

New Medium-term Management Plan

The TAIYO YUDEN Group has formulated the New Medium-term Management Plan, covering the three years from the fiscal year ending March 2013 up to the fiscal year ending March 2015.

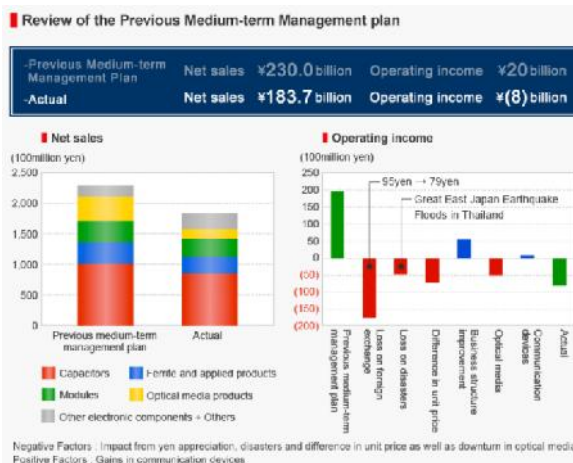
Up to now, the Group's earnings have fluctuated sharply due to trends in the electronics market, currency exchange rates, and other factors.

Under the new plan, the Group has been working to build a strong business structure that will not be affected by these external factors, aiming to achieve sustained growth.

Summary of Previous Medium-term Management Plan (from the year ended March 2010 to the year ended March 2012)

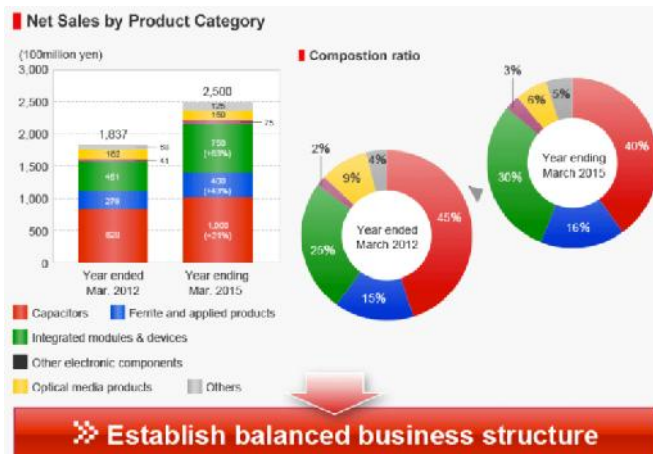
Under the slogan "Change and Challenge!", the previous plan set a sales target of ¥230 billion and an operating income target of ¥20 billion. TAIYO YUDEN fell short of these targets, posting ¥183.7 billion in sales with an operating loss of ¥8.0 billion in the fiscal year ended March 2012—the final year of the plan.

The main reasons for the operating loss posted last year were a strong yen, falling unit prices and slumping demand in the optical media products business, as well as the impact of natural disasters such as the Great East Japan Earthquake and floods in Thailand. Although various measures were taken to boost profits, including making improvements in productivity, the weak economic conditions and deteriorating supply-demand balance created a very harsh business environment.



Overview of the New Medium-term Management Plan (from the year ending March 2013 to the year ending March 2015)

The new plan sets a sales target of ¥250 billion, an operating income target of ¥20 billion and an ROE target of 8% by the year ending March 2015. It also sets the goal of generating positive net cash flow by the year ending March 2016. The operating income goal has been given precedence over the sales target.



Strategy for Achieving the Targets of the Plan

1. Continue the Structural Reforms That Began in the Year Ended March 2012

Efficiency utilization of the overseas base

The Company will utilize its production bases to achieve the highest efficiencies. The production of capacitors and inductors will be transferred to overseas production locations. The front-end processing of super-high-end components will remain in Japan. All other processing, including some high-end products, will be transferred to overseas plants, primarily in Korea, China, the Philippines and Malaysia.

Withdrawal from an unprofitable product

Products that are unlikely to generate profits in the foreseeable future and products that are losing their competitiveness will be phased out during the year ending March 2013. We will rebuild our product portfolio so that it consists entirely of products that are expected to generate profits. Business plans for the year ending March 2014 will continue to exclude loss-generating products.

Base reorganization and personnel

In addition to restructuring production subsidiaries and sales offices, TAIYO YUDEN will reduce its work force, particularly in Japan, releasing full-time employees, temporary workers and contract workers. Total personnel reductions across the TAIYO YUDEN Group will amount to roughly 1,000 workers. The Company is currently on track to meet these objectives.

2. Enhance Sales Capabilities

Contrary to past sales activities, the primary objective of future sales efforts will be to generate stronger profits and not simply increase only revenue. The question will be; what sort of sales activities can best raise profits?

TAIYO YUDEN intends to increase the number of Field Application Engineers (FAEs), sales personnel with advanced technological knowhow, thus increasing the opportunities to provide clients with technical proposals and solutions at the initial stages of development and throughout the development process. As part of the efforts to reorganize the Company's network of offices worldwide, more FAEs will be hired and assigned to positions in each region including Japan. The Company aims to enhance its cooperative business structure by achieving closer coordination between product development, production and sales.

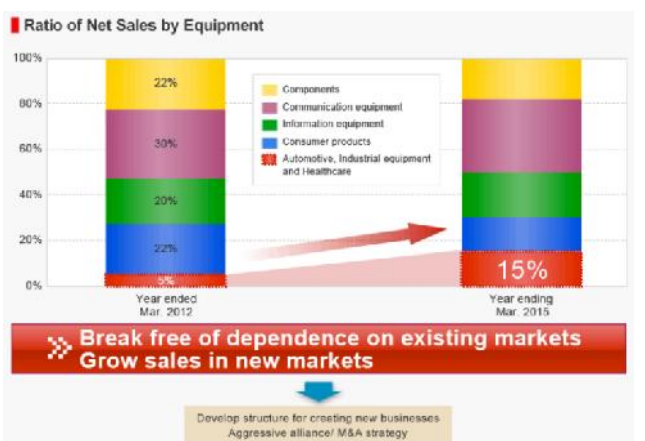


The Company's core businesses can be divided into two general market segments. The first of these is the IT market, which has been a major focus of operations in the past, with its particular emphasis on growing product segments like smartphones and tablet PCs. The second focus will be on new markets like industrial equipment, automobiles, health care and environment/energy-related equipment.

In April 2012, TAIYO YUDEN established a new business organization in charge of these new markets. This organization has commenced business activities and will draw upon the broad product lineup and abundant knowhow accumulated by TAIYO YUDEN in the past, supported by business alliances and M&A activities, to make more aggressive inroads into the new markets. The Company expects this new business to become a central contributor to earnings in the future.

Markets Worthy of Attention - New Markets -

- Expansion of sales in automotive, industrial equipment and healthcare markets
- Entry into environmental and energy markets

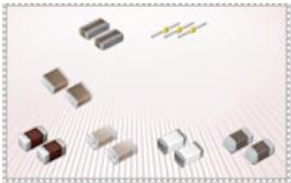


3. Growth Strategies for Each Product

In addition to capacitors and inductors, develop the Integrated Module and Device Business as a central pillar of operations, aiming to build a well-balanced business structure.

Capacitors

The Company aims to capture a 50% or higher share of the super-high-end market for small, high-capacitance multilayer ceramic capacitors. In addition, the Company intends to aggressively target the automobile, industrial equipment, and health care markets by providing the high-quality components demanded by these manufacturers. In addition to fully utilizing its global production resources and providing efficient production and supply, TAIYO YUDEN intends to invest in areas where technological improvement is driving growth.



The multilayer ceramic capacitors of TAIYO YUDEN continue to be at the forefront of the industry and support the growth and development of electronics equipment. By developing and producing capacitors from the raw material barium titanate, TAIYO YUDEN continues to evolve small-size, high volume products from the raw material level, on a daily basis. TAIYO YUDEN meets the demands of our customers through a vast product lineup including ultra small capacitors and high volume capacitors, and special types of capacitors such as low ESL capacitors, capacitors for high frequency applications, high voltage capacitors.

Inductors

The Company is expanding its lineup of super-high-end “MCOIL[®]” metallic power inductors. “MCOIL[®]” inductors utilize a new metallic material developed by TAIYO YUDEN, which allows these small, low-profile inductors to supply a large current efficiently, which is in line with market needs.

The Company is also launching high-frequency multilayer chip inductors which are small and have a high Q factor*. The high Q factor provided by these inductors in the high-frequency range is expected to help increase our market share.

*Q factor: The ratio of inductive reactance to resistance at a given frequency. The higher the Q factor, the lower the loss caused by the inductor.



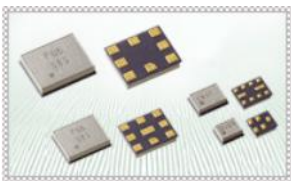
There is no stopping the evolution of digital products such as personal computers, mobile phones, and smart appliances, and similarly, the need for having small size, thin type, and high performance inductors used therein also continues to increase. At TAIYO YUDEN, in order to comply with the varied demands of customers, we are bringing about remarkable downsizing by doing away with the unnecessary space, and are developing and producing various types of inductors from power inductors to inductors for high frequency appliances through precisely and strictly managed production processes, such as the wire-wound inductors that can support a wide range of circuit designs, and the multi-layer inductors that make use of

high multi-layer technology and elemental technology.

Integrated Modules & Devices

One of TAIYO YUDEN's competitive strengths is its ability to develop new materials which make it possible to create new electronic components. This allows the Company to propose an ideal integrated device that uses components created by TAIYO YUDEN. The Company is aggressively developing and marketing high value-added super-high-end products using Surface Acoustic Wave (SAW) and Film Bulk Acoustic Resonator (FBAR) technology, as well as developing products that incorporate the EOMIN[®] embedded-parts multilayer wiring substrate.

*Please refer to the section on “Research and Development” in this report for more details about the EOMIN[®] embedded-parts multilayer wiring substrate.



TAIYO YUDEN has changed the business model for this product segment to include SAW/FBAR devices, in addition to the individual modules from the past. TAIYO YUDEN is developing the high frequency business around the core of SAW/FBAR technology, and conducting aggressive market launches of super-high-end products using EOMIN[®]- embedded-parts multilayer wiring substrate that have been developed using Group in-house technology.

Moreover, a strong market demand for energy-saving products has prompted TAIYO YUDEN to work on the development of power source technology which reduces power consumption, and on the development of LED technology for use in both lighting applications and as a backlight unit for flat screen television sets. As a result, TAIYO YUDEN has launched numerous products that are differentiated from the competition.

■ Policy on Shareholder Returns

The TAIYO YUDEN Group always places the highest priority on providing shareholders with the highest possible return on their investment. However, currently the Company recognizes that it is at the stage where it must build a stable and sustainable earnings structure together with improving its financial structure. Due to the deterioration in the Company's financial structure during the year ended March 2012, the annual dividend was reduced to ¥5 per share. Nevertheless, our basic policy stance is to maintain a stable dividend of ¥10 per share. Once the goals of the new Medium-term Management Plan have been achieved, the Company intends to take the necessary steps, including share repurchases, to maintain a 30% total return ratio ([payment of cash dividends + purchase of treasury stock] / net income). TAIYO YUDEN will continue striving to be an excellent company that enjoys the trust of and highest regard from our stakeholders. In closing, we wish to thank all our shareholders and investors for their continued support.

Basic policy: Stable annual dividend of ¥10 per share

Annual dividend for the year ended March 31, 2012 was reduced to ¥5 per share due to a rapid weakening in financial standing

Plan to offer an annual dividend of ¥10 per share for the year ending March 31, 2013 thanks to an anticipated improvement in earnings

Total return ratio(*) set at 30% once the targets of the new medium-term management plan have been achieved

(*) payment of cash dividend + purchase of treasury stock / net income