(Notes)

1. The consolidated financial statements are prepared in conformity with U.S. GAAP.

2. During this consolidated accounting period, TDK had 71 subsidiaries (20 in Japan and 51 overseas). TDK also had 8 affiliates (5 in Japan and 3 overseas) whose financial statements are accounted for by the equity method.

3. Comprehensive income comprises net income and other comprehensive income. Other comprehensive income includes changes in foreign currency translation adjustments, minimum pension liability adjustments and net unrealized gains (losses) on securities. The net income, other comprehensive income (loss) and total comprehensive income (loss) for the three months ended June 30, 2003 and 2002 are as follows;

Term / Item	The 1st Qtr. of FY2004 (April 1, 2003 - June 30, 2003)		The 1st Qtr. of FY2003 (April 1, 2002 - June 30, 2002)
	(Yen millions)	(U.S.$ thousands)	(Yen millions)
Net income	8,025	66,875	2,161
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	717	5,975	(19,665)
Minimum pension liability adjustments	(1,485)	(12,375)	(5,862)
Net unrealized gains (losses) on securities	395	3,292	(1,321)
Total comprehensive income (loss)	7,652	63,767	(24,687)

Note: U.S.$1 = Yen 120

4. In January 2003, the Emerging Issues Task Force reached a final consensus on Issue 03-2 ("EITF 03-2"), “Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities”. EITF 03-2 addresses accounting for a transfer to the Japanese government of a substitutional portion of an Employees' Pension Fund ("EPF") plan, which is a defined benefit pension plan established under the Welfare Pension Insurance Law. EITF 03-2 requires employers to account for the separation process of the substitutional portion from the entire EPF plan (which includes a corporation portion) upon completion of the transfer to the government of the substitutional portion of the benefit obligation and related plan assets.

   The separation process is considered the culmination of a series of steps in a single settlement transaction. Under this approach, the difference between the fair value of the obligation and the assets required to be transferred to the government should be accounted for and separately disclosed as a subsidy. TDK has not decided whether it will transfer the substitutional portion to the government. Accordingly, the impact on TDK’s financial statements, if any, can not be determined until a decision is made and the substitutional portion of the benefit obligation and plan assets are transferred to the government.

5. U.S. dollar amounts are translated from Yen, for convenience only, at the rate of Yen 120 = U.S.$1, the approximate rate on the Tokyo Foreign Exchange Market on June 30, 2003.