

**Proposal to Revise the Amount and Introduce Performance Conditions
to Stock Options as Compensation for Directors**

TOKYO JAPAN, May 25, 2015-----TDK Corporation's (the "Company") Board of Directors on May 22 passed a resolution regarding the determination of revisions to the amounts and details of stock options as compensation for directors. This resolution is subject to approval at the 119th Ordinary General Meeting of Stockholders scheduled for June 26, 2015 (the "2015 General Meeting of Stockholders").

1. Reasons for the proposal

The Company has distributed stock acquisition rights with an exercise price of ¥1 per share free of charge as a part of compensation in a stock-linked compensation plan to directors. The purpose of this stock-linked compensation is to provide the Company's directors with incentive for improving the Company's operating results and share price. This is accomplished by structuring the compensation so that directors share with the Company's stockholders the benefits of an increase in the Company's share price as well as the risk of a decrease. The Company has proposed to revise part of the compensation structure for directors. This will revise the amounts and details of stock option compensation by adding performance conditions to the conditions for exercising stock options and increasing the weight of stock option compensation relative to base compensation. These revisions aim to further align directors' compensation with the Company's medium and long-term performance and corporate value.

2. Details of the proposal

Stockholders at the 110th Ordinary General Meeting of Stockholders held on June 29, 2006 approved stock options as compensation of up to ¥137 million per year for TDK directors. The newly introduced stock acquisition rights with performance conditions (details will follow) will be granted in the first fiscal year of the Mid-Term Business Plan in a lump sum for the entire period of the plan (for three years in this case, as the plan currently runs for three years). As such, this proposal recommends approval for revising the upper limit for this compensation to ¥457 million per year.

The stock acquisition rights to which performance conditions will be attached (details will follow) will be granted in the first fiscal year of the Mid-Term Business Plan in a lump sum for the entire period of the plan (for three years in this case, as the plan currently runs for three years).

The persons eligible for the aforementioned stock option compensation shall be the Company's directors, excluding outside directors. If the proposal to the "2015 General Meeting of Stockholders" concerning the election of directors is approved and resolved as originally proposed, there will be 4 eligible directors.

3. Details of the stock acquisition rights to be granted

(1) Total number of stock acquisition rights and class and number of shares to be issued upon exercise of the rights

(a) Total number of stock acquisition rights

Up to 775 stock acquisition rights may be issued within one year from the date of the ordinary general meeting of stockholders each fiscal year.

(b) Class and number of shares to be issued upon exercise of the rights

Up to 77,500 shares of the Company's common stock can be distributed due to the exercise of stock acquisition rights that are issued within one year of the date of the ordinary general meeting of stockholders each fiscal year.

(c) The number of shares for each stock acquisition right (hereinafter the "number of shares granted") 100

In the event that the Company conducts a stock split, distributes shares free of charge or consolidates its stock, the number of shares to be issued for this purpose shall be adjusted according to the following method of calculation. This adjustment will apply to the "number of shares granted" for those stock acquisition rights that have not already been exercised prior to the relevant date. Moreover, fractions of less than one share arising out of the above adjustments shall be discarded.

Post-adjustment "Number of shares granted" = Pre-adjustment "number of shares granted" x stock split or stock consolidation ratio

In addition to the above, if the "number of shares granted" must be adjusted for unavoidable reasons after the resolution date, the "number of shares granted" shall be adjusted in a reasonable manner.

(2) Amount to be paid for stock acquisition rights

The amount to be paid shall be an amount equivalent to the fair value that is reasonably estimated based on option pricing estimation models on the date the stock acquisition rights are allotted (hereinafter the "allotment date.")

(3) The amount to be invested when exercising each stock acquisition right

The amount to be invested when exercising each stock acquisition right shall be the amount to be paid for each share that can be granted due to the exercise of stock acquisition rights, which shall be ¥1, multiplied by the "number of shares granted."

(4) Exercise period for stock acquisition rights

The exercise period shall be within 20 years from the allotment date.

(5) Transfer restrictions of stock acquisition rights

Regarding the acquisition of stock acquisition rights due to transfers, approval is required by resolution of the Company's Board of Directors.

(6) Other conditions relating to the exercise of stock acquisition rights

(a) Stock acquisition rights can basically be exercised from three years after the day following the allotment date.

(b) Performance conditions shall be attached to certain allotted stock acquisition rights. If these conditions are satisfied, all of the stock subscription rights that have the attached conditions can be exercised. If these conditions are not satisfied, part or all of the stock acquisition rights that have the attached conditions will be precluded from being exercised, according to the extent of underperformance.

Specifically, if the performance targets for consolidated operating income and consolidated ROE in the Mid-Term Business Plan are achieved, it will be possible to exercise 100% of the stock acquisition rights. If these performance targets are not achieved, the number of stock acquisition rights that can be exercised will be reduced according to the extent of underperformance. If performance falls below minimum targets set in advance, none of the stock acquisition rights can be exercised.

(c) Additional conditions regarding the exercise of stock acquisition rights are decided at the meeting of the Board of Directors which determines the offering details for these stock acquisition rights.

If this proposal is approved and resolved as originally proposed, the same stock acquisition rights will be granted to executive officers as well as directors. The Company expects that the total number of shares to be issued upon exercise of these stock acquisition rights in each year will be no more than 0.1% of the total number of issued shares.

Contact for media

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