

TDK Corporation
October 30, 2008

Contact;

TDK Corporation(Tokyo)

Corporate Communications Department
Tatsuhiko Atsumi

+81(3)5201-7102

Consolidated results (U.S. GAAP) for the 2nd quarter of FY March 2009

Summary (April 1, 2008 - September 30, 2008)

| Term Item | 1H of FY2008 (April 1, 2007 - Sep. 30, 2007) | | 1H of FY2009 (April 1, 2008 - September 30, 2008) | | | Change | |
|-------------------------------|---|-------|--|-------|--------------------|----------------|-----------|
| | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Net sales | 433,088 | 100.0 | 396,537 | 100.0 | 3,812,856 | (36,551) | -8.4 |
| Operating income | 47,145 | 10.9 | 14,381 | 3.6 | 138,279 | (32,764) | -69.5 |
| Income before income taxes | 48,362 | 11.2 | 14,826 | 3.7 | 142,558 | (33,536) | -69.3 |
| Net income | 34,626 | 8.0 | 11,868 | 3.0 | 114,115 | (22,758) | -65.7 |
| Per common share : | | | | | | | |
| Net income / Basic | Yen 266.16 | | Yen 92.02 | | U.S.\$ 0.88 | | |
| Net income / Diluted | Yen 265.81 | | Yen 91.97 | | U.S.\$ 0.88 | | |
| Capital expenditures | 38,242 | - | 67,716 | - | 651,115 | 29,474 | 77.1 |
| Depreciation and amortization | 33,112 | 7.6 | 38,824 | 9.8 | 373,308 | 5,712 | 17.3 |
| Research and development | 27,051 | 6.2 | 27,149 | 6.8 | 261,048 | 98 | 0.4 |
| Result of financial income | 4,673 | - | 1,899 | - | 18,260 | (2,774) | -59.4 |
| Ratio of overseas production | 68.5% | - | 74.2% | - | - | | |
| Number of employees | 58,170 | - | 65,243 | - | - | | |

Note:

U.S.\$1=Yen 104, for convenience only.

TDK Corporation
October 30, 2008

2nd quarter consolidated results
(July 1, 2008 - September 30, 2008)

| Term Item | 2Q of FY2008 (July 1, 2007 - Sep. 30, 2007) | | 2Q of FY2009 (July 1, 2008 - September 30, 2008) | | | Change | |
|-------------------------------|--|-------|---|-------|--------------------|----------------|-----------|
| | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Net sales | 226,389 | 100.0 | 205,914 | 100.0 | 1,979,942 | (20,475) | -9.0 |
| Operating income | 31,016 | 13.7 | 8,988 | 4.4 | 86,423 | (22,028) | -71.0 |
| Income before income taxes | 28,181 | 12.4 | 9,249 | 4.5 | 88,933 | (18,932) | -67.2 |
| Net income | 18,604 | 8.2 | 7,422 | 3.6 | 71,365 | (11,182) | -60.1 |
| Per common share : | | | | | | | |
| Net income / Basic | Yen 144.09 | | Yen 57.55 | | U.S.\$ 0.55 | | |
| Net income / Diluted | Yen 143.91 | | Yen 57.51 | | U.S.\$ 0.55 | | |
| Capital expenditures | 16,072 | - | 36,589 | - | 351,817 | 20,517 | 127.7 |
| Depreciation and amortization | 16,959 | 7.5 | 20,426 | 9.9 | 196,404 | 3,467 | 20.4 |
| Research and development | 13,493 | 6.0 | 13,889 | 6.7 | 133,548 | 396 | 2.9 |
| Result of financial income | 2,261 | - | 860 | - | 8,269 | (1,401) | -62.0 |
| Ratio of overseas production | 69.6% | - | 74.4% | - | - | | |

Note:

U.S.\$1=Yen 104, for convenience only.

[Summary Information and Financial Statements]

1. Summary Information Regarding Consolidated Business Results

Consolidated results for the first half of fiscal 2009, the six-month period from April 1, 2008 through September 30, 2008, were as follows:

The first half of fiscal 2009 in the electronics market, which has a large bearing on the Company's consolidated performance, saw a year-on-year rise in production of flat-screen TVs, home game consoles, notebook PCs, HDDs and mobile phones, in particular. However, demand softened for finished products with sophisticated features such as flat-screen TVs and mobile phones, particularly in industrialized nations. Because the production of high-performance products had largely driven demand for electronic components, electronic component demand also dropped as consumer appetite for high-performance products faded. This in turn led to further erosion in prices for electronic components.

TDK posted consolidated net sales of ¥396,537 million (U.S.\$3,812,856 thousand), down 8.4% year on year from ¥433,088 million in the first half of fiscal 2008. Operating income fell 69.5% from ¥47,145 million to ¥14,381 million (U.S.\$138,279 thousand). Income before income taxes declined 69.3% from ¥48,362 million to ¥14,826 million (U.S.\$142,558 thousand). Net income declined 65.7% from ¥34,626 million to ¥11,868 million (U.S.\$114,115 thousand). Basic net income per common share was ¥92.02 (U.S.\$0.88), compared with ¥266.16 in the first half of fiscal 2008.

Average first-half yen exchange rates for the U.S. dollar and euro were ¥106.12 and ¥162.80, respectively, as the yen appreciated 11.1% versus the U.S. dollar and depreciated 0.3% against the euro, compared with the first half (April 1 to September 30) of the previous fiscal year. This lowered net sales by approximately ¥38.3 billion and operating income by approximately ¥12.7 billion.

(Sales by Sector)

TDK's net sales are made up of four product sectors: (1) electronic materials, (2) electronic devices, (3) recording devices, and (4) others. Recording media sales have dropped sharply due to the August 2007 transfer of the TDK brand recording media sales business. Because recording media sales accounted for less than 10% of total net sales in the first half of fiscal 2009, these sales were included in the "others" sector. Sector sales were as follows.

(1) Electronic materials

This sector is broken down into two product categories: capacitors, and ferrite cores and magnets.

Sales in the electronic materials sector dropped 10.3% from ¥102,766 million to ¥92,188 million (U.S.\$886,423 thousand).

[Capacitors] Sales decreased year on year. This reflected lower sales of multilayer ceramic chip capacitors, the main product in the capacitors category, particularly for use in PCs. Falling prices and the yen's appreciation against the U.S. dollar were other factors behind the decrease in overall sales.

[Ferrite cores and magnets] Sales of ferrite cores and magnets rose year on year, with higher magnet sales outweighing lower ferrite core sales.

(2) Electronic devices

This sector has three product categories: inductive devices, high-frequency components and other products.

Sales in the electronic devices sector declined 5.5% from ¥104,436 million to ¥98,728 million (U.S.\$949,308 thousand).

[Inductive devices] Sales of inductive devices decreased year on year, the result mainly of lower sales of signal line coils for the auto market, multilayer products for flat-screen TVs, and transformers for home appliances.

[High-frequency components] Sales of high-frequency components increased year on year, the result mainly of higher sales for PC applications.

[Other products] Sales of other products were down year on year, with higher sensor and actuator sales unable to fully compensate for lower sales due to the termination of some power supply products and falling sales to the semiconductor market.

(3) Recording devices

This sector has two product categories: HDD heads and other.

Sector sales decreased 4.4% from ¥156,920 million to ¥150,069 million (U.S.\$1,442,971 thousand).

[HDD heads] Sales decreased year on year. While the TDK Group's HDD head sales volume increased on the back of higher demand for HDD heads in line with rising HDD unit production, overall sales were reduced by the impact of falling prices and the yen's appreciation against the U.S. dollar.

[Other] Category sales increased year on year, mainly because sales of an HDD suspension assembly business that became a subsidiary in November 2007 contributed to first-half results for the first time.

(4) Others

This sector includes all TDK products not included in the three sectors above. The main products in the others sector are recording media, anechoic chambers, mechatronics (production equipment) and energy devices (rechargeable batteries).

Sector sales declined 19.5% from ¥68,966 million to ¥55,552 million (U.S.\$534,154 thousand). Sales of energy devices and other new products rose. However, recording media sales fell.

(Overseas Sales)

Detailed sales by region can be found in the segment information on page 10.

[Japan] Overall sales fell, with sales declining in all product sectors except electronic materials.

[Americas] Overall sales declined, with sales decreasing in all product sectors except recording devices.

[Europe] Overall sales declined, with sales decreasing in all product sectors except electronic devices.

[Asia (excluding Japan) and other areas] Overall sales declined, with sales decreasing in all product sectors except others.

As a result, overseas sales declined 6.7% from ¥356,821 million to ¥332,929 million (U.S.\$3,201,240 thousand). Overseas sales accounted for 84.0% of consolidated net sales, a 1.6 percentage point increase from 82.4% one year earlier.

2. Summary Information Regarding Consolidated Financial Position

(2-1) The following table summarizes TDK's consolidated balance sheet as at September 30, 2008.

| | | |
|----------------------------|--------------------|---------------------------------|
| Total assets | ¥1,063,295 million | (13.7% increase) |
| Total stockholders' equity | ¥728,189 million | (1.6% increase) |
| Stockholders' equity ratio | 68.5% | (8.1 percentage point decrease) |

At September 30, 2008, cash and cash equivalents were ¥7,512 million higher than at March 31, 2008. Inventories were ¥5,429 million higher, investments in securities increased ¥75,793 million and net property, plant and equipment rose ¥32,199 million over the same period. As a result of these changes, total assets increased by ¥127,762 million compared with March 31, 2008.

Total liabilities increased by ¥116,302 million, mainly reflecting increases of ¥108,548 million in short-term debt and ¥6,762 million in trade payables from March 31, 2008. The increase in short-term debt was mainly due to the procurement of funds for purchasing EPCOS AG shares.

Total stockholders' equity increased by ¥11,612 million compared with March 31, 2008 due mainly to a ¥2,148 million increase in retained earnings and an ¥8,434 million decrease in accumulated other comprehensive income (loss).

(2-2) Cash Flows

| | (¥ millions) | | |
|--|------------------------|------------------------|-----------|
| | Fiscal 2008 Interim | Fiscal 2009 Interim | Change |
| Net cash provided by operating activities | 42,152 | 45,841 | 3,689 |
| Net cash used in investing activities | (52,041) | (142,859) | (90,818) |
| Net cash provided by (used in) financing activities | (47,748) | 99,376 | 147,124 |
| Effect of exchange rate changes on cash and cash equivalents | (2,066) | 5,154 | 7,220 |
| Net increase (decrease) in cash and cash equivalents | (59,703) | 7,512 | 67,215 |
| Cash and cash equivalents at beginning of period | 289,169 | 166,105 | (123,064) |
| Cash and cash equivalents at end of period | 229,466 | 173,617 | (55,849) |

Operating activities provided net cash of ¥45,841 million (U.S.\$440,779 thousand), a year-on-year increase of ¥3,689 million. Net income decreased by ¥22,758 million to ¥11,868 million (U.S.\$114,115 thousand), while depreciation and amortization increased by ¥5,712 million to ¥38,824 million (U.S.\$373,308 thousand). In changes in assets and liabilities, trade receivables decreased by ¥23,859 million, inventories decreased by ¥6,363 million, and the decrease in accrued expenses marked a reversal of ¥9,557 million compared with the same period of fiscal 2008.

Investing activities used net cash of ¥142,859 million (U.S.\$1,373,644 thousand), ¥90,818 million more than a year earlier. Capital expenditures increased by ¥29,474 million to ¥67,716 million (U.S.\$651,115 thousand), proceeds from sale and maturity of short-term investments declined by ¥14,665 million, and acquisition of affiliates

increased ¥74,953 million. On the other hand, there was a ¥22,915 million decrease in payment for purchase of short-term investments.

Financing activities provided net cash of ¥99,376 million (U.S.\$955,538 thousand), a ¥147,124 million change from the net cash used in the same period of the previous fiscal year. In the first half of fiscal 2008, the Company used ¥39,239 million to acquire its treasury shares and ¥7,946 million to pay dividends, among other outflows that resulted in the use of net cash of ¥47,748 million. In the first half of fiscal 2009, on the other hand, there was a net increase in short-term debt of ¥108,503 million due mainly to the procurement of funds to purchase EPCOS AG shares, while ¥9,027 million was used to pay dividends.

3. Summary Information Regarding Consolidated Projections [Fiscal 2009 Consolidated Projections]

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2009, the year ending March 31, 2009, are as follows.

[Consolidated Projections for Fiscal 2009]

| Item \ Term | October 2008 Announcement FY2009 (Forecasts) (¥ millions) | FY2008 (Actual) (¥ millions) | Change from FY2008 (¥ millions) | % change from FY2008 | July 2008 Announcement FY2009 (Forecasts) (¥ millions) |
|-------------------------------|---|------------------------------------|---------------------------------------|----------------------------|--|
| Net sales | 795,000 | 866,285 | (71,285) | -8.2 | 862,000 |
| Operating income | 35,000 | 87,175 | (52,175) | -59.9 | 69,000 |
| Income before income taxes | 31,600 | 91,505 | (59,905) | -65.5 | 73,500 |
| Net income | 25,000 | 71,461 | (46,461) | -65.0 | 55,500 |

[Projections for Capital Expenditures, Depreciation and Amortization, and Research and Development Expenses]

(¥ millions)

| Item \ Term | FY2009 (Forecasts) | | FY2008 (Actual) | |
|-----------------------------------|-----------------------|------------|--------------------|------------|
| | Amount | % of sales | Amount | % of sales |
| Capital expenditures | 85,000 | - | 84,312 | - |
| Depreciation and amortization | 77,000 | 9.7 | 71,297 | 8.2 |
| Research and development expenses | 54,000 | 6.8 | 57,387 | 6.6 |

(Notes)

TDK has revised its projections for fiscal 2009 in consideration of a deterioration in the operating environment from that initially assumed, resulting from the negative effect of the financial crisis triggered in the U.S. on the real economy worldwide.

(Projections for main products are as follows:)

Electronic Materials and Electronic Devices

Looking at the markets for electronic materials and electronic devices, supply-demand conditions are worse than initially expected and are expected to remain difficult in the second half of fiscal 2009. For this reason, TDK has revised its sales plans assuming that severe price declines will continue going forward and that the market for the full year will contract compared with the previous fiscal year.

Recording Devices

Growth is forecast on a volume basis for HDD demand in fiscal 2009. Accordingly, demand for HDD heads is similarly forecast to expand. However, TDK has revised its sales plans assuming that downward pressure on HDD head prices will increase.

(Exchange Rate Forecast)

An average yen-U.S. dollar exchange rate of ¥100 is assumed from the third quarter of fiscal 2009 onward.

(Purchase of EPCOS AG Shares)

On October 17, TDK made EPCOS AG (Headquarters: Germany; President and CEO: Gerhard Pegam) a consolidated subsidiary. Forecast results for EPCOS AG have not been reflected in TDK's revised consolidated projections.

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 and its group companies (TDK Group). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs and evaluations of TDK Group in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors. TDK Group therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK Group's actual results, performance, achievements or financial position could be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements, and TDK Group undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in applicable laws and ordinances.

The electronics markets in which TDK Group operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK Group include, but are not limited to, shifts in technology, fluctuations in demand, prices, interest and foreign exchange rates, and changes in economic environments, conditions of competition, laws and regulations.

4. Others

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 ("SFAS 157"), "Fair Value Measurements". SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. TDK adopted SFAS 157 on April 1, 2008. The adoption of SFAS 157 has no material effect on TDK's consolidated financial position and results of operations.

5) Balance sheets

| ASSETS | | | | | | | | | |
|-----------------------------------|--------------------------|--------------|-----------------------|----------------------|--------------|-------------------------------|---------------------|--------------|------------------------------|
| Term Item | As of September 30, 2008 | | | As of March 31, 2008 | | Change from March 31, 2008 | As of June 30, 2008 | | Change from June 30, 2008 |
| | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | % | (Yen millions) | (Yen millions) | % | (Yen millions) |
| Current assets | 480,963 | 45.2 | 4,624,644 | 462,820 | 49.5 | 18,143 | 487,973 | 49.2 | (7,010) |
| Cash and cash equivalents | 173,617 | | 1,669,394 | 166,105 | | 7,512 | 185,814 | | (12,197) |
| Net trade receivables | 160,913 | | 1,547,240 | 157,118 | | 3,795 | 159,495 | | 1,418 |
| Inventories | 94,245 | | 906,202 | 88,816 | | 5,429 | 93,897 | | 348 |
| Other current assets | 52,188 | | 501,808 | 50,781 | | 1,407 | 48,767 | | 3,421 |
| Noncurrent assets | 582,332 | 54.8 | 5,599,346 | 472,713 | 50.5 | 109,619 | 503,752 | 50.8 | 78,580 |
| Investments in securities | 144,507 | | 1,389,490 | 68,714 | | 75,793 | 68,464 | | 76,043 |
| Net property, plant and equipment | 299,348 | | 2,878,346 | 267,149 | | 32,199 | 297,621 | | 1,727 |
| Other assets | 138,477 | | 1,331,510 | 136,850 | | 1,627 | 137,667 | | 810 |
| TOTAL | 1,063,295 | 100.0 | 10,223,990 | 935,533 | 100.0 | 127,762 | 991,725 | 100.0 | 71,570 |

| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | | | | | |
|---|--------------------------|--------------|-----------------------|----------------------|--------------|-------------------------------|---------------------|--------------|------------------------------|
| Term Item | As of September 30, 2008 | | | As of March 31, 2008 | | Change from March 31, 2008 | As of June 30, 2008 | | Change from June 30, 2008 |
| | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | % | (Yen millions) | (Yen millions) | % | (Yen millions) |
| Current liabilities | 278,502 | 26.2 | 2,677,904 | 161,961 | 17.3 | 116,541 | 199,524 | 20.1 | 78,978 |
| Short-term debt | 117,446 | | 1,129,289 | 8,898 | | 108,548 | 40,344 | | 77,102 |
| Current installments of long-term debt | 200 | | 1,923 | 294 | | (94) | 291 | | (91) |
| Trade payables | 83,153 | | 799,548 | 76,391 | | 6,762 | 78,445 | | 4,708 |
| Accrued expenses | 68,205 | | 655,817 | 63,834 | | 4,371 | 69,346 | | (1,141) |
| Income taxes payables | 2,365 | | 22,740 | 7,660 | | (5,295) | 1,600 | | 765 |
| Other current liabilities | 7,133 | | 68,587 | 4,884 | | 2,249 | 9,498 | | (2,365) |
| Noncurrent liabilities | 53,072 | 5.0 | 510,308 | 53,311 | 5.7 | (239) | 54,421 | 5.5 | (1,349) |
| Long-term debt, excluding current installments | 157 | | 1,510 | 152 | | 5 | 182 | | (25) |
| Retirement and severance benefits | 34,254 | | 329,365 | 33,990 | | 264 | 34,543 | | (289) |
| Deferred income taxes | 5,873 | | 56,471 | 5,998 | | (125) | 6,148 | | (275) |
| Other noncurrent liabilities | 12,788 | | 122,962 | 13,171 | | (383) | 13,548 | | (760) |
| Total liabilities | 331,574 | 31.2 | 3,188,212 | 215,272 | 23.0 | 116,302 | 253,945 | 25.6 | 77,629 |
| Minority interests | 3,532 | 0.3 | 33,961 | 3,684 | 0.4 | (152) | 3,541 | 0.4 | (9) |
| Common stock | 32,641 | | 313,856 | 32,641 | | - | 32,641 | | - |
| Additional paid-in capital | 64,113 | | 616,471 | 63,887 | | 226 | 63,935 | | 178 |
| Legal reserve | 20,060 | | 192,884 | 19,510 | | 550 | 19,644 | | 416 |
| Retained earnings | 690,867 | | 6,642,952 | 688,719 | | 2,148 | 683,939 | | 6,928 |
| Accumulated other comprehensive income (loss) | (73,149) | | (703,356) | (81,583) | | 8,434 | (59,472) | | (13,677) |
| Treasury stock | (6,343) | | (60,990) | (6,597) | | 254 | (6,448) | | 105 |
| Total stockholders' equity | 728,189 | 68.5 | 7,001,817 | 716,577 | 76.6 | 11,612 | 734,239 | 74.0 | (6,050) |
| TOTAL | 1,063,295 | 100.0 | 10,223,990 | 935,533 | 100.0 | 127,762 | 991,725 | 100.0 | 71,570 |

Note:

U.S.\$1=Yen 104, for convenience only.

6) Statements of income**[1st half results]**

| Item | Term | 1H of FY2008 (April 1, 2007 - Sep. 30, 2007) | | 1H of FY2009 (April 1, 2008 - Sep. 30, 2008) | | | Change | |
|--|------|--|-------|--|-------|-----------------------|-------------------|-----------|
| | | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Net sales | | 433,088 | 100.0 | 396,537 | 100.0 | 3,812,856 | (36,551) | -8.4 |
| Cost of sales | | 318,318 | 73.5 | 307,556 | 77.6 | 2,957,269 | (10,762) | -3.4 |
| Gross profit | | 114,770 | 26.5 | 88,981 | 22.4 | 855,587 | (25,789) | -22.5 |
| Selling, general and administrative expenses | | 82,547 | 19.1 | 74,600 | 18.8 | 717,308 | (7,947) | -9.6 |
| Gain on business transfer to Imation Corp. | | (14,922) | -3.5 | - | - | - | 14,922 | - |
| Operating income | | 47,145 | 10.9 | 14,381 | 3.6 | 138,279 | (32,764) | -69.5 |
| Other income (deductions): | | | | | | | | |
| Interest and dividend income | | 4,744 | | 2,177 | | 20,933 | (2,567) | |
| Interest expense | | (71) | | (278) | | (2,673) | (207) | |
| Foreign exchange gain (loss) | | (1,996) | | (1,758) | | (16,904) | 238 | |
| Other-net | | (1,460) | | 304 | | 2,923 | 1,764 | |
| Total other income (deductions) | | 1,217 | 0.3 | 445 | 0.1 | 4,279 | (772) | -63.4 |
| Income before income taxes | | 48,362 | 11.2 | 14,826 | 3.7 | 142,558 | (33,536) | -69.3 |
| Income taxes | | 13,373 | 3.1 | 3,238 | 0.8 | 31,135 | (10,135) | -75.8 |
| Income before minority interests | | 34,989 | 8.1 | 11,588 | 2.9 | 111,423 | (23,401) | -66.9 |
| Minority interests | | 363 | 0.1 | (280) | -0.1 | (2,692) | (643) | - |
| Net income | | 34,626 | 8.0 | 11,868 | 3.0 | 114,115 | (22,758) | -65.7 |

[2nd quarter results]

| Item | Term | 2Q of FY2008 (July 1, 2007 - Sept. 30, 2007) | | 2Q of FY2009 (July 1, 2008 - Sep. 30, 2008) | | | Change | |
|--|------|--|-------|---|-------|-----------------------|-------------------|-----------|
| | | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Net sales | | 226,389 | 100.0 | 205,914 | 100.0 | 1,979,942 | (20,475) | -9.0 |
| Cost of sales | | 167,686 | 74.1 | 159,141 | 77.3 | 1,530,202 | (8,545) | -5.1 |
| Gross profit | | 58,703 | 25.9 | 46,773 | 22.7 | 449,740 | (11,930) | -20.3 |
| Selling, general and administrative expenses | | 42,609 | 18.8 | 37,785 | 18.3 | 363,317 | (4,824) | -11.3 |
| Gain on business transfer to Imation Corp. | | (14,922) | -6.6 | - | - | - | 14,922 | - |
| Operating income | | 31,016 | 13.7 | 8,988 | 4.4 | 86,423 | (22,028) | -71.0 |
| Other income (deductions): | | | | | | | | |
| Interest and dividend income | | 2,304 | | 1,059 | | 10,183 | (1,245) | |
| Interest expense | | (43) | | (199) | | (1,914) | (156) | |
| Foreign exchange gain (loss) | | (3,631) | | (1,060) | | (10,192) | 2,571 | |
| Other-net | | (1,465) | | 461 | | 4,433 | 1,926 | |
| Total other income (deductions) | | (2,835) | -1.3 | 261 | 0.1 | 2,510 | 3,096 | - |
| Income before income taxes | | 28,181 | 12.4 | 9,249 | 4.5 | 88,933 | (18,932) | -67.2 |
| Income taxes | | 9,322 | 4.1 | 1,898 | 0.9 | 18,250 | (7,424) | -79.6 |
| Income before minority interests | | 18,859 | 8.3 | 7,351 | 3.6 | 70,683 | (11,508) | -61.0 |
| Minority interests | | 255 | 0.1 | (71) | -0.0 | (682) | (326) | - |
| Net income | | 18,604 | 8.2 | 7,422 | 3.6 | 71,365 | (11,182) | -60.1 |

Note:

U.S.\$1=Yen 104, for convenience only.

7) Statements of cash flows

[1st half results]

| Item | Term | 1H of FY2009 | |
|---|------|---------------------------------|-----------------------------------|
| | | (April 1, 2007 - Sep. 30, 2007) | (April 1, 2008 - Sep. 30, 2008) |
| | | (Yen millions) | (Yen millions) (U.S.\$ thousands) |
| Cash flows from operating activities: | | | |
| Net income | | 34,626 | 11,868 114,115 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | | 33,112 | 38,824 373,308 |
| Gain on business transfer to Imation Corp. | | (14,922) | - - |
| Changes in assets and liabilities, net of effects of acquisition of businesses: | | | |
| Decrease (increase) in trade receivables | | (25,008) | (1,149) (11,048) |
| Decrease (increase) in inventories | | (10,822) | (4,459) (42,875) |
| Increase (decrease) in trade payables | | 18,471 | 4,814 46,288 |
| Increase (decrease) in accrued expenses | | 8,552 | (1,005) (9,663) |
| Increase (decrease) in changes in other assets and liabilities, net | | (116) | (3,745) (36,010) |
| Other-net | | (1,741) | 693 6,664 |
| Net cash provided by operating activities | | 42,152 | 45,841 440,779 |
| Cash flows from investing activities: | | | |
| Capital expenditures | | (38,242) | (67,716) (651,115) |
| Proceeds from sale and maturity of short-term investments | | 15,877 | 1,212 11,654 |
| Payment for purchase of short-term investments | | (28,824) | (5,909) (56,817) |
| Proceeds from sale and maturity of investments in securities | | 10 | 4,155 39,952 |
| Payment for purchase of investments in securities | | (3,099) | (823) (7,914) |
| Acquisition of affiliates | | - | (74,953) (720,702) |
| Other-net | | 2,237 | 1,175 11,298 |
| Net cash used in investing activities | | (52,041) | (142,859) (1,373,644) |
| Cash flows from financing activities: | | | |
| Repayment of long-term debt | | (271) | (207) (1,991) |
| Increase (decrease) in short-term debt, net | | (827) | 108,503 1,043,298 |
| Cash paid to acquire treasury stock | | (39,239) | (10) (96) |
| Dividends paid | | (7,946) | (9,027) (86,798) |
| Other-net | | 535 | 117 1,125 |
| Net cash provided by (used in) financing activities | | (47,748) | 99,376 955,538 |
| Effect of exchange rate changes on cash and cash equivalents | | (2,066) | 5,154 49,558 |
| Net increase (decrease) in cash and cash equivalents | | (59,703) | 7,512 72,231 |
| Cash and cash equivalents at beginning of period | | 289,169 | 166,105 1,597,163 |
| Cash and cash equivalents at end of period | | 229,466 | 173,617 1,669,394 |

Note:

U.S.\$1=Yen 104, for convenience only.

8) Segment Information

1. Industry segment information

Recording media sales have dropped sharply due to the August 2007 transfer of the TDK brand recording media sales business and as a result these sales now account for less than 10% of total net sales. Because the electronic materials and components segment accounted for more than 90% of total net sales and operating income, segment information has been omitted.

2. Geographic segment information

[1st half results]

| Term | | 1H of FY2008 (April 1, 2007 - Sep. 30, 2007) | | 1H of FY2009 (April 1, 2008 - Sep. 30, 2008) | | | Change | |
|------------------------------|-------------------------|--|-------|--|-------|--------------------|----------------|-----------|
| | | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Japan | Net sales | 201,260 | 100.0 | 168,428 | 100.0 | 1,619,500 | (32,832) | -16.3 |
| | Operating income (loss) | 30,257 | 15.0 | (5,525) | -3.3 | (53,125) | (35,782) | - |
| Americas | Net sales | 56,062 | 100.0 | 45,532 | 100.0 | 437,808 | (10,530) | -18.8 |
| | Operating income | 5,284 | 9.4 | 5,779 | 12.7 | 55,567 | 495 | 9.4 |
| Europe | Net sales | 31,967 | 100.0 | 21,419 | 100.0 | 205,952 | (10,548) | -33.0 |
| | Operating income (loss) | (3,666) | -11.5 | (758) | -3.5 | (7,288) | 2,908 | - |
| Asia and others | Net sales | 312,723 | 100.0 | 301,404 | 100.0 | 2,898,115 | (11,319) | -3.6 |
| | Operating income | 16,243 | 5.2 | 16,925 | 5.6 | 162,740 | 682 | 4.2 |
| Intersegment eliminations | Net sales | 168,924 | | 140,246 | | 1,348,519 | (28,678) | |
| | Operating income | 973 | | 2,040 | | 19,615 | 1,067 | |
| Total | Net sales | 433,088 | 100.0 | 396,537 | 100.0 | 3,812,856 | (36,551) | -8.4 |
| | Operating income | 47,145 | 10.9 | 14,381 | 3.6 | 138,279 | (32,764) | -69.5 |

[2nd quarter results]

| Term | | 2Q of FY2008 (July 1, 2007 - Sep. 30, 2007) | | 2Q of FY2009 (July 1, 2008 - Sep. 30, 2008) | | | Change | |
|------------------------------|-------------------------|---|-------|---|-------|--------------------|----------------|-----------|
| | | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Japan | Net sales | 101,475 | 100.0 | 84,366 | 100.0 | 811,212 | (17,109) | -16.9 |
| | Operating income (loss) | 20,803 | 20.5 | (3,753) | -4.4 | (36,087) | (24,556) | - |
| Americas | Net sales | 28,850 | 100.0 | 23,670 | 100.0 | 227,596 | (5,180) | -18.0 |
| | Operating income | 4,663 | 16.2 | 4,652 | 19.7 | 44,731 | (11) | -0.2 |
| Europe | Net sales | 13,649 | 100.0 | 10,663 | 100.0 | 102,529 | (2,986) | -21.9 |
| | Operating income (loss) | (3,168) | -23.2 | (770) | -7.2 | (7,404) | 2,398 | - |
| Asia and others | Net sales | 169,863 | 100.0 | 159,410 | 100.0 | 1,532,788 | (10,453) | -6.2 |
| | Operating income | 9,643 | 5.7 | 9,985 | 6.3 | 96,010 | 342 | 3.5 |
| Intersegment eliminations | Net sales | 87,448 | | 72,195 | | 694,183 | (15,253) | |
| | Operating income | 925 | | 1,126 | | 10,827 | 201 | |
| Total | Net sales | 226,389 | 100.0 | 205,914 | 100.0 | 1,979,942 | (20,475) | -9.0 |
| | Operating income | 31,016 | 13.7 | 8,988 | 4.4 | 86,423 | (22,028) | -71.0 |

Notes:

1. Net sales in each geographic area are based on the location of TDK entities where the sales are generated.
2. U.S.\$1=Yen 104, for convenience only.

3. Overseas Sales**[1st half results]**

| Region | Term | 1H of FY2008 (April 1, 2007 - Sep. 30, 2007) | | 1H of FY2009 (April 1, 2008 - Sep. 30, 2008) | | | Change | |
|----------------------|------|--|-------|--|-------|--------------------|----------------|-----------|
| | | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Americas | | 50,947 | 11.8 | 44,589 | 11.2 | 428,740 | (6,358) | -12.5 |
| Europe | | 32,879 | 7.6 | 23,998 | 6.1 | 230,750 | (8,881) | -27.0 |
| Asia and others | | 272,995 | 63.0 | 264,342 | 66.7 | 2,541,750 | (8,653) | -3.2 |
| Overseas sales total | | 356,821 | 82.4 | 332,929 | 84.0 | 3,201,240 | (23,892) | -6.7 |
| Japan | | 76,267 | 17.6 | 63,608 | 16.0 | 611,616 | (12,659) | -16.6 |
| Net sales | | 433,088 | 100.0 | 396,537 | 100.0 | 3,812,856 | (36,551) | -8.4 |

[2nd quarter results]

| Region | Term | 2Q of FY2008 (July 1, 2007 - Sep. 30, 2007) | | 2Q of FY2009 (July 1, 2008 - Sep. 30, 2008) | | | Change | |
|----------------------|------|---|-------|---|-------|--------------------|----------------|-----------|
| | | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Americas | | 26,212 | 11.6 | 21,999 | 10.7 | 211,529 | (4,213) | -16.1 |
| Europe | | 14,869 | 6.6 | 11,847 | 5.8 | 113,913 | (3,022) | -20.3 |
| Asia and others | | 147,984 | 65.3 | 140,925 | 68.4 | 1,355,048 | (7,059) | -4.8 |
| Overseas sales total | | 189,065 | 83.5 | 174,771 | 84.9 | 1,680,490 | (14,294) | -7.6 |
| Japan | | 37,324 | 16.5 | 31,143 | 15.1 | 299,452 | (6,181) | -16.6 |
| Net sales | | 226,389 | 100.0 | 205,914 | 100.0 | 1,979,942 | (20,475) | -9.0 |

Notes:

1. Overseas sales are based on the location of the customers.
2. U.S.\$1=Yen 104, for convenience only.

9) Supplementary Information (Consolidated)

Exchange rates used for conversion

| Term \ Item | As of Sep. 30, 2007 | | As of Sep. 30, 2008 | |
|-----------------------|---------------------|----------|---------------------|----------|
| | US\$=Yen | Euro=Yen | US\$=Yen | Euro=Yen |
| The end of the period | 115.43 | 163.38 | 103.57 | 149.05 |

Sales breakdown

[1st half results]

| Term \ Product | 1H of FY2008 (April 1, 2007 - Sep. 30, 2007) | | 1H of FY2009 (April 1, 2008 - Sep. 30, 2008) | | | Change | |
|----------------------|---|-----------------------|---|-----------------------|------------------------------|----------------|-----------|
| | Amount (Yen millions) | Ratio to sales (%) | Amount (Yen millions) | Ratio to sales (%) | Amount (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Electronic materials | 102,766 | 23.7 | 92,188 | 23.3 | 886,423 | (10,578) | -10.3 |
| Electronic devices | 104,436 | 24.1 | 98,728 | 24.9 | 949,308 | (5,708) | -5.5 |
| Recording devices | 156,920 | 36.3 | 150,069 | 37.8 | 1,442,971 | (6,851) | -4.4 |
| Others | 68,966 | 15.9 | 55,552 | 14.0 | 534,154 | (13,414) | -19.5 |
| Total sales | 433,088 | 100.0 | 396,537 | 100.0 | 3,812,856 | (36,551) | -8.4 |
| Overseas sales | 356,821 | 82.4 | 332,929 | 84.0 | 3,201,240 | (23,892) | -6.7 |

[2nd quarter results]

| Term \ Product | 2Q of FY2008 (July 1, 2007 - Sep. 30, 2007) | | 2Q of FY2009 (July 1, 2008 - Sep. 30, 2008) | | | Change | |
|----------------------|--|-----------------------|--|-----------------------|------------------------------|----------------|-----------|
| | Amount (Yen millions) | Ratio to sales (%) | Amount (Yen millions) | Ratio to sales (%) | Amount (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Electronic materials | 53,063 | 23.4 | 46,517 | 22.6 | 447,279 | (6,546) | -12.3 |
| Electronic devices | 54,455 | 24.1 | 50,053 | 24.3 | 481,279 | (4,402) | -8.1 |
| Recording devices | 86,504 | 38.2 | 77,624 | 37.7 | 746,384 | (8,880) | -10.3 |
| Others | 32,367 | 14.3 | 31,720 | 15.4 | 305,000 | (647) | -2.0 |
| Total sales | 226,389 | 100.0 | 205,914 | 100.0 | 1,979,942 | (20,475) | -9.0 |
| Overseas sales | 189,065 | 83.5 | 174,771 | 84.9 | 1,680,490 | (14,294) | -7.6 |

Notes:

1. Recording media results are now included in the "others" sector.
2. U.S.\$1=Yen 104, for convenience only.

Overseas sales by division

[1st half results]

| Term \ Product | 1H of FY2008 April 1, 2007 - Sep. 30, 2007 | | 1H of FY2009 April 1, 2008 - Sep. 30, 2008 | | Change | |
|----------------------|--|-----------------------|--|-----------------------|----------------|-----------|
| | Amount (Yen millions) | Ratio to sales (%) | Amount (Yen millions) | Ratio to sales (%) | (Yen millions) | Change(%) |
| Electronic materials | 78,089 | 18.1 | 69,325 | 17.5 | (8,764) | -11.2 |
| Electronic devices | 71,031 | 16.4 | 69,058 | 17.4 | (1,973) | -2.8 |
| Recording devices | 155,107 | 35.8 | 148,712 | 37.5 | (6,395) | -4.1 |
| Others | 52,594 | 12.1 | 45,834 | 11.6 | (6,760) | -12.9 |
| Overseas sales | 356,821 | 82.4 | 332,929 | 84.0 | (23,892) | -6.7 |

[2nd quarter results]

| Term \ Product | 2Q of FY2008 July 1, 2007 - Sep. 30, 2007 | | 2Q of FY2009 July 1, 2008 - Sep. 30, 2008 | | Change | |
|----------------------|---|-----------------------|---|-----------------------|----------------|-----------|
| | Amount (Yen millions) | Ratio to sales (%) | Amount (Yen millions) | Ratio to sales (%) | (Yen millions) | Change(%) |
| Electronic materials | 40,653 | 18.0 | 35,426 | 17.2 | (5,227) | -12.9 |
| Electronic devices | 37,680 | 16.6 | 35,413 | 17.2 | (2,267) | -6.0 |
| Recording devices | 85,467 | 37.7 | 76,852 | 37.3 | (8,615) | -10.1 |
| Others | 25,265 | 11.2 | 27,080 | 13.2 | 1,815 | 7.2 |
| Overseas sales | 189,065 | 83.5 | 174,771 | 84.9 | (14,294) | -7.6 |

Note:

Recording media results are now included in the "others" sector.

Company group

As of September 30, 2008, TDK had 93 subsidiaries (18 in Japan and 75 overseas). TDK also had 8 affiliates (4 in Japan and 4 overseas) whose financial statements are accounted for by the equity method.