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(Securities Code: 6976)

June 6, 2014

**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 73RD ORDINARY GENERAL MEETING OF  
SHAREHOLDERS**

You are cordially invited to attend the 73rd 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 10) and exercise your voting rights prior to 5:00 p.m., Thursday, June 26, 2014 in accordance with "GUIDANCE ON THE EXERCISE OF VOTING RIGHTS" (on pages 13 to 14).**

- 1. Date and Time:** 10:00 a.m. June 27, 2014 (Friday) (Reception desk opens at 9:00 a.m.)  
**2. Place:** Hall 1 ("KITTE"), 4th Floor, JP Tower Hall & Conference, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo, Japan

For the convenience of Shareholders, we have changed the venue of the General Meeting of Shareholders starting this year. We kindly ask attendees to consult the map included at the end of this document before traveling to the venue.

- 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 73rd Fiscal Term (from April 1, 2013 to March 31, 2014)
  2. Details of the Non-Consolidated Financial Statements for the 73rd Fiscal Term (from April 1, 2013 to March 31, 2014)

**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) Substitute Corporate Auditor

#### **4. Matters to be resolved upon convocation of the 73rd 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/>).
  - On the day of the Meeting, the Company will adopt “Cool Biz” attire, a summer business style without tie/jacket. Accordingly, participants are also encouraged to attend the Meeting in light clothing.

## 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, and have set a target for total return ratio, including the purchase of treasury stock, at 30%. However, at present, it is recognized that steps to cultivate a stable and sustainable earnings structure and improve the Company's balance sheet are necessary; dividends from surplus continues with ¥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: ¥588,738,965

###### (3) Effective date for dividends from surplus:

June 30, 2014

##### 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:

<b>1. Eiji Watanuki</b> (Date of birth: November 2, 1948)		
■Reappointment	<b>Career summary, position and responsibilities in the Company, and significant concurrent positions</b>	
■Number of Company shares held	March, 1971	Joined the Company
	April, 1996	President of Taiyo Yuden (Singapore) PTE., Ltd.
13,800 shares	April, 2000	General Manager of West Japan Sales Office of the Company
■Attendance at meetings of the Board of Directors	July, 2004	Managing Director, Deputy Chief of Marketing Headquarters of the Company
100%	July, 2006	Director, Senior Managing Officer, Deputy Chief of Sales Headquarters of the Company
	July, 2007	Director, Chief of Integrated Modules & Devices Business Headquarters of the Company
	July, 2010	Director and Executive Operating Officer, in charge of Integrated Modules & Devices Business, Chief of Integrated Modules & Devices Business Headquarters of the Company
	June, 2011	President and Representative Director of the Company (to the present)

### Reasons for appointment of candidate for Director

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. Currently, as President and Representative Director, he is implementing earnings improvement measures with the twin strands of growth strategies and structural reforms aimed at fulfilling the objectives outlined in the Mid-term Management Plan for the period ending March 2015. In particular, he has been steadily improving results by, for example, increasing sales of super high-end products for smartphones and tablet computers and expanding high reliability products targeting the markets for automotive electrical equipment and industrial equipment. In light of these achievements, Mr. Watanuki was appointed as a candidate for Director as it was judged that his continued leadership of the management team would be most appropriate for the Company.

## 2. Shoichi Tosaka (Date of birth: August 5, 1955)

	<b>Career summary, position and responsibilities in the Company, and significant concurrent positions</b>	
■Reappointment		
■Number of Company shares held	March, 1979	Joined the Company
	June, 2006	Director, Senior Managing Officer, Deputy Chief of Operation Headquarters, General Manager of Quality Assurance Office of the Company
■Attendance at meetings of the Board of Directors	April, 2007	Senior Executive Director, Senior Managing Officer, Chief of Operation Headquarters I, General Manager of Corporate-Planning Div. 1 of the Company
	April, 2012	Director and Senior Executive Operating Officer, in charge of Development/Engineering, Quality Assurance, New Business Planning of the Company
	June, 2012	Director and Executive Operating Officer, in charge of Development/Engineering, Quality Assurance, New Business Planning, and Optical Media Business of the Company
	April, 2014	Director and Executive Operating Officer, in charge of Quality Assurance, Development/Engineering, Chief of Quality Assurance Headquarters of the Company (to the present)

### **Reasons for appointment of candidate for Director**

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. In his current role as Director and Executive Operating Officer, he oversees quality assurance and Development/Engineering and is making efforts to develop the Group's business. He was appointed as a candidate for Director, expected to make decisions, supervise and control the entire corporate management as a member of the Board of Directors.

### 3. Katsushige Nakano (Date of birth: February 12, 1952)

■Reappointment	<b>Career summary, position and responsibilities in the Company, and significant concurrent positions</b>	
■Number of Company shares held 300 shares	April, 1974	Joined Fujitsu Ltd.
	August, 1985	Fujitsu Australia Ltd., Financial Manager
	April, 1997	Fujitsu Ltd., Manager of Accounting Division of Telecommunications Business Promotion Division
■Attendance at meetings of the Board of Directors 100%	June, 1999	Fujitsu Network Communications Inc., CFO
	June, 2005	Fujitsu Media Devices Ltd., Director
	June, 2009	Fujitsu Media Devices Ltd., President and Representative Director
	March, 2010	Taiyo Yuden Mobile Technology Co., Ltd., President and Representative Director
	April, 2013	Joined the Company, General Manager of Financial Strategy Office of the Company.
	June, 2013	Director and Senior Operating Officer, in charge of Management Planning, Chief of Management Planning Headquarters of the Company
	April, 2014	Director and Executive Operating Officer, in charge of Management Planning, Chief of Management Planning Headquarters of the Company (to the present).

#### 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. Currently, as Director and Executive Operating Officer, he supervises Management Planning and is dedicated to such matters as the smooth running of group administration and risk reduction. 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.

### 4. Seiichi Tsutsumi (Date of birth: December 5, 1953)

■Reappointment	<b>Career summary, position and responsibilities in the Company, and significant concurrent positions</b>	
■Number of Company shares held 7,000 shares	March, 1977	Joined the Company
	April, 2000	President of Taiyo Yuden (Singapore) PTE., Ltd.
	July, 2007	Managing Officer, in charge of Products and Sales Planning Control, Sales Headquarters of the Company
■Attendance at meetings of the Board of Directors 100%	July, 2009	Managing Officer, in charge of China for the Company
	July, 2010	Director and Senior Operating Officer, in charge of China for the Company
	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)

#### Reasons for appointment of candidate for Director

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 to make decisions, supervise, and execute business operations as a member of the Board of Directors.

## 5. Osamu Takahashi (Date of birth: November 25, 1955)

<p>■Reappointment</p> <p>■Number of Company shares held 3,600 shares</p> <p>■Attendance at meetings of the Board of Directors 100%</p>	<p><b>Career summary, position and responsibilities in the Company, and significant concurrent positions</b></p> <p>March, 1980      Joined the Company</p> <p>April, 2003      Operating Officer, Corporate Management Group (Corporate Control) of the Company</p> <p>April, 2008      Managing Officer, in charge of Corporate-Planning, Corporate-Planning Headquarters and Finance, Management &amp; Administration Headquarters of the Company</p> <p>July, 2010      Senior Operating Officer, in charge of Corporate-Planning, Corporate-Planning Headquarters and Finance, Management &amp; Administration Headquarters of the Company</p> <p>July, 2011      Director and Senior Operating Officer, in charge of Management Planning, Chief of Management Planning Headquarters of the Company</p> <p>April, 2014      Director and Senior Operating Officer, in charge of New Business Planning Development, Chief of New Business Planning Development Headquarters of the Company (to the present)</p>
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### 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 promote new businesses as Director and Senior Operating Officer. Mr. Takahashi was appointed as a candidate for Director, expected to make decisions, supervise and execute business operations as a member of the Board of Directors.

## 6. Shinji Masuyama (Date of birth: February 28, 1957)

<p>■Reappointment</p> <p>■Number of Company shares held 4,000 shares</p> <p>■Attendance at meetings of the Board of Directors 100%</p>	<p><b>Career summary, position and responsibilities in the Company, and significant concurrent positions</b></p> <p>March, 1980      Joined 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>June, 2013      Director and Senior Operating Officer in charge of Electronic Components Business, Chief of Electronic Components Headquarters (to the present)</p>
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### Reasons for appointment of candidate for Director

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 presently oversees the Group's Electronic Components business as Director and 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.

## 7. Yuji Iwanaga (Date of birth: April 3, 1941)

<p>■Outside/Independent Officer,</p> <p>■Reappointment</p> <p>■Number of Company shares held 0 shares</p> <p>■Attendance at meetings of the Board of Directors 84.2%</p>	<p><b>Career summary, position and responsibilities in the Company, and significant concurrent positions</b></p> <p>April, 1964</p> <p>September, 1970</p> <p>April, 1981</p> <p>September, 1984</p> <p>December, 1984</p> <p>April, 2003</p> <p>July, 2005</p> <p>June, 2006</p> <p>June, 2007</p>	<p>Joined Tohato Inc. General Manager of Planning Division and Development Division</p> <p>Joined General Aircon Co., Ltd. General Manager of Room Aircon Sales Division, Sales Headquarters, and Marketing Headquarters</p> <p>Admitted to Japan Federation of Bar Association (to the present)</p> <p>Joined Lillick, McHose &amp; Charles (Currently Pillsbury Winthrop Shaw Pittman LLP), Partner (to the present)</p> <p>Admitted to State Bar of California (to the present)</p> <p>Outside Director of Manufacturers Bank</p> <p>Outside Director of JMS North America Corporation (to the present)</p> <p>Outside Director of the Company (to the present)</p> <p>Outside Director of SEGA SAMMY HOLDINGS INC. (to the present)</p>
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### Reasons for appointment of candidate for 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.

### 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 page 11 to 12). The candidate meets these standards, and is judged to be sufficiently independent.

### Years in office as Director

Eight (8) years (at the conclusion of this General Meeting of Shareholders)

## 8. Hisaji Agata (Date of birth: September 16, 1950)

■Outside/Independent Officer,	<b>Career summary, position and responsibilities in the Company, and significant concurrent positions</b>	
■Reappointment	April, 1974	Joined Nomura Securities Co., Ltd.
	March, 1981	Joined Japan Associated Finance Co., Ltd. (Currently JAFCO Co., Ltd.)
■Number of Company shares held	June, 1997	Director of JAFCO (in charge of Investment Headquarters I)
0 shares	May, 2002	Managing Director of JAFCO (in charge of Investment Headquarters III)
■Attendance at meetings of the Board of Directors	March, 2007	Executive Managing Officer of JAFCO (in charge of settlement)
100%	October, 2007	Commissioner of JAFCO
	January, 2008	Representative Director, President of HIBIKI Partners Co., Ltd.
	June, 2008	Outside Director of the Company (to the present)
	September, 2008	Special Adviser of HIBIKI Partners Co., Ltd. (to the present)
	March, 2010	Outside Audit & Supervisory Board Member of TMRC Co., Ltd.
		Outside Audit & Supervisory Board Member of RaQualia Pharma Inc. (to the present)

### Reasons for appointment of candidate for 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.

### 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 page 11 to 12). The candidate meets these standards, and is judged to be sufficiently independent.

### Years in office as Director

Six (6) years (at the conclusion of this General Meeting of Shareholders)

- 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) 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:

#### 8. Hiroshi Arai (Date of birth: June 8, 1956)

■Number of Company shares held	Career summary and significant concurrent positions	
0 shares	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/Outside Audit & Supervisory Board Members” on page 11 to 12). The candidate meets these standards, and is judged to be sufficiently independent.

- 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 of the relevant bylaws, corporate laws, or other regulations.*

## Guidelines on Exercising Voting Rights

Voting in the General Meeting of Shareholders is an important right that allows shareholders to participate in the management of our company. We urge you to exercise your voting right after referring to the following three voting methods.

### **1 Exercising voting rights in person at the meeting**

Please present the enclosed Exercise of Voting Rights Form at the reception desk upon arrival at the Meeting. In addition, please bring this Convocation Notice with you to the Meeting to use for your reference. If you are attending the Meeting in person, you do not need to exercise your voting rights in writing or via the Internet.

**Meeting Date**  
June 27, 2014 (Friday)  
Meeting opens: 10 a.m.

### **2 Exercising voting rights in writing (using the Voting Rights Exercise Form)**

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return the form by post.

**Voting deadline**  
June 26, 2014 (Thursday)  
Must be received by 5 p.m.

### **3 Exercising voting rights via the Internet**

Before voting via the Internet, please follow the instructions provided on pages 13 to 14.

**Voting deadline**  
June 26, 2014 (Thursday)  
Until 5 p.m.

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

Before exercising your voting rights via the Internet, please acknowledge the following.

- (1) Exercising voting rights via the Internet is only possible using the website specified by the Company for the purpose of exercising voting rights (see "2. Detailed instructions for exercising voting rights via the Internet" described below). Please note that the code and password for the exercise of voting rights, which are provided on your Voting Rights Exercise Form enclosed with the Convocation Notice, are necessary for exercising voting rights via the Internet.
- (2) The code and password for exercising voting rights provided on this occasion are only valid for this General Meeting. A new code and password will be issued for the next General Meeting.
- (3) Shareholders shall bear any costs related to the use of the Internet (such as Internet provider connection fees and data transmission fees).
- (4) Please confirm the information on the voting rights website regarding the computer operating environment necessary for exercising voting rights via the Internet.
- (5) If you vote both in writing and via the Internet, only your vote cast via the Internet shall be deemed valid.
- (6) If you vote via the Internet more than once, only the last of the votes you cast shall be deemed valid.

#### **2. Detailed instructions for exercising voting rights via the Internet**

- (1) Please access <http://www.it-soukai.com>.
- (2) Enter your code and password for exercising voting rights. Then click on the "log in" button. The code and password for exercising voting rights are printed in the bottom right-hand corner of the Voting Rights Exercise Form enclosed with the Notice of Convocation.
- (3) Please follow the guidance on the screen to cast your vote.

### **3. Security**

We are using encryption technology (SSL 128 bit) to prevent voting information from being tampered with or stolen, so you can cast your vote securely.

Additionally, the code and password for exercising voting rights provided on your Voting Rights Exercise Form are essential for verifying the identity of the Shareholder. Please keep your code and password secret. Under no circumstances will the Company ask for your password.

### **4. Inquiries regarding exercising voting rights via the Internet**

Internet Help Dial, Stock Transfer Agent Department, Mizuho Trust & Banking Co., Ltd. Phone: 0120-768-524 (toll free) Available 9:00 a.m. to 9:00 p.m. weekdays (unavailable on weekends and national holidays)
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#### **[To institutional investors]**

Institutional investors may use the electronic voting platform operated by ICJ, Inc.

**BUSINESS REPORT**  
(from April 1, 2013 to March 31, 2014)

**1. Current Status of the Taiyo Yuden Group****(1) Review of operations and results**

In the consolidated fiscal period under review (from April 1, 2013 to March 31, 2014), despite some sluggish growth in the world economy, business climate for the Group gradually started to improve, led by continued recoveries in the developed countries.

In the electronics industry to which the Group belongs, despite ongoing stagnation in the PC and television markets, demand for electronic components remained firm due to increased demand in the smartphone and tablet markets and progress in vehicle electrification.

Under such conditions, the Group is implementing earnings improvement measures consisting of both growth strategies and structural reforms. With regard to growth strategies, we have strived to expand sales of super high-end products with competitive edge for high-growth devices such as smartphones and tablet computers. We have also endeavored to strengthen our sales structure and expand our line-up of high reliability products positioned in important markets such as those for automotive electrical equipment and industrial equipment, healthcare, and environmental energy. At the same time, with regard to structural reforms, we are making continuous efforts to improve the break-even point by, for example, implementing structural reform in the optical media products business.

As a result, consolidated net sales for the fiscal year totaled ¥208,222 million (a 7.9% increase compared to the previous consolidated fiscal year), operating profit was ¥11,358 million (a 134.2% increase compared to the previous consolidated fiscal year), ordinary income was ¥12,192 million (a 71.3% increase on the previous consolidated fiscal year), and net income was ¥6,989 million (a 274.3% increase on the previous consolidated fiscal year).

The average exchange rate during the fiscal year under review of ¥99.61 per US dollar represents a weakening of ¥17.52 compared to the average value of the yen in the previous consolidated fiscal year of ¥82.09 per dollar.

**Consolidated Sales by Product**

Consolidated sales by product are as follows:

Product	73rd Term (current fiscal year) (from April 1, 2013 to March 31, 2014)		Year-on-year changes	
	Amount	Percentage of total	Amount	Percentage of change
	(Millions of yen)	(%)	(Millions of yen)	(%)
Capacitors	104,233	50.1	14,380	16.0
Ferrite and applied products	34,745	16.7	6,255	22.0
Integrated modules & devices	42,375	20.3	(5,428)	(11.4)
Other electronic components	5,284	2.5	506	10.6
Optical media products	14,232	6.9	(1,179)	(7.7)
Other	7,349	3.5	783	11.9
<b>Total</b>	<b>208,222</b>	<b>100.0</b>	<b>15,318</b>	<b>7.9</b>

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

[Capacitors]

**Main products:** Multilayer ceramic capacitors

**Outline of performance in the fiscal year under review:** Because sales for all equipment increased compared to the previous fiscal year, net sales increased by 16.0% year on year to ¥104,233 million.

[Ferrite and applied products]

**Main products:** Metallic power inductors "MCOIL™", winding inductors, multilayer chip inductors

**Outline of performance in the fiscal year under review:** Despite a year-on-year decrease in sales for consumer equipment and components, overall consolidated net sales increased 22.0% compared to the previous fiscal year to ¥34,745 million, driven by year-on-year increases in sales for information equipment, communications equipment, automotive electrical equipment and industrial equipment.

[Integrated Modules & Devices]

**Main products:** SAW/FBAR devices, power supply modules, high-frequency modules, embedded-parts multilayer wiring substrate "EOMIN™"

**Outline of performance in fiscal year under review:** Overall consolidated net sales fell 11.4% year on year to ¥42,375 million as a result of year-on-year decreases in sales of SAW/FBAR devices for mobile communications and power supply modules.

[Other electronic components]

**Main products:** Energy devices

**Outline of performance in fiscal year under review:** Overall consolidated net sales increased 10.6% year on year to ¥5,284 million.

[Optical media products]

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

**Outline of performance in fiscal year under review:** Overall consolidated net sales decreased 7.7% year on year to ¥14,232 million.

[Other]

**Main products:** Device mounting business conducted by subsidiary companies.

**Outline of performance in fiscal year under review:** Overall consolidated net sales increased 11.9% year on year to ¥7,349 million.

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

Business terms	70th Term (from April 1, 2010 to March 31, 2011)	71st Term (from April 1, 2011 to March 31, 2012)	72nd Term (from April 1, 2012 to March 31, 2013)	73rd Term (current fiscal year) (from April 1, 2013 to March 31, 2014)
Net sales (Millions of yen)	210,401	183,795	192,903	208,222
Ordinary income (loss) (Millions of yen)	6,740	(9,070)	7,118	12,192
Net income (loss) (Millions of yen)	(5,506)	(21,599)	1,867	6,989
Net income (loss) per share (Yen)	(46.82)	(183.70)	15.88	59.38
Total assets (Millions of yen)	221,272	208,461	225,991	247,596
Net assets (Millions of yen)	127,626	104,400	115,814	128,556
Net assets per share (Yen)	1,080.61	884.70	981.92	1,090.26

Note: Beginning in the fiscal year under review, changes in accounting principles were made in accordance with amendments of accounting standards. Accordingly, results for the 72nd term have been calculated based on retroactively adjusted figures.

**(3) Capital investment**

Capital investment during the fiscal year under review amounted to ¥19,126 million on an acceptance basis (¥20,702 million during the previous fiscal year). This investment bolstered production capacity of super high-end products for the expanding smartphone market. In particular, investment was focused on ultra-small multilayer ceramic capacitors, SAW/FBAR devices for mobile communications, and power inductors using newly developed metallic materials "MCOIL<sup>TM</sup>".

**(4) Financing**

During the fiscal year under review, ¥20,100 million in Euro-yen convertible bonds that are to mature in 2021 were issued in January, 2014. In addition, the net balance of short-term loans payable decreased by ¥9,903 million, and the Company borrowed ¥5,000 million in long term loan, while repaying long-term borrowings of ¥4,929 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, 2014.

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

Not applicable

**(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 earnings improvement measures consisting of both growth strategies and structural reforms. 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 computers. In addition, the Group is working to boost its corporate value by targeting expanded sales in promising markets such as industrial equipment, automotive electrical equipment, healthcare, and energy/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 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 for high-growth devices such as smartphones and tablet computers, both ultra-small and ultra-low profile multilayer ceramic capacitors and cutting edge products of various sizes, and will streamline systems in response to expansions in demand. Furthermore, the Group will strengthen high-quality, high-reliability product lineups for promising markets such as industrial equipment, automotive electrical equipment, healthcare, and energy/environment. In the high-capacitance zone over 100  $\mu$  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 "MCOIL<sup>TM</sup>" products employing new metallic materials that enable much smaller size and larger current, strategically launching them into the market and expanding relevant production capacity. In addition, we plan to expand our 0402-size line-up of High-Q multilayer chip inductors and ultra-small multilayer chip inductors. 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

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<sup>TM</sup>", 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 in the number of installed devices resulting from the adoption of the next-generation communications standard LTE.

4) Other electronic components

Regarding energy devices, the Group will develop applications in high-tech fields, and expand sales to the energy field. The Group will strengthen its products for back-up power supply applications with high potential for future growth, such as devices that are used in smart meters and storage servers. In addition, we will continue marketing activities in the highly reliable market for large-scale lithium capacitors.

5) Optical media

The Group is promoting a shift in business model in order to ensure stable earnings. In particular, the Group will propose system solutions that leverage the Company's strength in delivering high quality products with the purpose of creating and cultivating an archive market.

Your continued support will be greatly appreciated.

**(10) Status of principal subsidiaries (as of March 31, 2014)**

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.

2. The Company possesses 33 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."

**(11) Principal business activities (as of March 31, 2014)**

Business	Main products
Capacitors business	Multilayer ceramic capacitors
Ferrite and applied products business	Metallic power inductors "MCOIL™" Winding inductors, multilayer chip inductors
Integrated modules & devices business	SAW/FBAR devices for mobile communications, power supply modules High-frequency modules, embedded-parts multilayer wiring substrate "EOMIN™"
Other electronic components business	Energy devices
Optical media products business	CD-R, DVD-R/DVD+R, BD-R
Other business	Device mounting business conducted by subsidiary companies.

**(12) Principal offices and plants (as of March 31, 2014)**

## 1) Principal Company locations

Main offices	Head Office (Ueno, 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)

## 2) Principal locations of subsidiaries

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

**(13) Employees (as of March 31, 2014)**

## 1) Employees of the Taiyo Yuden Group

Number of employees (persons)	Increase (decrease) from the previous fiscal year (persons)
16,435	520

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)
2,572	(60)	41.6	17.2

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

**(14) Major creditors (as of March 31, 2014)**

Creditor	Loan outstanding (Millions of yen)
Sumitomo Mitsui Banking Corporation	13,403
Syndicated Loan	10,000
The Iyo Bank, Ltd.	5,911
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,775
The Gunma Bank, Ltd.	2,450

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, 2014)**

- (1) **Total number of shares authorized to be issued:** 300,000,000 shares
- (2) **Total number of shares issued:** 120,481,395 shares  
(including 2,733,602 shares of treasury stock)
- (3) **Number of shareholders:** 14,235
- (4) **Major shareholders (Top 10)**

Name	Number of shares held (hundreds of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	150,232	12.7
Japan Trustee Services Bank, Ltd. (Trust Account)	88,455	7.5
STATE STREET BANK AND TRUST COMPANY	46,553	3.9
NORTHERN TRUST CO.(AVFC) RE 15PCT TREATY ACCOUNT	45,996	3.9
Sumitomo Mitsui Banking Corporation	40,000	3.3
BNP Paribas Securities (Japan) Ltd.	33,000	2.8
The Iyo Bank, Ltd.	30,001	2.5
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	29,287	2.4
THE BANK OF NEW YORK-JASDEC TREATY ACCOUNT	26,774	2.2
THE BANK OF NEW YORK 133522	21,447	1.8

Notes: 1. The Company holds 2,733,602 shares of treasury stock, but 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

**(1) Status, on the last day of the current fiscal year, of subscription rights to shares held by Corporate Officers of the Company delivered as a consideration for the execution of their duties**

Name	Date of resolution for issuance	Shareholding status	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
1st July 2007 issue of subscription rights to shares	June 28, 2007	2 Directors (excluding Outside Directors)	6 units	6,000 shares of the common stock of the Company	July 14, 2007 through July 13, 2027
2nd July 2007 issue of subscription rights to shares	June 28, 2007	2 Directors (excluding Outside Directors)	10 units	10,000 shares of the common stock of the Company	July 14, 2007 through July 13, 2027
June 2008 issue of subscription rights to shares	June 27, 2008	2 Directors (excluding Outside Directors)	10 units	10,000 shares of the common stock of the Company	July 15, 2008 through July 14, 2028
May 2009 issue of subscription rights to shares	May 25, 2009	2 Directors (excluding Outside Directors)	10 units	10,000 shares of the common stock of the Company	June 10, 2009 through June 9, 2029
June 2010 issue of subscription rights to shares	June 29, 2010	3 Directors (excluding Outside Directors)	14 units	14,000 shares of the common stock of the Company	July 22, 2010 through July 21, 2030
June 2011 issue of subscription rights to shares	June 29, 2011	4 Directors (excluding Outside Directors)	22 units	22,000 shares of the common stock of the Company	July 14, 2011 through July 13, 2031
April 2012 issue of subscription rights to shares	April 25, 2012	4 Directors (excluding Outside Directors)	23 units	23,000 shares of the common stock of the Company	May 11, 2012 through May 10, 2032
May 2013 issue of subscription rights to shares	May 24, 2013	4 Directors (excluding Outside Directors)	6 units	6,000 shares of the common stock of the Company	June 10, 2013 through June 9, 2033
July 2013 issue of subscription rights to shares	June 27, 2013	6 Directors (excluding Outside Directors)	31 units	31,000 shares of the common stock of the Company	July 12, 2013 through July 11, 2033

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

- 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.
- 7) If the holder of subscription rights to shares has become unable to exercise the subscription rights to shares or if he or she has lost the Rights according to the “Contract for Allotment of Subscription Rights to Shares ,” the Company may acquire the relevant subscription rights without consideration.

Note: Subscription rights to shares issued up until the first July 2007 issue are 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 (as of March 31, 2014)**

- 1) Euro-yen convertible bond type-bonds with subscription rights to shares due in 2014 and Euro-yen zero coupon convertible bonds with stock acquisition rights due in 2021

	Euro-yen convertible bond type-bonds with subscription rights to shares due in 2014	Euro-yen zero coupon convertible bonds with stock acquisition rights due in 2021
Date of resolution for issuance	April 11, 2007	January 9, 2014
Number of subscription rights to shares underlying the bonds	73	2,000
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 of the assets contributed upon the exercise of subscription rights to shares	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.	
Conversion price	¥3,746	¥2,069
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)	From February 10, 2014 to end of bank business hours on January 13, 2021 (local time at location where exercise request is received)
Main exercise conditions of subscription rights to shares	No partial exercise of each subscription right to shares shall be permitted	

Note: Subscription rights to shares attached to Euro-yen convertible bond type-bonds with subscription rights to shares due in 2014 had an exercise period that terminated on April 15, 2014. These bonds were redeemed at maturity on April 28, 2014.

#### 4. Corporate Officers (as of March 31, 2014)

##### (1) Directors and Audit & Supervisory Board Members

Name	Position	Responsibilities in the Company and significant concurrent positions
Eiji Watanuki	President and Representative Director	
Shoichi Tosaka	Director and Executive Operating Officer	In charge of Development/Engineering and Quality Assurance
Seiichi Tsutsumi	Director and Senior Operating Officer	In charge of Integrated Modules & Devices Business, Chief of Integrated Modules & Devices Business Headquarters
Osamu Takahashi	Director and Senior Operating Officer	In charge of Strategic Projects, Chief of Strategic Projects Headquarters
Katsushige Nakano	Director and Senior Operating Officer	In charge of Management Planning, Chief of Management Planning
Shinji Masuyama	Director and Senior Operating Officer	In charge of Electronic Components Business, Chief of Electronic Components Headquarters
Yuji Iwanaga	Director (Outside / Independent Officer)	Partner of Pillsbury Winthrop Shaw Pittman LLP Outside Director of JMS North America Corporation Outside Director of SEGA SAMMY HOLDINGS INC.
Hisaji Agata	Director (Outside / Independent Officer)	Special Adviser of HIBIKI Partners Co., Ltd. Outside Audit & Supervisory Board Member of RaQualia Pharma Inc.
Norio Osakabe	Audit & Supervisory Board Member (Full-time)	
Mamoru Yamaki	Audit & Supervisory Board Member (Full-time)	
Tomonori Akisaka	Audit & Supervisory Board Member (Outside / Independent Officer)	Professor at Professional Graduate School of Meiji University
Kazuhiro Yamakawa	Audit & Supervisory Board Member (Outside / Independent Officer)	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:  
At the conclusion of the 72nd Ordinary General Meeting of Shareholders held on June 27, 2013, Yoshiro Kanzaki and Katsumi Yanagisawa resigned from their positions as Director following the end of their tenure of office.  
7. Changes in position or responsibilities of Directors after the last day of the fiscal year under review are as follows (altered parts are underlined):

Name	Position	Responsibilities	Date of revision
Shoichi Tosaka	Director and Executive Operating Officer	In charge of Quality Assurance and Development/ <u>Engineering, Chief of Quality Assurance Headquarters</u>	April 1, 2014
Katsushige Nakano	Director and <u>Executive Operating Officer</u>	In charge of Management Planning, Chief of Management Planning Headquarters	April 1, 2014
Osamu Takahashi	Director and Senior Operating Officer	<u>In charge of New Business Planning Development, Chief of New Business Planning Development</u>	April 1, 2014

## **(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	271	10	171	6	38	8	62
Audit & Supervisory Board Members	4	62	4	62	-	-	-	-
Total	14	334	14	233	6	38	8	62
(Outside Directors and Outside Audit & Supervisory Board Members)	(4)	(33)	(4)	(33)	(-)	(-)	(-)	(-)

- 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.
4. In accordance with the abolition of the retirement benefit program for officers, a resolution was passed on the final payment of retirement benefits at the 63rd Ordinary General Meeting of Shareholders held on June 29, 2004. Based on this resolution, and in addition to the above remuneration, a retirement benefit of ¥45.8 million has been paid to one Director, whose retirement coincided with the conclusion of the 72nd Ordinary General Meeting of Shareholders held on June 27, 2013.

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

- 1) Relationship between the Company and other organizations where significant concurrent positions are held (as described above in 4. (1) Directors and Audit & Supervisory Board Members).
- 2) Kinships with business operators of the Company or specially designated companies  
Not applicable
- 3) Main activities in the fiscal year under review

Classification, Name	Attendance at meetings of the Board of Directors (held 19 times)	Attendance at meetings of the Audit & Supervisory Board (held 15 times)	Main activities
Outside Director Yuji Iwanaga	16 times (Attendance rate: 84.2%)	-	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	19 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: 84.2%)	15 times (Attendance rate: 100%)	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	17 times (Attendance rate: 89.4%)	15 times (Attendance rate: 100%)	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	65
2) Remuneration or other financial interests paid or payable to the Accounting Auditors for the Company and subsidiaries	68

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 Audit & Supervisory Board, 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) Summary of contents of 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. (see the Company's "Summary of Standards for Independence of Outside Directors/Outside Audit & Supervisory Board Members" provided on page 11 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.

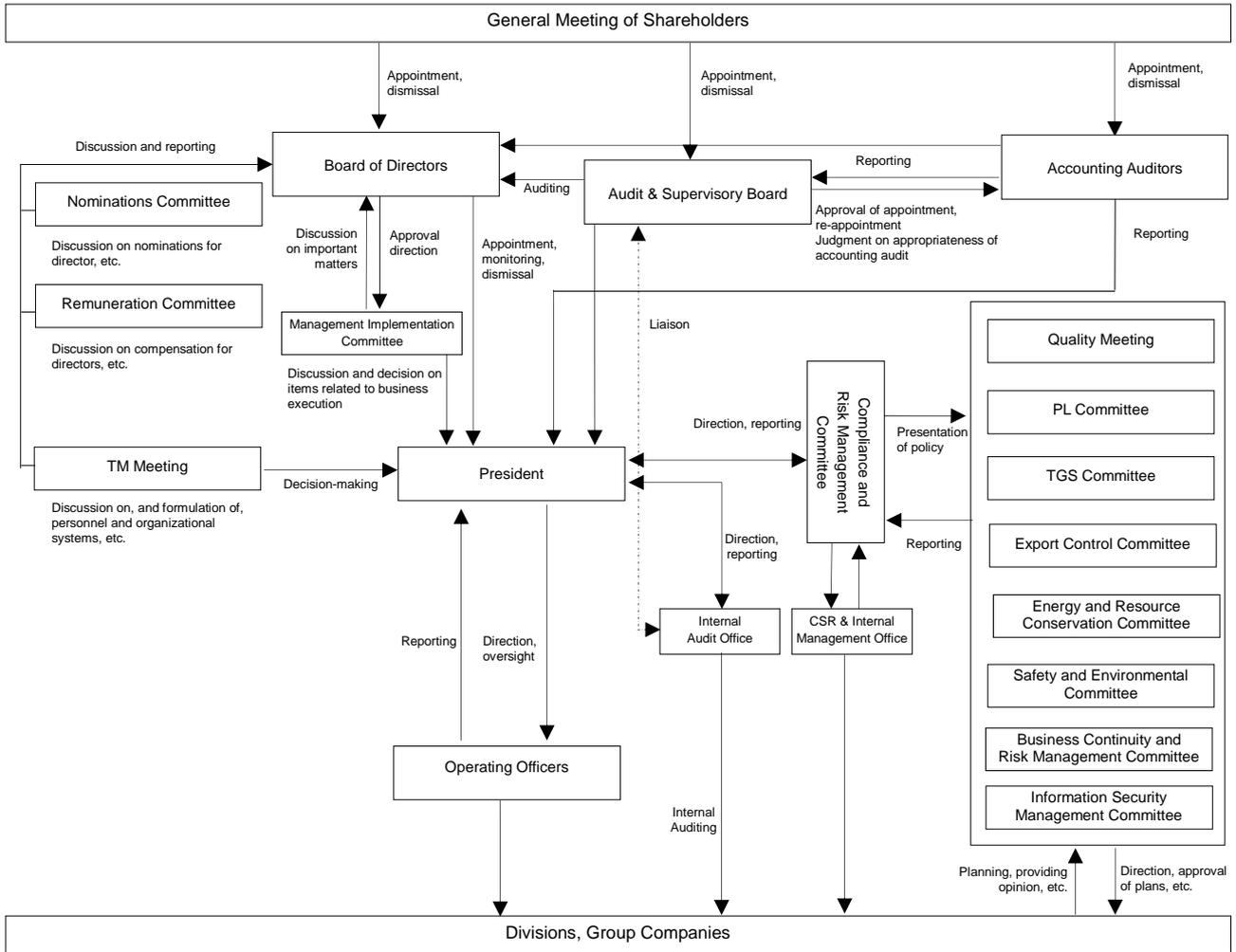
Meanwhile, the Company believes that persons who control decision-making over the financial and business policies of the Company must be able to maintain trust relationships among the various stakeholders such as shareholders, and protect and enhance the corporate value of the Company and the common 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" (on pages 17 to 18), and "6. (1) System for ensuring that the Directors perform their duties in accordance with laws, regulations and the Articles of Incorporation" (on page 31).

[Structure of corporate governance]



**CONSOLIDATED BALANCE SHEETS**

(Millions of yen)

Account item	73rd Fiscal Term (as of March 31, 2014)	(Reference) 72nd Fiscal Term (as of March 31, 2013)
	Amount	Amount
(ASSETS)		
<b>Current assets</b>	<b>143,759</b>	<b>117,332</b>
Cash and deposits	59,250	35,356
Trade notes and accounts receivable	43,012	41,655
Merchandise and finished goods	14,179	15,023
Work in process	13,457	11,086
Raw materials and supplies	9,927	9,832
Deferred tax assets	460	536
Other	3,793	4,112
Allowance for doubtful receivables	(322)	(271)
<b>Non-current assets</b>	<b>103,837</b>	<b>108,659</b>
<b>Property, plant and equipment</b>	<b>94,397</b>	<b>98,774</b>
Buildings and structures	70,723	68,214
Machinery and transportation equipment	226,115	212,367
Tools, furniture and fixtures	20,257	19,262
Land	7,697	7,689
Construction in progress	4,481	9,357
Accumulated depreciation	(234,877)	(218,116)
<b>Intangible assets</b>	<b>1,412</b>	<b>2,025</b>
Goodwill	600	1,201
Other	811	824
<b>Investments and other assets</b>	<b>8,027</b>	<b>7,858</b>
Investment securities	4,859	4,360
Deferred tax assets	906	903
Other	2,587	2,876
Allowance for doubtful receivables	(325)	(282)
<b>Total Assets</b>	<b>247,596</b>	<b>225,991</b>

**CONSOLIDATED BALANCE SHEETS (continued)**

(Millions of yen)

Account item	73rd Fiscal Term (as of March 31, 2014)	(Reference) 72nd Fiscal Term (as of March 31, 2013)
	Amount	Amount
<b>(LIABILITIES)</b>		
<b>Current liabilities</b>	<b>68,392</b>	<b>64,443</b>
Trade notes and accounts payable	18,597	17,950
Bonds due within one year	8,000	-
Convertible bond type-bonds with subscription rights to shares due within one year	365	-
Short-term loans payable	10,623	20,242
Long-term loans payable due within one year	12,472	4,899
Other accounts payable	6,430	8,713
Income tax payable	1,159	1,049
Deferred tax liabilities	695	697
Reserve for bonuses	2,746	2,981
Reserve for bonuses for Directors and Audit & Supervisory Board Members	74	75
Other	7,226	7,835
<b>Long-term liabilities</b>	<b>50,647</b>	<b>45,733</b>
Bonds payable	-	8,000
Convertible bond type-bonds with subscription rights to shares	20,096	365
Long-term loans payable	21,861	29,364
Deferred tax liabilities	5,144	4,377
Reserve for retirement benefits	-	1,474
Reserve for retirement benefits for officers	117	125
Liabilities for retirement benefits	1,936	-
Negative goodwill	-	10
Other	1,491	2,015
<b>Total Liabilities</b>	<b>119,040</b>	<b>110,177</b>
<b>(NET ASSETS)</b>		
<b>Shareholders' equity</b>	<b>135,236</b>	<b>129,280</b>
Common stock	23,557	23,557
Capital surplus	41,495	41,484
Retained earnings	73,597	67,803
Treasury stock	(3,412)	(3,564)
<b>Accumulated other comprehensive income</b>	<b>(6,860)</b>	<b>(13,781)</b>
Unrealized holding gains on securities	979	562
Deferred gain or loss on derivatives under hedge accounting	(31)	14
Foreign currency translation adjustments	(7,774)	(14,346)
<b>Adjustment for retirement benefit obligations etc. of foreign subsidiaries</b>	<b>(34)</b>	<b>(11)</b>
<b>Subscription rights to shares</b>	<b>170</b>	<b>274</b>
<b>Minority interests</b>	<b>9</b>	<b>40</b>
<b>Total Net Assets</b>	<b>128,556</b>	<b>115,814</b>
<b>Total Liabilities and Net Assets</b>	<b>247,596</b>	<b>225,991</b>

**CONSOLIDATED STATEMENTS OF INCOME**

(Millions of yen)

Account item	73rd Fiscal Term (from April 1, 2013 to March 31, 2014)		(Reference) 72nd Fiscal Term (from April 1, 2012 to March 31, 2013)	
		Amount		Amount
<b>Net sales</b>		<b>208,222</b>		<b>192,903</b>
<b>Cost of sales</b>		<b>160,640</b>		<b>155,202</b>
<b>Gross profit</b>		<b>47,582</b>		<b>37,700</b>
<b>Selling expenses and general and administrative expenses</b>		<b>36,223</b>		<b>32,850</b>
<b>Operating income</b>		<b>11,358</b>		<b>4,850</b>
Other income				
Interest income	278		149	
Dividend income	80		88	
Foreign exchange profit	1,321		2,895	
Equity in earnings of affiliates	24		7	
Subsidies	181		121	
Life insurance dividends income	77		69	
Other	239	2,203	240	3,571
Other expenses				
Interest expenses	510		556	
Interest on bonds	73		73	
Compensation expenses	155		114	
Bond issuance cost	60		-	
Depreciation of inactive non-current assets	398		418	
Other	171	1,369	141	1,304
<b>Ordinary income</b>		<b>12,192</b>		<b>7,118</b>
<b>Extraordinary gains</b>				
Gains on sale of property, plant and equipment	23		905	
Other	0	24	63	969
<b>Extraordinary losses</b>				
Loss on retirement and sale of property, plant and equipment	281		217	
Impairment loss	622		345	
Loss on devaluation of investment securities	134		427	
Settlement packages	-		2,822	
Business structure improvement expenses	862		254	
Other	162	2,064	139	4,207
<b>Net income before income taxes</b>		<b>10,152</b>		<b>3,879</b>
Income taxes	2,495		1,737	
Deferred income taxes	679	3,175	268	2,005
<b>Net income before minority interests</b>		<b>6,977</b>		<b>1,873</b>
Minority interests in income (loss)		(12)		6
<b>Net income or loss</b>		<b>6,989</b>		<b>1,867</b>

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	23,557	41,484	67,938	(3,564)	129,415
Cumulative effects of accounting changes			(134)		(134)
Balance at beginning of current fiscal year reflecting accounting changes	23,557	41,484	67,803	(3,564)	129,280
Change during the current fiscal year					
Dividends from surplus			(1,176)		(1,176)
Net income			6,989		6,989
Acquisition of treasury stock				(3)	(3)
Disposition of treasury stock		11		154	165
Change in scope of consolidation			(18)		(18)
Net change in items other than shareholders' equity during the current fiscal year					
Total of changes during the current fiscal year	-	11	5,793	151	5,956
Balance at end of current fiscal year	23,557	41,495	73,597	(3,412)	135,236

	Accumulated other comprehensive income					Stock acquisition rights	Minority interests	Total net assets
	Unrealized holding gains on securities	Deferred gain or loss on derivatives under hedge accounting	Foreign currency translation adjustments	Adjustment for retirement benefit obligations etc. of foreign subsidiaries	Total accumulated other comprehensive income			
Balance at beginning of current fiscal year	562	14	(14,346)	-	(13,769)	274	40	115,961
Cumulative effects of accounting changes				(11)	(11)			(146)
Balance at beginning of current fiscal year reflecting accounting changes	562	14	(14,346)	(11)	(13,781)	274	40	115,814
Change during the current fiscal year								
Dividends from surplus								(1,176)
Net income								6,989
Acquisition of treasury stock								(3)
Disposition of treasury stock								165
Change in scope of consolidation								(18)
Net change in items other than shareholders' equity during the current fiscal year	417	(46)	6,571	(22)	6,920	(103)	(31)	6,785
Total of changes during the current fiscal year	417	(46)	6,571	(22)	6,920	(103)	(31)	12,741
Balance at end of current fiscal year	979	(31)	(7,774)	(34)	(6,860)	170	9	128,556

**NON-CONSOLIDATED BALANCE SHEETS**

(Millions of yen)

Account item	73rd Fiscal Term (as of March 31, 2014)	(Reference) 72nd Fiscal Term (as of March 31, 2013)
	Amount	Amount
(ASSETS)		
<b>Current assets</b>	<b>81,043</b>	<b>67,148</b>
Cash and deposits	26,135	8,214
Notes receivable	969	426
Trade accounts receivable	33,310	34,751
Merchandise and finished goods	2,411	2,398
Work in process	3,296	3,068
Raw materials and supplies	3,365	2,992
Prepaid expenses	453	454
Short-term loans to subsidiaries and affiliates	4,380	8,034
Other accounts receivable	6,639	6,668
Consumption taxes receivable	65	114
Other	15	37
Allowance for doubtful receivables	-	(14)
<b>Non-current assets</b>	<b>103,451</b>	<b>105,056</b>
<b>Property, plant and equipment</b>	<b>29,486</b>	<b>32,880</b>
Buildings	8,502	8,945
Structures	484	541
Machinery and equipment	14,294	15,525
Vehicles and transportation equipment	63	85
Tools, furniture and fixtures	636	679
Land	4,214	4,215
Construction in progress	1,290	2,887
<b>Intangible assets</b>	<b>616</b>	<b>644</b>
Patent right	118	149
Software	415	386
Other	82	108
<b>Investments and other assets</b>	<b>73,347</b>	<b>71,531</b>
Investment securities	3,463	3,028
Investments in subsidiaries and affiliates	49,242	49,242
Long-term loans receivable from employees	262	316
Long-term loans receivable from subsidiaries and affiliates	23,157	20,623
Claims provable in bankruptcy, claims provable in rehabilitation and other	308	282
Long-term prepaid expenses	246	532
Other	833	831
Allowance for doubtful receivables	(4,166)	(3,325)
<b>Total Assets</b>	<b>184,494</b>	<b>172,205</b>

**NON-CONSOLIDATED BALANCE SHEETS (continued)**

(Millions of yen)

Account item	73rd Fiscal Term (as of March 31, 2014)	(Reference) 72nd Fiscal Term (as of March 31, 2013)
	Amount	Amount
<b>(LIABILITIES)</b>		
<b>Current liabilities</b>	<b>64,724</b>	<b>59,250</b>
Notes payable	34	82
Trade accounts payable	22,215	22,028
Bonds due within one year	8,000	-
Convertible bond type-bonds with subscription rights to shares due within one year	365	-
Short-term loans payable	10,623	20,242
Current portion of long-term loans payable	11,722	4,774
Lease obligations	211	557
Other accounts payable	3,802	2,946
Accrued expenses	3,004	3,451
Accrued income taxes	155	126
Deposits received	1,489	2,442
Reserve for bonuses	1,619	1,664
Reserve for bonuses to Directors and Audit & Supervisory Board Members	74	75
Deferred tax liabilities	-	6
Other	1,405	852
<b>Long-term liabilities</b>	<b>42,132</b>	<b>37,247</b>
Bonds payable	-	8,000
Convertible bond type-bonds with subscription rights to shares	20,096	365
Long-term loans payable	19,736	26,489
Lease obligations	454	640
Deferred tax liabilities	1,492	1,356
Other	351	396
<b>Total Liabilities</b>	<b>106,856</b>	<b>96,497</b>
<b>(NET ASSETS)</b>		
<b>Shareholders' equity</b>	<b>76,665</b>	<b>74,887</b>
Common stock	23,557	23,557
Capital surplus	41,495	41,484
Capital reserve	41,450	41,450
Other capital surplus	44	33
Retained earnings	15,026	13,410
Legal profit reserve	2,947	2,947
Other retained earnings	12,078	10,462
Reserve for advanced depreciation of non-current assets	1,249	1,253
Retained earnings (losses) brought forward from the previous term	10,828	9,208
Treasury stock	(3,412)	(3,564)
<b>Variance of evaluation and translation</b>	<b>802</b>	<b>545</b>
Unrealized holding gains on securities	834	530
Deferred gain or loss on derivatives under hedge accounting	(31)	14
<b>Subscription rights to shares</b>	<b>170</b>	<b>274</b>
<b>Total Net Assets</b>	<b>77,638</b>	<b>75,707</b>
<b>Total Liabilities and Net Assets</b>	<b>184,494</b>	<b>172,205</b>

**NON-CONSOLIDATED STATEMENTS OF INCOME**

(Millions of yen)

Account item	73rd Fiscal Term (from April 1, 2013 to March 31, 2014)		(Reference) 72nd Fiscal Term (from April 1, 2012 to March 31, 2013)	
	Amount		Amount	
<b>Net sales</b>		<b>178,893</b>		<b>169,656</b>
<b>Cost of sales</b>		<b>156,062</b>		<b>153,958</b>
<b>Gross profit</b>		<b>22,831</b>		<b>15,697</b>
<b>Selling expenses and general and administrative expenses</b>		<b>20,033</b>		<b>18,416</b>
<b>Operating income (loss)</b>		<b>2,797</b>		<b>(2,718)</b>
Other income				
Interest income	330		363	
Dividend income	1,456		2,211	
Foreign exchange profit	584		679	
Other	178	2,551	109	3,363
Other expenses				
Interest expenses	485		552	
Interest on bonds	73		73	
Bond issuance cost	60		-	
Compensation expense	136		86	
Depreciation of inactive non-current assets	135		148	
Provision of allowance for doubtful accounts	814		1,774	
Other	55	1,761	61	2,697
<b>Ordinary income (loss)</b>		<b>3,587</b>		<b>(2,052)</b>
<b>Extraordinary gains</b>				
Gains on sale of property, plant and equipment	50		70	
Gain on sale of investment securities	-		62	
Other	-	50	10	144
<b>Extraordinary losses</b>				
Loss on retirement and sale of property, plant and equipment	71		75	
Impairment loss	113		94	
Disaster loss	110		-	
Loss on disposal of inventories	-		64	
Loss on devaluation of investment securities	-		427	
Loss on devaluation of stocks of subsidiaries and affiliates	-		229	
Settlement packages	-		2,822	
Other	26	322	56	3,770
<b>Net income (loss) before income taxes</b>		<b>3,316</b>		<b>(5,678)</b>
Income taxes	532		(422)	
Deferred income taxes	(8)	523	5	(416)
<b>Net income (loss)</b>		<b>2,792</b>		<b>(5,261)</b>

## NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Common stock									
	Common stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Legal profit reserve	Other retained earnings		Total retained earnings		
						Reserve for advanced depreciation of non-current assets	Retained earnings brought forward from the previous fiscal year			
Balance at beginning of current fiscal year	23,557	41,450	33	41,484	2,947	1,253	9,208	13,410	(3,564)	74,887
Change during the current fiscal year										
Dividends from surplus							(1,176)	(1,176)		(1,176)
Reversal of reserve for advanced depreciation of non-current assets						(4)	4			
Net income							2,792	2,792		2,792
Acquisition of treasury stock									(3)	(3)
Exercise of subscription rights to shares (issuance of treasury stock)			11	11					154	165
Net change in items other than shareholders' equity during the current fiscal year										
Total change during the current fiscal year	-	-	11	11	-	(4)	1,620	1,616	151	1,778
Balance at end of current fiscal year	23,557	41,450	44	41,495	2,947	1,249	10,828	15,026	(3,412)	76,665

	Variance of evaluation and translation			Stock acquisition rights	Total net assets
	Unrealized holding gains on securities	Deferred gain or loss on derivatives under hedge accounting	Total variance of evaluation and translation		
Balance at beginning of current fiscal year	530	14	545	274	75,707
Change during the current fiscal year					
Dividends from surplus					(1,176)
Reversal of reserve for advanced depreciation of non-current assets					
Net income					2,792
Acquisition of treasury stock					(3)
Exercise of subscription rights to shares (issuance of treasury stock)					165
Net change in items other than shareholders' equity during the current fiscal year	303	(46)	256	(103)	153
Total change during the current fiscal year	303	(46)	256	(103)	1,931
Balance at end of current fiscal year	834	(31)	802	170	77,638

## **Audit Report**

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

### **INDEPENDENT AUDITORS' REPORT**

May 16, 2014

The Board of Directors  
Taiyo Yuden Co., Ltd.

#### **KPMG AZSA LLC**

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

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

Hideaki Takao, 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 73rd fiscal term from April 1, 2013 to March 31, 2014.

#### *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 16, 2014

The Board of Directors  
Taiyo Yuden Co., Ltd.

**KPMG AZSA LLC**

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

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

Hideaki Takao, 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 73rd fiscal term from April 1, 2013 to March 31, 2014.

*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 73rd fiscal term from April 1, 2013 to March 31, 2014, 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, 2014.

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, 2014.

## 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 21, 2014

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