

[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 |