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(Security Code: 6976)
June 5, 2013

To Those Shareholders with Voting Rights:

Eiji Watanuki,
President and Representative Director
Taiyo Yuden Co., Ltd.
6-16-20, Ueno, Taito-ku, Tokyo, Japan

**NOTICE OF CONVOCATION OF
THE 72ND ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 72nd Ordinary General Meeting of Shareholders of Taiyo Yuden Co., Ltd. (the "Company"), which will be held as described below.

If you are unable to attend the meeting, you may exercise your voting rights by either voting in writing or voting via the Internet. Please review the Reference Documents for the General Meeting of Shareholders (on pages 3 to 13) and exercise your voting rights prior to 5:00 p.m., Wednesday, June 26, 2013 in accordance with "GUIDANCE ON THE EXERCISE OF VOTING RIGHTS" (on pages 14 to 15).

- 1. Date and Time:** 10:00 a.m. June 27, 2013 (Thursday) (Reception desk opens at 9:00 a.m.)
- 2. Place:** "Hikari-no-Ma," 5th Floor, Hotel Lungwood
5-50-5, Higashi-Nippori, Arakawa-ku, Tokyo, Japan
- 3. Agenda of the Meeting:**
 - Matters to be reported:**
 1. Details of the Business Report, details of the Consolidated Financial Statements and results of the audit of the Consolidated Financial Statements by the Accounting Auditors and the Audit & Supervisory Board for the 72nd Fiscal Term (from April 1, 2012 to March 31, 2013)
 2. Details of the Non-Consolidated Financial Statements for the 72nd Fiscal Term (from April 1, 2012 to March 31, 2013)
 - Matters to be resolved:**
 - Proposal No. 1:** Appropriation of Surplus
 - Proposal No. 2:** Election of Eight (8) Directors
 - Proposal No. 3:** Election of One (1) Audit & Supervisory Board Member
 - Proposal No. 4:** Election of One (1) Substitute Audit & Supervisory Board Member

4. Matters to be resolved upon convocation of the 72nd Ordinary General Meeting of Shareholders

- (1) If you exercise your voting rights both in writing (Exercise of Voting Rights Form) and via the Internet, only your voting results via the Internet shall be deemed valid.
- (2) If you exercise your voting rights via the Internet more than once, your most recent voting results shall be deemed valid.
- (3) If you exercise your voting rights without indicating whether you are in favor of or against a proposal, it shall be deemed that you are in favor of it.
- (4) If you exercise your voting rights in a non-uniform manner, you are requested to notify your intention and reasons in writing to the administrator of shareholder registry (Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.) at least three (3) days in advance of the Ordinary General Meeting of Shareholders.
- (5) Among documents which shall be provided with this Convocation Notice, Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements are posted on the Company website (<http://www.yuden.co.jp/>) in accordance with laws and regulations, and Article 14 of the articles of incorporation. Therefore, they are not included in the attached documents to this Convocation Notice. In addition to documents included in this Convocation Notice, Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements posted on the Company website are included in the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Audit & Supervisory Board Members and the Accounting Auditors in the course of respectively preparing the Audit Report and Accounting Audit Report.
- (6) The results of the resolutions will be posted to the Company website (<http://www.yuden.co.jp/>) in an extraordinary report, in lieu of a Notice of Resolution.

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- For those attending, please present the enclosed Exercise of Voting Rights Form at the reception desk on arrival at the meeting. Please bring this Convocation Notice with you in order to conserve resources.
 - If the Reference Documents for the General Meeting of Shareholders, the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements (including Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements) are revised, the revised contents will be disclosed on the Company website (<http://www.yuden.co.jp/>).
 - The temperature inside the venue will be set relatively high. Participants are encouraged to wear light clothing to attend the Meeting. The Company will adopt “Cool Biz” attire, a summer business style without tie/jacket.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

The Company considers it the most important issue for its management to distribute plentiful returns to its shareholders. At present, it is recognized that steps to cultivate a stable and sustainable earnings structure and improve the Company's balance sheet are necessary; regarding dividends from surplus, the Company adopts a policy of stable dividend distributions of ¥10 per year.

Under this policy, the appropriation of surplus shall be carried out as follows:

1. Year-end dividend

(1) Type of dividend property:

Cash

(2) Matters regarding the allocation of dividend property to shareholders and its total amount:

¥5 per share (common stock of the Company) Total amount: ¥588,131,080

(3) Effective date for dividends from surplus:

June 28, 2013

2. Other matters concerning the appropriation of surplus

Not applicable

Proposal No. 2: Election of Eight (8) Directors

The terms of office of all of the eight (8) Directors will expire at the conclusion of this General Meeting of Shareholders. Therefore, the Company hereby requests that eight (8) Directors be elected.

The candidates for Director are as follows:

Candidate number	Name (Date of birth)	Career summary, position and responsibilities in the Company, and significant concurrent positions	Number of Company shares held
1	Eiji Watanuki (November 2, 1948) Reappointment	<p>March, 1971 Joined the Company</p> <p>April, 1996 President of Taiyo Yuden (Singapore) PTE. Ltd.</p> <p>April, 2000 General Manager of West Japan Sales Office of the Company</p> <p>July, 2004 Managing Director, Deputy Chief of Marketing Headquarters of the Company</p> <p>July, 2006 Director, Senior Managing Officer, Deputy Chief of Sales Headquarters of the Company</p> <p>July, 2007 Director, Chief of Integrated Modules & Devices Business Headquarters of the Company</p> <p>July, 2010 Director and Executive Operating Officer, in charge of Integrated Modules & Devices Business, Chief of Integrated Modules & Devices Business Headquarters of the Company</p> <p>June, 2011 President and Representative Director of the Company (to the present)</p>	12,900 shares
(Reasons for appointment of candidate for Director)		<p>Mr. Eiji Watanuki has abundant experience and a good track record, having engaged in various areas in Japan and overseas, such as sales, production, marketing and business divisions. At present, he has exercised leadership as President and Representative Director in the implementation of a structural reform balancing constitutional improvement measures and strategies for growth. Mr. Watanuki was appointed as a candidate for Director because it was judged that his continued leadership of the management team would be most appropriate for the Company.</p>	

Candidate number	Name (Date of birth)	Career summary, position and responsibilities in the Company, and significant concurrent positions	Number of Company shares held
2	Shoichi Tosaka (August 5, 1955) Reappointment	<p>March, 1979 Joined the Company</p> <p>June, 2006 Director, Senior Managing Officer, Deputy Chief of Operation Headquarters, General Manager of Quality Assurance Office of the Company</p> <p>April, 2007 Senior Executive Director, Senior Managing Officer, Chief of Operation Headquarters I, General Manager of Corporate-Planning Div. 1 of the Company</p> <p>April, 2012 Director and Senior Executive Operating Officer, in charge of Development/Engineering, Quality Assurance, New Business Planning of the Company</p> <p>June, 2012 Director and Executive Operating Officer, in charge of Development/Engineering, Quality Assurance, New Business Planning, and Optical Media Business of the Company</p> <p>April, 2013 Director and Executive Operating Officer, in charge of Development/Engineering and Quality Assurance of the Company (to the present)</p>	8,800 shares
		<p>(Reasons for appointment of candidate for Director)</p> <p>Having engaged in management of various areas such as production, development/engineering, quality assurance, and corporate business planning divisions, Mr. Shoichi Tosaka has abundant experience and a good track record. He is presently serving as Director and Executive Operating Officer in charge of the Group's management and business execution. He was appointed as a candidate for Director, expected continuously to make decisions, supervise and control the entire corporate management as a member of the Board of Directors.</p>	
3	Seiichi Tsutsumi (December 5, 1953) Reappointment	<p>March, 1977 Joined the Company</p> <p>April, 2000 President of Taiyo Yuden (Singapore) PTE. Ltd.</p> <p>July, 2007 Managing Officer, in charge of Products and Sales Planning Control, Sales Headquarters of the Company</p> <p>July, 2009 Managing Officer, in charge of China for the Company</p> <p>July, 2010 Director and Senior Operating Officer, in charge of China for the Company</p> <p>July, 2011 Director and Senior Operating Officer, in charge of Integrated Modules & Devices Business, Chief of Integrated Modules & Devices Business Headquarters of the Company (to the present)</p>	6,100 shares
		<p>(Reasons for appointment of candidate for Director)</p> <p>Mr. Seiichi Tsutsumi has been engaged in operations of sales and manufacturing divisions since joining the Company, and has abundant experience and a good track record through practical business as a president of sales and production subsidiaries of the Company mainly in Singapore and China. He is presently making efforts to transform and develop the Group's Integrated Modules & Devices business as Director and Senior Operating Officer. Mr. Tsutsumi was appointed as a candidate for Director, expected continuously to make decisions, supervise, and execute business operations as a member of the Board of Directors.</p>	

Candidate number	Name (Date of birth)	Career summary, position and responsibilities in the Company, and significant concurrent positions	Number of Company shares held	
4	Osamu Takahashi (November 25, 1955) Reappointment	March, 1980 April, 2003 April, 2008 July, 2010 July, 2011 April, 2013	Joined the Company Operating Officer, Corporate Management Group (Corporate Control) of the Company Managing Officer, in charge of Corporate-Planning, Corporate-Planning Headquarters and Finance, Management & Administration Headquarters of the Company Senior Operating Officer, in charge of Corporate-Planning, Corporate-Planning Headquarters and Finance, Management & Administration Headquarters of the Company Director and Senior Operating Officer, in charge of Management Planning, Chief of Management Planning Headquarters of the Company Director and Senior Operating Officer, in charge of Strategic Projects, Chief of Strategic Projects Headquarters of the Company (to the present)	2,900 shares
		(Reasons for appointment of candidate for Director) Mr. Osamu Takahashi has abundant experience and a good track record through practical business in various areas such as engineering, marketing, management and administration, and corporate-planning divisions since joining the Company. He is presently making efforts to enter new markets and expand new businesses as Director and Senior Operating Officer. Mr. Takahashi was appointed as a candidate for Director, expected continuously to make decisions, supervise and execute business operations as a member of the Board of Directors.		
5	Katsushige Nakano (February 12, 1952) New appointment	April, 1974 August, 1985 April, 1997 June, 1999 June, 2005 June, 2009 March, 2010 April, 2013	Joined Fujitsu Ltd. Fujitsu Australia Ltd., Financial Manager Fujitsu Ltd., Manager of Accounting Division of Telecommunications Business Promotion Division Fujitsu Network Communications Inc., CFO Fujitsu Media Devices Ltd., Director Fujitsu Media Devices Ltd., President and Representative Director Taiyo Yuden Mobile Technology Co., Ltd., President and Representative Director Joined the Company, General Manager of Financial Strategy Office of the Company (to the present)	0 shares
		(Reasons for appointment of candidate for Director) Mr. Katsushige Nakano possesses knowledge related to finance and accounting developed through practical experience in both domestic and international corporations. In addition, he has management experience as President and Representative Director, and has demonstrated exceptional insight and oversight capacity in that role. Based on his proven track record, Mr. Nakano was appointed as a candidate for Director, expected to make decisions, supervise and execute business operations as a member of the Board of Directors.		

Candidate number	Name (Date of birth)	Career summary, position and responsibilities in the Company, and significant concurrent positions	Number of Company shares held
6	Shinji Masuyama (February 28, 1957) New appointment	<p>March, 1980 Joined the Company</p> <p>December, 1999 Principal Researcher of Production System Development Group at the General Research Laboratory of the Company</p> <p>October, 2000 Product Manager of Optical Products at Operations Headquarters of the Company</p> <p>January, 2004 Managing Officer, Group Deputy Chief of Production Group ML Products of the Company</p> <p>July, 2006 Managing Officer, Chief of Capacitors Business at Operations Headquarters I of the Company</p> <p>July, 2011 Senior Operating Officer, Chief of Electronic Components Business Headquarters, Chief of Ferrite Applications Division of the Company</p> <p>April, 2012 Senior Operating Officer in charge of Electronic Components Business, Chief of Electronic Components Business Headquarters of the Company (to the present)</p>	3,900 shares
<p>(Reasons for appointment of candidate for Director)</p> <p>Mr. Shinji Masuyama has abundant experience and a good track record through practical business in various areas such as production system development, engineering, and corporate planning divisions since joining the Company. He is presently oversees the Group's Electronic Components business as Senior Operating Officer, and is making efforts to develop this business. Mr. Masuyama was appointed as a candidate for Director, expected to make decisions, supervise and execute business operations as a member of the Board of Directors.</p>			

Candidate number	Name (Date of birth)	Career summary, position and responsibilities in the Company, and significant concurrent positions	Number of Company shares held
7	Yuji Iwanaga (April 3, 1941) Outside/Independent Officer Reappointment	April, 1964 Joined Tohato Inc. General Manager of Planning Division and Development Division September, 1970 Joined General Aircon Co., Ltd. General Manager of Room Aircon Sales Division, Sales Headquarters, and Marketing Headquarters April, 1981 Admitted to Japan Federation of Bar Association (to the present) September, 1984 Joined Lillick, McHose & Charles (Currently Pillsbury Winthrop Shaw Pittman LLP), Partner (to the present) December, 1984 Admitted to State Bar of California (to the present) April, 2003 Outside Director of Manufacturers Bank July, 2005 Outside Director of JMS North America Corporation (to the present) June, 2006 Outside Director of the Company (to the present) June, 2007 Outside Director of SEGA SAMMY HOLDINGS INC. (to the present)	0 shares
<p>(Reasons for appointment of candidate for Outside Director) As Mr. Yuji Iwanaga has experience as a senior manager in business companies, as well as knowledge and experience as an attorney specialized in corporate legal practices, it was judged that he would be able to objectively supervise management. Therefore, Mr. Iwanaga was appointed as a candidate for Outside Director.</p> <p>(Independence of the candidate) In order to ensure the independence of its outside directors, the Company has established rigorous standards for independence beyond those defined by the Tokyo Stock Exchange (for detailed information, refer to “Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members” on pages 12 to 13). The candidate meets these standards, and is judged to be sufficiently independent.</p> <p>(Years in office as Director) Seven (7) years (at the conclusion of this General Meeting of Shareholders)</p>			

Candidate number	Name (Date of birth)	Career summary, position and responsibilities in the Company, and significant concurrent positions	Number of Company shares held
8	Hisaji Agata (September 16, 1950) Outside/Independent Officer Reappointment	<p>April, 1974 Joined Nomura Securities Co., Ltd.</p> <p>March, 1981 Joined Japan Associated Finance Co., Ltd. (Currently JAFCO Co., Ltd.)</p> <p>June, 1997 Director of JAFCO (in charge of Investment Headquarters I)</p> <p>May, 2002 Managing Director of JAFCO (in charge of Investment Headquarters III)</p> <p>March, 2007 Executive Managing Officer of JAFCO (in charge of settlement)</p> <p>October, 2007 Commissioner of JAFCO</p> <p>January, 2008 Representative Director, President of HIBIKI Partners Co., Ltd.</p> <p>June, 2008 Outside Director of the Company (to the present)</p> <p>September, 2008 Special Adviser of HIBIKI Partners Co., Ltd. (to the present)</p> <p>March, 2010 Outside Audit & Supervisory Board Member of TMRC Co., Ltd. Outside Audit & Supervisory Board Member of RaQualia Pharma Inc.(to the present)</p>	0 shares
	<p>(Reasons for appointment of candidate for Outside Director) As Mr. Hisaji Agata is an expert in corporate incubation aiming to formulate a highly transparent and sound business structure, and has a long history of achievement and proven insight as a business manager, it was judged that he would be able to objectively supervise management. Therefore, Mr. Agata was appointed as a candidate for Outside Director.</p> <p>(Independence of the candidate) In order to ensure the independence of its outside directors, the Company has established rigorous standards for independence beyond those defined by the Tokyo Stock Exchange (for detailed information, refer to “Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members” on pages 12 to 13). The candidate meets these standards, and is judged to be sufficiently independent.</p> <p>(Years in office as Director) Five (5) years (at the conclusion of this General Meeting of Shareholders)</p>		

- Notes:
1. No special interests exist between the Company and each of the candidates.
 2. Messrs. Yuji Iwanaga and Hisaji Agata are candidates for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
 3. Neither of the candidates for Outside Director has engaged in” 1) improper business conduct of the Company during their terms as Outside Corporate Officers of the Company, or 2) improper business conduct in other companies where they were in office as directors, operating officers or Audit & Supervisory Board Members in the past five (5) years.
 4. Neither of the candidates for Outside Director is involved with a business concern with specific relations with the Company.
 5. The Company’s articles of incorporation provide that the Company may enter into an agreement with an Outside Director to the effect that any liability for damages of such Outside Director arising from negligence in the performance of his or her duties shall be limited, and such agreements between the Company and Messrs. Iwanaga and Agata are in force. If their reappointment is approved, the Company plans to continue said agreements. An overview of said agreements is provided below.
 - The Outside Director shall be liable to the Company for damages arising from negligence in performance of his or her duties up to the minimum amount prescribed in the provision of Article 425, Paragraph 1 of the Companies Act, as long as the Outside Director performs his or her duty in good faith and without gross negligence.

Proposal No. 3: Election of One (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mr. Mamoru Yamaki will expire at the conclusion of this General Meeting of Shareholders. Therefore, the Company hereby asks that one (1) Audit & Supervisory Board Member be elected. The Audit & Supervisory Board has already given its approval for this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions	Number of Company shares held
Mamoru Yamaki (October 4, 1949, Reappointment	November, 1972 Joined the Company April, 2005 Senior Operating Officer, Chief of Operations Headquarters of the Company June, 2005 Director and Senior Operating Officer, Chief of Operations Headquarters of the Company July, 2006 Director and Senior Operating Officer, Chief of Operations Headquarters III, Chief of Materials and Logistics Division, Chief of Quality Assurance Department of the Company July, 2007 Director, Chief of Electronic Components Business Headquarters, Chief of Material Division of the Company April, 2008 Director, Chief of Material Division, Deputy Chief of Electronic Components Business Headquarters of the Company June, 2009 Full-time Audit & Supervisory Board Member of the Company (to the present)	23,800 shares
(Reasons for appointment of candidate for Audit & Supervisory Board Member) Mr. Mamoru Yamaki has engaged in both domestic and international operations in various areas such as production, development and engineering, quality assurance, and logistics since joining the Company, and possesses abundant experience and sufficient insight gained through his roles as Director and Chief of Business Headquarters, Thus, because it was judged that he would continue to execute his duties appropriately as a Audit & Supervisory Board Member, Mr. Yamaki was appointed as a candidate for Audit & Supervisory Board Member.		

Notes: 1. No special interests exist between the Company and the candidate.

Proposal No. 4: Election of One (1) Substitute Audit & Supervisory Board Member

In order to prepare for a case when the number of Outside Audit & Supervisory Board Members stipulated by laws and regulations might be insufficient, the Company hereby asks that one (1) substitute Outside Audit & Supervisory Board Member be elected in advance. The Audit & Supervisory Board has already given its approval for this proposal.

The candidate for the substitute Outside Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and significant concurrent positions	Number of Company shares held
Hiroshi Arai (June 8, 1956)	April, 1983 Admitted to Japan Federation of Bar Association (to the present) April, 1984 Opened Arai Hiroshi Law Firm (to the present) July, 2002 Audit & Supervisory Board Member of Air Cycle Home Gunma Co., Ltd. June, 2004 Audit & Supervisory Board Member of Sogo PR Co., Ltd. (to the present)	
(Reasons for appointment of candidate for substitute Outside Audit & Supervisory Board Member) The Company judged that Mr. Hiroshi Arai would conduct fair audits from a legal viewpoint with special insight into corporate legal affairs based on abundant practical experience as an attorney. Accordingly, in order to prepare for a case when the number of Outside Audit & Supervisory Board Members stipulated by laws and regulations might be insufficient, Mr. Arai was appointed as a candidate for substitute Outside Audit & Supervisory Board Member. Although Mr. Arai has not been involved in corporate management in ways other than being an outside officer, it was judged for the above-mentioned reasons that he would be able to appropriately execute the duties of Outside Audit & Supervisory Board Member. (Independence of the candidate) In order to ensure the independence of its outside directors, the Company has established rigorous standards for independence beyond those defined by the Tokyo Stock Exchange (for detailed information, refer to “Standards for the Independence of Outside Directors/ Audit & Supervisory Board Members” on pages 12 to 13). The candidate meets these standards, and is judged to be sufficiently independent.		0 shares

- Notes:
1. No special interests exist between the Company and the candidate.
 2. the candidate for Outside Audit & Supervisory Board Member has not engaged in any improper business conduct in other companies where he was in office as director, executive officer or Audit & Supervisory Board Member in the past five (5) years.
 3. The Company’s articles of incorporation provide that the Company may enter into an agreement with an Outside Audit & Supervisory Board Member to the effect that any liability for damages of such Outside Audit & Supervisory Board Member arising from negligence in the performance of his duties shall be limited. In accordance with this provision, the Company will enter into such a liability limitation agreement with Mr. Hiroshi Arai, a candidate for substitute Outside Audit & Supervisory Board Member, when Mr. Arai actually assumes the post of Audit & Supervisory Board Member. An overview of said agreement is provided below.
 - The Outside Audit & Supervisory Board Member shall be liable to the Company for damages arising from negligence in performance of his or her duties up to the minimum amount prescribed in the provision of Article 425, Paragraph 1 of the Companies Act, as long as the Outside Audit & Supervisory Board Member performs his or her duty in good faith and without gross negligence.

[Reference] Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members (Summary)

In order to objectively judge the independence of Outside Directors and Outside Audit & Supervisory Board Members, the Company has established its own "Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members". These standards were developed by reference to other standards for independence established by financial instrument exchanges and subsidiary organizations advising the exercise of voting rights, including the "Securities Listing Regulations" set forth by the Tokyo Stock Exchange. It has been confirmed that the Outside Directors and Outside Audit & Supervisory Board Members of the Company are not categorized under any of the following, and have been elected as independent directors who do not pose any risk of conflict of interest with the Company's general shareholders.

Relationships with Shareholders

- 1) A director, Audit & Supervisory Board Member, accounting advisor, executive officer, operating officer (hereafter, officer), or employee of any of the major shareholders (holding 10% or more) of the Company
- 2) An individual who in the past five years has been an officer or employee of any of the current major shareholders of the Company
- 3) An individual who is an officer or employee of a company that is a major shareholder of the Company

Relationship with Corporate Clients

- 1) An individual of whom the Company or one of its current subsidiaries is a major corporate client (accounting for 2% or more of the previous year's consolidated gross revenue)
- 2) An individual of whom the Company or one of its current subsidiaries has been a client in the last three years
- 3) An individual who is a major client of the Company, or who has been a major client of the company in the last three years

Relationships of Financial Interest

An individual who is a current officer or employee of a company or of one of its parent or subsidiary companies that employs a director or Audit & Supervisory Board Member from the Company or one of the Company's current subsidiaries.

Providers of specialized services

- 1) An individual who is an employee, partner, or working staff member of a certified public accounting firm or auditing firm that is an accounting auditor or accounting advisor of the Company or of one of its current subsidiaries.
- 2) An individual not fulfilling any of the above criteria, but who is a certified public accountant, attorney, or other kind of consultant, and who, apart from director's compensation, has received from the Company or one of its current subsidiaries money or other property benefits averaging ten million yen (¥ 10,000,000) or more annually in the last three years.

Close relatives

- 1) A relative within two degrees of kinship of, or living together with, an executive director, operating officer, major shareholder, major client, or an officer of a major creditor of the Company or of one of its current subsidiaries.

- 2) An individual who has a relative within two degrees of kinship, or a living together with the individual, who is an employee or partner of an accounting auditing firm of the Company or one of its current subsidiaries.
- 3) An individual who has a relative within two degrees of kinship, or a relative living together with the individual, who is an attorney or other kind of consultant who, apart from director's compensation, has received from the Company or one of its current subsidiaries money or property benefits averaging ¥10 million or more annually for the last three years.
- 4) An individual who has a relative within two degrees of kinship, or a relative living together with the individual, who is a director, Audit & Supervisory Board Member, accounting advisor, executive officer, or corporate officer of a company that employs a director or Audit & Supervisory Board Member from the Company or one of the Company's current subsidiaries.

Note: The above content is a general overview of the Company's "Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members," and is not an exact statement.

《GUIDANCE ON EXERCISE OF VOTING RIGHTS》

Please note that the Company allows shareholders to exercise their voting rights in writing (Voting Rights Exercise Form) or via the Internet.

If you plan to attend the General Meeting of Shareholders in person, it is not necessary to either exercise your voting rights in writing or via the Internet.

[Voting in writing (Voting Rights Exercise Form)]

Please indicate your vote for or against each of the proposals on the enclosed Voting Rights Exercise Form, and return the form so that it reaches us by 5:00 p.m., Wednesday, June 26, 2013.

[Voting via the Internet]

1. Matters to be acknowledged when exercising voting rights via the Internet

When exercising voting rights via the Internet, please acknowledge the following matters before exercising the rights.

- (1) Exercise of voting rights via the Internet is only possible by accessing the website (see “2. Instructions for exercising voting rights via the Internet” described below) designated by the Company for the purpose of exercising voting rights. Please note that a code for the exercise of voting rights and a password provided on your Voting Rights Exercise Form enclosed with the Convocation Notice are necessary for exercising voting rights via the Internet.
- (2) The code for the exercise of voting rights and password provided this time are effective only for this General Meeting of Shareholders. For the next General Meeting, a new code and a password will be issued.
- (3) You are cordially requested to exercise your voting rights via the Internet prior to 5:00 p.m., Wednesday, June 26, 2013.
- (4) Any access charge to be paid to a service provider, communication charge, or other costs relating to the Internet shall be borne by shareholders.
- (5) If you exercise your voting rights both in writing and via the Internet, only your voting results via the Internet shall be deemed valid.
- (6) If you exercise your voting rights via the Internet more than once, your voting results that reach us last shall be deemed valid.

2. Instructions for exercising voting rights via the Internet

- (1) Access <http://www.it-soukai.com/> or <https://daiko.mizuho-tb.co.jp/>.

The above URLs are unavailable for access between 3:00 a.m. to 5:00 a.m. during the exercise period.

- (2) Enter your code for the exercise of voting rights and password, and click the “Login” button.

The code for the exercise of voting rights and password are provided at the bottom right side of your Voting Rights Exercise Form enclosed with the Convocation Notice.

- (3) Exercise your voting rights by following the guidance on the screen.

3. System requirements

(1) Personal computer

Windows® computer

Please note, for some mobile phone units such as smartphones, there is no guarantee of proper operation, and service may not be available. Mobile phone-tailored service is not available.

(2) Browser

Microsoft® Internet Explorer 5.5 or higher

There is no guarantee of proper operation for Microsoft® Internet Explorer 8 or more recent versions, and service may not be available.

(3) Internet environment

An environment in which access to the Internet is available is necessary. (for example, through a contract with an Internet service provider)

(4) Monitor resolution

1024 x 768 or higher is recommended.

*Microsoft and Windows are registered trademarks or trademarks of Microsoft Corporation in the U.S. and other countries.

4. Security

You may exercise your voting rights safely due to the encryption technology (SSL 128 bit) used to protect your voting information from being tampered with or stolen.

The code for the exercise of voting rights and password provided on your Voting Rights Exercise Form are important to verify that the person voting is a genuine shareholder. Please maintain them as strictly confidential. In no event will the Company ask you your password.

5. Inquiries

If you have inquiries concerning the exercise of voting rights via the Internet:

Internet Help Dial, Stock Transfer Agent Department, Mizuho Trust & Banking Co., Ltd.

Phone: 0120-768-524 (toll free, available only in Japan)

(9:00 a.m. - 9:00 p.m., weekdays)

[To Institutional investors]

Institutional investors may use the electronic platform for the exercise of voting rights operated by ICJ Inc.

BUSINESS REPORT
(from April 1, 2012 to March 31, 2013)

1. Current Status of the Taiyo Yuden Group

(1) Review of operations

The business climate for the Group remained difficult, despite the fact that the world economy gradually turned toward improvement from the recent slowdown and movements in the exchange rate in the second half of the year were toward a weaker yen. In the electronics industry to which the Group belongs, despite continuing expansion of the smartphones and tablet PC markets, demand for electronic components was weak due to ongoing stagnation in the PC and television markets.

Under such difficult circumstances, the Group is implementing a structural reform balancing constitutional improvement measures with strategies for growth, with an eye toward achieving the goals outlined in the medium-term management plan ending in March of 2015. In the area of constitutional improvement measures, the Group carried out the overseas transfer of capacitors and inductors as a part of an effort to maximize the overseas manufacturing base. In the area of growth strategies, the Group took steps to expand sales of super high-end products such as capacitors/inductors and SAW/FBAR devices. As a result, the Group has returned to profitability.

By business segment, in the electronic components segment the Group expanded sales of products intended for the smartphone market, for which demand has continued to expand. This was accomplished mainly by enhancing the capacity of super high-end products such as 0402 and 0603 size ultra-small multilayer ceramic capacitors, small-size high capacitance multilayer ceramic capacitors, metal inductors using newly developed metallic magnetic materials (MCOIL™), high-frequency multilayer High-Q chip inductors and ultra-small multilayer chip inductors, and SAW/FBAR devices. In the optical media products and other segments, the Group is continuing its efforts to return the optical media products segment to profitability.

Consolidated net sales for the fiscal year totaled ¥192,903 million (up 5.0% year on year), and operating profit was ¥4,993 million (operating loss was ¥8,010 million in the previous fiscal year). As a result of a weakening yen beginning in the third quarter, the Group recorded ¥2,895 million in foreign exchange profit as non-operating income, and ordinary income totaled ¥7,260 million (ordinary loss was ¥9,070 million in the previous fiscal year). With the group recording a ¥905 million gain from the sale of fixed assets as extraordinary profits, and a ¥2,822 million settlement package as extraordinary losses, net profit totaled ¥2,000 million (net loss was ¥21,599 million in the previous fiscal year).

The average exchange rate during the fiscal year under review of ¥82.09 per the US dollar represents a weakening of ¥3.07 compared to the average value of the yen in the previous fiscal year of ¥79.02 per dollar.

Consolidated sales by business segment are as follows:

Consolidated Sales by Business Segment

By business segment	72nd Term (current fiscal year) from April 1, 2012 to March 31, 2013		Year-on-year changes	
	Amount	Percentage of total	Amount	Percentage of change
	(Millions of yen)	(%)	(Millions of yen)	(%)
Capacitors	89,852	46.6	7,056	8.5
Ferrite and applied products	28,490	14.7	560	2.0
Integrated Modules & Devices	47,804	24.8	1,762	3.8
Other electronic components	4,778	2.5	694	17.0
Optical media products	15,412	8.0	(739)	(4.6)
Other	6,565	3.4	(225)	(3.3)
Total	192,903	100.0	9,108	5.0

Notes: 1. The total amounts listed above are rounded down to the nearest million yen.

2. Beginning in the current fiscal year the "Modules" business unit was renamed "Integrated Modules & Devices" as a part of a restructuring of business operations. In addition, several major products were shifted to other business units: SAW/FBAR devices and high frequency integrated components were moved from "Other electronic components" to "Integrated modules & Devices", and energy devices were moved from "Capacitors" to "Other electronic components". Comparisons with the previous fiscal year are based on the new product classifications.

[Capacitors]

In the fiscal year under review, despite a year-on-year decrease in sales for consumer equipment, overall consolidated net sales increased 8.5% year on year to ¥89,852 million, driven by year-on-year increases in sales for communications equipment and components.

Main products: Multilayer ceramic capacitors

[Ferrite and applied products]

In the fiscal year under review, despite a year-on-year decrease in sales for consumer equipment and components, overall consolidated net sales increased 2.0% year on year to ¥28,490 million, driven by year-on-year increases in sales for information equipment and communications equipment.

Main products: Ferrite cores, various inductor products employing ferrite cores

[Integrated Modules & Devices]

In the fiscal year under review, despite a year-on-year decrease in sales of power supply modules and high frequency modules, overall consolidated net sales increased 3.8% year on year to ¥47,804 million, driven by a year-on-year increase in sales of SAW/FBAR devices.

Main products: SAW/FBAR devices, power supply modules, high-frequency module, embedded-parts multilayer wiring substrate

[Other electronic components]

In the fiscal year under review, overall consolidated net sales increased 17.0% year on year to ¥4,778 million.

Main products: Energy devices

[Optical media products]

In the fiscal year under review, overall consolidated net sales decreased 4.6% year on year to ¥15,412 million, driven by year-on-year decreases in sales of CD-R and DVD-R/DVD+R.

Main products: CD-R, DVD-R/DVD+R, BD-R

[Other]

Most sales in this segment are from the circuit design and mounting business conducted by subsidiary companies. Consolidated net sales in this segment were ¥6,565 million (down 3.3% year on year).

(2) Summary of assets and cost-volume-profits

Business terms	69th Term from April 1, 2009 to March 31, 2010	70th Term from April 1, 2010 to March 31, 2011	71st Term from April 1, 2011 to March 31, 2012	72nd Term (current fiscal year) from April 1, 2012 to March 31, 2013
Net sales (Millions of yen)	195,690	210,401	183,795	192,903
Ordinary income (loss) (Millions of yen)	1,966	6,740	(9,070)	7,260
Net profit (loss) (Millions of yen)	(680)	(5,506)	(21,599)	2,000
Net profit (loss) per share (Yen)	(5.78)	(46.82)	(183.70)	17.01
Total assets (Millions of yen)	236,361	221,272	208,461	225,927
Net assets (Millions of yen)	139,263	127,626	104,400	115,961
Net assets per share (Yen)	1,179.82	1,080.61	884.70	983.16

(3) Capital investment

Capital investment during the fiscal year under review amounted to ¥20,702 million on an acceptance basis (¥26,450 million during the previous fiscal year). This consists mainly of investment in facilities to increase production capacity of ceramic capacitors mainly for smartphones as well as of communications devices.

(4) Financing

During the fiscal year under review, the pre-maturity redemption of ¥19,635 million in Euroyen convertible bonds that were to mature in 2014 was carried out in April, 2012. In addition, the net balance of short-term loans payable increased by ¥10,765 million, and the Company borrowed ¥17,000 million in the long term, while repaying a long-term borrowing of ¥4,181 million.

For the purpose of financial stability, a commitment line of ¥10,000 million effective for three (3) years has been established. However, the Company has not used the line as of March 31, 2013.

(5) Business assignment, absorption-type company split, incorporation-type company split

On March 1st, 2013, the Company transferred all Company-held shares of its consolidated subsidiary Tsukiyono Denshi Co., Ltd.

(6) Acceptance of business assignment from other companies

Not applicable

(7) Succession of rights and obligations in connection with business of other companies, etc. through absorption-type merger or absorption-type company split

Not applicable

(8) Acquisitions or disposal of the stock, equity interests, or subscription rights to shares of other companies

Not applicable

(9) Mid-to-long term management strategies, target management indicators, and issues to be addressed

The Group is promoting structural reform consisting of constitutional improvement measures and growth strategies, with an eye toward effecting the Mid-term Management Plan ending the fiscal year ending March, 2015. As a growth strategy, the Group will offer highly marketable and sought-after super high-end products in a timely manner for high-growth devices such as smartphones and tablet PCs. In addition, the Group is working to boost its corporate value by targeting expanded sales in promising markets such as industrial equipment, automobiles, healthcare, and energy and environment.

The Group is also making continuous efforts for improvement in its financial strength and asset efficiency. As a target management indicator, the Group is focusing on cash flow management, with a goal of achieving consolidated return on equity (ROE) greater than 8% along with positive single-year cash flow and positive net cash in the fiscal year ending March 31, 2016.

The Group is being committed to improvement in profits and financial strength, taking measures by product as stated below:

1) Capacitors

The Group will enhance its super high-end products, both ultra-small multilayer ceramic capacitors and cutting edge products of various sizes, for high-growth devices such as smartphones and tablet PCs, and streamline systems in response to expansions in demand. Furthermore, product lineups for markets of high-quality products, such as industrial equipment, automobiles, and healthcare will be strengthened. In the high-capacitance zone over 100 μ F, the Group will promote an expansion of the market for its multilayer ceramic capacitors by proactively expanding into the market for electrolytic capacitors, with an eye to further growth. Meanwhile, as for its production systems, the Group will pursue highly efficient production at all of its production sites, while striving to make the maximum use of its overseas manufacturing base by accelerating overseas development of high-end products which had previously been produced in Japan.

2) Ferrite and applied products

In the areas of multilayer chip inductors and winding inductors, the Group will accelerate development of super high-end products that are more suited to customers' needs than ever before. In particular, with regard to power inductors the Group will strengthen its line-up of "MCOILTM," products employing new metallic materials that enable much smaller size and larger current, strategically launching them into the market and expanding relevant production capacity. Meanwhile, as with capacitors, the Group will strive to make the maximum use of overseas production sites and achieve highly efficient production.

3) Integrated modules & devices

A change in the business structure, from the previous business model centering on modules to a new model centering on integrated modules & devices, is currently being implemented. The Group will develop the high-frequency products business with SAW/FBAR technology at its core, proactively launch into the market for super high-end products using EOMIN®, an embedded-parts multilayer wiring substrate which was invented with the Group's unique technologies, and strengthen the power supply business that includes regeneration systems for the energy market. The Group will strive to establish a production system for SAW/FBAR devices, responding to the expansion of the smartphone and tablet PC markets and the increase in the number of installed devices.

4) Other electronic components

As products such as polyacene capacitors and lithium ion capacitors are developed, the Group will find applications in high-tech fields, and develop into the energy field to expand sales. In particular, the Group is strengthening its products for back-up power supply applications with high potential for future growth, such as devices that are used in smart meters, and centralized meter systems.

5) Optical media

Regarding CD-R, DVD-R, and BD-R products for consumer use, the Group is promoting a shift in business model in order to ensure stable earnings, while moving forward with production system optimization in response to a shrinking market.

In particular, the Group is promoting the creation and development of a market for archive-related products that leverage the Company's strength in delivering high quality products.

Your continued support will be greatly appreciated.

(10) Status of principal subsidiaries (as of March 31, 2013)

Name	Location	Capital stock	Percentage of equity participation of the Company	Principal business
TAIWAN TAIYO YUDEN CO., LTD.	Taiwan	NT\$333,500 thousand	100.0	Sale of Electronic Components
KOREA TAIYO YUDEN CO., LTD.	Korea	10,000 million WON	100.0	Production and Sale of Electronic Components
KOREA KYONG NAM TAIYO YUDEN CO., LTD.	Korea	59,758 million WON	100.0	Production of Electronic Components
HONG KONG TAIYO YUDEN CO., LTD.	Hong Kong	HK\$20,400 thousand	100.0	Sale of Electronic Components
DONGGUAN TAIYO YUDEN CO., LTD.	China	US\$16,000 thousand	100.0	Production of Electronic Components
TAIYO YUDEN (GUANGDONG) CO., LTD.	China	US\$69,550 thousand	100.0 (11.4)	Production of Electronic Components
TAIYO YUDEN (SHANGHAI) TRADING CO., LTD.	China	US\$223 thousand	100.0 (10.3)	Sale of Electronic Components
TAIYO YUDEN (CHINA) CO., LTD.	China	US\$30,000 thousand	100.0	Overall management of subsidiaries and affiliates in China
TAIYO YUDEN (SINGAPORE) PTE. LTD.	Singapore	S\$18,555 thousand	100.0	Sale of Electronic Components
TAIYO YUDEN (PHILIPPINES), INC.	Philippines	PP490 million	100.0	Production of Electronic Components
TAIYO YUDEN (SARAWAK) SDN. BHD.	Malaysia	MYR100 million	100.0	Production of Electronic Components
TAIYO YUDEN (U.S.A.) INC.	U.S.A.	US\$3,154 thousand	100.0	Sale of Electronic Components
TAIYO YUDEN EUROPE GmbH	Germany	EUR 204 thousand	100.0	Sale of Electronic Components
Niigata Taiyo Yuden Co., Ltd.	Niigata	¥1,000 million	100.0	Production of Electronic Components
Akagi Electronics Co., Ltd.	Gunma	¥325 million	100.0	Production and Sale of Electronic Components
That's Fukushima Co., Ltd.	Fukushima	¥300 million	100.0	Production of Optical Media Products, etc.
Victor Advanced Media Co., Ltd.	Tokyo	¥100 million	65.0	Sale of Optical Media Products, etc.
Taiyo Chemical Industry Co., Ltd.	Gunma	¥160 million	100.0	Production and Sale of Electronic Components
Chuki Seiki Co., Ltd.	Wakayama	¥100 million	100.0	Production of Electronic Components
TAIYO YUDEN Mobile Technology Co., Ltd.	Kanagawa	¥100 million	100.0	Production of Electronic Components

Notes: 1. Figures in parentheses shown under "Percentage of equity participation of the Company" is the percentage of indirect ownership.

- The Company possesses 34 consolidated subsidiaries, including the 20 companies listed in "Status of principal subsidiaries" above. The number of affiliates accounted for by the equity-method is one (1). The consolidated business performance in this fiscal year under review is described in the above "(1) Review of operations."
- On March 6, 2013, Victor Advanced Media Co., Ltd. carried out a ¥100 million reduction of capital without compensation, decreasing the amount of capital stock from ¥200 million to ¥100 million.
- On July 1, 2012, Taiyo Yuden Mobile Technology Co., Ltd. underwent a merger with its subsidiary Taiyo Yuden Mobile Technology Products Co., Ltd.

(11) Principal business (as of March 31, 2013)

Segment	Main products
Capacitors	Multilayer ceramic capacitors
Ferrite and applied products	Ferrite cores, various inductor products employing ferrite cores
Integrated modules & devices	SAW/FBAR devices, power supply modules, high-frequency modules, embedded-parts multilayer wiring substrate
Other electronic components	Energy devices
Optical media products	CD-R, DVD-R/DVD+R, BD-R
Other	Circuit design and mounting business conducted by subsidiaries

(12) Principal offices and plants (as of March 31, 2013)

1) Principal Company locations

Main offices	Head Office (Taito-ku, Tokyo)
	Takasaki Global Center (Takasaki-shi, Gunma)
Sales offices	Sendai (Sendai-shi, Miyagi)
	Gunma (Takasaki-shi, Gunma)
	Metropolitan (Taito-ku, Tokyo)
	Nagoya (Nagoya-shi, Aichi)
	Kansai (Osaka-shi, Osaka)
	Fukuoka (Fukuoka-shi, Fukuoka)
Production sites	Haruna Plant (Takasaki-shi, Gunma)
	Nakanojo Plant (Agatsuma-gun, Gunma)
	Tamamura Plant (Sawa-gun, Gunma)
	Yawatabara Plant (Takasaki-shi, Gunma)
Development site	R&D Center (Takasaki-shi, Gunma)

Note: As of October 17, 2012, the name of the “Egi Plant/Takasaki Global Center” was changed to “Takasaki Global Center”.

2) Principal locations of subsidiaries

Described in the above “(10) Status of principal subsidiaries.”

(13) Employees (as of March 31, 2013)

1) Employees of the Taiyo Yuden Group

Number of employees (persons)	Increase (decrease) from the previous fiscal year (persons)
15,915	(279)

Note: The number of employees is the number currently at work and does not include temporary employees.

2) Employees of the Company

Number of employees (persons)	Increase (decrease) from the previous fiscal year (persons)	Average age (years old)	Average years of service (years)
2,632	(345)	40.8	16.5

Notes: 1. The number of employees is the number currently at work and does not include temporary employees.

2. The primary reason for the reduction in the number of employees was a voluntary retirement package that was offered in association with a business structure reorganization.

(14) Major creditors (as of March 31, 2013)

Creditor	Loan outstanding (Millions of yen)
Sumitomo Mitsui Banking Corporation	15,440
Syndicated Loan	10,000
The Iyo Bank, Ltd.	7,876
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,896
The Gunma Bank, Ltd.	3,250

Note: Sumitomo Mitsui Banking Corporation is the lead bank for the syndicated loan.

(15) Other important matters concerning the current status of the Taiyo Yuden Group

Not applicable

2. Shares of the Company (as of March 31, 2013)

(1) **Total number of shares authorized to be issued:** 300,000,000 shares

(2) **Total number of shares issued:** 120,481,395 shares
(including 2,855,179 shares of treasury stock)

(3) **Number of shareholders:** 11,967

(4) Major shareholders (Top 10)

Name	Number of shares held (hundreds of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	188,028	15.9
Japan Trustee Services Bank, Ltd. (Trust Account)	103,551	8.8
THE BANK OF NEW YORK-JASDEC TREATY ACCOUNT	44,913	3.8
Sumitomo Mitsui Banking Corporation	40,000	3.4
The Iyo Bank, Ltd.	30,001	2.5
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	28,734	2.4
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	25,536	2.1
Nippon Life Insurance Company	23,805	2.0
BNY FOR GCM CLIENT ACCOUNTS (E) BD	19,595	1.6
Satou Koutsu Iji Fukushikikin Public Interest Incorporated Foundation	19,166	1.6

Notes: 1. The Company holds 2,855,179 shares of treasury stock, however, it is excluded from the above-mentioned major shareholders.

2. Shareholding ratio is calculated excluding the number of shares of treasury stock.

(5) Other important matters concerning shares of the Company

Not applicable

3. Status of Subscription Rights to Shares (as of March 31, 2013)

(1) Status of subscription rights to shares held by Corporate Officers of the Company delivered as a consideration for the execution of their duties

Name	Period of service	Date of resolution for issuance	Number of Directors subject to the allotment of subscription rights to shares (excluding Outside Directors)	Total number of subscription rights to shares	Class and number of shares to be issued or transferred upon exercise of the subscription rights to shares	Exercisable period for the subscription rights to shares
June 2005 Issue of subscription rights to shares	July 2004 through June 2005	June 29, 2005	1 Director	8 units	8,000 shares of the common stock of the Company	June 30, 2005 through July 31, 2025
August 2006 Issue of subscription rights to shares	July 2005 through June 2006	July 31, 2006	2 Directors	13 units	13,000 shares of the common stock of the Company	August 24, 2006 through August 23, 2026
1st July 2007 Issue of subscription rights to shares	July 2006 through March 2007	June 28, 2007	4 Directors	17 units	17,000 shares of the common stock of the Company	July 14, 2007 through July 13, 2027
2nd July 2007 Issue of subscription rights to shares	April 2007 through March 2008	June 28, 2007	4 Directors	25 units	25,000 shares of the common stock of the Company	July 14, 2007 through July 13, 2027
June 2008 Issue of subscription rights to shares	April 2008 through March 2009	June 27, 2008	4 Directors	25 units	25,000 shares of the common stock of the Company	July 15, 2008 through July 14, 2028
May 2009 Issue of subscription rights to shares	April 2009 through March 2010	May 25, 2009	4 Directors	25 units	25,000 shares of the common stock of the Company	June 10, 2009 through June 9, 2029
June 2010 Issue of subscription rights to shares	April 2010 through March 2011	June 29, 2010	5 Directors	30 units	30,000 shares of the common stock of the Company	July 22, 2010 through July 21, 2030
June 2011 Issue of subscription rights to shares	April 2011 through March 2012	June 29, 2011	6 Directors	36 units	36,000 shares of the common stock of the Company	July 14, 2011 through July 13, 2031
April 2012 Issue of subscription rights to shares	April 2012 through March 2013	April 25, 2012	6 Directors	36 units	36,000 shares of the common stock of the Company	May 11, 2012 through May 10, 2032

(2) Main requirements for the exercise of subscription rights to shares, etc.

1) Common requirements for the exercise of subscription rights to shares issued from June 2005 to April 2012

1. The holder of the subscription rights to shares may exercise his or her rights only within ten (10) days from the day following the retirement as Director of the Company.
2. Notwithstanding the above condition 1., the holder of the subscription rights to shares may exercise his or her subscription rights to shares in the case falling under the following items within a period set forth as follows.
 - a) If the holder of the subscription rights to shares does not become entitled to exercise the subscription rights to shares within nineteen (19) years and eleven (11) months from the date of resolution for issuance, the holder of subscription rights to shares may exercise his or her rights within one (1) month from the day following the day when nineteen (19) years and eleven (11) months have elapsed from the date of resolution for issuance.
 - b) If a proposal for a merger agreement under which the Company is to be merged as a dissolving company, or a share exchange agreement or a share transfer under which the Company is to become a wholly owned subsidiary is approved at a General Meeting of Shareholders of the Company, the holder of subscription rights to shares may exercise his or her rights within ten (10) days from the day after such approval date.
 - c) Upon the death of the holder of subscription rights to shares, his or her heir (limited to one heir) may exercise the subscription rights to shares within three (3) months from the day following such death.
3. The holder of subscription rights to shares may not partially exercise any unit of the subscription rights to shares.
4. Subscription rights to shares shall be granted without consideration.
5. The value of assets contributed upon the exercise of subscription rights to shares shall be ¥1 per share.
6. Any other terms and conditions shall be governed by a “Contract for Allotment of Subscription Rights to Shares” entered into between the Company and the Director to whom the subscription rights to shares have been allotted in accordance with resolutions adopted at the General Meeting of Shareholders and at the Meeting of the Board of Directors.

2) Reasons and conditions for cancellation of the subscription rights to shares issued in June 2005

1. The Company may, without consideration, cancel subscription rights to shares that have not been exercised within the period set forth in 2. b) under “1) Common requirements for the subscription rights to shares issued from June 2005 to April 2012.”
2. The Company may, at any time, cancel subscription rights to shares acquired and held by the Company without consideration.

3) Terms and conditions for the acquisition of subscription rights to shares issued in and after August 2006

If a holder of subscription rights to shares can no longer exercise his or her subscription rights to shares under “1) Common requirements for the subscription rights to shares issued from June 2005 to April 2012” and loses his or her rights based on the stipulations set forth in the “Contract for Allotment of Subscription Rights to Shares,” the Company may acquire such subscription rights to shares without consideration.

Note: The June 2005, August 2006 and first July 2007 issue of subscription rights to shares were granted upon approval at the General Meeting of Shareholders after the end of the fiscal term. However, from the second July 2007 issue onward, the form in which the Rights were granted changed due to the Rights issued being accounted to expenses at the beginning of the fiscal term as part of Directors’ bonuses.

(3) Status of the subscription rights to shares delivered during the fiscal year under review

Not applicable

(4) Other important matters concerning the subscription rights to shares

- 1) Euroyen convertible bond type-bonds with subscription rights to shares due in 2014 and issued by resolution at the Meeting of the Board of Directors held on April 11, 2007.

On April 27, 2012, ¥19,635 million in bonds accounting for 98.2% of the total amount of issued bonds (¥20 billion) were subject to advanced redemption by the volition of the bondholders; as of March 31, 2013, the outstanding balance of bonds was ¥365 million.

[Description of subscription rights to shares]	
Number of subscription rights to shares underlying the bonds	73
Class and number of shares underlying subscription rights	The class of share underlying subscription rights shall be common stock. The number of shares of common stock of the Company to be delivered upon the exercise of the subscription rights to shares shall be the total face value on the bonds for which a request for exercise was made divided by the conversion price.
Amount paid for subscription rights to shares	No payment necessary in exchange for subscription rights to shares
Description and value of the assets contributed upon the exercise of subscription rights to shares	1) Upon the exercise of subscription rights to shares, bonds with the subscription rights to shares are contributed and the value of said bonds shall be identical to the amount paid. 2) The conversion price is, initially, ¥3,746.
Exercise period of subscription rights to shares	From May 11, 2007 to end of bank business hours on April 14, 2014 (local time at location of exercise request)

4. Corporate Officers (as of March 31, 2013)

(1) Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities in the Company and significant concurrent positions
Chairman and Representative Director	Yoshiro Kanzaki	
President and Representative Director	Eiji Watanuki	
Director and Senior Executive Operating Officer	Katsumi Yanagisawa	In charge of Electronic Components Business
Director and Executive Operating Officer	Shoichi Tosaka	In charge of Development/Engineering and Quality Assurance, New Business Planning, and Optical Media Business
Director and Senior Operating Officer	Seiichi Tsutsumi	In charge of Integrated Modules & Devices Business, Chief of Integrated Modules & Devices Business Headquarters
Director and Senior Operating Officer	Osamu Takahashi	In charge of Management Planning, Chief of Management Planning Headquarters
Director (Outside / Independent Officer)	Yuji Iwanaga	Partner of Pillsbury Winthrop Shaw Pittman LLP Outside Director of JMS North America Corporation Outside Director of SEGA SAMMY HOLDINGS INC.
Director (Outside / Independent Officer)	Hisaji Agata	Special Adviser of HIBIKI Partners Co., Ltd. Outside Audit & Supervisory Board Member of RaQualia Pharma Inc.
Audit & Supervisory Board Member (Full-time)	Norio Osakabe	
Audit & Supervisory Board Member (Full-time)	Mamoru Yamaki	
Audit & Supervisory Board Member (Outside / Independent Officer)	Tomonori Akisaka	Professor at Professional Graduate School of Meiji University
Audit & Supervisory Board Member (Outside / Independent Officer)	Kazuhiro Yamakawa	Professor at College of Law of Nihon University

- Notes: 1. Directors Yuji Iwanaga and Hisaji Agata are Outside Directors (Independent Officers).
2. Audit & Supervisory Board Members Tomonori Akisaka and Kazuhiro Yamakawa are Outside Audit & Supervisory Board Members (Independent Officers).
3. Director Yuji Iwanaga and Audit & Supervisory Board Member Kazuhiro Yamakawa are attorneys.
4. Audit & Supervisory Board Member Tomonori Akisaka is a certified public accountant and has obtained considerable expert knowledge in finance and accounting.
5. The Company has no special relationship with the organizations where outside Corporate Officers are concurrently serving.
6. Resignations of Directors during the fiscal year under review are as follows:
Takashi Tomaru and Akihiko Mochizuki resigned from their positions as Director at the conclusion of the 71st Ordinary General Meeting of Shareholders held on June 28, 2012.
7. Changes in position or responsibilities of Directors in the fiscal year under review are as follows:

Name	New position and responsibilities	Former position and responsibilities	Date of revision
Shoichi Tosaka	Director and Executive Operating Officer, in charge of Development/Engineering and Quality Assurance, New Business Planning, and Optical Media Business	Director and Senior Executive Operating Officer, in charge of Development/Engineering, Quality Assurance, and New Business Planning of the Company	June 28, 2012

8. Changes in responsibilities of Directors in and after the fiscal year under review are as follows:

Name	New responsibilities	Former responsibilities	Date of revision
Shoichi Tosaka	In charge of Development/Engineering, Quality Assurance	In charge of Development/Engineering and Quality Assurance, New Business Planning, and Optical Media Business	April 1, 2013
Osamu Takahashi	In charge of Strategic Projects, Chief of Strategic Projects Headquarters	In charge of Management Planning, Chief of Management Planning Headquarters	April 1, 2013

(2) Remuneration paid to Directors and Audit & Supervisory Board Members

1) Policy to determine the remuneration paid to Corporate Officers and its contents

1. Policy to determine the remuneration paid to Corporate Officers

- a) The Company shall provide transparent and fair remuneration based on quantitative guidelines.
- b) The company shall employ appropriate standards for remuneration which take into account the situation of competitors as well as economic and social conditions.
- c) The Company shall employ a remuneration system emphasizing incentives coupled to business performance for the purpose of improving business performance.

2. Contents of policy

In order to ensure the transparency and fairness of the process to determine remuneration paid to Officers, a Remuneration Committee has been established as an advisory panel to the Board of Directors. The Remuneration Committee, with an independent Outside Director as chairperson, deliberates and reports on matters pertaining to Director remuneration such as overall policy, dispensation, calculation methods, and contents of the remunerations for individual Directors. After the Remuneration Committee has deliberated and reported, specific remunerations for Directors are determined at the Board of Directors meeting, and specific remunerations for Audit & Supervisory Board Members are determined at the Audit & Supervisory Board meeting, within the limits of remunerations approved at the general meeting of shareholders, and with the amount of remunerations calculated based on rules and regulations established by the Company.

a) The system for remuneration paid to Directors is as follows.

For Directors who also serve as Corporate Officers, because said Directors are expected to achieve business performance through management, remuneration consists of a fixed “monthly remuneration,” a performance-coupled “Director bonus” and “stock option remuneration.”

“Monthly remuneration”

Fixed remuneration that is distributed based on roles and responsibilities.

“Director bonus”

Performance-linked remuneration that is calculated based on consolidated business performance benchmarks each term and distributed amongst Directors in proportion to relative position and contribution to business performance.

“Stock option remuneration”

Stock options are granted as compensation each year according to position, with the aim of improving mid- and long-term corporate value.

In the interest of maintaining independence, Outside Directors receive only “monthly remuneration”, with no performance-coupled remuneration.

b) In the interest of promoting impartial audits, the remuneration system for Audit & Supervisory Board Members consists of “monthly remuneration” only,

2) Total remuneration paid to Directors and Audit & Supervisory Board Members for the fiscal year under review

	Number of persons paid and total amount of remuneration		Content					
			Monthly remuneration		Director bonus		Stock option remuneration	
	Number of persons	Total (Millions of yen)	Number of persons	Total (Millions of yen)	Number of persons	Total (Millions of yen)	Number of persons	Total (Millions of yen)
Directors	10	228	10	155	6	45	8	28
Audit & Supervisory Board Members	4	57	4	57	-	-	-	-
Total	14	285	14	212	6	45	8	28
(Outside Directors and Outside Audit & Supervisory Board Members)	(4)	(28)	(4)	(28)	(-)	(-)	(-)	(-)

- Notes: 1. The "Number of persons" refers to the number of persons subject to remuneration for the fiscal year under review, not the number of persons in office.
2. The limit of remunerations paid to Directors was resolved to be ¥450 million or less per year at the 66th Ordinary General Meeting of Shareholders held on June 28, 2007. The limit of remunerations paid to Audit & Supervisory Board Members was resolved to be ¥6 million or less per month at the 52nd Ordinary General Meeting of Shareholders held on June 29, 1993.
3. Figures are rounded down to the nearest million yen.

(3) Outside Directors and Outside Audit & Supervisory Board Members

- 1) Relationship between the Company and other organizations where significant concurrent positions are held

Classification	Name	Other organizations where significant concurrent positions are held	Relationship between the Company and other organizations
Outside Director	Yuji Iwanaga	Partner of Pillsbury Winthrop Shaw Pittman LLP Outside Director of JMS North America Corporation Outside Director of SEGA SAMMY HOLDINGS INC.	No special relationship
Outside Director	Hisaji Agata	Special Adviser of HIBIKI Partners Co., Ltd. Outside Audit & Supervisory Board Member of RaQualia Pharma Inc.	No special relationship
Outside Audit & Supervisory Board Member	Tomonori Akisaka	Professor at Professional Graduate School of Meiji University	No special relationship
Outside Audit & Supervisory Board Member	Kazuhiro Yamakawa	Professor at College of Law of Nihon University	No special relationship

- 2) Relationship with major business partners and other special related business operators

Not applicable

- 3) Main activities in the fiscal year under review

Classification, Name	Attendance at meetings of the Board of Directors (held 18 times)	Attendance at meetings of the Audit & Supervisory Board (held 19 times)	Main activities
Outside Director Yuji Iwanaga	14 times (Attendance rate: 77.7%)	-	Mr. Iwanaga contributes to these meetings with appropriate comments on proposals and deliberations based mainly on his professional perspective as an attorney.
Outside Director Hisaji Agata	18 times (Attendance rate: 100.0%)	-	Mr. Agata also serves as advisor to other companies, and contributes to these meetings with appropriate comments on management strategies and other matters based mainly on his professional perspective with respect to corporate management.
Outside Audit & Supervisory Board Member Tomonori Akisaka	16 times (Attendance rate: 88.8%)	17 times (Attendance rate: 89.4%)	Mr. Akisaka contributes to these meetings with appropriate comments on issues concerning the maintenance of legitimacy in the decision-making of the Board of Directors, the establishment and maintenance, etc. of the compliance structure of the Company and other matters based mainly on his deep insight cultivated as a graduate school professor and his professional perspective as a certified public accountant.
Outside Audit & Supervisory Board Member Kazuhiro Yamakawa	15 times (Attendance rate: 83.3%)	18 times (Attendance rate: 94.7%)	Mr. Yamakawa contributes to these meetings with appropriate comments on issues concerning the maintenance of legitimacy in the decision-making of the Board of Directors, the establishment and maintenance, etc. of the compliance structure of the Company and other matters based mainly on his deep insight cultivated as a university professor and his professional perspective as an attorney.

(4) Liability Limitation Agreement

Based on the stipulations of Article 427, Paragraph 1 of the Companies Act, the Company has established in its articles of incorporation the right to enter into agreements with Outside Directors and Outside Audit & Supervisory Board Members which limit the liability of such Outside Directors and Outside Audit & Supervisory Board Members for damages.

The outline of the Liability Limitation Agreements entered into between the Company and Outside Directors Yuji Iwanaga and Hisaji Agata, and Outside Audit & Supervisory Board Members Tomonori Akisaka and Kazuhiro Yamakawa, in accordance with the Company's articles of incorporation are as follows.

1) Liability Limitation Agreement for Outside Directors

The Outside Director shall be liable to the Company for damages caused in relation to a failure to perform his or her duty up to the minimum amount prescribed in the provision of Article 425, Paragraph 1 of the Companies Act, as long as the Outside Director performs his or her duty in good faith and without gross negligence.

2) Liability Limitation Agreement for Outside Audit & Supervisory Board Members

The Outside Audit & Supervisory Board Member shall be liable to the Company for damages caused in relation to a failure perform his or her duty up to the minimum amount prescribed in the provision of Article 425, Paragraph 1 of the Companies Act, as long as the Outside Audit & Supervisory Board Member performs his or her duty in good faith and without gross negligence.

(5) Other important matters concerning Directors and Audit & Supervisory Board Members

Not applicable

5. Accounting Auditor

(1) Name of Accounting Auditors

KPMG AZSA LLC

(2) Amount of remuneration paid or payable to Accounting Auditors for the fiscal year under review

(Millions of yen)

	Amount
1) Remuneration paid or payable to the Accounting Auditors for the Company	63
2) Remuneration or other financial interests paid or payable to the Accounting Auditors for the Company and subsidiaries	67

Notes: 1. The Audit Contract between the Company and the Accounting Auditors does not separate the Remuneration Concerning the Audit described by the Companies Act from the Compensation Concerning the Audit described by the Financial Instruments and Exchange Act. Accordingly, the amount of 1) described above represents the total amount of these compensations.

2. Certified public accountants or auditing firms other than KPMG AZSA LLC are in charge of auditing the principal foreign subsidiaries of the Company.

(3) Business affairs other than accounting audits

The Company has entrusted advisory service concerning IFRS (International Financial Reporting Standards) to the Accounting Auditors.

(4) Policy for determining the dismissal or non-reappointment of Accounting Auditors

If Accounting Auditors is deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act by the Board of Audit & Supervisory Board Members, such Accounting Auditors shall be dismissed in agreement of all Audit & Supervisory Board Members. Further, the Company determines whether to reappoint Accounting Auditors, based on consideration and assessment of the performance of duties exercised by the Accounting Auditors.

(5) Matters concerning existing suspension of business

Not applicable

(6) Matters concerning suspensions of business over the last two (2) years that the Company deems should be included in the Business Report

Not applicable

(7) Matters concerning Liability Limitation Agreements

Not applicable

(8) Matters concerning names and other information of Accounting Auditors who resigned or were dismissed during the fiscal year under review

Not applicable

6. Details of the Resolutions on the Establishment and Maintenance of Systems for Ensuring Appropriate Conduct of Operations

(1) System for ensuring that the Directors perform their duties in accordance with laws, regulations and the Articles of Incorporation

The Company has established an Audit & Supervisory Board, and also has elected two Outside Directors. Judging that there is no possibility of conflict of interests between all of four Outside Directors and Outside Audit & Supervisory Board Members and general shareholders, the Company has designated them as Independent Officers as set forth in the Securities Listing Regulations of Tokyo Stock Exchange, Inc. (A summary of the Company's standards for independence of Outside Directors/Outside Audit & Supervisory Board Members is given on page 12 of the "Reference Documents for the General Meeting of Shareholders"). The Company will enhance functions to supervise management with close cooperation with the Audit & Supervisory Board and the internal audit department.

Specifically, the following measures are taken.

- 1) In order to ensure fairness of meetings and strengthen functions to supervise management, the Board of Directors shall be chaired by the Chairman of Board of Directors (Outside Directors, if the Chairman of Board of Directors is absent or unable to act as the chairman).
- 2) Operating Officers are in place in order to participate in corporate decision-making, and to further clarify roles and responsibilities of Directors who monitor and mutually supervise the management of business, and persons who conduct the management of business. The Operating Officers shall conduct business flexibly and quickly as manager of business operations in the scope entrusted by the Board of Directors, under the direction of President and Representative Director, in accordance with management policies and strategies determined at meetings of the Board of Directors.
- 3) For the purpose of conducting "highly transparent and fair management," as shown below, the Company has established a Nominations Committee which discusses personnel matters concerning Directors, Audit & Supervisory Board Members, and Operating Officers (hereinafter collectively referred to as Officers) and submits reports to the Board of Directors, as well as a Remuneration Committee which deliberates remunerations to Officers, etc. and submits reports to the Board of Directors. The both Committees consist of Directors with a rank of Executive Operating Officer or higher and Outside Directors, and are chaired by Outside Directors who are Independent Officers in order to ensure the objectivity of deliberations. Matters to be deliberated by the both Committees shall be determined by the Board of Directors. One Audit & Supervisory Board Member, designated by the Audit & Supervisory Board, shall attend meetings of the both Committees to audit appropriate execution of duties by Directors.
- 4) In order to clarify management responsibilities during a given fiscal year and increase shareholders' confidence, Directors' term of office is one (1) year.
- 5) Internal control regarding financial reports is operated and managed for the purpose of ensuring the reliability of financial reports and the appropriate disclosure of "Internal Control Reports" provided for by the Financial Instruments and Exchange Act. A special group assesses the operation and the management, and takes corrective actions as needed.
- 6) In accordance with the "regulation concerning timely disclosure of corporate information by issuers" set forth in the Securities Listing Regulations, the Company shall endeavor to carry out swift and fair disclosure of Company information to shareholders and investors.

(2) System for the ensuring that the employees perform their duties in accordance with laws, regulations and the Articles of Incorporation

- 1) In order to comply with laws and regulations, the Articles of Incorporation, internal rules and corporate ethics, the "Declaration of CSR Conduct for the Taiyo Yuden Group" and the "CSR Code of Conduct" has been formulated, and all Directors, Operating Officers and employees of the Group are required to fully conform to such Code of Conduct. In the Group companies, compliance systems are established and relevant activities are promoted.
- 2) In accordance with the compliance management system for all Group companies, Plan-Do-Check-Action activity is promoted to improve the level of compliance. In addition, a Compliance and Risk Management Committee is in place to monitor activities regarding compliance management systems on a regular basis.
- 3) An "Internal Audit Office" is established separately from other operating departments to conduct internal audits on a Group wide scale from the standpoint of compliance.

- 4) A firm and uncompromising stance will be taken on an organizational basis against antisocial movements or groups that threaten the order and security of civil society.

(3) System for the storage and management of information with regard to the execution of duties by Directors

- 1) The following important information concerning the execution of duties by Directors is stored and managed together with relevant materials, in accordance with the internal rules.
 - i) Minutes of the General Meeting of Shareholders
 - ii) Minutes of the Meetings of the Board of Directors
 - iii) Minutes of the Meetings of the Management Implementation Committee
 - iv) Minutes of TM Meetings
 - v) Minutes of the Meetings of the Nominations Committee
 - vi) Minutes of the Meetings of the Remuneration Committee
- 2) In addition to the above, minutes to other meetings, records pertaining to decisions, and other important documents regarding execution of duties by Directors are stored and managed in accordance with laws, regulations and internal rules, enhancing the strength of the information security system.

(4) Rules and other aspects of the system for managing risks of loss

- 1) The Plan-Do-Check-Action activity is promoted in accordance with the risk management system for all Group companies, in order to identify anticipated general corporate risks, and avoid or reduce such risks. The Compliance and Risk Management Committee is in place to monitor activities regarding risk management systems on a regular basis.
- 2) In the event of a natural disaster, epidemic, terrorist act or other unforeseen circumstance, a Business Continuity and Risk Management Committee takes initiatives to establish emergency systems and implements measures to minimize losses for business continuity, in accordance with the company-wide regulations for countering business continuity risks.

(5) System for ensuring the duties of Directors are efficiently performed

- 1) In order to make execution of duties by Directors more efficient, Operating Officers are in place.
- 2) In order to make decision-making by the Board of Directors more efficient, the Management Implementation Committee is in place, which consists of all Operating Officers, and deliberates policy matters regarding business operations.
- 3) TM Meetings consisting of Directors with a rank of Executive Operating Officer or higher are established to deliberate and swiftly and flexibly make a determination on personnel-related matters which are important in terms of management.
- 4) The Board of Directors clarifies company-wide objectives by formulating mid-term plans and annual business plans. Operating Officers execute their duties efficiently by establishing concrete goals and policies in line with said objectives.
- 5) Operating Officers promptly report corporate business results to the Board of Directors using IT. The Board of Directors reviews the results, and eliminates and improves factors impairing business efficiency.

(6) System for ensuring appropriate business operations within the Company and within the Group consisting of a parent company and subsidiaries

- 1) The “Declaration of CSR Conduct for the Taiyo Yuden Group” and the “CSR Code of Conduct” are disseminated within Group companies to raise their awareness about compliance with laws.
- 2) As per the “Group Management Rules,” a system that allows appropriate decision-making among Group companies and communication between the parent company and subsidiaries is maintained.
- 3) Under direction of the Compliance and Risk Management Committee, the Internal Control Department provides instruction and support to enable each Group company to establish and maintain appropriate internal control systems in order to improve effectiveness of internal control in Group companies, in cooperation with relevant department of each Group company.

4) The Internal Audit Office monitors whether business operations of Group companies are conducted appropriately and efficiently.

(7) System for reporting to Audit & Supervisory Board Members by Directors and employees, and other systems for reporting to Audit & Supervisory Board Members

1) Directors and employees promptly report important items to Audit & Supervisory Board Members, as per the “Guidelines for Reporting to Audit & Supervisory Board Members (Board).”

2) A system for the direct report to Audit & Supervisory Board Members is maintained as per the internal report regulations.

(8) Matters regarding employees appointed to support Audit & Supervisory Board Members when so requested by Audit & Supervisory Board Members, and matters regarding the independence of the appointed employees from Directors

Employees are appointed to support Audit & Supervisory Board Members when so requested by the same. The Audit & Supervisory Board Members are directly involved in the transfer, performance evaluation and other items related to the employees concerned, so that their independence from Directors is assured.

(9) Other system for ensuring effective auditing by the Audit & Supervisory Board Members

1) Audit & Supervisory Board Members participate in important meetings on managerial matters, such as Management Implementation Committee meetings, TM Meetings, Remuneration Committee meetings and Nominations Committee meetings, obtain information necessary to audit the appropriate execution of duties by Directors, interview Directors, Operating Officers, and employees as needed, and maintain an environment that enables access to relevant records.

2) Audit & Supervisory Board Members periodically exchange information with the Internal Audit Office, receive reports on internal audit plans of the Office and their implementation, and conduct joint audits as needed, maintaining an environment conducive to seamless cooperation.

3) Directors, Operating Officers and employees cooperate with Accounting Auditors by request from Audit & Supervisory Board Members.

7. Basic Policy on the Control over the Company

(1) Basic policy

The shares of the Company are in principle freely tradable, and are traded freely and actively on markets by numerous investors. Therefore, the Company believes that the persons to control decision-making over the financial and business policies of the Company should be decided through free trading in the shares of the Company, and that the final decision as to whether to accept a purchase offer for shares in a volume that will enable the purchaser to control decision-making over the financial and business policies of the Company should be made based on the free will of all shareholders.

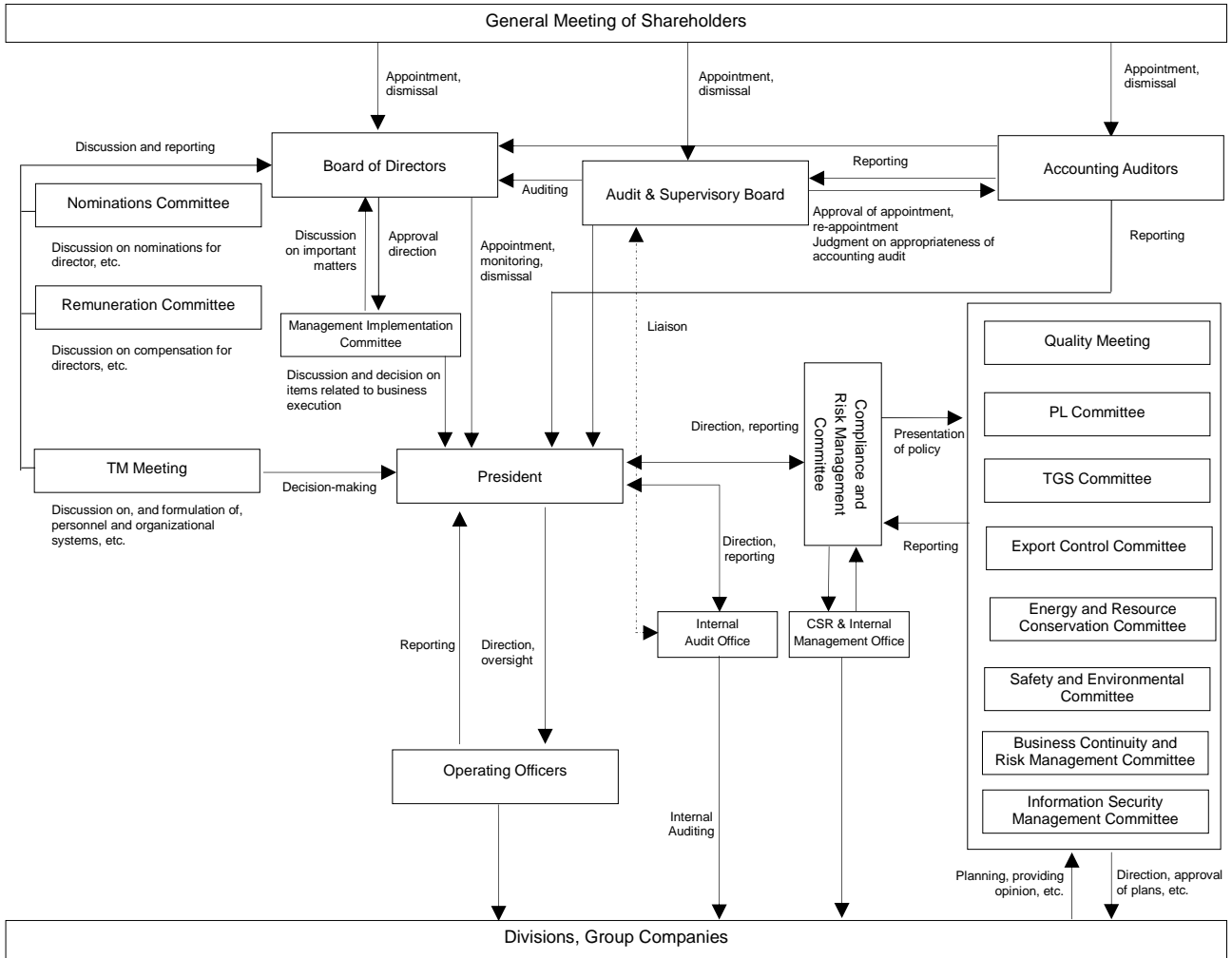
Meanwhile, the Company believes that persons who control decision-making over the financial and business policies of the Company must be able to maintain trust relationships among the various stakeholders such as shareholders, and protect and enhance the corporate value of the Company and the common interests of the shareholders over the mid-to-long term.

Therefore, the Company believes that persons who make inappropriate large-scale purchase offers or perform similar actions that may harm the corporate value of the Company or common interests of the shareholders are not suited to control decision-making over the financial and business policies of the Company. In the case that such persons make large-scale purchase offers of the Company's stock, the Company will try to disclose information in a proper and timely manner and take actions which are appropriate at that point in time, aiming at ensuring and improving the common interests of the shareholders.

(2) Efforts to realize the basic policy

The Company believes that further achievement of management from the shareholder's perspective through the consistent execution of the Mid-term Management Plan and the strengthening of corporate governance will lead to the protection and enhancement of corporate value of the Company and the common interests of the shareholders. Thus, the Company is implementing the efforts listed above in "1. (9) Mid-to-long term management strategies, target management indicators, and issues to be addressed" (page 19), and "6. (1) System for ensuring that the Directors perform their duties in accordance with laws, regulations and the Articles of Incorporation" (page 33).

[Structure of corporate governance]



CONSOLIDATED BALANCE SHEETS

(Millions of yen)

Account item	72nd Fiscal Term (as of March 31, 2013)	(Reference) 71st Fiscal Term (as of March 31, 2012)
	Amount	Amount
(ASSETS)		
Current assets	117,332	104,398
Cash and deposits	35,356	27,912
Trade notes and accounts receivable	41,655	41,865
Merchandise and finished goods	15,023	13,099
Work in process	11,086	8,529
Raw materials and supplies	9,832	8,920
Deferred tax assets	536	404
Other	4,112	3,956
Allowance for doubtful receivables	(271)	(289)
Non-current assets	108,594	104,062
Property, plant and equipment	98,774	94,021
Buildings and structures	68,214	64,204
Machinery and transportation equipment	212,367	192,930
Tools, furniture and fixtures	19,262	18,212
Land	7,689	7,686
Construction in progress	9,357	10,396
Accumulated depreciation	(218,116)	(199,409)
Intangible assets	2,025	2,624
Goodwill	1,201	1,801
Other	824	823
Investments and other assets	7,794	7,416
Investment securities	4,360	4,550
Deferred tax assets	838	579
Other	2,876	2,532
Allowance for doubtful receivables	(282)	(246)
Total Assets	225,927	208,461

CONSOLIDATED BALANCE SHEETS (continued)

(Millions of yen)

Account item	72nd Fiscal Term (as of March 31, 2013)	(Reference) 71st Fiscal Term (as of March 31, 2012)
	Amount	Amount
(LIABILITIES)		
Current liabilities	64,443	69,757
Trade notes and accounts payable	17,950	15,345
Current portion of convertible bond type-bonds with subscription rights to shares	-	19,635
Short-term loans payable	20,242	9,031
Current portion of long-term loans payable	4,899	4,147
Other accounts payable	8,713	7,593
Income tax payable	1,049	586
Deferred tax liabilities	697	615
Reserve for bonuses	2,981	1,741
Reserve for bonuses for Directors and Audit & Supervisory Board Members	75	-
Provision for business structure improvement	-	474
Other	7,835	10,585
Long-term liabilities	45,522	34,303
Bonds payable	8,000	8,000
Convertible bond type-bonds with subscription rights to shares	365	365
Long-term loans payable	29,364	17,297
Lease obligations	1,010	1,662
Deferred tax liabilities	4,377	3,649
Liabilities for employees' retirement benefits	1,263	1,659
Liabilities for retirement benefits for Directors and Audit & Supervisory Board Members	125	107
Negative goodwill	10	31
Other	1,004	1,530
Total Liabilities	109,966	104,061
(NET ASSETS)		
Shareholders' equity	129,415	128,222
Common stock	23,557	23,557
Capital surplus	41,484	41,471
Retained earnings	67,938	66,820
Treasury stock	(3,564)	(3,625)
Accumulated other comprehensive income	(13,769)	(24,198)
Unrealized holding gains on securities	562	433
Deferred gain or loss on derivatives under hedge accounting	14	5
Foreign currency translation adjustments	(14,346)	(24,637)
Subscription rights to shares	274	329
Minority interests	40	46
Total Net Assets	115,961	104,400
Total Liabilities and Net Assets	225,927	208,461

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

Account item	72nd Fiscal Term (from April 1, 2012 to March 31, 2013)		(Reference) 71st Fiscal Term (from April 1, 2011 to March 31, 2012)	
	Amount		Amount	
Net sales		192,903		183,795
Cost of sales		155,100		157,064
Gross profit		37,803		26,731
Selling expenses and general and administrative expenses		32,809		34,742
Operating income (loss)		4,993		(8,010)
Other income				
Interest income	149		183	
Dividend income	88		93	
Foreign exchange profit	2,895		-	
Equity in earnings of affiliates	7		69	
Subsidies	121		71	
Life insurance dividends income	69		40	
Other	240	3,571	179	638
Other expenses				
Interest expenses	556		410	
Interest on bonds	73		11	
Bond issuance cost	-		40	
Loss on foreign exchange	-		526	
Depreciation of inactive non-current assets	418		349	
Other	255	1,304	360	1,698
Ordinary income (loss)		7,260		(9,070)
Extraordinary gains				
Gains on sale of property, plant and equipment	905		29	
Gain on change of employee retirement benefit plan	-		55	
Gain on negative goodwill	-		11	
Other	63	969	-	96
Extraordinary losses				
Loss on retirement and sale of property, plant and equipment	217		495	
Impairment loss	345		268	
Loss on disposal of inventories	135		141	
Loss on devaluation of investment securities	427		442	
Settlement packages	2,822		-	
Business structure improvement expenses	254		4,276	
Other	4	4,207	25	5,650
Net income or loss before income taxes and minority interests		4,021		(14,624)
Income taxes	1,737		1,139	
Deferred income taxes	277	2,014	5,831	6,971
Net income or loss before minority interests		2,007		(21,595)
Minority interests in income		6		4
Net income or loss		2,000		(21,599)

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(Millions of yen)

Account item			72nd Fiscal Term (from April 1, 2012 to March 31, 2013)	(Reference) 71st Fiscal Term (from April 1, 2011 to March 31, 2012)
			Amount	Amount
Shareholders' equity	Common stock	Balance at beginning of the term	23,557	23,557
		Balance at end of the term	23,557	23,557
	Capital surplus	Balance at beginning of the term	41,471	41,471
		Change during the term		
		Disposition of treasury stock	12	-
		Total change during the term	12	-
		Balance at end of the term	41,484	41,471
	Retained earnings	Balance at beginning of the term	66,820	89,301
		Change during the term		
		Dividends from surplus	(882)	(881)
		Net profit (loss)	2,000	(21,599)
		Total change during the term	1,118	(22,481)
		Balance at end of the term	67,938	66,820
	Treasury stock	Balance at beginning of the term	(3,625)	(3,620)
		Change during the term		
		Acquisition of treasury stock	(8)	(4)
		Disposition of treasury stock	70	-
		Total change during the term	61	(4)
		Balance at end of the term	(3,564)	(3,625)
	Total shareholders' equity	Balance at beginning of the term	128,222	150,709
Change during the term				
Dividends from surplus		(882)	(881)	
Net profit (loss)		2,000	(21,599)	
Acquisition of treasury stock		(8)	(4)	
Disposition of treasury stock		82	-	
Total change during the term		1,192	(22,486)	
	Balance at end of the term	129,415	128,222	

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (continued)

(Millions of yen)

Account item			72nd Fiscal Term (from April 1, 2012 to March 31, 2013)	(Reference) 71st Fiscal Term (from April 1, 2011 to March 31, 2012)
			Amount	Amount
Accumulated other comprehensive income	Unrealized holding gains on securities	Balance at beginning of the term	433	381
		Change during the term		
		Net change in items other than shareholders' equity during the term	128	52
		Total change during the term	128	52
		Balance at end of the term	562	433
	Deferred gain or loss on derivatives under hedge accounting	Balance at beginning of the term	5	(49)
		Change during the term		
		Net change in items other than shareholders' equity during the term	8	55
		Total change during the term	8	55
		Balance at end of the term	14	5
	Foreign currency translation adjustments	Balance at beginning of the term	(24,637)	(23,975)
		Change during the term		
		Net change in items other than shareholders' equity during the term	10,291	(662)
		Total change during the term	10,291	(662)
		Balance at end of the term	(14,346)	(24,637)
Total accumulated other comprehensive income	Balance at beginning of the term	(24,198)	(23,643)	
	Change during the term			
	Net change in items other than shareholders' equity during the term	10,428	(554)	
	Total change during the term	10,428	(554)	
	Balance at end of the term	(13,769)	(24,198)	
Subscription rights to shares	Balance at beginning of the term	329	287	
	Change during the term			
	Net change in items other than shareholders' equity during the term	(54)	41	
	Total change during the term	(54)	41	
	Balance at end of the term	274	329	
Minority interests	Balance at beginning of the term	46	272	
	Change during the term			
	Net change in items other than shareholders' equity during the term	(5)	(226)	
	Total change during the term	(5)	(226)	
	Balance at end of the term	40	46	
Total net assets	Balance at beginning of the term	104,400	127,626	
	Change during the term			
	Dividends from surplus	(882)	(881)	
	Net profit (loss)	2,000	(21,599)	
	Acquisition of treasury stock	(8)	(4)	
	Disposition of treasury stock	82	-	
	Net change in items other than shareholders' equity during the term	10,368	(739)	
	Total change during the term	11,560	(23,225)	
	Balance at end of the term	115,961	104,400	

NON-CONSOLIDATED BALANCE SHEETS

(Millions of yen)

Account item	72nd Fiscal Term (as of March 31, 2013)	(Reference) 71st Fiscal Term (as of March 31, 2012)
	Amount	Amount
(ASSETS)		
Current assets	67,148	67,035
Cash and deposits	8,214	7,810
Notes receivable	426	475
Trade accounts receivable	34,751	33,990
Merchandise and finished goods	2,398	2,765
Work in process	3,068	2,477
Raw materials and supplies	2,992	3,643
Prepaid expenses	454	145
Short-term loans to subsidiaries and affiliates	8,034	10,220
Other accounts receivable	6,063	4,892
Consumption taxes receivable	719	674
Other	37	67
Allowance for doubtful receivables	(14)	(128)
Non-current assets	105,056	109,846
Property, plant and equipment	32,880	35,991
Buildings	8,945	9,396
Structures	541	599
Machinery and equipment	15,525	16,323
Vehicles and transportation equipment	85	25
Tools, furniture and fixtures	679	980
Land	4,215	4,215
Construction in progress	2,887	4,450
Intangible assets	644	676
Patent right	149	180
Software	386	360
Other	108	135
Investments and other assets	71,531	73,178
Investment securities	3,028	3,308
Investments in subsidiaries and affiliates	49,242	49,472
Long-term loans receivable from employees	316	378
Long-term loans receivable from subsidiaries and affiliates	20,623	20,230
Claims provable in bankruptcy, claims provable in rehabilitation and other	282	246
Long-term prepaid expenses	532	305
Other	831	751
Allowance for doubtful receivables	(3,325)	(1,515)
Total Assets	172,205	176,881

NON-CONSOLIDATED BALANCE SHEETS (continued)

(Millions of yen)

Account item	72nd Fiscal Term (as of March 31, 2013)	(Reference) 71st Fiscal Term (as of March 31, 2012)
	Amount	Amount
(LIABILITIES)		
Current liabilities	59,250	66,559
Notes payable	82	87
Trade accounts payable	22,028	18,788
Current portion of convertible bond type-bonds with subscription rights to shares	-	19,635
Short-term loans payable	20,242	9,031
Current portion of long-term loans payable	4,774	4,077
Lease obligations	557	545
Other accounts payable	2,946	5,538
Accrued expenses	3,451	6,294
Accrued income taxes	126	49
Deposits received	2,442	1,629
Reserve for bonuses	1,664	700
Reserve for bonuses to Directors and Audit & Supervisory Board Members	75	-
Deferred tax liabilities	6	0
Other	852	180
Long-term liabilities	37,247	28,689
Bonds payable	8,000	8,000
Convertible bond type-bonds with subscription rights to shares	365	365
Long-term loans payable	26,489	17,297
Lease obligations	640	1,197
Deferred tax liabilities	1,356	1,325
Other	396	504
Total Liabilities	96,497	95,249
(NET ASSETS)		
Shareholders' equity	74,887	80,957
Common stock	23,557	23,557
Capital surplus	41,484	41,471
Capital reserve	41,450	41,450
Other capital surplus	33	20
Retained earnings	13,410	19,554
Legal profit reserve	2,947	2,947
Other retained earnings	10,462	16,606
Reserve for advanced depreciation of non-current assets	1,253	1,257
Reserve for special depreciation	-	0
General reserve	-	27,800
Retained earnings (losses) brought forward from the previous term	9,208	(12,451)
Treasury stock	(3,564)	(3,625)
Variance of evaluation and translation	545	345
Unrealized holding gains on securities	530	339
Deferred gain or loss on derivatives under hedge accounting	14	5
Subscription rights to shares	274	329
Total Net Assets	75,707	81,631
Total Liabilities and Net Assets	172,205	176,881

NON-CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

Account item	72nd Fiscal Term (from April 1, 2012 to March 31, 2013)		(Reference) 71st Fiscal Term (from April 1, 2011 to March 31, 2012)	
	Amount		Amount	
Net sales		169,656		161,458
Cost of sales		153,958		154,729
Gross profit		15,697		6,729
Selling expenses and general and administrative expenses		18,416		20,120
Operating loss		(2,718)		(13,391)
Other income				
Interest income	363		385	
Dividend income	2,211		1,551	
Foreign exchange profit	679		-	
Other	109	3,363	75	2,012
Other expenses				
Interest expenses	552		405	
Interest on bonds	73		11	
Bond issuance cost	-		40	
Loss on foreign exchange	-		580	
Compensation expense	86		7	
Depreciation of inactive non-current assets	148		230	
Provision of allowance for doubtful accounts	1,774		476	
Other	61	2,697	35	1,788
Ordinary loss		(2,052)		(13,166)
Extraordinary gains				
Gains on sale of property, plant and equipment	70		18	
Gain on sale of investment securities	62		-	
Other	10	144	-	18
Extraordinary losses				
Loss on retirement and sale of property, plant and equipment	75		108	
Impairment loss	94		225	
Loss on disposal of inventories	64		26	
Loss on devaluation of investment securities	427		442	
Loss on devaluation of stocks of subsidiaries and affiliates	229		1,453	
Settlement packages	2,822		-	
Business structure improvement expenses	-		2,689	
Other	56	3,770	-	4,947
Net loss before income taxes		(5,678)		(18,095)
Income taxes	(422)		150	
Deferred income taxes	5	(416)	5,366	5,517
Net loss		(5,261)		(23,612)

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(Millions of yen)

Account item			72nd Fiscal Term (from April 1, 2012 to March 31, 2013)	(Reference) 71st Fiscal Term (from April 1, 2011 to March 31, 2012)	
			Amount	Amount	
Shareholders' equity	Common stock	Balance at beginning of the term	23,557	23,557	
		Balance at end of the term	23,557	23,557	
	Capital surplus	Capital reserve	Balance at beginning of the term	41,450	41,450
			Balance at end of the term	41,450	41,450
		Other capital surplus	Balance at beginning of the term	20	20
			Change during the term		
			Disposition of treasury stock	12	-
			Total change during the term	12	-
	Balance at end of the term	33	20		
	Total capital surplus	Balance at beginning of the term	41,471	41,471	
		Change during the term			
		Disposition of treasury stock	12	-	
		Total change during the term	12	-	
	Balance at end of the term	41,484	41,471		
	Retained earnings	Legal profit reserve	Balance at beginning of the term	2,947	2,947
			Balance at end of the term	2,947	2,947
		Reserve for advanced depreciation of non-current assets	Balance at beginning of the term	1,257	1,166
			Change during the term		
			Provision of reserve for advanced depreciation of non-current assets	-	95
			Reversal of reserve for advanced depreciation of non-current assets	(4)	(4)
		Total change during the term	(4)	91	
		Balance at end of the term	1,253	1,257	
		Reserve for special depreciation	Balance at beginning of the term	0	1
			Change during the term		
			Reversal of reserve for special depreciation	(0)	(1)
			Total change during the term	(0)	(1)
		Balance at end of the term	-	0	
General reserve		Balance at beginning of the term	27,800	27,800	
		Change during the term			
	Reversal of general reserve	(27,800)	-		
	Total change during the term	(27,800)	-		
Balance at end of the term	-	27,800			
Retained earnings brought forward from the previous term	Balance at beginning of the term	(12,451)	12,133		
	Change during the term				
	Dividends from surplus	(882)	(881)		
	Provision of reserve for advanced depreciation of non-current assets	-	(95)		
	Reversal of reserve for advanced depreciation of non-current assets	4	4		
	Reversal of reserve for special depreciation	0	1		
	Reversal of general reserve	27,800	-		
	Net loss	(5,261)	(23,612)		
	Total change during the term	21,660	(24,584)		
	Balance at end of the term	9,208	(12,451)		
Total retained earnings	Balance at beginning of the term	19,554	44,048		
	Change during the term				
	Dividends from surplus	(882)	(881)		
	Net loss	(5,261)	(23,612)		
	Total change during the term	(6,144)	(24,494)		
Balance at end of the term	13,410	19,554			

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (continued)

(Millions of yen)

Account item			72nd Fiscal Term (from April 1, 2012 to March 31, 2013)	(Reference) 71st Fiscal Term (from April 1, 2011 to March 31, 2012)
			Amount	Amount
Shareholders' equity	Treasury stock	Balance at beginning of the term	(3,625)	(3,620)
		Change during the term		
		Acquisition of treasury stock	(8)	(4)
		Disposition of treasury stock	70	-
		Total change during the term	61	(4)
		Balance at end of the term	(3,564)	(3,625)
	Total shareholders' equity	Balance at beginning of the term	80,957	105,456
		Change during the term		
		Dividends from surplus	(882)	(881)
		Net loss	(5,261)	(23,612)
Acquisition of treasury stock		(8)	(4)	
Disposition of treasury stock		82	-	
	Total change during the term	(6,070)	(24,499)	
	Balance at end of the term	74,887	80,957	
Variance of evaluation and translation	Unrealized holding gains on securities	Balance at beginning of the term	339	213
		Change during the term		
		Net change in items other than shareholders' equity during the term	191	126
		Total change during the term	191	126
		Balance at end of the term	530	339
	Deferred gain or loss on derivatives under hedge accounting	Balance at beginning of the term	5	(49)
		Change during the term		
		Net change in items other than shareholders' equity during the term	8	55
		Total change during the term	8	55
		Balance at end of the term	14	5
	Total variance of evaluation and translation	Balance at beginning of the term	345	163
		Change during the term		
Net change in items other than shareholders' equity during the term		200	181	
Total change during the term		200	181	
	Balance at end of the term	545	345	
Subscription rights to shares	Balance at beginning of the term	329	287	
	Change during the term			
	Net change in items other than shareholders' equity during the term	(54)	41	
	Total change during the term	(54)	41	
	Balance at end of the term	274	329	
Total net assets	Balance at beginning of the term	81,631	105,907	
	Change during the term			
	Dividends from surplus	(882)	(881)	
	Net loss	(5,261)	(23,612)	
	Acquisition of treasury stock	(8)	(4)	
	Disposition of treasury stock	82	-	
	Net change in items other than shareholders' equity during the term	145	223	
	Total change during the term	(5,924)	(24,275)	
	Balance at end of the term	75,707	81,631	

Audit Report

Certified Copy of the Independent Auditors' Report Concerning Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

May 13, 2013

The Board of Directors
Taiyo Yuden Co., Ltd.

KPMG AZSA LLC

Kenji Kitagawa, CPA (Seal)
Designated Limited Liability Partner,
Engagement Partner

Michitaka Shishido, CPA (Seal)
Designated Limited Liability Partner,
Engagement Partner

Yukio Kurihara, CPA (Seal)
Designated Limited Liability Partner,
Engagement Partner

Pursuant to Article 444, Paragraph 4, of Companies Act, we have audited the consolidated financial statements, that is, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to the consolidated financial statements of Taiyo Yuden Co., Ltd. for the 72nd fiscal term from April 1, 2012 to March 31, 2013.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting standards generally accepted in Japan; this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion

In our opinion, the above consolidated financial statements fairly present, in every material aspect, the financial position and results of operations of the consolidated group consisting of Taiyo Yuden Co., Ltd. and its consolidated subsidiaries for the relevant term of the consolidated financial statements, in accordance with the business accounting principles generally accepted in Japan.

Interests in the Company

Our corporation and engagement partners have no interest in the Company which must be disclosed pursuant to the provisions of the Certified Public Accountants Act.

INDEPENDENT AUDITORS' REPORT

May 13, 2013

The Board of Directors
Taiyo Yuden Co., Ltd.

KPMG AZSA LLC

Kenji Kitagawa, CPA (Seal)
Designated Limited Liability Partner,
Engagement Partner

Michitaka Shishido, CPA (Seal)
Designated Limited Liability Partner,
Engagement Partner

Yukio Kurihara, CPA (Seal)
Designated Limited Liability Partner,
Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements, that is, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements, and the supplementary schedules of Taiyo Yuden Co., Ltd. for the 72nd fiscal term from April 1, 2012 to March 31, 2013.

Management's responsibility for the non-consolidated financial statements, etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and supplementary schedules in accordance with accounting standards generally accepted in Japan; this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of non-consolidated financial statements and supplementary schedules that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on the non-consolidated financial statements and supplementary schedules based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and supplementary schedules. The audit procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and supplementary schedules, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion

In our opinion, the above non-consolidated financial statements and supplementary schedules fairly present, in every material aspect, the financial position and results of operations of Taiyo Yuden Co., Ltd. for the relevant term of the non-consolidated financial statements, in accordance with the business accounting principles generally accepted in Japan.

Interests in the Company

Our corporation and engagement partners have no interest in the Company which must be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Certified Copy of the Report of the Audit & Supervisory Board
REPORT OF THE AUDIT & SUPERVISORY BOARD

The Audit & Supervisory Board, following deliberations on the reports made by each Audit & Supervisory Board Member concerning the audit of execution of duties by Directors of the Board for the 72nd fiscal term from April 1, 2012 to March 31, 2013, has prepared this Audit Report as the unanimous opinion of all Audit & Supervisory Board Members and hereby submits it as follows:

1. Summary of Auditing Methods by Audit & Supervisory Board Members and Audit & Supervisory Board

The Audit & Supervisory Board established the audit plan for the current period (auditing policies, focused items, division of duties), and conducted a review of the deliberations of the Board of Directors, while receiving reports and explanations regarding the status of audits and the results thereof from each The Audit & Supervisory Board Member, and making efforts to promote information-sharing. Also, we received reports and explanations from the Directors, Operating Officers and Accounting Auditors regarding the status of the execution of their duties, and requested further explanation as necessary.

In accordance with the auditing standards for Audit & Supervisory Board Members determined by the Audit & Supervisory Board, and pursuant to the audit plan, each Audit & Supervisory Board Member conducted an examination of the status of operations and assets at the Company's head office and primary business locations. Such examinations by each Audit & Supervisory Board Member were conducted by attending Board of Directors Meetings, Management Implementation Committee meetings, and other important meetings, receiving reports from Directors and Operating Officers regarding the status of execution of their duties and requesting further explanations as necessary, and inspecting important decision documents such as requests for managerial decisions, while seeking to maintain an environment conducive to collecting information and performing audits through communication with Directors, Operating Officers, and the internal audit department and other employees. Each Audit & Supervisory Board Member verified the resolutions adopted by the Board of Directors Meetings regarding the establishment of the system for ensuring that the Directors' duties, which are described in the business report, are performed in conformity of laws, regulations and the Company's articles of incorporation, and the establishment of other systems necessary to ensure proper business operations of the company set forth in Paragraphs 1 and 3 of Article 100 of Enforcement Regulations of the Companies Act, regularly received reports from Directors etc. regarding the status of establishment and operations of the system (internal control system) established in accordance with the relevant resolution of the Board of Directors, and requested explanations as necessary. Audit & Supervisory Board Members also considered the content of the basic policy set forth in Article 118, Item 3 (a) of Enforcement Regulations of the Companies Act, which is described in the business report. Audit & Supervisory Board Members also conducted an examination of the status of operations and assets at the Company's subsidiaries by maintaining communication and information sharing with their Directors and Audit & Supervisory Board Members, receiving business reports from the subsidiaries, and visiting the subsidiaries as necessary. In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules for the year ended on March 31, 2013.

Further, Audit & Supervisory Board Members monitored and verified that Accounting Auditors maintained independence and conducted the audits appropriately. Each Audit & Supervisory Board Member also received reports of the status of the execution of duties from Accounting Auditors and requested further explanation as necessary. In addition, we were informed of the arrangement of the "System for ensuring that duties are performed appropriately", based on Article 131 of the Corporate Calculation Regulations, as per the "Standards for the Quality Control of Audits" (Business Accounting Council) from the Accounting Auditor and requested explanations as necessary. In accordance with the procedures mentioned above, we reviewed the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements) and the supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to the consolidated financial statements) for the year ended on March 31, 2013.

2. Results of Audit

(1) Results of audit of business report

- i. The business report and supplementary schedules present fairly the financial condition of the Company in conformity with related laws, regulations, and the Company's articles of incorporation;
- ii. Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws, regulations, nor the Company's articles of incorporation;
- iii. Resolutions of the Board of Directors regarding the internal control system are fair and reasonable. There are no matters to be pointed out about the description in business reports and the execution of duties by Directors regarding the internal control system; and
- iv. There are no matters to be pointed out with respect to the basic policies on control of the Company in the business report.

(2) Results of audit of non-consolidated financial statements and supplementary schedules

The auditing methods and results of the Accounting Auditor, KPMG AZSA LLC, are fair and reasonable.

(3) Results of audit of consolidated financial statements

The auditing methods and results of the Accounting Auditor, KPMG AZSA LLC, are fair and reasonable.

May 17, 2013

The Audit & Supervisory Board of Taiyo Yuden Co., Ltd.

Norio Osakabe (Seal)
Audit & Supervisory Board Member (Full-time)

Mamoru Yamaki (Seal)
Audit & Supervisory Board Member (Full-time)

Tomonori Akisaka (Seal)
Outside Audit & Supervisory Board Member

Kazuhiro Yamakawa (Seal)
Outside Audit & Supervisory Board Member