

## **[Summary Information and Financial Statements]**

### **1.Summary Information Regarding Consolidated Business Results**

Consolidated results for the first quarter of fiscal 2010, the three-month period from April 1, 2009 to June 30, 2009, were as follows:

The first quarter of fiscal 2010 in the electronics market, which has a large bearing on the consolidated performance of TDK, saw demand for many finished products deteriorate due to the impact of the synchronized global recession that began in the fall of 2008, leading to a substantial drop in production. Thereafter, as demand is seeing a trend towards recovery, so too is production of many finished products. Nevertheless, demand for finished products as a whole was weak in the first quarter of fiscal 2010 compared with the first quarter of the previous fiscal year and a full-scale recovery was therefore not achieved. Production of some finished products, namely flat-screen TVs, notebook PCs and smart phones, increased year on year, however.

In this business environment, TDK posted consolidated net sales of ¥181,546 million (U.S.\$1,891,104 thousand), down 4.8% year on year from ¥190,623 million in the first quarter of fiscal 2009. TDK recorded an operating loss of ¥3,645 million (U.S.\$37,969 thousand), ¥9,038 million worse than the operating income of ¥5,393 million in the corresponding quarter in fiscal 2009. TDK also posted a loss before income taxes of ¥5,418 million (U.S.\$56,438 thousand), ¥10,995 million worse than the income before income taxes of ¥5,577 million in the corresponding quarter in fiscal 2009. Furthermore, TDK recorded a net loss attributable to TDK Corp. of ¥3,216 million (U.S.\$33,500 thousand), ¥7,662 million worse than the net income of ¥4,446 million in the first three months of fiscal 2009. Basic net loss attributable to TDK Corp. per common share was ¥24.93 (U.S.\$0.26), compared with basic net income attributable to TDK Corp. per common share of ¥34.48 in the first quarter of fiscal 2009.

Average first-quarter yen exchange rates for the U.S. dollar and euro were ¥97.36 and ¥132.66, respectively, as the yen appreciated 6.9% versus the U.S. dollar and 18.8% against the euro, compared with the first quarter (April 1 to June 30) of the previous fiscal year. This lowered net sales by approximately ¥10.1 billion and operating income by approximately ¥2.5 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. Net sales of the EPCOS Group, which were consolidated from the third quarter of fiscal 2009, are included in "others" because the EPCOS Group's product segmentation doesn't correspond to the segmentation used by TDK. Furthermore, recording media sales were included in the "others" sector due to their materiality following the August 2007 transfer of the TDK brand recording media sales business. Sector sales were as follows.

#### **(1-1) Electronic materials**

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

Sales in the electronic materials sector dropped 37.7% from ¥45,671 million in the first quarter of fiscal 2009 to ¥28,469 million (U.S.\$296,552 thousand).

**[Capacitors]** Sales decreased year on year. This reflected lower sales of multilayer ceramic chip capacitors, the main product in the capacitors category, for use in key applications, namely PCs, AV equipment, game equipment, mobile phones and car electronics. Flagging demand, falling sales prices and an appreciating yen against the U.S. dollar were the main factors behind the decrease in overall sales.

**[Ferrite cores and magnets]** Sales of ferrite cores and magnets declined year on year, the result of lower sales for use in main applications in respect of both products.

### **(1-2) Electronic devices**

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

Sales in the electronic devices sector declined 30.2% from ¥48,675 million in the first quarter of fiscal 2009 to ¥33,982 million (U.S.\$353,979 thousand).

**[Inductive devices]** Sales of inductive devices decreased year on year. This reflected lower sales of coils and EMC products for flat-screen TVs, mobile phones and automotive electronics applications. Furthermore, in transformers, higher sales for flat-screen TVs and certain other applications were unable to fully compensate for lower sales in other markets.

**[High-frequency components]** Sales of high-frequency components decreased year on year, reflecting mainly falling sales for use in PCs.

**[Other products]** Sales of other products were down year on year. In sensors and actuators, higher sales for mobile phone applications fell short of compensating for lower sales in other markets. Furthermore, sales of power supply products fell due to decreased use in semiconductor and other manufacturing facilities and also to the termination of some power supply products.

### **(1-3) Recording devices**

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

Sector sales decreased 13.7% from ¥72,445 million to ¥62,550 million (U.S.\$651,562 thousand).

**[HDD heads]** Sales decreased year on year. TDK's HDD head sales volume increased from the first quarter of fiscal 2009. Nevertheless, the effect of falling prices and the yen's appreciation against the U.S. dollar brought sales down in monetary terms.

**[Other]** Category sales decreased year on year.

### **(1-4) Others**

This sector includes all TDK products not included in the three sectors above. Sector sales increased 137.3% from ¥23,832 million to ¥56,545 million (U.S.\$589,011 thousand). This included net sales of the EPCOS Group of ¥36,953 million. The main products in the others sector, excluding products manufactured and sold by the EPCOS Group, are recording media and energy devices (rechargeable batteries). While sales of energy devices rose, sales of recording media declined.

### **(Sales by Region)**

Detailed sales by region can be found in the segment information on page 11.

**[Japan]** Overall sales declined, with sales decreasing in all four product sectors.

**[Americas]** Overall sales declined, with sales decreasing in all product sectors except others, which was boosted by the inclusion of sales of the EPCOS Group.

**[Europe]** Overall sales rose. Sales rose in others mainly due to the inclusion of EPCOS Group net sales.

**[Asia (excluding Japan) and other areas]** Overall sales declined, with sales decreasing in all product sectors except others, where inclusion of EPCOS Group net sales lifted sales.

As a result, overseas sales edged up 0.2% from ¥158,158 million to ¥158,509 million (U.S.\$1,651,135 thousand). Overseas sales accounted for 87.3% of consolidated net sales, a 4.3 percentage point increase from 83.0% one year earlier.

## 2. Summary Information Regarding Consolidated Financial Position

**(2-1) The following table summarizes TDK's consolidated balance sheet as of June 30, 2009.**

Total assets	¥1,119,640 million	(1.7% increase)
Total stockholders' equity	¥544,315 million	(1.8% decrease)
Stockholders' equity ratio	48.6%	(1.7 percentage point decrease)

At June 30, 2009, total assets had increased by ¥18,604 million compared with March 31, 2009. Short-term investments increased by ¥10,930 million and net trade receivables increased by ¥19,446 million. On the other hand, cash and cash equivalents decreased by ¥7,640 million and inventories decreased by ¥6,840 million.

Total liabilities increased by ¥29,526 million compared with March 31, 2009, mainly reflecting increases of ¥13,456 million in short-term debt and ¥15,647 million in trade payables.

Total stockholders' equity decreased by ¥9,903 million from March 31, 2009 due mainly to a ¥11,364 million decrease in retained earnings and a ¥936 million increase in accumulated other comprehensive income (loss).

### (2-2) Cash Flows

	(¥ millions)		
	FY2009 1Q	FY2010 1Q	Change
Net cash provided by operating activities	14,247	18,879	4,632
Net cash used in investing activities	(26,089)	(27,520)	(1,431)
Net cash provided by financing activities	22,189	2,765	(19,424)
Effect of exchange rate changes on cash and cash equivalents	9,362	(1,764)	(11,126)
Net increase (decrease) in cash and cash equivalents	19,709	(7,640)	(27,349)
Cash and cash equivalents at beginning of period	166,105	165,705	(400)
Cash and cash equivalents at end of period	185,814	158,065	(27,749)

Operating activities provided net cash of ¥18,879 million (U.S.\$196,656 thousand), a year-on-year increase of ¥4,632 million. TDK recorded a net loss of ¥3,713 million (U.S.\$38,677 thousand) due to the impact of deteriorating market conditions and other factors. Depreciation and amortization increased ¥1,568 million to ¥19,966 million (U.S.\$207,979 thousand). In changes in assets and liabilities, trade receivables increased ¥26,302 million, trade payables increased ¥20,474 million and inventories decreased ¥10,839 million.

Investing activities used net cash of ¥27,520 million (U.S.\$286,667 thousand), ¥1,431 million more year on year. The increase was mainly due to a ¥29,630 million increase in payment for purchase of short-term investments, and a ¥4,155 million decrease in proceeds from sale and maturity of investments in securities. On the other hand, capital expenditures decreased ¥15,967 million and there was a ¥17,923 million increase in proceeds from sale and maturity of short-term investments.

Financing activities provided net cash of ¥2,765 million (U.S.\$28,802 thousand), a ¥19,424 million decrease from the previous fiscal year. The main reason for this was a decrease of ¥19,452 million in short-term debt, net.

### 3. Summary Information Regarding Consolidated Projections [Fiscal 2010 Consolidated Projections]

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2010, the year ending March 31, 2010, are as follows.

#### [Consolidated Projections for Fiscal 2010]

Item \ Term	August 2009 Announcement FY2010 (Forecasts) (¥ millions)	FY2009 (Actual) (¥ millions)	Change from FY2009 (¥ millions)	% change from FY2009	May 2009 Announcement FY2010 (Forecasts) (¥ millions)
Net sales	717,800	727,400	(9,600)	(1.3)	717,800
Operating income	13,500	(54,305)	67,805	-	13,500
Income before income taxes	6,900	(81,630)	88,530	-	6,900
Net income *	5,200	(63,160)	68,360	-	5,200

\*From the fiscal year ending March 31, 2010, TDK applies Statement of Financial Accounting Standards ("SFAS") No. 160 issued by the U.S. Financial Accounting Standards Board. "Net income" in the above forecasts is equivalent to "Net income attributable to TDK Corp." under SFAS No. 160 and is calculated the same as "net income" before the application of SFAS No. 160.

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

(¥ millions)

Item \ Term	FY2010 (Forecasts)		FY2009 (Actual)	
	Amount	% of sales	Amount	% of sales
Capital expenditures	41,000	-	98,425	-
Depreciation and amortization	81,000	11.3	89,567	12.3
Research and development expenses	53,000	7.4	57,645	7.9

#### (Notes)

##### (Projections for main products are as follows:)

##### Electronic Materials and Electronic Devices

Amid an uncertain outlook for consumer spending and capital investment due to lackluster real economies in Japan and overseas, preparing demand forecasts for finished products in the electronics industry and the electronic components used in them is a very difficult task. However, TDK has prepared its sales plans for electronic

materials and electronic devices assuming lower year-on-year demand for key finished products (such as mobile phones and automobiles) that drive the electronic components market.

### Recording Devices

TDK has prepared its sales plan for recording devices assuming no year-on-year growth in demand for HDDs and HDD heads because expansion of PC demand cannot be expected.

### (Exchange Rate Forecast)

An average yen-U.S. dollar exchange rate of ¥90 is assumed from the second quarter of fiscal 2010.

### 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 2010 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's projected dividends for fiscal 2010 are as follows. TDK plans to pay an interim dividend of ¥30 per common share. The projected year-end dividend will be announced as soon as it is decided.

(Yen)	FY2010 Forecast	FY2009 Actual
Interim dividend	30.00	70.00
Year-end dividend	Undetermined	60.00
Annual dividend	Undetermined	130.00