Directors (new appointment and retirement)

Director Candidate

Shigenao Ishiguro

Senior Vice President,

CEO of Magnetic Heads and Sensors Business Company, and General Manager of Magnetic Sensors Business Group of Magnetic Heads and Sensors Business Company

Tetsuji Yamanishi

General Manager of Finance & Accounting Group

Retiring Director

Atsuo Kobayashi

Director, Executive Vice President,

In charge of Magnet Products

Hiroyuki Uemura

Director, Executive Vice President,

CEO of Electronic Components Business Company