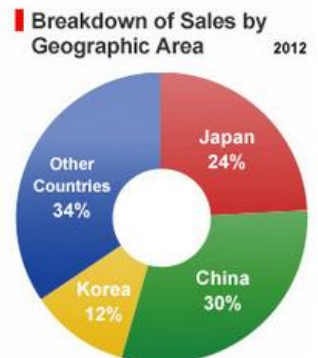
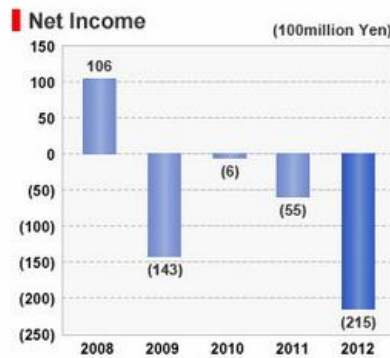
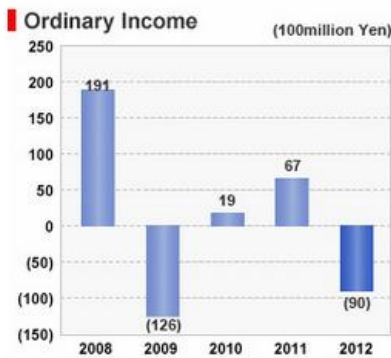
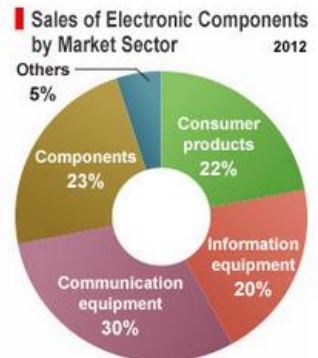
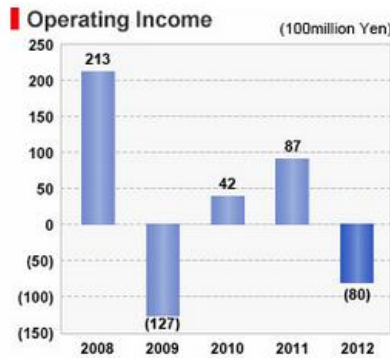
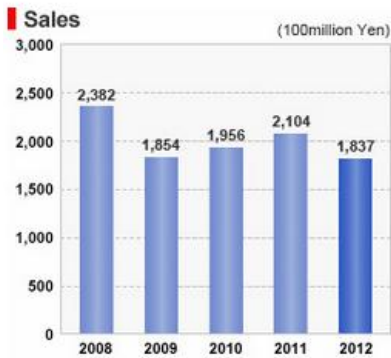


Review of Operations

Business Performance Highlights



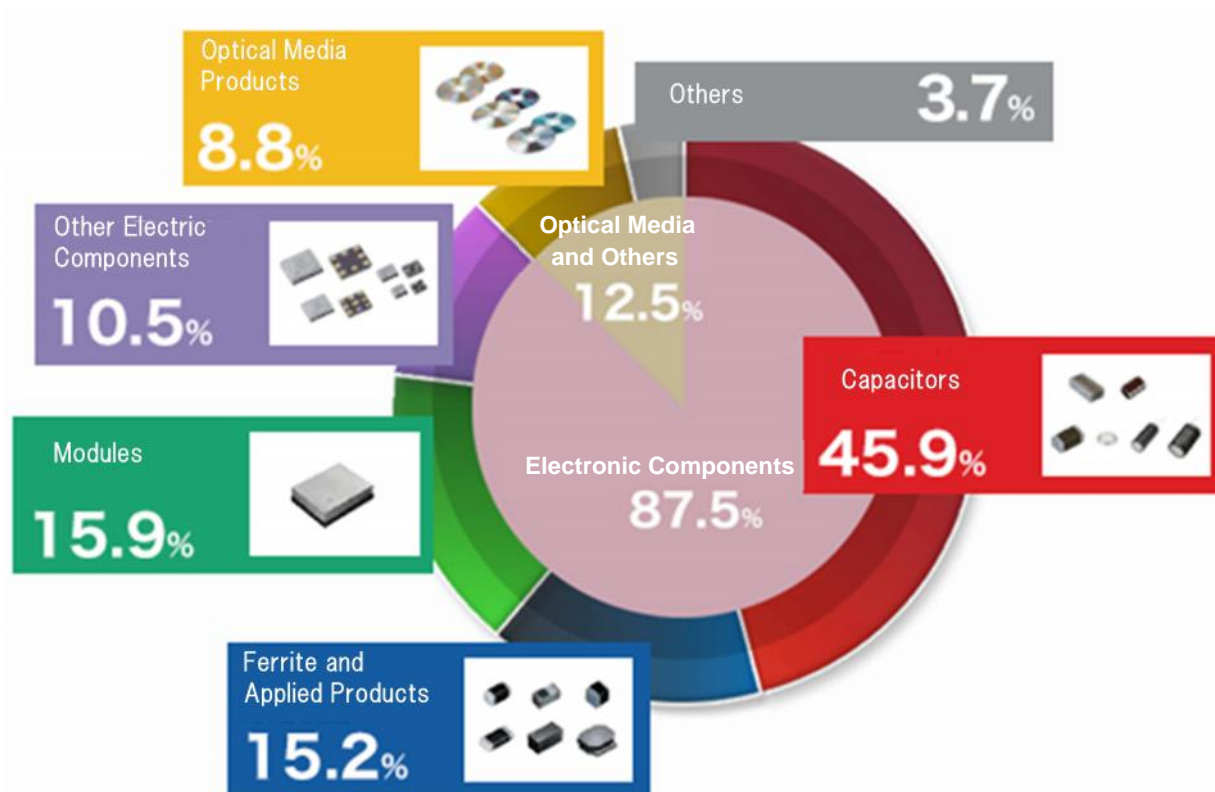
The TAIYO YUDEN Group is comprised of two business segments: "Electronic Components" and "Optical Media and Others." The "Electronic Components" business manufactures and sells capacitors, inductors, SAW/FBAR devices and other electronic components. The "Optical Media and Others" business manufactures and sells optical media products and engages in other businesses.

During the fiscal year ended March 2012, demand for smartphones and tablet PCs was strong. In contrast, efforts by PC and LCD panel manufacturers to adjust inventories contributed to a drop in demand for electronic components. The Electronic Components business expanded its production capacity for super-high-end products such as small, high-capacitance multilayer ceramic capacitors and SAW/FBAR devices. This was done to maintain a steady supply of products used in smartphones, which, in particular, continued to experience increases in demand. In the Optical Media and Others business, structural reforms made during the year ended March 2011 helped to increase efficiencies in the Optical Media business with the objective of producing positive profit.

Nevertheless, total consolidated sales for the fiscal year ended March 2012 declined by 12.6% year over year, to ¥183,795 million. The Company posted an operating loss of ¥8,010 million (compared with a ¥8,792 million profit in the previous year). Extraordinary items included expenses related to restructuring, such as a special extra retirement payment for the solicitation of voluntary retirement, as well as the depletion of deferred tax assets. As a result, the net loss for the period was ¥21,599 million, compared with a ¥5,506 million net loss in the year ended March 2011.

### Net Sales by Product Segment

Year ended March 31, 2012



Note: The foregoing product segment applies to the fiscal year ended March 2012. From the fiscal year ending March 2013, the product segment has been changed as shown in the following.

TAIYO YUDEN has changed the name of this product segment from "Modules" to "Integrated Modules & Devices"

Year Ended March 31, 2012

Business segment	Product segment	Main products
Electronic Components	Capacitors	- Multilayer ceramic capacitors - Energy devices
	Ferrite and applied products	- Multilayer chip inductors - Wire-wound chip Inductors
	Modules	- Power supply modules - High frequency modules - Embedded-parts multilayer wiring substrate
	Other electronic components	- SAW/FBAR devices - Antennas - Ceramic filter
Optical Media and Others	Optical media products	CD-Rs, DVD-Rs, BD-Rs
	Others	The circuit design and mounting business of our subsidiaries



Year Ending March 31, 2013

Business segment	Product segment	Main products
Electronic Components	Capacitors	- Multilayer ceramic capacitors
	Ferrite and applied products	- Multilayer chip inductors - Wire-wound chip Inductors
	Integrated Modules & Devices	- SAW/FBAR devices - Antennas - Ceramic filter - Power supply modules - High frequency modules - Embedded-parts multilayer wiring substrate
	Other electronic components	- Energy devices
Optical Media and Others	Optical media products	CD-Rs, DVD-Rs, BD-Rs
	Others	The circuit design and mounting business of our subsidiaries

## Electronic Components

## Capacitors

## Main Products

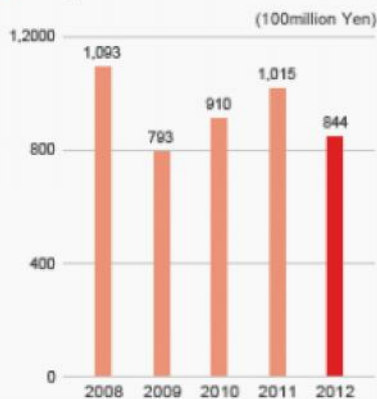
- Multilayer ceramic capacitors
- Energy devices\* (Polyacene capacitors, Lithium ion capacitors)

## Net Sales

for the Year Ended March 31, 2012

**84,462 million yen**

## Change of the sales amount



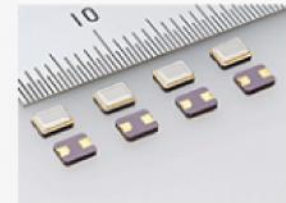
In the fiscal year ended March 2012, the business was affected by declining demand from manufacturers of consumer equipments, such as TVs, information equipments, such as PCs, and components like LCD panels. Sales declined by 16.8% year over year, to ¥84,462 million.

During the fiscal year ending March 2013, TAIYO YUDEN will launch a number of super-high-end products such as extremely small EIA 01005 size (0.4mm x 0.2mm) and EIA 0201 size (0.6mm x 0.3mm) capacitors. These new components are targeted to support markets poised for continuing demand growth, such as smartphones and tablet PCs. In order to promote sales growth, the Company is aggressively targeting the market for electrolytic capacitors with a high capacitance of 100 $\mu$ F and above, while trying to encourage growth in the market for multilayer ceramic capacitors. TAIYO YUDEN is also focusing its energies to promote products into high-quality product markets such as the industrial equipment, automotive and health care industries, by expanding its lineup of products aimed to support these sectors.

The Company is also working to optimize the use of production facilities to achieve high efficiencies. These efforts include the transfer of the production of many high-end components formerly made in Japan to overseas production sites.



Multilayer ceramic capacitors



Ceramic type polyacene capacitors

\*From the fiscal year ending March 2013, TAIYO YUDEN changed the product segment of energy devices and included them in the "Other Electronic Components" segment.

## Ferrite and applied products

## Main Products

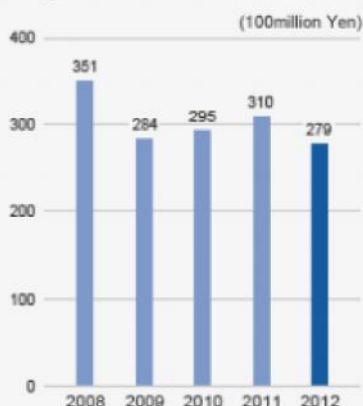
- Multilayer chip inductors
- Wire-wound chip inductors
- SMD power inductors
- Common mode choke coils

## Net Sales

for the Year Ended March 31, 2012

**27,929 million yen**

## Change of the sales amount



In the fiscal year ended March 2012, the business was affected by declining demand from manufacturers of consumer equipments, such as TVs, information equipments, such as PCs, and components like LCD panels. Sales declined by 10.0% year over year, to ¥27,929 million.

During the fiscal year ending March 2013, the Company will focus efforts on developing super-high-end products which respond precisely to customer needs. The Company is expanding its lineup of high-frequency multilayer chip inductors and multilayer chip beads, with products as small as EIA 01005 size (0.4mm x 0.2mm). In addition, TAIYO YUDEN has used new metallic materials to develop the MCOIL<sup>®</sup> line of miniaturized, large current inductors. The Company plans to continue developing new versions of this product and launching these products into strategic markets, while expanding production capacity.

As in the case of the capacitor business, the Company is trying to optimize the use of production facilities in Japan and overseas, to achieve the highest possible efficiency.



Small power inductors



Multilayer chip inductors

## Modules

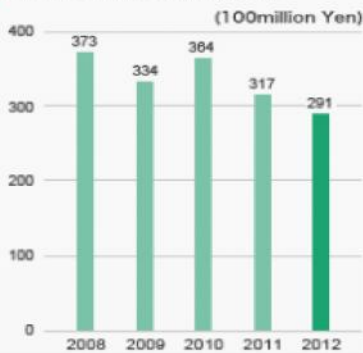
### Main Products

- Power Supply Modules
- High frequency modules
- Embedded parts multilayer wiring substrate

Net Sales  
for the Year Ended March 31, 2012

**29,166 million yen**

#### Change of the sales amount



## Integrated Modules & Devices

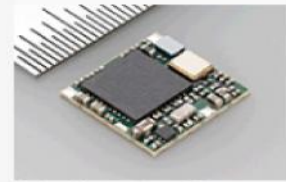
From the fiscal year ending March 2013, the product segment has been changed to the "Integrated Modules & Devices" segment.

For the fiscal year ended March 31, 2012, module sales totaled ¥29,166 million, down 8.2% compared with the previous fiscal year. Although sales of high-frequency modules rose year-over-year, sales of power supply modules declined.

From the fiscal year ending March 2013, the product segment has been changed to the "Integrated Modules and Devices" segment, reflecting the business model for this product segment, and its focus on an increasing ratio of integrated devices, rather than the individual modules that were the core products in the past. This segment will now include SAW/FBAR devices, antennas and ceramic filters. The Company is building a firm production base for SAW/FBAR devices in response to rising demand from the growing smartphone and tablet PC markets, where we see an increase of the need for more of these components. TAIYO YUDEN is also aggressively targeting the market for super-high-end components with products such as the EOMIN<sup>®</sup>--embedded-parts multilayer wiring substrate ("component-on-chip") which was developed using TAIYO YUDEN proprietary technology. In addition, this segment is also focused on the power supply business with recovery systems and other products for the energy market.

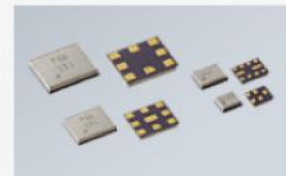


High frequency modules



Embedded-parts multilayer wiring substrate, "EOMIN<sup>®</sup>"

This new product segment, "Integrated Modules & Devices," now newly includes SAW/FBAR devices, antennas and ceramic filters.



SAW/FBAR devices

## Other Electronic Components

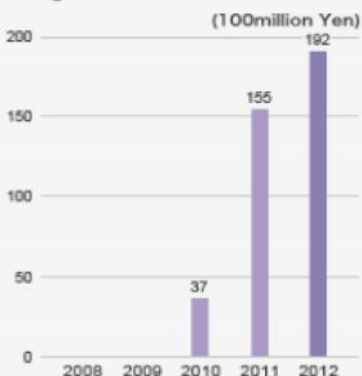
### Main Products

- SAW/FBAR Devices
- Varistors

Net Sales  
for the Year Ended March 31, 2012

**19,294 million yen**

#### Change of the sales amount

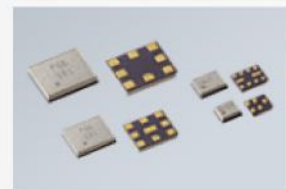


Because the segment was changed from the fiscal year ended March 2011, only the figures for three fiscal years have been stated.

It is the electronic parts which do not belong to the division of the "Capacitors" "Ferrite and Applied Products" "Modules".

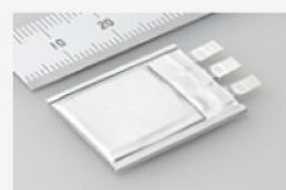
In the fiscal year ended March 2012, sales of SAW filters and other SAW/FBAR devices rose year over year, comprising a 24.3% increase in sales, to ¥19,294 million.

Due to the reorganization of the product segments, energy devices, which formerly were included in the "Capacitors" segment, will be included in this segment. Going forward, we will develop products in energy devices, which is expected to grow, develop applications in advanced technology fields, and expand sales in energy-related fields.



SAW/FBAR devices

From the fiscal year ending March 2013, energy devices (polyacene capacitors, lithium ion capacitors) have been added to this segment. SAW/FBAR devices, antennas and ceramic filters have been changed to the "Integrated Modules & Devices" segment.



Thin type polyacene capacitor

## Optical Media and Others

## Optical Media Products

## Main Products

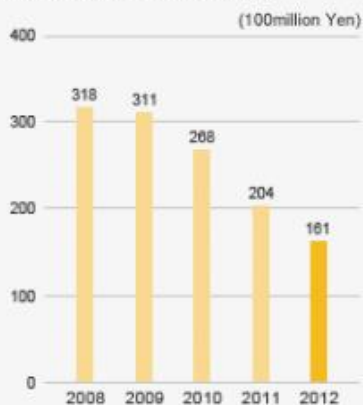
- CD-Rs, DVD-Rs, BD-Rs

## Net Sales

for the Year Ended March 31, 2012

**16,152 million yen**

## ● Change of the sales amount



Consolidated net sales for the year ended March 2012 were ¥16,152 million, down 21.1% from the previous fiscal year. Sales of CD-Rs and DVD-Rs/DVD+Rs all declined year over year, although sales of BD-Rs were robust.

In the year ending March 2013, the Company will take steps to return its CD-R, DVD-R and BD-R businesses to profitability, focusing mainly on consumer electronics applications. We will also try to cultivate the market for archiving applications, which requires highly reliable product types.



DVD-R BD-R CD-R

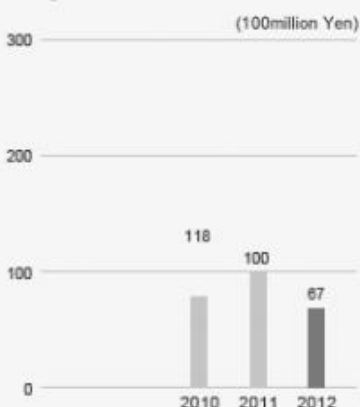
## Others

## Net Sales

for the Year Ended March 31, 2012

**6,791 million yen**

## ● Change of the sales amount



Because the segment was changed from the fiscal year ended March 2011, only the figures for three fiscal years have been stated.

Sales in this segment primarily come from the circuit design and mounting business of one of our subsidiaries. For the fiscal year ended March 31, 2012, sales in this segment were ¥6,791 million, down 32.4% from the previous fiscal year.

## Research and Development



TAIYO YUDEN's research & development continues its focus on activities that are driven by one of the Company's main objectives, which is to develop products that are rated highly by our customers, by means of enhancing the Company's knowledge and technology positions and leveraging its skill set to allow for this development. The Company intends to further advance its materials technology, processing technology, design technology and production technology to meet the various needs of our customers, such as size constraints, digitization, multi-functionality and

modulization of their products.

To this end, the Company is creating super-high-end products ranging from various types of chip components, circuit modules, high-frequency devices and electronic noise suppression components.

### Research and Development Principles

#### 1 Become a world leader in technology

Promote technological development ahead of product development and become a global leader in technology

#### 2 Devise general-purpose technologies

Devise technologies which can be applied not only to specific products but also to other areas useful to the markets we serve

#### 3 Develop economic and environment-compatible technologies

Develop technologies which can be economically applicable to our manufacturing process and meet critical environmental standards

#### 4 Create No.1 technologies

Persist to create the world's best and first technologies



R&D Center (Takasaki-shi, Gunma)

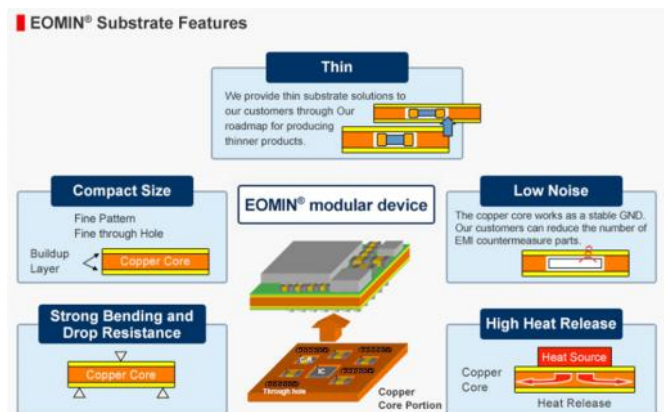
### The Leading Edge of R&D

Enhancing the competitiveness of front-end modules\*

Improve the development of SAW/FBAR devices and EOMIN® components

SAW/FBAR components are primarily used in smartphones as well as other mobile electronics devices. These products are quickly becoming an essential component in mobile telecommunications products. EOMIN® is an embedded-parts multilayer wiring substrate. It uses a copper core to provide low noise and heat dispersion qualities. These EOMIN® modular devices can greatly reduce the overall size of conventional modules.

As smartphones incorporate increasing functionality and multiband capabilities, the number of individual components they require is steadily increasing. At the same time users are demanding that the handsets be smaller and thinner. TAIYO YUDEN's SAW/FBAR devices and EOMIN® products can be used to create highly functional front-end modules which can respond to these market needs.



TAIYO YUDEN uses its advanced product development technology and production technology to supply a multitude of high value-added super-high-end products, and is expanding production capacity accordingly. R&D efforts will continue to focus on SAW/FBAR devices and EOMIN® products.

\*Front-end Modules

Includes transmission/reception circuits in the antenna unit, to unify functions in a single module

## Main Activities

During the fiscal year ended March 2012, R&D expenditures were ¥8,068 million. The following section outlines the Company's main R&D activities.

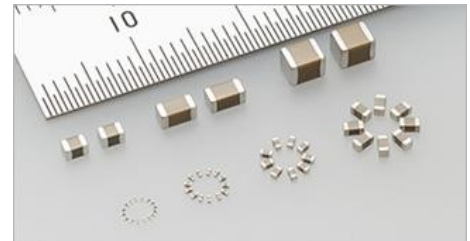
### Electronic Components

#### Capacitors

##### Multilayer ceramic capacitors

The Company has improved its dielectric materials technology, thin-film and high capacity technology, and miniaturization capabilities to develop dielectric layers that are less than 1 micron in thickness and has mass-produced these products on a consistent basis. The Company's multi-layering technology is approaching a 1000-layer capability, allowing TAIYO YUDEN to introduce and mass produce new capacitor products in the EIA 1206 size (3.2mm x 1.6mm) and EIA 1210 size (3.2mm x 2.5mm) range, both with a high capacitance of 220 $\mu$ F.

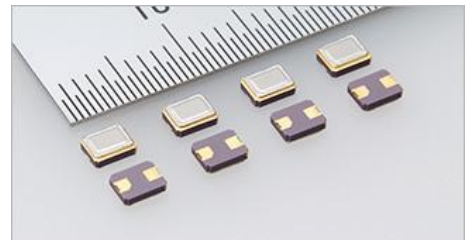
Looking ahead, we will apply these technologies to expand production of new products for the smartphone market.



Multilayer ceramic capacitors

##### Energy devices (capacitors)\*

TAIYO YUDEN has developed the world's smallest polyacene capacitors, for use in smartphones and for backup purposes in digital cameras. The Company has begun mass production of a coin-type 3.8mm-diameter x 1.1mm device, the smallest in the industry, and a rectangular 3.2mm x 2.5mm device, and has also begun mass production of low-profile, low-impedance polyacene capacitors. With the utilization of a two-layered electric capacitor structure and a lithium ion-coated anode, the Company has developed a cylindrical lithium ion capacitor which offers improved energy precision. Development work on a low-profile lithium ion capacitor is continuing. The Company will continue to develop superior new products that meet market needs in the energy device market. This market is expected to enjoy strong growth in the future.



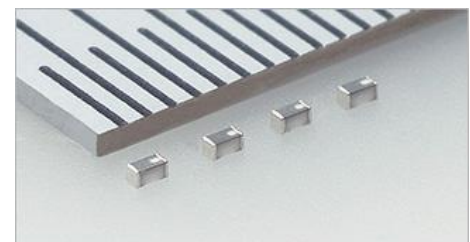
Ceramic type polyacene capacitors

\*From the fiscal year ending March 2013, TAIYO YUDEN changed the product segment to the "Other Electronic Components" segment.

#### Ferrite and applied products

##### Multilayer chip inductors

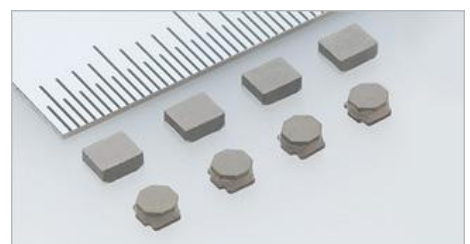
TAIYO YUDEN is expanding its lineup of multilayer choke coils for DC-DC converters used in the expanding mobile electronics market. The Company has begun mass production of miniaturized, EIA 0603 size (1.6mm x 0.8mm) products which have a low profile of just 0.33mm in height. In the market for high-frequency multilayer inductors, used in the high-frequency circuits of mobile phones, TAIYO YUDEN developed EIA 0201 size (0.6mm x 0.3mm) and EIA 01005 size (0.4mm x 0.2mm) products which offer the best Q-factor characteristics in the industry. These products are in mass production. As technology continues to progress, the Company intends to launch even smaller and higher-function products.



High-Q multilayer chip inductors

##### Wire-wound inductors

Surface-mounted coil inductors used in power supply circuits are another focus of development for TAIYO YUDEN. Of particular note is the choke coils used in DC-DC converters produced for the growing smartphone market. To address strong market demand for low-profile products, the Company has begun mass production of 2mm x 2mm products. In response to the demand for even smaller products with large power outputs, the Company has used its technological know-how in developing new materials and advanced production technology to develop and mass produce the MCOIL<sup>®</sup> metallic power inductor. In the future, the Company plans to expand its lineup of MCOIL<sup>®</sup> products and increase production to further enhance competitiveness and product breadth. The Company will also continue working to develop new products by vigorously expanding its product lineup to meet market needs.



Metal power inductor "MCOIL<sup>®</sup>"

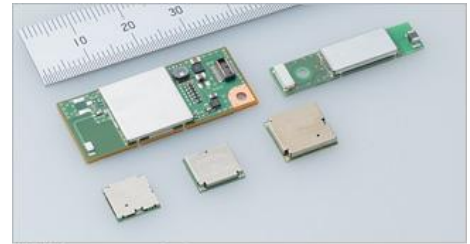
**Modules**

**Multifunctional modules**

A strong market demand for power-conserving components has prompted TAIYO YUDEN to work on the development of power source technology which reduces power consumption. Meanwhile, the Company is developing LED technology for use in both lighting applications and as a backlight unit for flat screen television sets. This technology provides the Company with several competitive advantages. In the future, the Company will continue working to address power conservation needs, developing multifunctional modules that have superior compactness, a low profile and high efficiency. One way to further reduce power consumption is to reuse energy in circuits. TAIYO YUDEN is developing new applications for power sources, and its own in-house IC control technologies for power sources, creating a stronger and more competitive product lineup.

**Wireless communication modules**

In the growing market for short-range wireless communications, TAIYO YUDEN has developed a multitude of products from small, low-profile modules and its own antenna modules, to meet customer needs with an emphasis to develop a wide range of products that reflect market demand. Recently, the Company developed a “combination module” which incorporates more than one separate wireless transmission standard—an example of this is our Bluetooth® and wireless LAN—in a single module product. We are currently making intense efforts to incorporate these modules in new products.



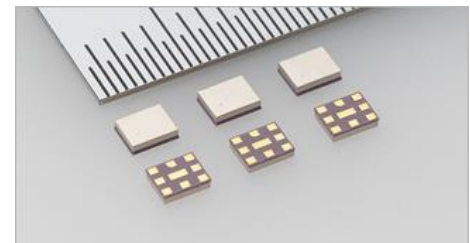
High frequency modules

As communications networks incorporate more and more separate and diverse pieces of equipment, the Company has been working to develop and commercialize a module business that supports software requirements. The Company is now capable of proposing solutions in the new communications-related markets in fields such as digital home electronics and health care.

**Other Electronic Components**

**Communication devices\***

SAW technology has become a key element in the devices that support the rapidly growing smartphone market, and TAIYO YUDEN is working hard to develop products in this segment. The Company already offers products that support both the global standard variety of 3G service (UMTS) and also the LTE standard which is likely to provide the backbone for next-generation networks and services. The Company is making proposals for miniaturized, low energy-consumption filter devices and front-end modules with value-added integrated circuits. TAIYO YUDEN is also focusing its efforts to develop products that use FBAR technology to support more highly functional devices. The market for telecommunications products is becoming increasingly complex. TAIYO YUDEN will propose and develop high-frequency devices that offer the most appropriate solution to market needs.



Duplexers

\*From the fiscal year ending March 2013, TAIYO YUDEN changed the product segment to the "Integrated Modules and Devices" segment.

**Optical Media and Others**

**Optical Media Products**

The Company has begun mass production and shipments of a 6x speed device in support of the market for BD-R LTH recording media. And, in response to mounting demand for long-term optical storage devices (for archiving purposes), TAIYO YUDEN is continuing efforts to develop high-quality products for various types of recording format—CD-R, DVD-R and BD-R.



DVD-R, BD-R, CD-R

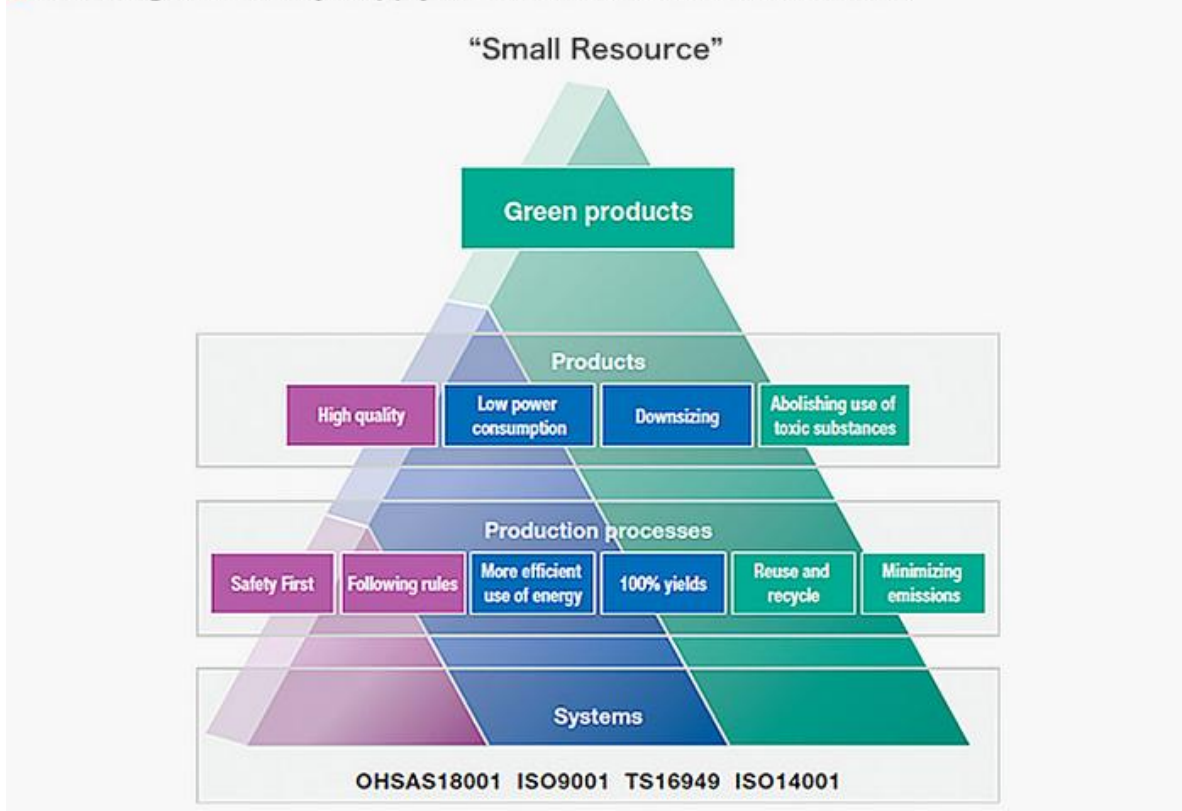


## Development of “green products”

The TAIYO YUDEN Group strives to make a positive contribution to reducing the Company's burden on the environment by pursuing “green products” and working to provide a stable supply of these items. Critical factors such as design and production, marketing, support for installation in final products, and disposal have all been considered as the Company endeavors to reduce muda (waste), mura (inconsistency) and muri (overburdening the environment). To this end, the Company is committed to developing products which offer value to employees, customers and local communities alike.

TAIYO YUDEN has implemented product quality and environmental management systems and has leveraged the Occupational Health & Safety Systems to meet the task to develop “green products” that reduce waste, inconsistency and overburdening the environment. The TAIYO YUDEN Group will maintain its level of dedication to the development of superior green products through its involvement in the “green processes” and development of “green products.”

### Ensuring of a steady supply of Green Products to customers



### Evaluation points for “Green products”

