

## [Summary Information and Financial Statements]

### 1. Business Results

#### (1) Summary Information Regarding Consolidated Business Results

Consolidated results for fiscal 2013, the year ended March 31, 2013, were as follows.

Looking at the world economy in fiscal 2013, in industrialized countries, the U.S. economy maintained a recovery course on the back of ongoing strength in personal consumption. The European economy, on the other hand, saw economic activity remain lackluster due to persistent credit concerns triggered by the sovereign debt problem. Meanwhile, emerging countries such as China and India saw generally healthy economic conditions. While there was a drop in the rate of growth in some of these countries, regional economies remained strong. The Japanese economy saw an improvement in earnings of many export-led corporations with manufacturing bases in Japan due to the correction of the excessively strong yen from the latter half of fiscal 2013, which were catalyzed by the change in government and a change in monetary policy by the Bank of Japan.

Under these world economic circumstances, the electronics market, which has a large bearing on the consolidated performance of TDK, saw production levels differ by finished product. Production of conventional mobile phones declined, but production of smartphones grew, leading to a slight year-on-year rise in overall mobile phone production. Production in the automobile market as a whole was also marginally up from fiscal 2012. This mainly reflected firm automobile sales in the U.S., which offset a large drop in production by Japanese automakers who were temporarily affected by moves to boycott Japanese products in China. Another downside was greater-than-expected sluggishness in sales of hybrid vehicles after the end of government subsidies for purchases of eco cars in Japan. In PC production, production of tablet PCs rose year on year, but production of laptops and desktop PCs declined. Furthermore, production of hard disk drives (HDDs) was lower year on year, reflecting mainly changes in demand for PCs and certain other products.

Under these market conditions, TDK posted consolidated net sales of ¥851,575 million (U.S.\$9,059,309 thousand), an increase of 4.6% from the ¥814,497 million reported in fiscal 2012. Operating income was ¥21,648 million (U.S.\$230,298 thousand), a 15.8% increase from ¥18,687 million in fiscal 2012. Net income from continuing operations before income taxes was ¥18,858 million (U.S.\$200,617 thousand), up 54.0% from ¥12,245 million in fiscal 2012. TDK recorded net income attributable to TDK of ¥1,195 million (U.S.\$12,713 thousand) although TDK posted net loss attributable to TDK of ¥2,454 million in fiscal 2012. Basic net income attributable to TDK per common share was ¥9.50 (U.S.\$0.10), compared with net loss of ¥19.06 in fiscal 2012.

Average exchange rates for the U.S. dollar and euro during fiscal 2013 were ¥83.03 and ¥107.05, respectively, as the yen depreciated 5.0% against the U.S. dollar and appreciated 1.8% against the euro year on year. This increased net sales by approximately ¥32.4 billion and operating income by approximately ¥4.1 billion. TDK subsidiaries were directly affected by damage due to the widespread flooding in Thailand that occurred in 2011. However, in fiscal 2013, TDK booked an insurance payout of approximately ¥6.7 billion as operating income.

**Sales by Sector**

Product	Term	FY2012 (April 1, 2011 - March 31, 2012)		FY2013 (April 1, 2012 - March 31, 2013)		Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Capacitors		132,364	16.3	117,986	13.9	1,255,170	(14,378) -10.9
Inductive devices		121,201	14.9	119,570	14.0	1,272,021	(1,631) -1.3
Other		128,011	15.7	142,058	16.7	1,511,256	14,047 11.0
Passive Components		381,576	46.9	379,614	44.6	4,038,447	(1,962) -0.5
Recording devices		208,728	25.6	233,534	27.4	2,484,404	24,806 11.9
Other		107,674	13.2	104,413	12.3	1,110,777	(3,261) -3.0
Magnetic Application Products		316,402	38.8	337,947	39.7	3,595,181	21,545 6.8
Film Application Products		92,727	11.4	112,621	13.2	1,198,096	19,894 21.5
Other		23,792	2.9	21,393	2.5	227,585	(2,399) -10.1
Consolidated total		814,497	100.0	851,575	100.0	9,059,309	37,078 4.6
Overseas sales		702,469	86.2	747,062	87.7	7,947,468	44,593 6.3

**Note:**

U.S.\$1=Yen 94, for convenience only.

**(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 ¥379,614 million (U.S.\$4,038,447 thousand), down 0.5% year on year from ¥381,576 million.

The capacitors business is made up of ceramic capacitors, aluminum electrolytic capacitors, and film capacitors. Sales in the capacitors business were ¥117,986 million (U.S.\$1,255,170 thousand), down 10.9% year on year from ¥132,364 million. Sales of ceramic capacitors increased to the automotive market, but decreased to the home information appliances market and the communications equipment market. Sales of aluminum electrolytic capacitors and film capacitors were lower for industrial equipment.

Sales of inductive devices decreased 1.3% year on year from ¥121,201 million to ¥119,570 million (U.S.\$1,272,021 thousand). Although TDK recorded higher sales for use in automobiles and communications equipment, there was a decline in sales for use in home information appliances.

Other passive components include high-frequency devices, piezoelectric material products, circuit protection components, and sensors. Sales of other passive components increased 11.0% year on year from ¥128,011 million to ¥142,058 million (U.S.\$1,511,256 thousand). Sales of high-frequency devices increased to the communications equipment market and the home information appliances market. Sales of piezoelectric material products and circuit protection components, while decreasing to the automotive market, increased to the communications 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 6.8% year on year, from ¥316,402 million to ¥337,947 million (U.S.\$3,595,181 thousand).

The recording devices business is comprised mainly of HDD heads and HDD suspension assemblies. It recorded sales of ¥233,534 million (U.S.\$2,484,404 thousand), up 11.9% year on year from ¥208,728 million. Sales of HDD heads and HDD suspension assemblies increased on higher sales volumes year on year, after sales volumes declined in the previous fiscal year due to

the impact of flooding in Thailand.

Other magnetic application products include power supplies and magnets. Sales decreased 3.0% year on year from ¥107,674 million to ¥104,413 million (U.S.\$1,110,777 thousand). Sales of power supplies decreased to the industrial equipment market. Sales of magnets decreased to the industrial equipment market, but increased to the automotive market.

### (3) Film Application Products Segment

This segment includes energy devices (rechargeable batteries) and applied films. Segment sales increased 21.5% year on year from ¥92,727 million to ¥112,621 million (U.S.\$1,198,096 thousand). Sales of energy devices to both the communications equipment market, particularly for smartphone applications, and the home information appliances market increased markedly. Sales of applied films decreased to the home information appliances market.

### (4) Other

Other includes mechatronics (production equipment) and other businesses. Segment sales declined 10.1% year on year from ¥23,792 million to ¥21,393 million (U.S.\$227,585 thousand).

The main businesses making up the three reporting segments and Other, which includes products not included in these reporting segments, are as follows:

Classification	Constituent Main Business
Passive Components*	Ceramic capacitors, Aluminum electrolytic capacitors, Film capacitors, Inductive devices (Coils/Ferrite cores/Transformers), High-frequency devices, Piezoelectric material products, Circuit protection components, Sensors
Magnetic Application Products	Recording devices, Power supplies, Magnets,
Film Application Products	Energy devices (rechargeable batteries), Applied films
Other	Mechatronics (production equipments), other

### [Sales by Region]

Overseas sales increased 6.3% year on year from ¥702,469 million to ¥747,062 million (U.S.\$7,947,468 thousand). Overseas sales accounted for 87.7% of consolidated net sales, a 1.5 percentage point increase from 86.2% one year earlier. Detailed information on sales by region can be found in the consolidated supplementary information on page 20.

## [Fiscal 2014 Consolidated Projections]

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2014, the year ending March 31, 2014, are as follows.

Term Item	FY2014 (April 1, 2013 - March 31, 2014)	FY2013 (April 1, 2012 - March 31, 2013)	vs FY2013 Changes	
	Forecast in April '13	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	%
Net Sales	930,000	851,575	78,425	9.2
Operating Income	30,000	21,648	8,352	38.6
Income before income taxes	28,000	18,858	9,142	48.5
Net income attributable to TDK	13,000	1,195	11,805	987.9
Capital expenditures	73,000	85,606	(12,606)	-14.7
Depreciation and amortization	84,000	77,938	6,062	7.8
Research and development	57,000	53,943	3,057	5.7

(Exchange Rate Assumption)

Average yen exchange rates against the U.S. dollar and the euro of ¥90.00 and ¥118.00 respectively are assumed for fiscal 2014.

## 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/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 positions could be materially different from any future results, performance, achievements or financial positions 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.

**(2) Summary Information Regarding Consolidated Financial Position**

(1) The following table summarizes TDK's consolidated balance sheet as of March 31, 2013.

Total assets	¥1,169,642 million	(9.0% increase)
Total TDK stockholders' equity	¥561,169 million	(12.6% increase)
Stockholders' equity ratio	48.0%	(1.6 point increase)

As of March 31, 2013, total assets had increased ¥96,813 million compared with March 31, 2012. In terms of liquidity, cash and cash equivalents increased ¥46,672 million, short-term investments increased ¥3,462 million and marketable securities increased ¥73 million, respectively. In addition, net trade receivables increased ¥12,219 million and property, plant and equipment increased ¥33,576 million, respectively.

Total liabilities increased ¥28,243 million from March 31, 2012. Debt increased ¥22,780 million, mainly due to the proceeds from short and long term debt.

TDK stockholders' equity, which is included in total equity, inclined ¥63,010 million from March 31, 2012. Accumulated other comprehensive income(loss) increased ¥71,833 million mainly due to a upturn in foreign currency translation adjustments compared with March 31, 2012 as a result of the yen rapid depreciation in 2nd half of this financial year.

**(2) Cash Flows**

(Yen millions)

	FY March 2012	FY March 2013	Change
Net cash provided by operating activities	55,334	108,942	53,608
Net cash used in investing activities	(29,898)	(90,156)	(60,258)
Net cash provided by financing activities	12,929	4,395	(8,534)
Effect of exchange rate changes on cash and cash equivalents	(441)	23,491	23,932
Net increase (decrease) in cash and cash equivalents	37,924	46,672	8,748
Cash and cash equivalents at beginning of period	129,091	167,015	37,924
Cash and cash equivalents at end of period	167,015	213,687	46,672

Operating activities provided net cash of ¥108,942 million (U.S.\$1,158,957 thousand), a year on year increase of ¥53,608 million. TDK recorded a net income of ¥4,530 million (U.S.\$48,191 thousand), an increase of ¥6,231 million year on year. Depreciation and amortization decreased ¥2,259 million to ¥77,938 million (U.S.\$829,128 thousand) and loss on securities ,net decreased ¥3,522 million to ¥714 million (U.S.\$7,596 thousand). In changes in assets and liabilities, a ¥31,568 million decrease in inventories and a ¥29,292 million decrease in trade receivables contributed to the increase of operating cash flows. However, a ¥25,111 million decrease in trade payables reduced operating cash flows.

Investing activities used net cash of ¥90,156 million (U.S.\$959,106 thousand), an increase of ¥60,258 million year on year. There was a ¥14,047 million decrease in capital expenditures. On the other hand, there were a ¥43,588 million decrease in proceeds from sale and maturity of short-term investments, a ¥17,241 million decrease in proceeds from sale and maturity of

securities and a ¥7,783 million decrease in proceeds from sales of tangible and intangible assets.

Financing activities provided net cash of ¥4,395 million (U.S.\$46,756 thousand), a ¥8,534 million decrease from the previous fiscal year. There was a ¥12,983 million decrease in cash paid to acquire treasury stock .On the other hand, there were a ¥11,917 million decrease in net proceeds from debt and a decrease in proceeds from noncontrolling interest shareholders of ¥11,061 million.

### (3) Trends in Cash Flow Indicators

	FY2010	FY2011	FY2012	FY2013
1) Stockholders' equity ratio (%)	49.8	50.4	46.4	48.0
2) Stockholders' equity ratio on a market value basis (%)	73.5	59.8	55.0	35.2
3) No. of years to redeem debt	2.28	2.40	4.93	2.71
4) Interest coverage ratio (times)	29.5	35.8	18.6	38.3

#### [Notes]

1) Stockholders' equity ratio = Total stockholders' equity/Total assets

2) Stockholders' equity ratio on a market value basis = Market capitalization (\*1)/Total assets

(\*1) Market capitalization = Closing price of TDK's common shares on the Tokyo Stock Exchange at fiscal year-end x Shares issued and outstanding at fiscal year-end after deducting treasury shares

3) No. of years to redeem debt = Interest-bearing liabilities (\*2)/Cash flows from operating activities (\*3)

(\*2) Interest-bearing liabilities: "Short-term debt," "current installments of long-term debt," and "long-term debt, excluding current installments" on the consolidated balance sheets.

(\*3) Cash flows from operating activities: "Net cash provided by operating activities" on the consolidated statements of cash flows.

4) Interest coverage ratio = Cash flows from operating activities/Interest payments (\*4)

(\*4) Interest payments: "Interest expense" on the consolidated statements of income

### (3) Fundamental Policy for Distribution of Earnings, and Fiscal 2013 and Fiscal 2014 Dividends

TDK recognizes that achieving growth in corporate value over the long term ultimately translates into higher shareholder value. In line with this recognition, TDK's fundamental policy is to work to consistently increase dividends through growth in earnings per share. By actively investing for growth, mainly in the development of new products and technologies in key fields so as to respond precisely to rapid technological advances in the electronics industry, TDK is aiming to increase long-term corporate value. Accordingly, TDK actively reinvests the Company's profits in business activities and sets dividends taking comprehensively into consideration the return on equity (ROE) and dividends on equity (DOE) on a consolidated basis, as well as changes in the business environment, among other factors.

TDK plans to pay a year-end dividend of ¥30 per common share, subject to approval at the ordinary general meeting of shareholders scheduled for June 27, 2013. Combined with the interim dividend of ¥40 per common share paid in December 2012, the planned dividend per common share applicable to the year will be ¥70.

TDK plans to pay an interim dividend of ¥30 per common share and a year-end dividend of ¥40 per common share respectively in Fiscal 2014.

(Yen)	FY March 2014 Forecast	FY March 2013
Interim dividend	30.00	(Actual) 40.00
Year-end dividend	40.00	(Forecast) 30.00
Annual dividend	70.00	(Forecast) 70.00