



TDK Corporation
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Contact;

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Consolidated results (U.S. GAAP) for the 3rd quarter of FY March 2017

Summary (April 1, 2016 - December 31, 2016)

Term Item	The 9-month-period of FY2016 (Apr. 1, 2015 - Dec. 31, 2015)		The 9-month-period of FY2017 (April 1, 2016 - December 31, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	889,342	100.0	903,953	100.0	7,792,698	14,611	1.6
Operating income	75,872	8.5	76,827	8.5	662,302	955	1.3
Income before income taxes	73,936	8.3	76,429	8.5	658,871	2,493	3.4
Net income attributable to TDK	56,414	6.3	57,089	6.3	492,147	675	1.2
Per common share :							
Net income attributable to TDK / Basic	Yen 447.54		Yen 452.53		U.S.\$ 3.90		
Net income attributable to TDK / Diluted	Yen 429.05		Yen 443.82		U.S.\$ 3.83		
Capital expenditures	114,799	-	134,504	-	1,159,517	19,705	17.2
Depreciation and amortization	62,503	7.0	64,484	7.1	555,897	1,981	3.2
Research and development	63,481	7.1	68,272	7.6	588,552	4,791	7.5
Result of financial income (loss)	1,085	-	291	-	2,509	(794)	-
Ratio of overseas production	87.2%	-	86.5%	-	-		
Number of employees	92,863	-	101,706	-	-		

**3rd quarter consolidated results
(October 1, 2016 - December 31, 2016)**

Term Item	3Q of FY2016 (Oct. 1, 2015 - Dec. 31, 2015)		3Q of FY2017 (October 1, 2016 - December 31, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	301,728	100.0	324,772	100.0	2,799,759	23,044	7.6
Operating income	30,297	10.0	32,514	10.0	280,293	2,217	7.3
Income before income taxes	29,854	9.9	32,103	9.9	276,750	2,249	7.5
Net income attributable to TDK	24,945	8.3	24,415	7.5	210,474	(530)	-2.1
Per common share :							
Net income attributable to TDK / Basic	Yen 197.83		Yen 193.52		U.S.\$ 1.67		
Net income attributable to TDK / Diluted	Yen 189.55		Yen 189.56		U.S.\$ 1.63		
Capital expenditures	42,317	-	46,665	-	402,284	4,348	10.3
Depreciation and amortization	20,953	6.9	23,108	7.1	199,207	2,155	10.3
Research and development	22,529	7.5	24,505	7.5	211,250	1,976	8.8
Result of financial income (loss)	479	-	(12)	-	(103)	(491)	-
Ratio of overseas production	87.6%	-	88.3%	-	-		

Note:

U.S.\$1=Yen 116, for convenience only.

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[Summary Information and Financial Statements]

1. Summary Information Regarding Financial Results for the Third Quarter of Fiscal 2017

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first nine months of fiscal 2017, the period from April 1, 2016 to December 31, 2016, are as follows.

Looking at the first nine months of fiscal 2017, the global economy maintained a gradual pace of growth. The economies of China and other Asian countries sustained higher rates of growth than developed countries, albeit at a slightly slower pace than before. The U.S. and European economies maintained positive growth, as corporate business conditions and personal consumption held firm. In the third quarter, it became certain that the new Trump administration would take power. The global economic outlook and the exchange rates of various countries' currencies against the U.S. dollar began to show signs of shifting due to various lines of speculation, including concerns about excessive protectionism, countered by positive expectations for the new administration's fiscal policies, such as infrastructure investment and tax cuts.

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 same period of the previous fiscal year, driven by sustained growth in demand in the Chinese market. Production in the automobile market was slightly higher than in the same period of the previous fiscal year, driven mainly by solid automobile sales in Europe and the U.S. Meanwhile, production of PCs declined compared to the same period of the previous fiscal year. Production of hard disk drives (HDDs) declined substantially compared to the same period of 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).

In this business environment, the TDK's consolidated operating results for the first nine months of fiscal 2017 were as follows.

Summary (April 1, 2016 - December 31, 2016)

Term Item	The 9-month-period of FY2016 (Apr. 1, 2015 - Dec. 31, 2015)		The 9-month-period of FY2017 (April 1, 2016 - December 31, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	889,342	100.0	903,953	100.0	7,792,698	14,611	1.6
Operating income	75,872	8.5	76,827	8.5	662,302	955	1.3
Income before income taxes	73,936	8.3	76,429	8.5	658,871	2,493	3.4
Net income attributable to TDK	56,414	6.3	57,089	6.3	492,147	675	1.2
Per common share :							
Net income attributable to TDK / Basic	Yen 447.54		Yen 452.53		U.S.\$ 3.90		
Net income attributable to TDK / Diluted	Yen 429.05		Yen 443.82		U.S.\$ 3.83		

Note:

U.S.\$1=Yen 116, for convenience only.

Average yen exchange rates for the U.S. dollar and the euro during the first nine months of fiscal 2017 were ¥106.67 and ¥118.15, respectively, as the yen appreciated 12.3% against the U.S. dollar and 12.1% against the euro. This decreased net sales by approximately ¥123.0 billion and operating income by approximately ¥25.7 billion.

Sales by Product

Term Product	The 9-month-period of FY2016 (April 1, 2015 - December 31, 2015)		The 9-month-period of FY2017 (April 1, 2016 - December 31, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
	Capacitors	115,010	12.9	101,746	11.3	877,120	(13,264)
Inductive Devices	118,851	13.4	107,762	11.9	928,983	(11,089)	-9.3
Other Passive Components	212,193	23.9	220,079	24.3	1,897,233	7,886	3.7
Passive Components	446,054	50.2	429,587	47.5	3,703,336	(16,467)	-3.7
Recording Devices	173,793	19.5	194,014	21.5	1,672,535	20,221	11.6
Other Magnetic Application Products	72,624	8.2	64,667	7.1	557,474	(7,957)	-11.0
Magnetic Application Products	246,417	27.7	258,681	28.6	2,230,009	12,264	5.0
Film Application Products	173,842	19.5	193,342	21.4	1,666,741	19,500	11.2
Other	23,029	2.6	22,343	2.5	192,612	(686)	-3.0
Total	889,342	100.0	903,953	100.0	7,792,698	14,611	1.6
Overseas sales	822,225	92.5	826,985	91.5	7,129,181	4,760	0.6

Notes:

1. U.S.\$1=Yen 116, for convenience only.
2. In accordance with the reorganization in 1Q of FY2017, certain products of Other were reclassified into Inductive Devices and Other Passive Components and certain products of Film Application Products were reclassified into Other. 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 ¥429,587 million (U.S.\$ 3,703,336 thousand), down 3.7% year on year from ¥446,054 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥101,746 million (U.S.\$ 877,120 thousand), down 11.5% year on year from ¥115,010 million. Sales of Ceramic Capacitors increased to the automotive market, while decreased to the ICT (Information and Communications Technology) and the industrial equipment markets. Sales of Aluminum Electrolytic Capacitors and Film Capacitors decreased mainly to the industrial equipment market.

Sales of Inductive Devices decreased by 9.3% year on year from ¥118,851 million to ¥107,762 million (U.S.\$ 928,983 thousand). Sales increased to the automotive market, while decreased to the ICT market.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products, Circuit Protection Components, and Sensors. Sales of Other Passive Components increased by 3.7%

year on year from ¥212,193 million to ¥220,079 million (U.S.\$1,897,233 thousand). Sales of High-Frequency Devices increased to the ICT market, their major market. Sales of Piezoelectric Material Products and Circuit Protection Components increased to the industrial equipment market, while decreased to the automotive and the ICT markets. Sales of Sensors decreased mainly to the industrial equipment market.

2) Magnetic Application Products Segment

This segment is made up of (1) Recording Devices, and (2) Other Magnetic Application Products. Segment sales increased 5.0% year on year, from ¥246,417 million to ¥258,681 million (U.S.\$ 2,230,009 thousand).

Recording Devices comprises mainly HDD Heads, HDD Suspension Assemblies and Magnetic Sensors. It recorded sales of ¥194,014 million (U.S.\$ 1,672,535 thousand), up 11.6% from ¥173,793 million. Sales of HDD Heads increased despite the slump in the HDD market. The sales of Magnetic Sensors made by Micronas Semiconductor Holding AG, which was acquired in March 2016, and the HDD Suspension Assemblies of Hutchinson Technology Incorporated, which was acquired in October 2016, were included within the sales of Recording Devices in the first nine months of fiscal 2017.

Other Magnetic Application Products include Power Supplies and Magnets. Sales decreased by 11.0% year on year from ¥72,624 million to ¥64,667 million (U.S.\$ 557,474 thousand).

Sales of Power Supplies decreased mainly to the industrial equipment market. Also, sales of Magnets decreased mainly to the ICT market for use in HDDs.

3) Film Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries). Segment sales increased by 11.2% from ¥173,842 million to ¥193,342 million (U.S.\$ 1,666,741 thousand).

Sales of Energy Devices increased significantly to the ICT market.

4) Other

Other includes Mechatronics (Production Equipment) and Others. Segment sales decreased by 3.0% from ¥23,029 million to ¥22,343 million (U.S.\$ 192,612 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	HDD Heads, HDD Suspension Assemblies, Magnetic Sensors, Power Supplies, Magnets
Film Application Products	Energy Devices (Rechargeable Batteries)
Other	Mechatronics (Production Equipment), Others

[Sales by Region]

Overseas sales increased by 0.6% year on year from ¥822,225 million to ¥826,985 million (U.S.\$ 7,129,181 thousand). Overseas sales accounted for 91.5% of consolidated net sales, a 1.0 percentage point decrease from 92.5% in the first nine months of fiscal 2016. Detailed information on sales by region can be found in the consolidated supplementary information on page 18.

(2) Summary Information Regarding Consolidated Financial Position

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

Total assets	¥1,676,789 million	(15.6% increase)
Total TDK stockholders' equity	¥719,887 million	(6.6% increase)
Stockholders' equity ratio	42.9%	(3.7 point decrease)

As of December 31, 2016, total assets increased by ¥226,225 million compared with March 31, 2016. Net liquidity (cash and cash equivalent, short-term investments) increased by ¥4,267 million and net trade receivables increased by ¥56,728 million.

Total liabilities increased by ¥182,708 million from March 31, 2016. Long-term debt, excluding current installments increased by ¥93,532 million and trade payables increased by ¥73,180 million.

Some portions of assets and liabilities from High-Frequency Devices, which were ¥180,313 million and ¥40,977 million, were reclassified into assets held for sale and liabilities held for sale in 3Q of FY2017 for the purpose of a transferring business to a joint venture with Qualcomm Incorporated.

Total TDK stockholders' equity, which is included in total equity, increased by ¥44,526 million from March 31, 2016. Retained earnings increased by ¥38,575 million.

2) Cash Flows

(Yen millions)

	The 9-month-period of FY 2016	The 9-month-period of FY 2017	Change
Net cash provided by operating activities	117,528	115,364	(2,164)
Net cash used in investing activities	(103,424)	(137,845)	(34,421)
Net cash provided by financing activities	46,168	43,065	(3,103)
Effect of exchange rate changes on cash and cash equivalents	(2,378)	4,606	6,984
Cash and cash equivalents included in assets held for sale	-	(16,747)	(16,747)
Net increase in cash and cash equivalents	57,894	8,443	(49,451)
Cash and cash equivalents at beginning of period	265,104	285,468	20,364
Cash and cash equivalents at end of period	322,998	293,911	(29,087)

Operating activities provided net cash of ¥115,364 million (U.S.\$994,518 thousand), a decrease of ¥2,164 million year on year.

Investing activities used net cash of ¥137,845 million (U.S.\$1,188,319 thousand), an increase of ¥34,421 million year on year. It mainly came from increases in capital expenditures and acquisition of subsidiaries.

Financing activities provided net cash of ¥43,065 million (U.S.\$371,250 thousand), a decrease of ¥3,103 million year on year.

(3) Summary Information Regarding Consolidated Projections

(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.

(Notes)

Term Item	FY2017 (April 1, 2016 - March 31, 2017)	FY2017 (April 1, 2016 - March 31, 2017)	FY2017 (April 1, 2016 - March 31, 2017)	FY2016 (April 1, 2015 - March 31, 2016)	vs FY2016 Changes	
	Projection in January '17	Projection in October '16	Projection in April '16	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,150,000	1,140,000	1,160,000	1,152,255	(2,255)	-0.2
Operating income	213,000	76,000	74,000	93,414	119,586	128.0
Income before income taxes	212,000	75,000	73,000	91,839	120,161	130.8
Net income attributable to TDK	145,000	52,000	50,000	64,828	80,172	123.7
Capital expenditures	190,000	190,000	200,000	160,674	29,326	18.3
Depreciation and amortization	90,000	90,000	95,000	83,224	6,776	8.1
Research and development	90,000	90,000	90,000	84,920	5,080	6.0

TDK agreed with Qualcomm Incorporated (“Qualcomm”) to form a joint venture to enable delivery of RF front-end (RFFE) modules and RF filters, under the name of RF360 Holdings Singapore PTE. Ltd. (“RF360”), as disclosed under “Announcement on Agreement to Establish of Joint Venture and Expand Collaboration with Qualcomm” on January 13, 2016. The agreement was made between Qualcomm’s indirect, wholly-owned subsidiary, Qualcomm Global Trading PTE. Ltd. (“QGT”), and other Qualcomm affiliates, including Qualcomm Technologies, Inc. and TDK and other TDK affiliates. TDK now expects to execute the transfer of business to the joint venture based on the agreement. Accordingly, TDK expects to record a gain on transfer (operating income of ¥149.0 billion) in fiscal 2017 in conjunction with the transfer of a 51% equity interest in RF360 held by EPCOS AG, a wholly-owned subsidiary of TDK, to QGT. Moreover, TDK expects to record restructuring expenses to strengthen its future earnings structure. In addition to these factors, based on TDK’s demand projections for electronic components in light of information currently available and on a view that the yen is expected to grow weaker against the U.S. dollar than previously assumed, TDK has decided to revise its projections for consolidated operating results.

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥110 and ¥118 respectively will be assumed from the fourth 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 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. Other Information

(1) Changes in Significant Subsidiaries

TDK disposed the whole share of TDK (Shanghai) Electro-Energy Co., Ltd. in the quarter ended September 30, 2016.

(2) Simplified Accounting Treatment and Special Accounting Treatment

Nothing to report.

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

Simplifying the Presentation of Debt Issuance Costs

In April 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-03 “Simplifying the Presentation of Debt Issuance Costs”.

The amendments in this Update require debt issuance costs to be presented as a deduction from the related debt liability. TDK adopted this Update on April 1, 2016. As a result, the bond issuance cost that used to be a part of Other assets is presented as a deduction from Long-term debt in the prior year’s consolidated financial statement.

The adoption of this Update did not have a material impact on TDK’s results of operations or financial position.

Simplifying the Accounting for Measurement – Period Adjustments

In September 2015, the FASB issued ASU 2015-16 “Simplifying the Accounting for Measurement – Period Adjustments”. The amendments in this Update require that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. This Update is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. TDK adopted this Update prospectively for adjustments to provisional amounts that occur after the effective date of this Update.

The adoption of this Update did not have a material impact on TDK’s results of operations or financial position.

(4) Fundamental Policy for Distribution of Earnings, and Fiscal 2017 Dividends

TDK recognizes that achieving increase in corporate value over the medium- and long-term ultimately translates into higher shareholder value. In line with this understanding, 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 innovation in the electronics industry, TDK is aiming to increase a medium- and long-term corporate value. Accordingly, TDK actively reinvests its earning in business activities and determines its dividends taking into consideration comprehensive factors, including 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 2017 are as follows. TDK keeps initial dividend forecast unchanged.

(Yen)

	FY2017	FY2016 Actual
Interim dividend	60.00	60.00
Year-end dividend	(Forecast) 60.00	60.00
Annual dividend	(Forecast) 120.00	120.00

3. Consolidated Financial Statements

(1) Balance Sheets

ASSETS									
Term Item	As of March 31, 2016		As of December 31, 2016			Change from March 31, 2016	As of September 30, 2016		Change from Sept. 30, 2016
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	(Yen millions)	%	(Yen millions)
Current assets	740,994	51.1	974,148	58.1	8,397,828	233,154	775,261	52.3	198,887
Cash and cash equivalents	285,468		293,911		2,533,716	8,443	284,720		9,191
Short-term investments	21,964		17,788		153,345	(4,176)	19,786		(1,998)
Net trade receivables	226,218		282,946		2,439,190	56,728	262,158		20,788
Inventories	157,129		148,725		1,282,112	(8,404)	152,573		(3,848)
Assets held for sale	144		180,582		1,556,741	180,438	128		180,454
Other current assets	50,071		50,196		432,724	125	55,896		(5,700)
Noncurrent assets	709,570	48.9	702,641	41.9	6,057,250	(6,929)	708,273	47.7	(5,632)
Investments in securities	35,335		35,751		308,198	416	35,194		557
Net property, plant and equipment	487,639		476,170		4,104,914	(11,469)	507,394		(31,224)
Other assets	186,596		190,720		1,644,138	4,124	165,685		25,035
TOTAL	1,450,564	100.0	1,676,789	100.0	14,455,078	226,225	1,483,534	100.0	193,255

LIABILITIES AND EQUITY									
Term Item	As of March 31, 2016		As of December 31, 2016			Change from March 31, 2016	As of September 30, 2016		Change from Sept 30, 2016
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	(Yen millions)	%	(Yen millions)
Current liabilities	451,234	31.1	555,374	33.1	4,787,707	104,140	559,560	37.7	(4,186)
Short-term debt	158,683		156,353		1,347,871	(2,330)	227,641		(71,288)
Current installments of long-term debt	36,228		25,664		221,241	(10,564)	22,894		2,770
Trade payables	112,664		185,844		1,602,104	73,180	155,967		29,877
Accrued expenses	123,892		123,819		1,067,405	(73)	132,842		(9,023)
Liabilities held for sale	-		40,977		353,250	40,977	-		40,977
Other current liabilities	19,767		22,717		195,836	2,950	20,216		2,501
Noncurrent liabilities	314,697	21.7	393,265	23.5	3,390,216	78,568	315,192	21.3	78,073
Long-term debt, excluding current installments	140,826		234,358		2,020,328	93,532	152,782		81,576
Retirement and severance benefits	147,136		135,440		1,167,586	(11,696)	138,831		(3,391)
Other noncurrent liabilities	26,735		23,467		202,302	(3,268)	23,579		(112)
Total liabilities	765,931	52.8	948,639	56.6	8,177,923	182,708	874,752	59.0	73,887
Common stock	32,641		32,641		281,388	-	32,641		-
Additional paid-in capital	21,083		15,368		132,483	(5,715)	15,222		146
Legal reserve	34,221		37,598		324,121	3,377	34,866		2,732
Retained earnings	707,508		746,083		6,431,750	38,575	731,970		14,113
Accumulated other comprehensive income (loss)	(102,285)		(94,262)		(812,604)	8,023	(195,448)		101,186
Treasury stock	(17,807)		(17,541)		(151,216)	266	(17,610)		69
Total TDK stockholders' equity	675,361	46.6	719,887	42.9	6,205,922	44,526	601,641	40.6	118,246
Noncontrolling interests	9,272	0.6	8,263	0.5	71,233	(1,009)	7,141	0.4	1,122
Total equity	684,633	47.2	728,150	43.4	6,277,155	43,517	608,782	41.0	119,368
TOTAL	1,450,564	100.0	1,676,789	100.0	14,455,078	226,225	1,483,534	100.0	193,255

Note:

U.S.\$1=Yen 116, for convenience only.

(2) Statements of Income and Statements of Comprehensive Income

[9-month-period results]

Statements of Income

Term Item	The 9-month-period of FY2016 (April 1, 2015 - December 31, 2015)		The 9-month-period of FY2017 (April 1, 2016 - December 31, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
	Net sales	889,342	100.0	903,953	100.0	7,792,698	14,611
Cost of sales	640,800	72.1	649,461	71.8	5,598,801	8,661	1.4
Gross profit	248,542	27.9	254,492	28.2	2,193,897	5,950	2.4
Selling, general and administrative expenses	172,670	19.4	177,665	19.7	1,531,595	4,995	2.9
Operating income	75,872	8.5	76,827	8.5	662,302	955	1.3
Other income (deductions):							
Interest and dividend income	3,373		2,842		24,500	(531)	
Interest expense	(2,288)		(2,551)		(21,991)	(263)	
Foreign exchange gain (loss)	(1,783)		(1,422)		(12,259)	361	
Other-net	(1,238)		733		6,319	1,971	
Total other income (deductions)	(1,936)	-0.2	(398)	-0.0	(3,431)	1,538	-
Income before income taxes	73,936	8.3	76,429	8.5	658,871	2,493	3.4
Income taxes	15,784	1.8	18,602	2.1	160,362	2,818	17.9
Net income	58,152	6.5	57,827	6.4	498,509	(325)	-0.6
Less: Net income attributable to noncontrolling interests	1,738	0.2	738	0.1	6,362	(1,000)	-57.5
Net income attributable to TDK	56,414	6.3	57,089	6.3	492,147	675	1.2

Note:

U.S.\$1=Yen 116, for convenience only.

Statements of Comprehensive Income

Term Item	The 9-month-period of FY2016 (April 1, 2015 - December 31, 2015)		The 9-month-period of FY2017 (April 1, 2016 - December 31, 2016)		Change
	(Yen millions)	(Yen millions)	(U.S.\$ thousands)	(Yen millions)	
	Net income	58,152	57,827	498,509	(325)
Other comprehensive income (loss), net of taxes:					
Foreign currencies translation adjustments	(12,729)	5,873	50,629	18,602	
Pension liability adjustments	1,744	3,098	26,707	1,354	
Net unrealized gains (losses) on securities	(4,882)	(199)	(1,716)	4,683	
Total other comprehensive income (loss)	(15,867)	8,772	75,620	24,639	
Comprehensive income	42,285	66,599	574,129	24,314	
Comprehensive income attributable to noncontrolling interests	1,723	1,344	11,586	(379)	
Comprehensive income attributable to TDK	40,562	65,255	562,543	24,693	

Note:

U.S.\$1=Yen 116, for convenience only.

[3rd quarter results]

Statements of Income

Term Item	3Q of FY2016 (October 1, 2015 - December 31, 2015)		3Q of FY2017 (October 1, 2016 - December 31, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	301,728	100.0	324,772	100.0	2,799,759	23,044	7.6
Cost of sales	211,416	70.1	229,217	70.6	1,976,009	17,801	8.4
Gross profit	90,312	29.9	95,555	29.4	823,750	5,243	5.8
Selling, general and administrative expenses	60,015	19.9	63,041	19.4	543,457	3,026	5.0
Operating income	30,297	10.0	32,514	10.0	280,293	2,217	7.3
Other income (deductions):							
Interest and dividend income	1,256		956		8,242	(300)	
Interest expense	(777)		(968)		(8,345)	(191)	
Foreign exchange gain (loss)	(841)		(41)		(354)	800	
Other-net	(81)		(358)		(3,086)	(277)	
Total other income (deductions)	(443)	-0.1	(411)	-0.1	(3,543)	32	-
Income before income taxes	29,854	9.9	32,103	9.9	276,750	2,249	7.5
Income taxes	4,416	1.5	7,325	2.3	63,147	2,909	65.9
Net income	25,438	8.4	24,778	7.6	213,603	(660)	-2.6
Less: Net income attributable to noncontrolling interests	493	0.1	363	0.1	3,129	(130)	-26.4
Net income attributable to TDK	24,945	8.3	24,415	7.5	210,474	(530)	-2.1

Note:

U.S.\$1=Yen 116, for convenience only.

Statements of Comprehensive Income

Term Item	3Q of FY2016 (October 1, 2015 - December 31, 2015)		3Q of FY2017 (October 1, 2016 - December 31, 2016)		Change
	(Yen millions)	(Yen millions)	(Yen millions)	(U.S.\$ thousands)	(Yen millions)
Net income	25,438	24,778	213,603		(660)
Other comprehensive income (loss), net of taxes:					
Foreign currencies translation adjustments	(3,498)	101,133	871,836		104,631
Pension liability adjustments	546	1,082	9,328		536
Net unrealized gains (losses) on securities	(121)	627	5,405		748
Total other comprehensive income (loss)	(3,073)	102,842	886,569		105,915
Comprehensive income	22,365	127,620	1,100,172		105,255
Comprehensive income attributable to noncontrolling interests	416	1,901	16,388		1,485
Comprehensive income attributable to TDK	21,949	125,719	1,083,784		103,770

Note:

U.S.\$1=Yen 116, for convenience only.

(3) Statements of Cash Flows

Item	Term	The 9-month-period of FY2017	
		(April 1, 2015 - December 31, 2015)	(April 1, 2016 - December 31, 2016)
		(Yen millions)	(U.S.\$ thousands)
Cash flows from operating activities:			
Net income		58,152	498,509
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		62,503	555,897
Changes in assets and liabilities:			
Decrease (increase) in trade receivables		(15,830)	(678,431)
Decrease (increase) in inventories		(12,513)	(117,414)
Increase (decrease) in trade payables		17,219	618,810
Increase (decrease) in accrued expenses		(2,400)	25,922
Decrease (increase) in other assets and liabilities, net		6,162	53,354
Other-net		4,235	37,871
Net cash provided by operating activities		117,528	994,518
Cash flows from investing activities:			
Capital expenditures		(114,799)	(1,159,517)
Proceeds from sales of tangible and intangible assets		2,635	64,793
Proceeds from sale and maturity of short-term investments		24,274	244,974
Payment for purchase of short-term investments		(20,749)	(209,448)
Proceeds from sale and maturity of securities		3,990	3,233
Payment for purchase of securities		(829)	(6,466)
Acquisition of subsidiaries, net of cash acquired		-	(123,767)
Investments in affiliates		(2,313)	(5,164)
Other-net		4,367	3,043
Net cash used in investing activities		(103,424)	(1,188,319)
Cash flows from financing activities:			
Proceeds from long-term debt		13,664	1,028,233
Repayment of long-term debt		(385)	(432,552)
Increase (decrease) in short-term debt, net		75,212	(18,784)
Dividends paid		(13,843)	(130,293)
Acquisition of noncontrolling interests		(28,504)	(75,966)
Other-net		24	612
Net cash provided by financing activities		46,168	371,250
Effect of exchange rate changes on cash and cash equivalents		(2,378)	39,707
Cash and cash equivalents included in assets held for sale		-	(144,371)
Net increase in cash and cash equivalents		57,894	72,785
Cash and cash equivalents at beginning of period		265,104	2,460,931
Cash and cash equivalents at end of period		322,998	2,533,716

Note:

U.S.\$1=Yen 116, for convenience only.

(4) Notes Concerning Going Concern Assumptions

Nothing to report.

(5) Segment Information

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

In accordance with the reorganization in 1Q of FY2017, certain products of Other were reclassified into Passive Components and certain products of Film Application Products were reclassified into Other. The prior year's figures are also reclassified to conform to the new segmentation.

[9-month-period results]

Sales by industry segment

		The 9-month-period of FY2016 (April 1, 2015 - December 31, 2015)		The 9-month-period of FY2017 (April 1, 2016 - December 31, 2016)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	446,054	50.2	429,587	47.5	3,703,336	(16,467)	-3.7
	Intersegment	2,110		2,317		19,974	207	9.8
	Total	448,164		431,904		3,723,310	(16,260)	-3.6
Magnetic Application Products	External customers	246,417	27.7	258,681	28.6	2,230,009	12,264	5.0
	Intersegment	275		117		1,008	(158)	-57.5
	Total	246,692		258,798		2,231,017	12,106	4.9
Film Application Products	External customers	173,842	19.5	193,342	21.4	1,666,741	19,500	11.2
	Intersegment	-		-		-	-	-
	Total	173,842		193,342		1,666,741	19,500	11.2
Other	External customers	23,029	2.6	22,343	2.5	192,612	(686)	-3.0
	Intersegment	18,415		18,707		161,268	292	1.6
	Total	41,444		41,050		353,880	(394)	-1.0
Intersegment eliminations		(20,800)		(21,141)		(182,250)	(341)	
Total		889,342	100.0	903,953	100.0	7,792,698	14,611	1.6

Note:

U.S.\$1=Yen 116, for convenience only.

Segment profit (loss) by industry segment

		The 9-month-period of FY2016 (April 1, 2015 - December 31, 2015)		The 9-month-period of FY2017 (April 1, 2016 - December 31, 2016)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		49,906	11.2	57,127	13.3	492,474	7,221	14.5
Magnetic Application Products		12,990	5.3	8,954	3.5	77,190	(4,036)	-31.1
Film Application Products		31,454	18.1	36,254	18.8	312,534	4,800	15.3
Other		(23)	-0.1	(4,932)	-22.1	(42,517)	(4,909)	-
Sub total		94,327	10.6	97,403	10.8	839,681	3,076	3.3
Corporate and Eliminations		(18,455)		(20,576)		(177,379)	(2,121)	
Operating income		75,872	8.5	76,827	8.5	662,302	955	1.3

Notes:

1. U.S.\$1=Yen 116, for convenience only.
2. % to sales of each corresponding segment

[3rd quarter results]

Sales by industry segment

		3Q of FY2016 (October 1, 2015 - December 31, 2015)		3Q of FY2017 (October 1, 2016 - December 31, 2016)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	143,565	47.6	147,928	45.6	1,275,242	4,363	3.0
	Intersegment	599		817		7,043	218	36.4
	Total	144,164		148,745		1,282,285	4,581	3.2
Magnetic Application Products	External customers	81,793	27.1	92,357	28.4	796,181	10,564	12.9
	Intersegment	165		39		336	(126)	-76.4
	Total	81,958		92,396		796,517	10,438	12.7
Film Application Products	External customers	67,624	22.4	76,364	23.5	658,310	8,740	12.9
	Intersegment	-		-		-	-	-
	Total	67,624		76,364		658,310	8,740	12.9
Other	External customers	8,746	2.9	8,123	2.5	70,026	(623)	-7.1
	Intersegment	6,467		6,847		59,026	380	5.9
	Total	15,213		14,970		129,052	(243)	-1.6
Intersegment eliminations		(7,231)		(7,703)		(66,405)	(472)	
Total		301,728	100.0	324,772	100.0	2,799,759	23,044	7.6

Note:

U.S.\$1=Yen 116, for convenience only.

Segment profit (loss) by industry segment

		3Q of FY2016 (October 1, 2015 - December 31, 2015)		3Q of FY2017 (October 1, 2016 - December 31, 2016)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		17,494	12.2	20,438	13.8	176,190	2,944	16.8
Magnetic Application Products		4,745	5.8	4,835	5.2	41,681	90	1.9
Film Application Products		14,590	21.6	16,171	21.2	139,405	1,581	10.8
Other		(118)	-1.3	(1,619)	-19.9	(13,957)	(1,501)	-
Sub total		36,711	12.2	39,825	12.3	343,319	3,114	8.5
Corporate and Eliminations		(6,414)		(7,311)		(63,026)	(897)	
Operating income		30,297	10.0	32,514	10.0	280,293	2,217	7.3

Notes:

1. U.S.\$1=Yen 116, for convenience only.
2. % to sales of each corresponding segment

(6) Notes Concerning Significant Changes in Stockholders' Equity

Nothing to report.

(7) Consolidated Supplementary Information

1) Exchange rates used for conversion

Item	Term	As of December 31, 2015		As of December 31, 2016		As of March 31, 2016	
		US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen
The end of the period		120.61	131.77	116.49	122.70	112.68	127.70

2) Sales by region

[9-month-period results]

Region	Term	The 9-month-period of FY2016 (April 1, 2015 - December 31, 2015)		The 9-month-period of FY2017 (April 1, 2016 - December 31, 2016)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas		76,630	8.6	80,418	8.9	693,259	3,788	4.9
Europe		109,040	12.3	106,859	11.8	921,198	(2,181)	-2.0
Asia and others		636,555	71.6	639,708	70.8	5,514,724	3,153	0.5
Overseas sales total		822,225	92.5	826,985	91.5	7,129,181	4,760	0.6
Japan		67,117	7.5	76,968	8.5	663,517	9,851	14.7
Net sales		889,342	100.0	903,953	100.0	7,792,698	14,611	1.6

[3rd quarter results]

Region	Term	3Q of FY2016 (October 1, 2015 - December 31, 2015)		3Q of FY2017 (October 1, 2016 - December 31, 2016)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas		25,436	8.4	26,551	8.2	228,888	1,115	4.4
Europe		35,240	11.7	34,040	10.5	293,448	(1,200)	-3.4
Asia and others		218,300	72.4	236,989	72.9	2,043,009	18,689	8.6
Overseas sales total		278,976	92.5	297,580	91.6	2,565,345	18,604	6.7
Japan		22,752	7.5	27,192	8.4	234,414	4,440	19.5
Net sales		301,728	100.0	324,772	100.0	2,799,759	23,044	7.6

Notes:

1. U.S.\$1=Yen 116, for convenience only.
2. Overseas sales are based on the location of the customers.

3) Company group

As of December 31, 2016, TDK Corporation had 140 consolidated subsidiaries (17 in Japan and 123 overseas). TDK Corporation also had 8 affiliates (4 in Japan and 4 overseas), the financial statements for which are accounted for by the equity method.

4) Overview of sales by product

Term Product	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)	
	(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
Inductive Devices	39,713	14.2	40,191	13.0	38,947	12.9	36,270	13.8
Other	71,441	25.5	72,557	23.6	68,195	22.6	65,758	25.0
Passive Components	150,280	53.7	152,209	49.4	143,565	47.6	137,420	52.3
Recording Devices	54,585	19.5	60,707	19.7	58,501	19.4	46,043	17.5
Other	24,773	8.9	24,559	8.0	23,292	7.7	22,862	8.7
Magnetic Application Products	79,358	28.4	85,266	27.7	81,793	27.1	68,905	26.2
Film Application Products	42,931	15.4	63,287	20.5	67,624	22.4	46,051	17.5
Other	6,987	2.5	7,296	2.4	8,746	2.9	10,537	4.0
Total	279,556	100.0	308,058	100.0	301,728	100.0	262,913	100.0

Term Product	1Q of FY2017 (April 1, 2016 - June 30, 2016)		2Q of FY2017 (July 1, 2016 - September 30, 2016)		3Q of FY2017 (October 1, 2016 - December 31, 2016)		
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)
Capacitors	34,356	12.3	33,746	11.2	33,644	10.4	290,035
Inductive Devices	35,706	12.8	35,461	11.8	36,595	11.3	315,474
Other	67,599	24.3	74,791	24.9	77,689	23.9	669,733
Passive Components	137,661	49.4	143,998	47.9	147,928	45.6	1,275,242
Recording Devices	60,977	21.8	62,319	20.7	70,718	21.8	609,638
Other	21,423	7.7	21,605	7.2	21,639	6.6	186,543
Magnetic Application Products	82,400	29.5	83,924	27.9	92,357	28.4	796,181
Film Application Products	51,812	18.6	65,166	21.7	76,364	23.5	658,310
Other	6,896	2.5	7,324	2.5	8,123	2.5	70,026
Total	278,769	100.0	300,412	100.0	324,772	100.0	2,799,759

Notes:

1. U.S.\$1=Yen 116, for convenience only.
2. In accordance with the reorganization in 1Q of FY2017, certain products of Other were reclassified into Inductive Devices and Other Passive Components and certain products of Film Application Products were reclassified into Other. The prior year's sales are also reclassified to conform to the new segmentation.