

February 8, 2011

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 Listing exchange: Tokyo Stock Exchange (Code Number: 6976)

**Consolidated Results for  
 the Nine Months Ended December 31, 2010  
 (April 1, 2010 – December 31, 2010)**

Unit: Millions of yen (Millions of yen rounded down unless otherwise stated)

**Overview of Operating Results**

Item	Nine months ended December 31, 2010		Nine months ended December 31, 2009		Increase / (Decrease)	
	Amount	Share [%]	Amount	Share [%]	Amount	[%]
Net sales	164,490	100.0	147,584	100.0	16,905	11.5
Operating income	10,223	6.2	4,381	3.0	5,842	133.3
Ordinary income	8,113	4.9	2,589	1.8	5,524	213.4
Income (loss) before income taxes and minority interests	(408)	(0.2)	1,473	1.0	(1,882)	—
Net income (loss)	(2,099)	(1.3)	142	0.1	(2,241)	—

Net income (loss) per share [Yen]	(17.86)	1.21
Diluted net income per share [Yen]	—	1.15

R&D expenses	6,410	5,532	877	15.9
Capital investment	13,056	6,841	6,214	90.8
Depreciation expenses	14,481	17,600	(3,118)	(17.7)

Notes:

- Share data is computed as a ratio of net sales.
- Although diluted shares exist for the period of nine months, December 31, 2010, diluted net income per share is not disclosed since there is net loss per share for the period.

	As of December 31, 2010	As of March 31, 2010	Increase / (Decrease)	
			Amount	[%]
Total assets	219,545	236,361	(16,816)	(7.1)
Net assets	129,023	139,263	(10,239)	(7.4)
Equity ratio	58.5%	58.7%	(0.2) pt	—
Net assets per share [Yen]	1,092.51	1,179.82	(87.31)	(7.4)

**Net Sales by Product Classification**

Product classification	Nine months ended December 31, 2010	
	Amount	Share [%]
Capacitors	79,147	48.1
Ferrite and applied products	23,809	14.5
Modules	25,525	15.5
Other electronic components	11,901	7.2
Electronic components	140,383	85.3
Optical media products	16,368	10.0
Others	7,738	4.7
Optical media and others	24,107	14.7
Total	164,490	100.0

# Consolidated Results for the nine months ended December 31, 2010

February 8, 2011

Preparation of supplementary materials for the quarterly financial results: Yes  
 Holding of presentation of quarterly financial results: Yes (For institutional investors  
 and investment analysts)

## 1. Consolidated financial results for the period from April 1, 2010 to December 31, 2010

(1) Operating results (Percentages represent changes from the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2010	164,490	11.5	10,223	133.3	8,113	213.4	(2,099)	—
Nine months ended December 31, 2009	147,584	(4.7)	4,381	—	2,589	—	142	—

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2010	(17.86)	—
Nine months ended December 31, 2009	1.21	1.15

Note: Although diluted shares exist for the period of nine months, December 31, 2010,  
 diluted net income per share is not disclosed since there is net loss per share for the period.

## (2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2010	219,545	129,023	58.5	1,092.51
As of March 31, 2010	236,361	139,263	58.7	1,179.82

(Reference) Shareholder's equity As of December 31, 2010 128,471 million yen As of March 31, 2010 138,758 million yen

## 2. Dividend information

	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2010	—	5.00	—	5.00	10.00
Year ending March 31, 2011	—	5.00	—		
Year ending March 31, 2011 (forecast)				5.00	10.00

Note: No changes in the forecasted dividend during the third quarter ended December 31, 2010

## 3. Forecasts of consolidated operating results for the period from April 1, 2010 to March 31, 2011.

(Percentages represent changes from same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2011	214,000	9.4	10,000	137.9	8,000	306.9	(2,500)	—	(21.26)

Note: There are no changes in the forecasted results during the third quarter ended December 31, 2010.

4. Other

- (1) Changes in principal subsidiaries during the three months ended December 31, 2010: No  
(2) Adoption of simplified accounting methods and specific accounting methods for quarterly consolidated reporting: Yes  
(3) Changes in principles and procedures of accounting transaction and method of presentation  
a. Changes caused by adoption of new accounting standards: Yes  
b. Changes caused by reasons other than a.: No

(4) Number of common shares outstanding :

a. Number of common shares outstanding (including treasury stock):

As of December 31, 2010	120,481,395 shares	As of March 31, 2010	120,481,395 shares
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b. Number of treasury stock:

As of December 31, 2010	2,888,129 shares	As of March 31, 2010	2,871,429 shares
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c. Average number of common shares outstanding:

Nine months ended December 31, 2010	117,602,988 shares	Nine months ended December 31, 2009	117,605,032 shares
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Items regarding the implementation of quarterly review procedure

This summary of quarterly consolidated results is exempt from the quarterly review procedures based on the Financial Instruments and Exchange Act. Review procedures for the quarterly financial statements based on the Financial Instruments and Exchange Act had not been completed at the time of disclosure of this summary of quarterly consolidated results.

Notes regarding use of forecasts of results and other matters

Forecasts of operating results include a number of assumptions based on information currently available and certain premises which are judged to be rational. Please note that these forecasts may significantly differ from actual results with various factors.

## Qualitative Information Concerning Financial Statements and Other

### 1. Qualitative Information Concerning Consolidated Operating Results

During the nine months ended December 31, 2010 of the fiscal year ending March 31, 2011, despite growing uncertainty with respect to future economic conditions, the operating environment throughout those markets in which TAIYO YUDEN CO., LTD. and its subsidiaries (together the “Companies”) conduct their business remained steady. This was largely attributable to economic growth in emerging countries beginning with China and the impact of financial and fiscal measures implemented by developed countries, which helped improve consumer sentiment and business confidence. Buoyed by such factors as the growing demand for smart phones, which require a large number of components, orders for communication equipment in particular rose significantly compared with the corresponding period of the previous fiscal year.

Under these circumstances, the Companies undertook the following activities.

In Capacitors, the Companies placed considerable weight on efforts to bolster their business and operating structures. In specific terms, steps were mainly taken to promote productivity enhancements as the means to reduce input costs with respect to their mainstay multilayer product lineup. At the same time, the Companies worked diligently to expand sales by pursuing various initiatives including new market cultivation. In Ferrite and Applied Products, the Companies strove to increase sales and secure a stable supply of wire-wound inductors for power circuits used in digital equipment. Turning to the Modules classification, the Companies took steps to strengthen their *Bluetooth*<sup>®</sup> and wireless LAN combination modules while at the same time actively advancing promotions. In Other Electronic Components, the Companies took ongoing steps toward the transfer of management control of the SAW/FBAR device business following its acquisition at the end of the previous fiscal year as well as changes to commercial distribution. Furthermore, the Companies delivered products targeting the mobile phone market beginning with smart phones. In Optical Media Products, profitability deteriorated due mainly to a sharp contraction in existing product markets including CD-Rs as well as DVD-Rs. Recognizing that the business environment would remain difficult for the foreseeable future, structural reform measures were implemented beginning with production structure rationalization.

Accounting for each of the aforementioned factors, consolidated net sales for the nine-month period ended December 31, 2010 amounted to ¥164,490 million, an increase of 11.5% compared with the corresponding period of the previous fiscal year. From a profit perspective, operating income surged 133.3% year on year to ¥10,223 million. Ordinary income was ¥8,113 million, an increase of 213.4% compared with the nine-month period ended December 31, 2009. For the period under review, however, the Companies incurred a net loss of ¥2,099 million compared with the net income of ¥142 million in the corresponding period of the previous fiscal year. This was primarily due to the extraordinary loss attributable to the implementation of structural reforms in the Optical Media Products business.

The average foreign currency exchange rate for the period under review was US\$1:¥87.64. Accordingly, the value of the yen appreciated by ¥6.87 compared with the average foreign currency exchange rate of US\$1:¥94.51 for the corresponding period of the previous fiscal year.

Net sales information by product classification is presented as follows.

#### ***Electronic components***

##### ***Capacitors***

Beginning with multilayer ceramic capacitors, the Companies are engaged in the manufacture and sale of a wide range of capacitor products.

In the nine-month period ended December 31, 2010, classification sales for communication

equipment and consumer products increased, compared with the corresponding period of the previous fiscal year, to ¥79,147 million.

#### *Ferrite and Applied Products*

This product classification comprises ferrite cores and their applied products including various inductors.

Classification sales for the nine months ended December 31, 2010 were ¥23,809 million. Despite a year-on-year decline in sales for consumer products, this was largely attributable to increased product sales for information equipment, communication equipment and components.

#### *Modules*

The modules product classification comprises a wide range of power supply and high frequency modules.

For the nine-month period ended December 31, 2010, sales of power supply and high frequency modules declined compared with the corresponding period of the previous fiscal year. As a result, module sales totaled ¥25,525 million for the period under review.

#### *Other electronic components*

This classification is made up of electronic components not included in the aforementioned classifications.

The principal items within this classification include such SAW/FBAR devices as SAW filters. Sales for the nine-month period ended December 31, 2010 amounted to ¥11,901 million.

#### *Optical media and others*

##### *Optical Media Products*

In this product classification, the Companies are active in the manufacture and sale of CD-Rs, DVD-Rs/DVD+Rs as well as recordable Blu-ray Discs (BD-Rs).

In the period under review, sales of CD-Rs and DVD-Rs/DVD+Rs decreased compared with the corresponding period of the previous fiscal year. Taking into consideration the aforementioned, classification sales fell to ¥16,368 million.

#### *Others*

Sales in this classification primarily come from the mounting business of a subsidiary company. For the nine-month period ended December 31, 2010, sales in this classification was ¥7,738 million.

## **2. Qualitative Information Concerning Consolidated Financial Condition**

### **(1) Changes in Financial Condition**

Total assets as of the end of the third quarter of the fiscal year ending March 31, 2011 decreased ¥16,816 million compared with the end of the previous fiscal year. Major movements included a decrease in current assets of ¥5,064 million. The principal factor was a drop in trade notes receivable and accounts receivable of ¥4,381 million. Fixed assets, on the other hand, declined ¥11,751 million due largely to the drop of ¥11,226 million in the balance of property, plant and equipment.

Total liabilities as of December 31, 2010 decreased ¥6,576 million. Major increases included trade notes and accounts payable as well as current portion of long-term borrowings, which climbed ¥476 million and ¥7,749 million, respectively. Principal decreases comprised short-term borrowings and long-term borrowings, which declined ¥2,900 million and ¥10,352 million, respectively.

Net assets as of the end of the period under review declined ¥10,239 million.

## (2) Cash Flows

Net cash provided by operating activities for the nine-month period ended December 31, 2010 amounted to ¥20,111 million, an increase of 13.3% compared with the corresponding period of the previous fiscal year. Major cash inflows were depreciation and amortization of ¥14,481 million, impairment loss of ¥7,228 million, increase in trade payables of ¥3,844 million and decrease in trade receivables of ¥241 million. Principal cash outflows were loss before income taxes and minority interests of ¥408 million and increase in inventories of ¥4,448 million.

Net cash used in investing activities for the period under review totaled ¥13,183 million, an increase of 214.4% compared with the corresponding period of the previous fiscal year. The largest cash inflow was ¥968 million representing proceeds from sales of property, plant and equipment. Cash outflow was ¥13,056 million for purchases of property, plant and equipment.

Net cash used in financing activities for the nine-month period ended December 31, 2010 came to ¥7,244 million, 36.2% higher than the corresponding period of the previous fiscal year. Major factors contributing to the increase in cash outflows included net decrease in short-term borrowings of ¥2,733 million, repayments of long-term borrowings of ¥2,603 million and payment of cash dividends of ¥1,180 million.

Taking into account all of the aforementioned activities, cash and cash equivalents as of December 31, 2010 stood at ¥38,150 million. This was a decrease of ¥2,301 million compared with the end of the previous fiscal year.

## **3. Qualitative Information Concerning Forecasts of Consolidated Operating Results**

There is no change in the forecasts of consolidated operating results previously announced on November 5, 2010.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2010	As of March 31, 2010
<b>ASSETS</b>		
Current assets:		
Cash and deposits	40,295	41,785
Trade notes and accounts receivable	44,316	48,698
Finished products	12,537	10,842
Work in process	9,102	8,148
Raw materials and supplies	9,859	9,651
Other	5,420	7,526
Allowance for doubtful receivables	(211)	(266)
Total current assets	121,321	126,386
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	61,057	64,511
Machinery and equipment	178,014	193,309
Tools, furniture and fixtures	17,471	18,429
Land	7,712	7,799
Construction in progress	7,634	5,655
Accumulated depreciation	(188,579)	(195,166)
Net property, plant and equipment	83,311	94,537
Intangible fixed assets:		
Goodwill	2,857	3,490
Other	747	742
Total intangible fixed assets	3,605	4,232
Investments and other assets:		
Investment securities	5,069	5,257
Other	6,482	6,257
Allowance for doubtful receivables	(244)	(310)
Total investments and other assets	11,307	11,205
Total fixed assets	98,223	109,975
Total assets	219,545	236,361

(Millions of yen)

	As of December 31, 2010	As of March 31, 2010
<b>LIABILITIES</b>		
Current liabilities:		
Trade notes and accounts payable	19,020	18,543
Short-term borrowings	2,967	5,867
Current portion of long-term borrowings	11,810	4,061
Income taxes payable	1,053	1,564
Accrued bonuses for employees	1,307	2,720
Accrued bonuses for directors and corporate auditors	61	22
Other	14,042	12,792
Total current liabilities	50,262	45,573
Long-term liabilities:		
Convertible bonds with stock acquisition rights	20,000	20,000
Long-term borrowings	11,657	22,010
Accrued retirement benefits for employees	3,295	3,262
Accrued retirement benefits for directors and corporate auditors	128	136
Negative goodwill	56	72
Other	5,120	6,043
Total long-term liabilities	40,259	51,524
Total liabilities	90,521	97,098
<b>NET ASSETS</b>		
Shareholders' equity:		
Common stock	23,557	23,557
Capital surplus	41,471	41,471
Retained earnings	92,708	95,984
Treasury stock	(3,612)	(3,592)
Total shareholders' equity	154,123	157,420
Valuation, translation adjustments and others:		
Net unrealized holding gains on securities	516	695
Deferred gains (losses) on hedges	82	(96)
Foreign currency translation adjustments	(26,251)	(19,259)
Total valuation, translation adjustments and others	(25,651)	(18,661)
Stock acquisition rights	287	248
Minority interests	264	256
Total net assets	129,023	139,263
Total liabilities and net assets	219,545	236,361



(2) Consolidated Statements of Operations  
 Nine months ended December 31, 2010

(Millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Net sales	147,584	164,490
Cost of sales	119,464	126,238
Gross profit	28,120	38,251
Selling, general and administrative expenses	23,738	28,027
Operating income	4,381	10,223
Non-operating income:		
Interest income	190	143
Dividend income	49	80
Equity in earnings of affiliates	10	19
Subsidies	153	58
Other	163	119
Total non-operating income	568	421
Non-operating expenses:		
Interest expense	471	360
Loss on foreign exchange	1,625	1,607
Depreciation of inactive noncurrent assets	—	486
Other	263	77
Total non-operating expenses	2,361	2,531
Ordinary income	2,589	8,113
Extraordinary gains:		
Gain on prior periods adjustments	41	—
Gain on sales of property, plant and equipment	63	904
Other	5	125
Total extraordinary gains	110	1,029
Extraordinary losses:		
Loss on disposal and sales of property, plant and equipment	375	2,036
Impairment loss	—	7,228
Loss on disposal of inventories	625	252
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	27
Other	224	6
Total extraordinary losses	1,225	9,552
Income (loss) before income taxes and minority interests	1,473	(408)
Income taxes — current	1,670	1,679
Income taxes — deferred	(360)	2
Total income taxes	1,309	1,682
Income (loss) before minority interests	—	(2,091)
Minority interests in income	21	8
Net income (loss)	142	(2,099)

Three months ended December 31, 2010

(Millions of yen)

	Three months ended December 31, 2009	Three months ended December 31, 2010
Net sales	52,588	51,613
Cost of sales	41,364	40,280
Gross profit	11,223	11,333
Selling, general and administrative expenses	8,684	9,211
Operating income	2,539	2,121
Non-operating income:		
Interest income	51	42
Dividend income	19	27
Equity in earnings of affiliates	10	4
Gain on foreign exchange	2	—
Subsidies	—	22
Other	49	38
Total non-operating income	133	134
Non-operating expenses:		
Interest expense	150	107
Loss on foreign exchange	—	479
Depreciation of inactive noncurrent assets	—	56
Other	54	36
Total non-operating expenses	205	680
Ordinary income	2,467	1,575
Extraordinary gains:		
Gain on prior periods adjustments	41	—
Gain on sales of property, plant and equipment	10	(6)
Other	5	10
Total extraordinary gains	57	3
Extraordinary losses:		
Loss on disposal and sales of property, plant and equipment	191	81
Impairment loss	—	(1)
Loss on disposal of inventories	—	138
Other	31	0
Total extraordinary losses	222	218
Income (loss) before income taxes and minority interests	2,302	1,360
Income taxes — current	507	136
Income taxes — deferred	226	172
Total income taxes	734	309
Income (loss) before minority interests	—	1,051
Minority interests in income (loss)	5	2
Net income (loss)	1,562	1,049

## (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
<b>Operating activities:</b>		
Income (loss) before income taxes and minority interests	1,473	(408)
Depreciation and amortization	17,600	14,481
Impairment loss on property, plant and equipment	—	7,228
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	27
Amortization of goodwill	182	633
Amortization of negative goodwill	(20)	(15)
Increase (decrease) in allowance for doubtful receivables	64	(99)
Increase (decrease) in accrued bonuses for employees	(47)	(1,392)
Increase (decrease) in accrued bonuses for directors and corporate auditors	—	38
Increase (decrease) in accrued retirement benefits for directors and corporate auditors	5	1
Interest and dividend income	(239)	(224)
Interest expense	471	360
Equity in earnings of affiliate	(10)	(19)
(Gain) loss on disposal and sales of property, plant and equipment	312	1,133
(Increase) decrease in trade receivables	(14,958)	241
(Increase) decrease in inventories	1,099	(4,448)
Increase (decrease) in trade payables	10,691	3,844
Other	1,936	904
Subtotal	18,560	22,285
Interest and dividends received	261	222
Interest paid	(441)	(382)
Income taxes (paid) refunded	(624)	(2,014)
Net cash provided by operating activities	17,756	20,111
<b>Investing activities:</b>		
Net (increase) decrease in time deposits	2,791	(976)
Purchases of property, plant and equipment	(6,841)	(13,056)
Proceeds from sales of property, plant and equipment	162	968
Purchases of investment securities	(340)	(75)
Other	34	(43)
Net cash used in investing activities	(4,193)	(13,183)
<b>Financing activities:</b>		
Net increase (decrease) in short-term borrowings	(5,019)	(2,733)
Proceeds from long-term borrowings	6,000	—
Repayments of long-term borrowings	(6,526)	(2,603)
Purchases of treasury stock	(10)	(20)
Payments of cash dividends	(1,174)	(1,180)
Proceeds from sale and lease-back transactions	1,655	—
Repayments of lease obligations	(243)	(704)
Other	0	(1)
Net cash provided (used) by financing activities	(5,319)	(7,244)
Effect of exchange rate changes on cash and cash equivalents	(900)	(1,984)
Net increase (decrease) in cash and cash equivalents	7,342	(2,301)
Cash and cash equivalents at beginning of the year	33,110	40,451
Cash and cash equivalents at end of period	40,453	38,150

## 5. Supplementary Information

### Net Sales by Product Classification

(Millions of yen)

Product classification		Nine months ended December 31, 2010	
		Amount	Share [%]
	Capacitors	79,147	48.1
	Ferrite and applied products	23,809	14.5
	Modules	25,525	15.5
	Other electronic components	11,901	7.2
	Electronic components	140,383	85.3
	Optical media products	16,368	10.0
	Others	7,738	4.7
	Optical media and others	24,107	14.7
	Total	164,490	100.0

(Millions of yen)

Product classification		Three months ended December 31, 2010	
		Amount	Share [%]
	Capacitors	23,958	46.5
	Ferrite and applied products	7,401	14.3
	Modules	7,532	14.6
	Other electronic components	3,733	7.2
	Electronic components	42,625	82.6
	Optical media products	5,874	11.4
	Others	3,113	6.0
	Optical media and others	8,987	17.4
	Total	51,613	100.0