

TAIYO YUDEN Group's Research and Development Activities

The Foundation of Our Research and Development Activities

Hikohachi Sato, the founder of TAIYO YUDEN, was a researcher in ceramic materials. Since its establishment, TAIYO YUDEN has believed that product commercialization should start from the development of materials. This has been one of the strengths of TAIYO YUDEN, and has resulted in us creating many products that have been "world firsts."

The TAIYO YUDEN Group's research and development activities are aimed at further honing the many elemental technologies it has so far developed to create products that are highly rated by its customers. In particular, the Group is focusing on the development of super high-end products and high reliability products, as well as on creating new businesses by proposing solutions.



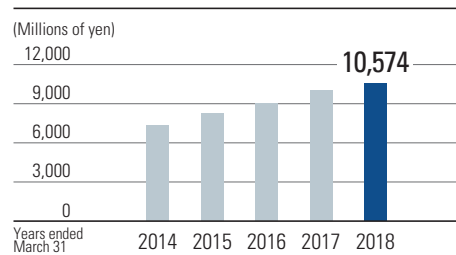
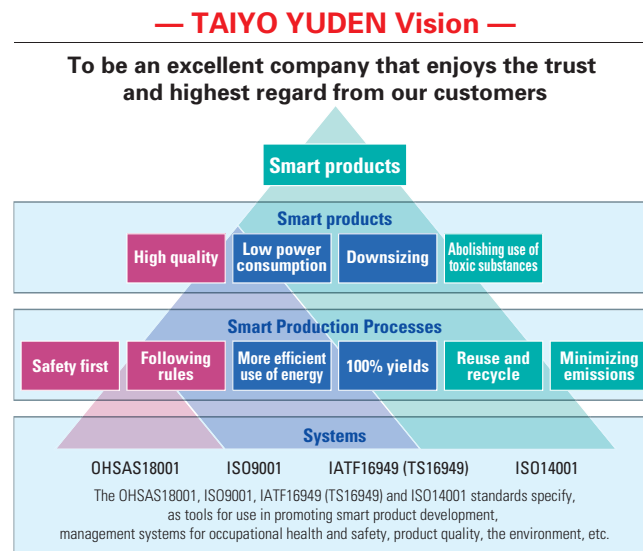
Achievement of Our Vision through Development of Smart Products

The TAIYO YUDEN Group aims to manufacture "smart products" and is actively working to develop and supply steadily such products.

We develop smart products to eliminate the three M's—muda (wastefulness), mura (inconsistency) and muri (overburden)—over their entire life cycle from design through production, sales, and incorporation into the final product right up to final disposal, to add value for customers and local communities we serve as well as our employees.

Combining our "smart processes," which utilized as development and promotional tools management systems for occupational health and safety, quality and the environment and other aspects, with our initiatives towards "smart products" that take usage and final disposal into consideration to reduce environmental impact, we strive to develop smart products.

We believe that our research and development activities aimed at creating a higher standard of smart products will enable us to realize our vision of "becoming an excellent company that enjoys the trust and highest regard from our customers."



R&D expenses

We recognize that continuing innovations and advancement in our technologies through R&D is the foundation for the Group to create the future. With this belief, we will continue to invest in R&D activities and future development of our products.

R&D Center, TAIYO YUDEN's Research Facility (Takasaki City, Gunma Prefecture)

As we were committed to continuing to create the world's best products and uphold our claim to be "the TAIYO YUDEN of technology and the TAIYO YUDEN of development," we opened the R&D Center in 1998. In 2003, we established an Anechoic Chamber Test Facility in the same complex, and accelerated our proactive R&D activities in the field of radio communication. Currently, the R&D Center of the TAIYO YUDEN Group drives development and technological progress and takes a role of a foundation of creativity focusing on the future.



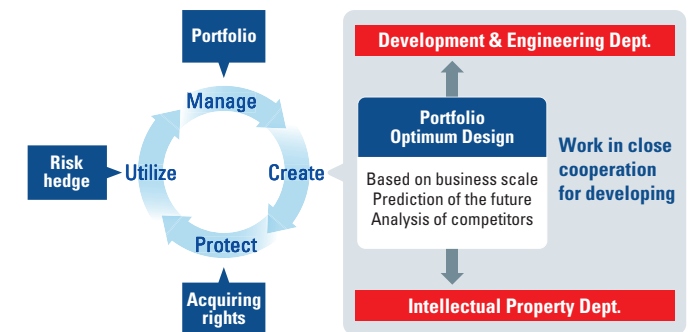
Activities on Intellectual Property Rights

Basic Policy

We, the TAIYO YUDEN Group, endeavor to obtain, maintain and protect intellectual property rights for proper use, and also to respect the intellectual property rights of third parties, in accordance with our CSR Code of Conduct.

Protection of Intellectual Property Rights

At TAIYO YUDEN, the Intellectual Property Department and the Development and Engineering Department work in close cooperation with each other from the early stages of developing new technologies and obtaining intellectual property rights. We have our own management system to create, protect and utilize the intellectual property rights that are suitable for each of our businesses.



Interview with Head of R&D

Utilizing a difference in background to establish new research approaches

Given that TAIYO YUDEN's core business is ceramic capacitors, human resources with a background in inorganic ceramic technology have served as head of the research and development laboratory until now.

Against this backdrop, being a researcher specialized in organic chemistry, I feel that my appointment during the previous fiscal year as head of the laboratory sends a message that the company expects to see a new approach to research unlike that of the past.

One thing I noticed about the research laboratory as a whole after my appointment was that there were few research themes looking five or ten years out. In terms of research and development, any company that fails to maintain a good balance between developments that support today and research that builds the future will not last. So I feel it is essential for us to prioritize tackling the new—creativity—more than we have in the past.

Undertaking novel concepts requires contemplation in environments that are removed from the every-day. I think it important that employees are evaluated for their contribution to creativity. I hope to put together the necessary environment for establishing new approaches to research, thereby transforming the research and development department into one that can contribute to the medium- and long-term creation of value.



Shoichiro Hirakuni
Laboratory Manager
Research and Development Laboratory