



TDK Corporation
July 29, 2010

Contact;

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Consolidated results (U.S. GAAP) for the 1st quarter of FY March 2011

Summary (April 1, 2010 - June 30, 2010)

| Term Item | 1Q of FY2010 (April 1, 2009 - June 30, 2009) | | 1Q of FY2011 (April 1, 2010 - June 30, 2010) | | | Change | |
|--|---|-------|---|-------|--------------------|----------------|-----------|
| | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Net sales | 181,546 | 100.0 | 221,925 | 100.0 | 2,521,875 | 40,379 | 22.2 |
| Operating income (loss) | (3,645) | -2.0 | 20,209 | 9.1 | 229,648 | 23,854 | - |
| Income (loss) before income taxes | (5,418) | -3.0 | 18,818 | 8.5 | 213,841 | 24,236 | - |
| Net income (loss) attributable to TDK | (3,216) | -1.8 | 14,523 | 6.5 | 165,034 | 17,739 | - |
| Per common share : | | | | | | | |
| Net income (loss) attributable to TDK / Basic | Yen (24.93) | | Yen 112.59 | | U.S.\$ 1.28 | | |
| Net income (loss) attributable to TDK / Diluted | Yen (24.93) | | Yen 112.50 | | U.S.\$ 1.28 | | |
| Capital expenditures | 15,160 | - | 13,860 | - | 157,500 | (1,300) | -8.6 |
| Depreciation and amortization | 19,966 | 11.0 | 18,789 | 8.5 | 213,511 | (1,177) | -5.9 |
| Research and development | 13,244 | 7.3 | 12,783 | 5.8 | 145,261 | (461) | -3.5 |
| Result of financial income (loss) | (577) | - | (297) | - | (3,375) | 280 | - |
| Ratio of overseas production | 76.9% | - | 84.6% | - | - | | |
| Number of employees | 68,939 | - | 85,433 | - | - | | |

Note:

U.S.\$1=Yen 88, for convenience only.

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[Summary Information and Financial Statements]

1. Summary Information Regarding Consolidated Business Results

The world economy in the first quarter of fiscal 2011, the three-month period from April 1 to June 30, 2010, saw a certain degree of recovery, after coming through the simultaneous global economic recession that began in the fall of 2008. However, there are still uncertainties clouding the outlook for a sustained recovery in the world economy. These uncertainties include lingering financial unease in Europe, and fluctuations in U.S. housing, employment and other economic indicators, as well as the emergence of falling share indexes in China, which has played a central role in leading the world economic recovery.

Against this economic backdrop, the electronics market in the first quarter of fiscal 2011 saw an ongoing recovery, which was manifested in firm growth in production not only of consumer electronics, such as digital AV equipment, smartphones and other mobile phones, but also of many finished products in the automobile and industrial equipment fields.

In this business environment, TDK posted consolidated net sales of ¥221,925 million (U.S.\$2,521,875 thousand), an increase of ¥40,379 million from ¥181,546 million in the first quarter of fiscal 2010. Operating income was ¥20,209 million (U.S.\$229,648 thousand), a ¥23,854 million improvement from the operating loss of ¥3,645 million reported in the first quarter of fiscal 2010. Similarly, income before income taxes was ¥18,818 million (U.S.\$213,841 thousand), ¥24,236 million better than the ¥5,418 million loss reported in the first quarter of fiscal 2010. TDK also recorded net income attributable to TDK of ¥14,523 million (U.S.\$165,034 thousand), an improvement of ¥17,739 million from the ¥3,216 million net loss recorded in the first quarter of fiscal 2010. Basic net income attributable to TDK per common share was ¥112.59 (U.S.\$1.28), compared with a basic net loss attributable to TDK per common share of ¥24.93 in the first quarter of fiscal 2010.

Average first-quarter yen exchange rates for the U.S. dollar and euro were ¥92.01 and ¥117.03, respectively, as the yen appreciated 5.5% versus the U.S. dollar and 11.8% against the euro, compared with the first quarter (April 1 to June 30) of fiscal 2010. This lowered net sales by approximately ¥9.3billion and operating income by approximately ¥3.2 billion.

Sales by Sector

| Term Product | 1Q of FY2010 (April 1, 2009 - June 30, 2009) | | 1Q of FY2011 (April 1, 2010 - June 30, 2010) | | | Change | |
|-------------------------------------|--|-------|--|-------|--------------------|----------------|-----------|
| | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Capacitors | 28,812 | 15.9 | 37,985 | 17.1 | 431,648 | 9,173 | 31.8 |
| Inductive devices | 24,758 | 13.6 | 32,513 | 14.6 | 369,466 | 7,755 | 31.3 |
| Other passive components | 26,653 | 14.7 | 34,583 | 15.6 | 392,988 | 7,930 | 29.8 |
| Passive Components | 80,223 | 44.2 | 105,081 | 47.3 | 1,194,102 | 24,858 | 31.0 |
| Recording devices | 62,854 | 34.6 | 71,668 | 32.3 | 814,409 | 8,814 | 14.0 |
| Other magnetic application products | 24,076 | 13.3 | 28,594 | 12.9 | 324,932 | 4,518 | 18.8 |
| Magnetic Application Products | 86,930 | 47.9 | 100,262 | 45.2 | 1,139,341 | 13,332 | 15.3 |
| Other | 14,393 | 7.9 | 16,582 | 7.5 | 188,432 | 2,189 | 15.2 |
| Consolidated total | 181,546 | 100.0 | 221,925 | 100.0 | 2,521,875 | 40,379 | 22.2 |
| Overseas sales | 158,509 | 87.3 | 194,519 | 87.7 | 2,210,443 | 36,010 | 22.7 |

Note:

U.S.\$1=Yen 88, for convenience only.

TDK changed sector classifications effective from April 1, 2010. Please see segment information on page 13 and consolidated supplementary information on page 15 for more details.

(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 ¥105,081 million (U.S.\$1,194,102 thousand), up 31.0% year on year from ¥80,223 million.

The capacitors business is made up of ceramic capacitors, aluminum electrolytic capacitors, and film capacitors. Sales in the capacitors business were ¥37,985 million (U.S.\$431,648 thousand), up 31.8% year on year from ¥28,812 million. The increased sales reflected higher sales of ceramic capacitors for communication equipment such as mobile phones, as well as automobile, automotive-related equipment and industrial equipment applications. Higher sales of aluminum electrolytic capacitors and film capacitors for industrial equipment applications also contributed to the overall increase in capacitor business sales.

Sales of inductive devices increased 31.3% year on year from ¥24,758 million to ¥32,513 million (U.S.\$369,466 thousand). This rise was attributable to higher sales for use in key finished products such as flat-screen TVs and other digital AV equipment, mobile phones and automobiles.

Other passive components include high-frequency components, piezoelectric materials and products, circuit protection components and sensors. Sales of high-frequency components rose year on year, the result mainly of increased sales to the communications equipment market. Sales of piezoelectric materials and products, circuit protection components and sensors increased year on year, mainly on account of higher sales to the automobile and 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 increased 15.3% year on year from ¥86,930 million to ¥100,262 million (U.S.\$1,139,341 thousand).

The recording devices business comprises mainly HDD heads and HDD suspension assemblies. It recorded sales of ¥71,668 million (U.S.\$814,409 thousand), up 14.0% year on year from ¥62,854 million. The main reason was higher sales due to increased demand for HDD heads in line with a recovering HDD market.

Other magnetic application products include power supplies, magnets, and recording media. Sales in the power supplies business rose year on year, mainly due to higher sales for industrial equipment applications. Sales of magnets rose year on year, the result primarily of higher sales to the HDD and automobile markets. Recording media sales declined year on year.

(3) Other

The Other includes energy devices (rechargeable batteries), mechatronics (production equipment), and other businesses. Segment sales increased 15.2% year on year from ¥14,393 million to ¥16,582 million (U.S.\$188,432 thousand).

Sales by Region

Overseas sales increased 22.7% year on year from ¥158,509 million to ¥194,519 million (U.S.\$2,210,443 thousand). Overseas sales accounted for 87.7% of consolidated net sales, a 0.4 percentage point increase from 87.3% one year earlier. Detailed information on sales by region can be found in the consolidated supplementary information on page 14.

2. Summary Information Regarding Consolidated Financial Position

(1) The following table summarizes TDK's consolidated balance sheet as of June 30, 2010.

| | | |
|--------------------------------|--------------------|----------------------|
| Total assets | ¥1,053,840 million | (3.4% decrease) |
| Total TDK stockholders' equity | ¥515,532 million | (5.2% decrease) |
| Stockholders' equity ratio | 48.9% | (0.9 point decrease) |

As of June 30, 2010, total assets had decreased ¥37,618 million compared with March 31, 2010. Cash and cash equivalents and short-term investments combined decreased ¥7,093 million, and net property, plant and equipment decreased ¥13,173 million and other assets decreased ¥13,195 million, respectively.

Total liabilities decreased ¥9,462 million from March 31, 2010. Accrued expenses decreased ¥5,158 million and long-term debt, excluding current installments, decreased ¥3,219 million, mainly due to repayments.

TDK stockholders' equity, which is included in total equity, declined ¥28,224 million compared with March 31, 2010. While stockholders' equity had been increasing, the decline reflected an increase in accumulated other comprehensive loss of ¥38,949 million due to a deterioration in foreign currency translation adjustments because of the yen's appreciation against the U.S. dollar, which is a major currency for transactions. On the other hand, retained earnings increased ¥10,512 million.

(2) Cash Flows

(Yen millions)

| | Fiscal 2010 1Q | Fiscal 2011 1Q | Change |
|--|----------------|----------------|----------|
| Net cash provided by operating activities | 18,879 | 21,096 | 2,217 |
| Net cash used in investing activities | (27,520) | (1,288) | 26,232 |
| Net cash provided by (used in) financing activities | 2,765 | (4,107) | (6,872) |
| Effect of exchange rate changes on cash and cash equivalents | (1,764) | (7,535) | (5,771) |
| Net increase (decrease) in cash and cash equivalents | (7,640) | 8,166 | 15,806 |
| Cash and cash equivalents at beginning of period | 165,705 | 132,984 | (32,721) |
| Cash and cash equivalents at end of period | 158,065 | 141,150 | (16,915) |

Operating activities provided net cash of ¥21,096 million (U.S.\$239,727 thousand), a year-on-year increase of ¥2,217 million. TDK recorded net income of ¥14,486 million (U.S.\$164,614 thousand), an increase of ¥18,199 million year on year. Depreciation and amortization decreased ¥1,177 million to ¥18,789 million (U.S.\$213,511 thousand). In changes in assets and liabilities, inventories increased ¥20,462 million year on year. Trade receivables decreased ¥14,852 million, trade payables decreased ¥8,686 million and accrued expenses decreased ¥6,949 million year on year.

Investing activities used net cash of ¥1,288 million (U.S.\$14,636 thousand), a decrease of ¥26,232 million year on year. There was a ¥23,634 million increase in proceeds from sale and maturity of short-term investments.

In the first three months of fiscal 2011, TDK used net cash in financing activities, which provided net cash in the first three months of fiscal 2010. The net change year on year was ¥6,872 million. In the first three months of fiscal 2010, there was a net increase in short-term debt of ¥11,927 million. On the other hand, ¥7,739 million was used to pay dividends. These and others provided net cash of ¥2,765 million. In the first three months of fiscal 2011, ¥3,760 million (U.S.\$42,727 thousand) was used to pay dividends. TDK used net cash of ¥4,107 million (U.S.\$46,671 thousand) in this and other financing activities.

3. Summary Information Regarding Consolidated Projections (Fiscal 2011 Consolidated Projections)

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2011, the year ending March 31, 2011, are as follows.

| Term Item | FY2011 (April 1, 2010 - March 31, 2011) | FY2011 (April 1, 2010 - March 31, 2011) | FY2010 (April 1, 2009 - March 31, 2010) | vs FY2010 Changes | |
|--------------------------------|---|---|---|----------------------|-------|
| | Forecast in July'10 | Forecast in April'10 | Actual | | |
| | (Yen millions) | (Yen millions) | (Yen millions) | (Yen millions) | % |
| Net Sales | 880,000 | 880,000 | 808,858 | 71,142 | 8.8 |
| Operating Income | 62,000 | 62,000 | 25,774 | 36,226 | 140.6 |
| Income before income taxes | 60,000 | 60,000 | 21,907 | 38,093 | 173.9 |
| Net income attributable to TDK | 45,000 | 45,000 | 13,520 | 31,480 | 232.8 |
| Capital expenditures | 75,000 | 75,000 | 64,370 | 10,630 | 16.5 |
| Depreciation and amortization | 82,000 | 82,000 | 83,788 | (1,788) | -2.1 |
| Research and development | 53,000 | 53,000 | 53,942 | (942) | -1.7 |

(Notes)

Management has judged that compared with TDK's projections as of April 30, 2010, there should be no major change in demand for electronic components used in major finished products based on information regarding trends in the electronics market and major finished products etc , which is currently available to TDK Group (as defined below).

(Exchange Rate Forecast)

An average Yen exchange rates for U.S. dollar and euro of ¥87 and ¥113 respectively are assumed from the second 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 or 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. Fundamental Policy for Distribution of Earnings, and Fiscal 2011 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 its 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.

Projected dividends for fiscal 2011 are as follows.

| | FY2011 Forecast | FY2010 Actual |
|-------------------|--------------------|------------------|
| (Yen) | | |
| Interim dividend | 40.00 | 30.00 |
| Year-end dividend | 40.00 | 30.00 |
| Annual dividend | 80.00 | 60.00 |

5 Consolidated Financial Statements

5. (1) Balance sheet

| ASSETS | | | | | | |
|-----------------------------------|----------------------|--------------|---------------------|--------------|-----------------------|-------------------|
| Term Item | As of March 31, 2010 | | As of June 30, 2010 | | | Change |
| | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) |
| Current assets | 537,747 | 49.3 | 529,250 | 50.2 | 6,014,205 | (8,497) |
| Cash and cash equivalents | 132,984 | | 141,150 | | 1,603,977 | 8,166 |
| Short-term investments | 67,873 | | 52,614 | | 597,887 | (15,259) |
| Marketable securities | 22,405 | | 21,291 | | 241,943 | (1,114) |
| Net trade receivables | 169,349 | | 163,847 | | 1,861,898 | (5,502) |
| Inventories | 105,069 | | 111,080 | | 1,262,273 | 6,011 |
| Other current assets | 40,067 | | 39,268 | | 446,227 | (799) |
| Noncurrent assets | 553,711 | 50.7 | 524,590 | 49.8 | 5,961,250 | (29,121) |
| Investments in securities | 38,324 | | 35,571 | | 404,216 | (2,753) |
| Net property, plant and equipment | 318,205 | | 305,032 | | 3,466,273 | (13,173) |
| Other assets | 197,182 | | 183,987 | | 2,090,761 | (13,195) |
| TOTAL | 1,091,458 | 100.0 | 1,053,840 | 100.0 | 11,975,455 | (37,618) |

| LIABILITIES AND EQUITY | | | | | | |
|---|----------------------|--------------|---------------------|--------------|-----------------------|-------------------|
| Term Item | As of March 31, 2010 | | As of June 30, 2010 | | | Change |
| | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) |
| Current liabilities | 251,377 | 23.0 | 251,791 | 23.9 | 2,861,262 | 414 |
| Short-term debt | 79,946 | | 81,695 | | 928,352 | 1,749 |
| Current installments of long-term debt | 10,554 | | 10,154 | | 115,386 | (400) |
| Trade payables | 84,988 | | 86,305 | | 980,739 | 1,317 |
| Accrued expenses | 63,249 | | 58,091 | | 660,125 | (5,158) |
| Income taxes payables | 3,541 | | 3,994 | | 45,387 | 453 |
| Other current liabilities | 9,099 | | 11,552 | | 131,273 | 2,453 |
| Noncurrent liabilities | 290,412 | 26.6 | 280,536 | 26.6 | 3,187,909 | (9,876) |
| Long-term debt, excluding current installments | 179,554 | | 176,335 | | 2,003,807 | (3,219) |
| Retirement and severance benefits | 84,304 | | 81,175 | | 922,443 | (3,129) |
| Deferred income taxes | 11,312 | | 9,742 | | 110,704 | (1,570) |
| Other noncurrent liabilities | 15,242 | | 13,284 | | 150,955 | (1,958) |
| Total liabilities | 541,789 | 49.6 | 532,327 | 50.5 | 6,049,171 | (9,462) |
| Common stock | 32,641 | | 32,641 | | 370,920 | - |
| Additional paid-in capital | 61,124 | | 61,200 | | 695,455 | 76 |
| Legal reserve | 21,823 | | 21,964 | | 249,591 | 141 |
| Retained earnings | 606,445 | | 616,957 | | 7,010,875 | 10,512 |
| Accumulated other comprehensive income (loss) | (172,092) | | (211,041) | | (2,398,193) | (38,949) |
| Treasury stock | (6,185) | | (6,189) | | (70,330) | (4) |
| Total TDK stockholders' equity | 543,756 | 49.8 | 515,532 | 48.9 | 5,858,318 | (28,224) |
| Noncontrolling interests | 5,913 | 0.6 | 5,981 | 0.6 | 67,966 | 68 |
| Total equity | 549,669 | 50.4 | 521,513 | 49.5 | 5,926,284 | (28,156) |
| TOTAL | 1,091,458 | 100.0 | 1,053,840 | 100.0 | 11,975,455 | (37,618) |

Note:

U.S.\$1=Yen 88, for convenience only.

5. (2) Statements of operations

| Term Item | 1Q of FY2010 (April 1, 2009 - June 30, 2009) | | 1Q of FY2011 (April 1,2010 - June 30,2010) | | | Change | |
|--|--|-------|--|-------|-----------------------|-------------------|-----------|
| | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Net sales | 181,546 | 100.0 | 221,925 | 100.0 | 2,521,875 | 40,379 | 22.2 |
| Cost of sales | 146,420 | 80.7 | 164,790 | 74.3 | 1,872,614 | 18,370 | 12.5 |
| Gross profit | 35,126 | 19.3 | 57,135 | 25.7 | 649,261 | 22,009 | 62.7 |
| Selling, general and administrative expenses | 37,348 | 20.5 | 36,926 | 16.6 | 419,613 | (422) | -1.1 |
| Restructuring cost | 1,423 | 0.8 | - | - | - | (1,423) | - |
| Operating income (loss) | (3,645) | -2.0 | 20,209 | 9.1 | 229,648 | 23,854 | - |
| Other income (deductions): | | | | | | | |
| Interest and dividend income | 444 | | 355 | | 4,034 | (89) | |
| Interest expense | (1,021) | | (652) | | (7,409) | 369 | |
| Foreign exchange gain (loss) | (644) | | (1,131) | | (12,852) | (487) | |
| Other-net | (552) | | 37 | | 420 | 589 | |
| Total other income (deductions) | (1,773) | -1.0 | (1,391) | -0.6 | (15,807) | 382 | - |
| Income (loss) before income taxes | (5,418) | -3.0 | 18,818 | 8.5 | 213,841 | 24,236 | - |
| Income taxes | (1,705) | -1.0 | 4,332 | 2.0 | 49,227 | 6,037 | - |
| Net income (loss) | (3,713) | -2.0 | 14,486 | 6.5 | 164,614 | 18,199 | - |
| Less:Net income (loss) attributable to noncontrolling interests | (497) | -0.2 | (37) | -0.0 | (420) | 460 | - |
| Net income (loss) attributable to TDK | (3,216) | -1.8 | 14,523 | 6.5 | 165,034 | 17,739 | - |

Note:

U.S.\$1=Yen 88, for convenience only.

5. (3) Statements of cash flows

| Item | Term | 1Q of FY2010 (April 1, 2009 - June 30, 2009) | 1Q of FY2011 (April 1, 2010 - June 30, 2010) | |
|---|------|--|---|--------------------|
| | | (Yen millions) | (Yen millions) | (U.S.\$ thousands) |
| Cash flows from operating activities: | | | | |
| Net income (loss) | | (3,713) | 14,486 | 164,614 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | | |
| Depreciation and amortization | | 19,966 | 18,789 | 213,511 |
| Changes in assets and liabilities, net of effects of acquisition of businesses: | | | | |
| Decrease (increase) in trade receivables | | (19,956) | (5,104) | (58,000) |
| Decrease (increase) in inventories | | 8,007 | (12,455) | (141,534) |
| Increase (decrease) in trade payables | | 16,231 | 7,545 | 85,739 |
| Increase (decrease) in accrued expenses | | 1,257 | (5,692) | (64,682) |
| Increase (decrease) in changes in other assets and liabilities, net | | (2,075) | 3,319 | 37,716 |
| Other-net | | (838) | 208 | 2,363 |
| Net cash provided by operating activities | | 18,879 | 21,096 | 239,727 |
| Cash flows from investing activities: | | | | |
| Capital expenditures | | (15,160) | (13,860) | (157,500) |
| Proceeds from sale and maturity of short-term investments | | 19,088 | 42,722 | 485,477 |
| Payment for purchase of short-term investments | | (30,644) | (30,136) | (342,454) |
| Other-net | | (804) | (14) | (159) |
| Net cash used in investing activities | | (27,520) | (1,288) | (14,636) |
| Cash flows from financing activities: | | | | |
| Repayment of long-term debt | | (902) | (2,832) | (32,182) |
| Increase (decrease) in short-term debt, net | | 11,927 | 2,063 | 23,443 |
| Dividends paid | | (7,739) | (3,760) | (42,727) |
| Other-net | | (521) | 422 | 4,795 |
| Net cash provided by (used in) financing activities | | 2,765 | (4,107) | (46,671) |
| Effect of exchange rate changes on cash and cash equivalents | | (1,764) | (7,535) | (85,625) |
| Net increase (decrease) in cash and cash equivalents | | (7,640) | 8,166 | 92,795 |
| Cash and cash equivalents at beginning of period | | 165,705 | 132,984 | 1,511,182 |
| Cash and cash equivalents at end of period | | 158,065 | 141,150 | 1,603,977 |

Note:

U.S.\$1=Yen 88, for convenience only.

5. (4) Notes Concerning Going Concern Assumption

Nothing to report.

5. (5) Segment Information

In the past, TDK prepared segment information in accordance with Japan's regulations for consolidated financial statements in conformity with applicable exemption provisions in the U.S. Due to a revision to the exemption provisions by the U.S. Securities and Exchange Commission in September 2008, with the objective of strengthening reporting by foreign issuers, TDK has disclosed segment information in accordance with Accounting Standards Codification ("ASC") 280, "Segment Reporting," issued by the U.S. Financial Accounting Standards Board ("FASB"), generally accepted accounting principles in the U.S.

TDK classifies its businesses into two segments: 1) Passive Components, 2)Magnetic Application Products, and Other. For details, please see the consolidated supplementary information on page 15.

Net sales by industry segment

| | | 1Q of FY2010 (April 1, 2009 - June 30, 2009) | | 1Q of FY2011 (April 1, 2010 - June 30, 2010) | | | Change | |
|-------------------------------|--------------------|---|-------|---|-------|--------------------|----------------|-----------|
| | | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Passive Components | External customers | 80,223 | 44.2 | 105,081 | 47.3 | 1,194,102 | 24,858 | 31.0 |
| | Intersegment | 19 | | 546 | | 6,205 | 527 | - |
| | Total | 80,242 | | 105,627 | | 1,200,307 | 25,385 | 31.6 |
| Magnetic Application Products | External customers | 86,930 | 47.9 | 100,262 | 45.2 | 1,139,341 | 13,332 | 15.3 |
| | Intersegment | 908 | | 1,490 | | 16,932 | 582 | 64.1 |
| | Total | 87,838 | | 101,752 | | 1,156,273 | 13,914 | 15.8 |
| Other | External customers | 14,393 | 7.9 | 16,582 | 7.5 | 188,432 | 2,189 | 15.2 |
| | Intersegment | 1,876 | | 2,817 | | 32,011 | 941 | 50.2 |
| | Total | 16,269 | | 19,399 | | 220,443 | 3,130 | 19.2 |
| Intersegment eliminations | | (2,803) | | (4,853) | | (55,148) | (2,050) | |
| Consolidated total | | 181,546 | 100.0 | 221,925 | 100.0 | 2,521,875 | 40,379 | 22.2 |

Segment profit (loss) by industry segment

| | | 1Q of FY2010 (April 1, 2009 - June 30, 2009) | | 1Q of FY2011 (April 1, 2010 - June 30, 2010) | | | Change | |
|-------------------------------|--|---|-------|---|------|--------------------|----------------|-----------|
| | | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Passive Components | | (9,151) | -11.4 | 6,183 | 5.9 | 70,262 | 15,334 | - |
| Magnetic Application Products | | 5,898 | 6.8 | 16,077 | 16.0 | 182,693 | 10,179 | 172.6 |
| Other | | 805 | 5.6 | 1,051 | 6.3 | 11,943 | 246 | 30.6 |
| Sub total | | (2,448) | -1.3 | 23,311 | 10.5 | 264,898 | 25,759 | - |
| Corporate and Eliminations | | (1,197) | | (3,102) | | (35,250) | (1,905) | |
| Operating income (loss) | | (3,645) | -2.0 | 20,209 | 9.1 | 229,648 | 23,854 | - |

Note:

U.S.\$1=Yen 88, for convenience only.

5. (6) Notes Concerning Significant Change in Stockholders' Equity

Nothing to report.

5. (7) Consolidated Supplementary Information

1. Exchange rates used for conversion

| Term Item | As of June 30, 2009 | | As of June 30, 2010 | |
|-----------------------|---------------------|----------|---------------------|----------|
| | US\$=Yen | Euro=Yen | US\$=Yen | Euro=Yen |
| The end of the period | 96.01 | 135.53 | 88.48 | 107.81 |

2. Geographic information

| Term Region | | 1Q of FY2010 (April 1, 2009 - June 30, 2009) | | 1Q of FY2011 (April 1, 2010 - June 30, 2010) | | | Change | |
|-----------------|-------------------------|---|-------|---|-------|--------------------|----------------|-----------|
| | | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Japan | Net sales | 56,064 | 100.0 | 76,281 | 100.0 | 866,830 | 20,217 | 36.1 |
| | Operating income (loss) | (10,299) | -18.4 | 890 | 1.2 | 10,114 | 11,189 | - |
| Americas | Net sales | 18,841 | 100.0 | 25,925 | 100.0 | 294,602 | 7,084 | 37.6 |
| | Operating income | 1,575 | 8.4 | 2,620 | 10.1 | 29,773 | 1,045 | 66.3 |
| Europe | Net sales | 33,251 | 100.0 | 44,815 | 100.0 | 509,261 | 11,564 | 34.8 |
| | Operating income (loss) | (6,351) | -19.1 | (1,325) | -3.0 | (15,057) | 5,026 | - |
| Asia and others | Net sales | 134,148 | 100.0 | 165,635 | 100.0 | 1,882,216 | 31,487 | 23.5 |
| | Operating income | 11,957 | 8.9 | 18,919 | 11.4 | 214,988 | 6,962 | 58.2 |
| Eliminations | Net sales | 60,758 | | 90,731 | | 1,031,034 | 29,973 | |
| | Operating income | 527 | | 895 | | 10,170 | 368 | |
| Total | Net sales | 181,546 | 100.0 | 221,925 | 100.0 | 2,521,875 | 40,379 | 22.2 |
| | Operating income (loss) | (3,645) | -2.0 | 20,209 | 9.1 | 229,648 | 23,854 | - |

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 88, for convenience only.

3. Sales by region

| Term Region | | 1Q of FY2010 (April 1, 2009 - June 30, 2009) | | 1Q of FY2011 (April 1, 2010 - June 30, 2010) | | | Change | |
|----------------------|--|---|-------|---|-------|--------------------|----------------|-----------|
| | | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | Change(%) |
| Americas | | 16,491 | 9.1 | 23,738 | 10.7 | 269,750 | 7,247 | 43.9 |
| Europe | | 24,237 | 13.3 | 31,773 | 14.3 | 361,057 | 7,536 | 31.1 |
| Asia and others | | 117,781 | 64.9 | 139,008 | 62.7 | 1,579,636 | 21,227 | 18.0 |
| Overseas sales total | | 158,509 | 87.3 | 194,519 | 87.7 | 2,210,443 | 36,010 | 22.7 |
| Japan | | 23,037 | 12.7 | 27,406 | 12.3 | 311,432 | 4,369 | 19.0 |
| Net sales | | 181,546 | 100.0 | 221,925 | 100.0 | 2,521,875 | 40,379 | 22.2 |

Notes:

- 1 Overseas sales are based on the location of the customers.
- 2 U.S.\$1=Yen 88, for convenience only.

4. Company group

As of June 30, 2010, TDK had 131 subsidiaries (19 in Japan and 112 in overseas).

TDK also had 8 affiliates (4 in Japan and 4 overseas) whose financial statements are accounted for by the equity method.

5. Overview of net sales by product

| Term Product | 1Q of FY2010 (April 1, 2009 - June 30, 2009) | | 2Q of FY2010 (July 1, 2009 - September 30, 2009) | | 3Q of FY2010 (October 1, 2009 - December 31, 2009) | | 4Q of FY2010 (January 1, 2010 - March 31, 2010) | |
|-------------------------------|---|-------|---|-------|---|-------|--|-------|
| | (Yen millions) | % | (Yen millions) | % | (Yen millions) | % | (Yen millions) | % |
| Capacitors | 28,812 | 15.9 | 33,580 | 16.4 | 34,645 | 16.4 | 36,071 | 17.1 |
| Inductive devices | 24,758 | 13.6 | 28,917 | 14.2 | 28,945 | 13.7 | 29,338 | 13.9 |
| Other | 26,653 | 14.7 | 31,257 | 15.3 | 30,725 | 14.5 | 31,104 | 14.7 |
| Passive Components | 80,223 | 44.2 | 93,754 | 45.9 | 94,315 | 44.6 | 96,513 | 45.7 |
| Recording devices | 62,854 | 34.6 | 71,039 | 34.8 | 73,827 | 34.9 | 72,281 | 34.2 |
| Other | 24,076 | 13.3 | 25,213 | 12.3 | 28,163 | 13.3 | 26,287 | 12.4 |
| Magnetic Application Products | 86,930 | 47.9 | 96,252 | 47.1 | 101,990 | 48.2 | 98,568 | 46.6 |
| Other | 14,393 | 7.9 | 14,299 | 7.0 | 15,357 | 7.2 | 16,264 | 7.7 |
| Consolidated total | 181,546 | 100.0 | 204,305 | 100.0 | 211,662 | 100.0 | 211,345 | 100.0 |

| Term Product | 1Q of FY2011 (April 1, 2010 - June 30, 2010) | | |
|----------------------|---|-------|--------------------|
| | (Yen millions) | % | (U.S.\$ thousands) |
| Capacitors | 37,985 | 17.1 | 431,648 |
| Inductive devices | 32,513 | 14.6 | 369,466 |
| Other | 34,583 | 15.6 | 392,988 |
| Passive Components | 105,081 | 47.3 | 1,194,102 |
| Recording devices | 71,668 | 32.3 | 814,409 |
| Other | 28,594 | 12.9 | 324,932 |
| Magnetic Application | 100,262 | 45.2 | 1,139,341 |
| Other | 16,582 | 7.5 | 188,432 |
| Consolidated total | 221,925 | 100.0 | 2,521,875 |

Note:

U.S.\$1=Yen 88, for convenience only.

| 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 | Recording devices, Power supplies, Magnets, Recording media |
| Other | Energy devices, Mechatronics, other |

* The products of EPCOS have been allocated to similar businesses in the Passive Components.

| Previous Classification | Constituent Main Business |
|-------------------------|---|
| Electronic materials | Ferrite cores, Ceramic capacitors, Magnets |
| Electronic devices | Inductive devices, High-frequency devices, Power supplies, Sensors, Piezoelectric materials and products |
| Recording devices | HDD Heads, other |
| Other | Energy devices,(rechargeable batteries), Mechatronics (production equipment), EPCOS products, Recording media |