



Annual Report 2008



TAIYO YUDEN

Fiscal Year Ended March 31, 2008

Trusted partnerships are the key to Taiyo Yuden's continued achievements.

The electronics industry continues to move forward at breathtaking speed. Current technology requirements, demand for enhanced capabilities and the ability to respond to these demands pose a continuous challenge for Taiyo Yuden to remain at the forefront in developing cutting-edge technology. Our quest is contingent on forging strong relationships requiring mutual cooperation with our "partners" in order to ensure further growth and successful development. We believe that making persistent efforts to build bonds of trust will inevitably create value and serve as a real advantage in realizing our full potential. We firmly believe that our technology and products are critical to our partners' success. Our accomplishments create value in both tangible and intangible ways as we continue to deliver revolutionary technology and solutions.

We aim to be a trusted partner.

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Note

The fiscal years stated in this Annual Report are from April 1 to March 31 of the following year.

Disclaimer

This Annual Report is intended to provide information about the business performance and strategies of the Taiyo Yuden Group. It is not intended as an inducement to purchase or sell stock in Taiyo Yuden or any Taiyo Yuden Group company. Statements in this report that are not historical fact are forward-looking statements based on the current beliefs, estimates and expectations of Taiyo Yuden Group Management. As these beliefs, estimates and expectations are subject to a number of risks, uncertainties and assumptions, actual results may differ materially. Taiyo Yuden undertakes no obligation to update any forward-looking statements, and shall in no event be liable for any damages arising out of the use or interpretation of this material. Please refrain from copying or disseminating this material without the prior consent of Taiyo Yuden.

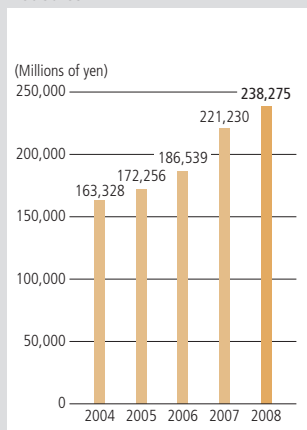
Financial Highlights

Taiyo Yuden Co., Ltd. and Subsidiaries
Years Ended March 31 and as of March 31

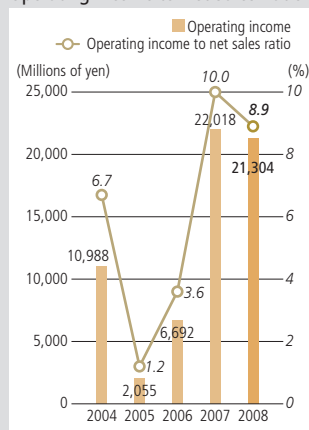
	Millions of Yen		Thousands of U.S. Dollars
	(Rounded off to the nearest million)		(Rounded off to the nearest thousand)
	2008	2007	2008
Net sales	¥ 238,275	¥ 221,230	\$2,382,750
Capacitors	109,348	95,768	1,093,479
Ferrite and applied products	35,159	32,970	351,586
Modules	37,400	41,569	373,998
Optical media products	31,838	33,013	318,378
Other electronic components	24,531	17,910	245,308
Operating income	21,304	22,018	213,042
Net income	10,634	12,945	106,345
Net assets	167,767	169,498	1,677,667
Total assets	271,605	258,553	2,716,052
	Yen	Yen	U.S. Dollars
Net assets per share	¥1,403.24	¥1,421.45	\$ 14.03
Net income per share (basic)	89.22	108.58	0.89
Net income per share (diluted)	82.06	104.09	0.82
Cash dividends per share	10.00	10.00	0.10
	%	%	
Equity ratio	61.6	65.5	
Return on Equity (ROE)	6.3	8.0	
Return on Assets (ROA)	7.2	9.0	
	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
R&D expenses	¥ 8,888	¥ 8,207	\$ 88,882
Capital investment	44,584	30,244	445,841
Depreciation expenses	23,294	18,376	232,944
Number of employees	20,117	20,387	

Notes: 1. U.S. dollar amounts are translated solely for convenience at the rate of ¥100 = US\$1.00.
(See Note 1 of the Notes to Consolidated Financial Statements.)
2. ROE = Net income/Net assets (yearly average) x 100
ROA = Ordinary income/Total assets (yearly average) x 100

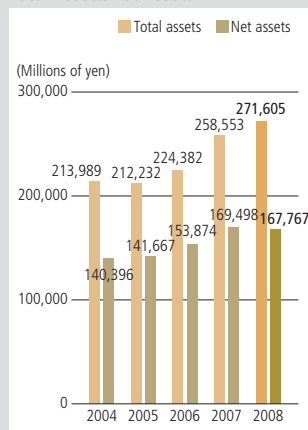
Net Sales



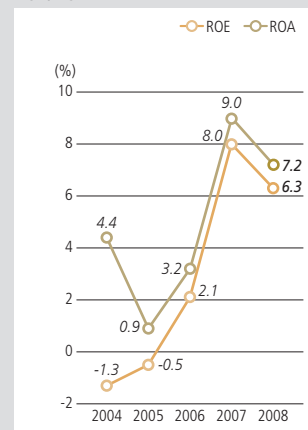
Operating Income/
Operating Income to Net Sales Ratio



Total Assets/Net Assets



ROE/ROA



Aiming for Continued, Stable Growth to be a Trusted Partner



Yoshiro Kanzaki President & Chief Executive Officer

Establish a Solid Position through the Stable Supply of Green Products ~History of Advancement with a Focus on the Future

Taiyo Yuden was established in 1950 by Hikohachi Sato, a researcher of ceramic materials. Based on the belief that product commercialization should begin with quality materials, Taiyo Yuden has created foundations for advancement through efforts to develop and mass produce products that meet the market needs of our customers in a timely manner, beginning with barium titanate tubular ceramic capacitors.

As ceramic capacitors became mainstream, we expanded business into areas such as inductors, circuit modules and optical recording media. Currently, we have 32 Group companies* worldwide and consolidated net sales have grown to ¥238.2 billion (as of the fiscal year ended March 2008).

Taiyo Yuden always aims to be recognized as a trusted partner by its customers to be achieved through "customer-first" business activities and by delivering products worldwide at the appropriate quality, price, quantity and time to meet market requirements. In order to deliver value to our customers, Taiyo Yuden develops "green products" as the bedrock of its business activities. Apart from not containing any harmful substances, we pay close attention to occupational health and safety, product quality and the environment.

We work to eliminate overburden, inconsistency and waste from manufacturing processes to reduce energy consumption and emissions.

Taiyo Yuden has been strongly committed to new technological acquisitions and research and development activities since its earliest days. We have accumulated a wealth of experience and know-how over the years in technological development. One of our key material technologies enables us to control barium titanate, the material in multilayer ceramic capacitors, at the particle level. We also design production machinery to realize the optimum production line in which our innovative concepts are reflected. Combined with this, our production technology ensures a stable supply of high-quality products.

We conduct research and development with a close eye on technological and market trends. We always try to offer products that are half a step ahead of the times. As a result, Taiyo Yuden receives numerous inquiries and requests every day from our customers. By meeting these expectations, we work to build stronger relationships of trust with customers.

*31 consolidated subsidiaries and one affiliate

High-Precision Technology Supporting Evolution in the Electronics Industry ~Four Business Fields

The electronics industry is evolving daily. The market for digital equipment such as mobile phones and PCs continues to expand, while these devices are getting smaller and thinner. At Taiyo Yuden, we constantly strive to develop technology and create the best supply system to meet these market needs.

The Capacitor business is a core segment of the Taiyo Yuden Group. Sales in this segment accounted for almost half of the total revenues reported, or approximately 46% of net sales in the fiscal year ended March 2008. Multilayer ceramic capacitors are driven by sophisticated layering and elemental technology, and are built into all kinds of digital equipment, such as PCs, mobile phones and flat-panel TVs. Cognizant of this field as a strong support pillar for corporate growth, we will continue to be a leader in this expanding market now and in the future.

Inductors account for almost all sales in Ferrite and Applied Products. As with capacitors, inductors are used in various types of

digital equipment. Taiyo Yuden has an extensive range of inductors that satisfy diverse needs, and that have received acclaim.

Our Module business includes power supply modules and high-frequency circuit modules. Taiyo Yuden offers products that preempt market needs by leveraging unique layering, high-frequency circuit and high-density mounting technologies. Demand in this sector is expected to continue to expand in the future.

Main products in the Optical Media Product business are the CD-R, DVD-R and DVD+R. Taiyo Yuden led the world with the invention of the CD-R, a name we also conceived. Thereafter, we started producing the DVD-R and DVD+R, and deployed a worldwide sales network. In February 2008, we released the world's first BD-R LTH Type recordable Blu-ray Disc in which the latest design, development and production technologies for optical discs using organic dye are employed.



Strengthen Our Production System to Meet Growing Demand ~Initiatives in the Fiscal Year Ended March 2008

The Taiyo Yuden Group has continued to increase revenues since the fiscal year ended March 2003. In the previous fiscal year, consolidated net sales topped ¥200 billion for the first time in the Company's history. In the fiscal year ended March 2008, this figure rose 7.7% to ¥238.2 billion.

Looking back at the year under review, production levels were high for key equipment in the first half, notably PCs, mobile phones

and flat-panel TVs, supporting strong demand for our products. Although orders slowed moderately in the second half, we achieved an increase in consolidated net sales on a full-year basis.

Growth in the volume of electronics equipment, particularly mobile phones, PCs and flat-panel TVs, is expected to continue. While mobile phones are getting smaller and thinner, they are also becoming more functional, including audio player features and



touch-panel LCD screens. Other devices with higher functionality are expected to hit the market soon, notably laptop computers with faster processing speed and flat-panel TVs with higher resolution and larger screens. Amid this backdrop, demand for our high-end multilayer ceramic capacitors is expected to grow despite fluctuations caused by macro-economic trends.

In response to increasing demand for multilayer ceramic capacitors and for the purpose of supplying products promptly, the Taiyo Yuden Group is working to expand production capacity. We constructed a new production facility at the Tamamura Plant, one of

Overcoming Challenges to Realize Further Growth ~Future Business Strategy

In our Capacitor business, we will strive to further raise production efficiency and to expand business domains aggressively in the automotive and other fields. There is increasing focus on electric-powered cars from the perspectives of increased comfort, safety and environmental friendliness. Taiyo Yuden has positioned this area as a promising market and will make continued efforts to advance into this field.

For Inductors, we aim to drive growth so that the scale of this business is on a par with our Capacitor business. To achieve this goal, we seek to strengthen product appeal and extend our product range to meet various market needs while continually focusing on raising profits.

In Modules, it is easy to reflect customer needs in products that incorporate our advanced mounting technology. Moving ahead, we will consider business restructuring, mainly through a policy of product selection and concentration. Our goal is to establish the most efficient production system in the market.

In Optical Media Products, although CD-R and DVD-R have become mainstream, manufacturers will shift production to Blu-ray compatible equipment. As a result, the market for Blu-ray Discs is expected to be of considerable size in several years. As has been our history, Taiyo Yuden will continue to lead the industry by providing

our core plants, starting product shipments in June 2007. We also established a manufacturing subsidiary, Niigata Taiyo Yuden Co., Ltd., in which construction was completed in January 2008 and shipments were commenced from April 2008.

In terms of profits, operating income decreased 3.2% year-on-year to ¥21.3 billion due to factors in the external environment such as rising raw material prices and exchange rate fluctuations characterized by weakening of the U.S. dollar against the yen, as well as capital investment aimed at future growth.

In the fiscal year ending March 2009, we will strengthen our production system in accordance with market growth, and focus on further cost cutting including initiatives to improve labor productivity, with the objectives of expanding sales and maintaining an optimal profit level.

Net Sales/Operating Income



high-quality products to the market.

These business strategies will be further clarified in the new medium-term plan beginning in the fiscal year ending March 2010 that is currently being drafted. Under this plan, we will focus on greater customer satisfaction and carry out initiatives to optimize supply chain management. In production, we pursue an optimal balance between production sites in Japan and outside of Japan, assigning specific functions to each of them. In particular, leading-edge multilayer ceramic capacitors requiring advanced production technology are manufactured at plants in Japan, while other products are manufactured overseas at sites in Malaysia, China and Korea. As such, we promote manufacturing operations in the most optimal locations.

We will continue to centralize management resources and ensure they are used more efficiently through a policy of business selection and concentration. This strategy involves channeling resources into core business areas. In terms of business efficiency, a greater importance will be placed on cash flows. Previously, we targeted an operating income ratio exceeding 10% and return on assets (ROA) exceeding 8%. By strengthening our company's foundation, we can pursue even higher profit margins.

Returning Profit to Shareholders: A Critical Management Challenge

~Basic Policy regarding Profit Distribution

Taiyo Yuden places a high priority on distributing earnings to shareholders and views it as a critical management challenge. We aim for stable and sustainable corporate growth, and are currently prioritizing investment in new product development, new technology development and further expansion of production capacity aimed at boosting profitability in the future. We will continue to provide an annual cash dividend of ¥10.0 per share for the time being, and review the policy again after enhancing our profit structure.

As another means to return profits to shareholders, we are striving to increase our overall return ratio to shareholders, including measures such as the purchase of treasury stock. Our aim is to improve capital efficiency and have a flexible equity policy befitting the management environment. Between May 15 and June 10, 2008, we purchased a total of 1,577,000 shares of treasury stock at an aggregate price of ¥2.0 billion.

Making Sincere Efforts as a Corporate Citizen

~Initiatives in Corporate Social Responsibility (CSR)

As our company grows, so does the importance of ensuring transparency in management and compliance with relevant laws and regulations. Taiyo Yuden promotes institutional measures for compliance with laws and regulations, risk management and strengthened corporate governance. We also undertake group-wide initiatives on a worldwide basis to ensure thorough implementation of these measures. We added one outside director in June 2008 and further clarified management responsibility of our directors. With the objective of winning the confidence of all shareholders, we shortened the term of office for directors from two years to one year. Additionally, we set up various structures and systems for CSR including issuance of the CSR Charter and the CSR Code of Conduct. We also established the CSR and Internal Management Office to work to comply with legal requirements.

Taiyo Yuden also recognizes its important role as a corporate citizen regarding initiatives tackling environmental issues and activities aimed at co-existence with local communities. In an effort

to develop green products, we work to ensure environmental preservation, safety and quality management company-wide, which includes acquisition of ISO 14001 certification for environmental management at all of our production sites worldwide.

Measures to reduce waste and promote environmental conservation at all of our business sites support harmonious co-existence with local communities. We also continue to carry out dedicated activities in which employees can participate, including broadening support for children whose parents have been killed in traffic accidents*, which we started in 1971 and expanded to our overseas sites.

*The Sato Foundation Welfare Fund for Children of Traffic Accident Victims

This Foundation was established in 1971 through a donation by Taiyo Yuden founder Hikohachi Sato to Gunma Prefecture. It provides assistance in the form of grants to children and students whose providers have been killed or suffered a disability in road accidents. Donations are made at the end of every year, and include donations from employees and directors. Similar foundations have been established in Taiwan and Korea.

Seeking Long-Term Growth

~Structural Reforms and Changing Awareness

Taiyo Yuden aims to be a trusted partner for all stakeholders, including shareholders, customers, employees and the community. We promote activities with the objectives of being recognized as an excellent company by our shareholders, viewed as a trustworthy partner by customers, a company that employees are proud of and a company that is respected by society.

To achieve these goals, Taiyo Yuden must achieve sustainable growth. We raise our standards rather than be complacent, as well as undertake reforms to build optimum industry-leading structures and

systems. Employees also must alter their way of thinking. We strive to maintain a vibrant corporate culture through increased dialogue between employees and management. By encouraging freedom of ideas and creativity, we can expect the inception of new technological developments and proposals.

We will raise efforts company-wide to achieve growth for the Taiyo Yuden Group in tandem with growth of the electronics industry. We ask for the continued support and trust of our shareholders and investors.

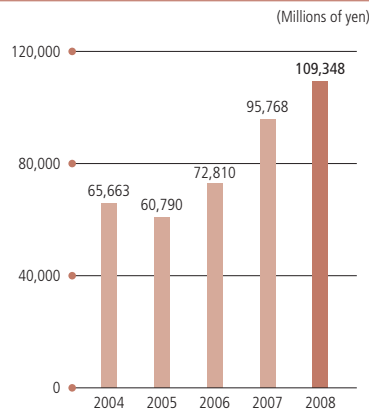
August 2008

Review of Operations

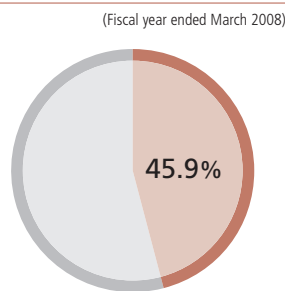
Taiyo Yuden Co., Ltd. and Subsidiaries
Years Ended March 31

Capacitors

Net Sales



Percentage of Total Net Sales



Main Products

Multilayer ceramic capacitors
Axial leaded ceramic capacitors
PAS capacitors

Consolidated net sales in this segment in the fiscal year ended March 2008 increased 14.2% year-on-year to ¥109,348 million, marking growth for the third consecutive period. Sales of capacitors for all applications were up significantly, including for consumer products, information equipment, communication equipment and components.

In multilayer ceramic capacitors, we strengthened the business structure by enhancing the production capacity of high-end products, promoting cost-reduction measures chiefly through the improvement of productivity, and expanding sales through market cultivation. In particular, we completed construction of a new production facility at the Tamamura Plant, one of our key plants, and started product shipments. To meet growing demand in the future, we also established manufacturing subsidiary Niigata Taiyo Yuden Co., Ltd., with shipments getting fully underway as of April 2008.

In terms of multilayer ceramic capacitors, we have successfully established mass production technologies which enable us to keep a dielectric layer thickness at the sub-micron level (less than $1\mu\text{m}$), thanks to technological advancements in such areas as dielectric material technology, thin-film technology and high capacitance technology. As a result, we offer the industry's highest capacitance of $4.7\mu\text{F}$ at the 1005 case size ($1.0\text{mm}\times 0.5\text{mm}$) to the market.

In PAS* capacitors, we succeeded in development and mass production of the industry's smallest size at 311 type ($3.8\text{mm}\Phi\times 1.1\text{mm}$). Demand for this coin type PAS capacitor is expected to increase in the future due to its low environmental burden, combined with the fact it does not need to be recovered, unlike batteries. We also started mass production of cylinder type PAS capacitors capable of rapid charge/discharge for more than 100,000 times.

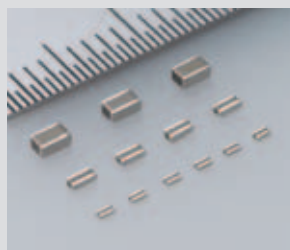
The Taiyo Yuden Group anticipates a continued increase in production of its key electronic devices, and accordingly, will bolster business expansion, especially for high-end multilayer ceramic capacitors. In addition to the steady startup of production at new sites, we will further reduce costs through improving labor productivity and yield rate.

*PAS (Polyacenic Semiconductor): A conductive polymer, synthesized through special thermal condensation of phenolic resin

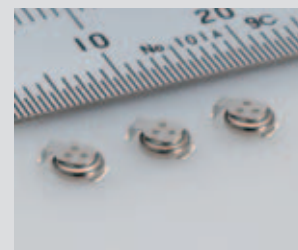
Main Products



Multilayer ceramic capacitors



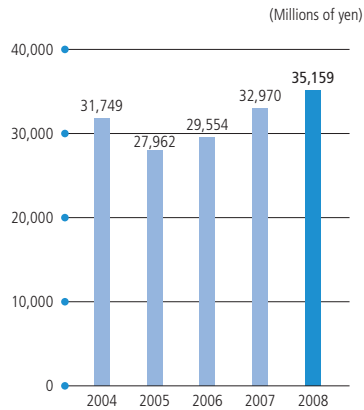
LW reversal decoupling capacitors (LWDC™)



PAS capacitors

Ferrite and Applied Products

Net Sales



As with Capacitors, sales in all applications in this segment increased significantly year-on-year in the fiscal year ended March 2008. Consolidated net sales expanded 6.6% to ¥35,159 million, marking the third consecutive year of growth.

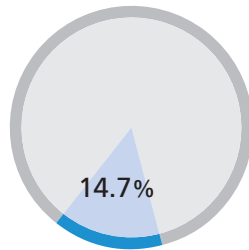
During the period, we carried out initiatives to increase production capacity and to ensure stable supply in order to meet rising demand for low-profile wire-wound power inductors for use in the power supply circuits of digital equipment. In particular, we strengthened our product lineup of 6mm² wire-wound power inductors, as market needs are growing in line with the booming market for flat-panel TVs (LCD TVs, plasma TVs). By doing so, we increased our ability to meet a wider range of requirements.

In multilayer chip inductors, we focused on further enhancing performance of compact, thin multilayer choke coils for DC-DC converters used in mobile equipment. As a result, we started mass production of the 2520 case size (2.5mm×2.0mm) that can be used in a wider range of applications. In addition, by improving the internal structure and successfully raising the Q (quality) factor, we expanded applications of high-frequency multilayer chip inductors used in the high-frequency circuits of mobile phones.

Apart from low-profile wire-wound power inductors, where we are strengthening our product lineup, we offer various new products including the world's smallest wire-wound type common mode choke coil, a high-frequency multilayer chip inductor, and a super flexible electromagnetic wave absorbing film called EMSEAL™ SFX1; meanwhile, we will also continue to take cost-cutting measures through such means as improving labor productivity.

Percentage of Total Net Sales

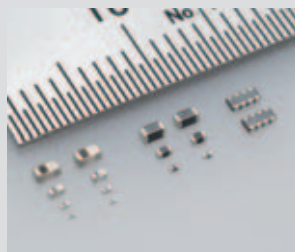
(Fiscal year ended March 2008)



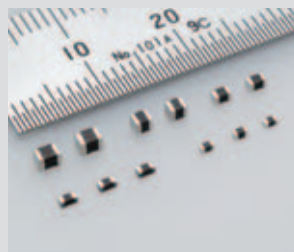
Main Products

- Multilayer chip inductors
- Wire-wound chip inductors
- Power inductors
- Common mode choke coils
- Super flexible electromagnetic wave absorbing film

Main Products



Multilayer chip inductors



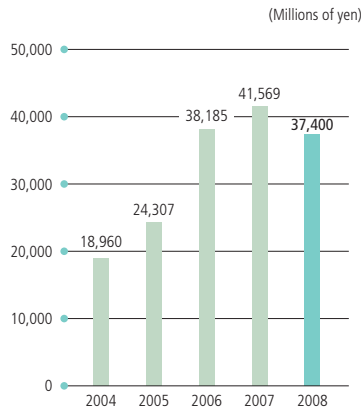
Wire-wound chip inductors



Power inductors

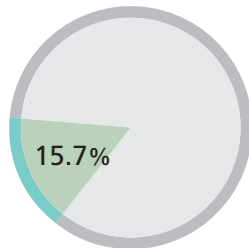
Modules

Net Sales



Percentage of Total Net Sales

(Fiscal year ended March 2008)



Main Products

Inverter modules for backlights
 Bluetooth® modules
 Wireless LAN modules

Although sales of Bluetooth® modules and wireless LAN modules grew steadily in the fiscal year ended March 2008, consolidated net sales decreased 10% year-on-year to ¥37,400 million due to a decline in sales of backlight inverter modules for LCD TVs.

During the fiscal year, we introduced backlight inverter modules for large-screen LCD TVs, an area of continued growth, that employ our unique technologies, providing strengths in thinness and high performance. To maintain a competitive edge and enhance product appeal, we are focusing on development of backlight inverter modules using digital technology to realize lower power consumption in LCD TVs.

We posted an extraordinary loss of ¥1,569 million during the period as expenses associated with business restructuring aimed at reinforcing the backlight inverter module business.

In short-range wireless communication modules such as Bluetooth® modules and wireless LAN modules, we accelerated efforts to raise product appeal. We will continue to develop products and technologies that anticipate market needs in the world of wireless communications, which are fast becoming broadband in nature. Efforts include developing modules for Ultra Wideband (UWB) and WiMAX, which are gaining attention as next-generation wireless communication systems, and modules that realize ultra-low power consumption.

Main Products



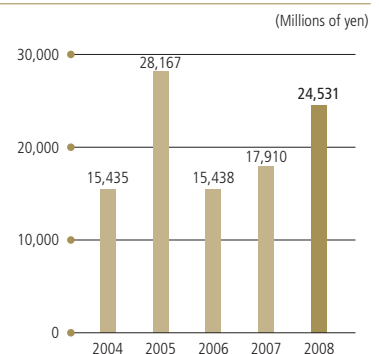
Inverter modules for backlights



Short-range wireless communication modules

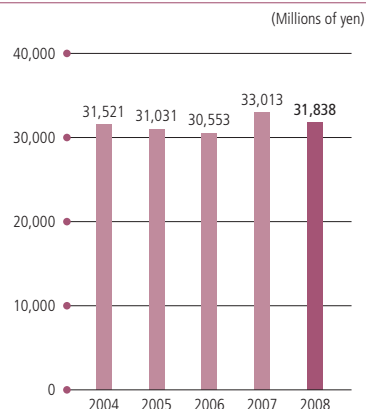
Other Electronic Components

Net Sales



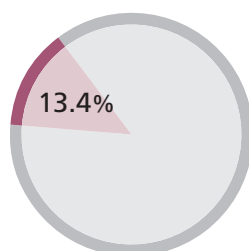
Optical Media Products

Net Sales



Percentage of Total Net Sales

(Fiscal year ended March 2008)



Main Products

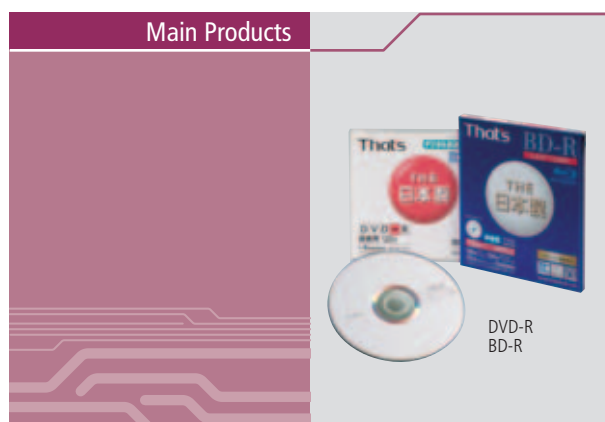
CD-R
DVD-R
BD-R

Consolidated net sales in this segment amounted to ¥31,838 million, down 3.6% from the previous fiscal year despite efforts to enhance productivity and quality in DVD-Rs/DVD+Rs, and to ensure stable supply of high-quality products.

In DVD-Rs, we promoted the development of products for high-definition recording, and developed and commercialized high value-added products such as Watershield that achieves water resistance on label surfaces and high photo image quality for use in inkjet disc printing systems.

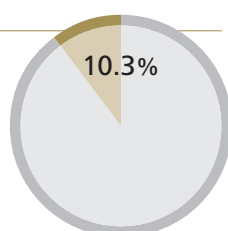
In recordable Blu-ray Discs (BD-R), which are expected to grow in popularity, we developed a disc using organic dye in the recording layer. In February 2008, we were the first in the world to launch a BD-R that complies with LTH Type standards. Efforts are now being made to develop products with 4-6 times recording speed as well as high-density multilayer products.

Taiyo Yuden will focus on Japan-made top-quality products with excellent compatibility, stability and storage properties that provide a high degree of reliability. We will also continue to offer unique new products that meet our customers' needs. At the same time, we aim to reduce costs and further improve our business structure.



Percentage of Total Net Sales

(Fiscal year ended March 2008)



Main Products

Ceramic chip antennas, filters and baluns
Varistors
NTC thermistors

Other Electronic Components include high-frequency components and varistors, and businesses at subsidiaries. Consolidated net sales in this segment, which mainly consist of sales from mounting business at a subsidiary, increased 37.0% year-on-year to ¥24,531 million.

Taiyo Yuden has developed a range of high-frequency components such as high-frequency multilayer filters and chip antennas for wireless telecommunications equipment and products for One-Seg (a terrestrial digital broadcast service for mobile phones in Japan) application, driven by multilayer technology, material technology and other elemental technologies. We will strive to develop products for the new wireless market, enhance product performance and boost productivity.

Expanded Domestic Production System to Meet Rising Demand for Cutting-Edge Products

■ Completed Construction of New Building at Group's Core Tamamura Plant

In May 2007, we completed construction of a new production facility at the Tamamura Plant (Tamamura-machi, Sawa-gun, Gunma), a key plant of the Taiyo Yuden Group for the production of multilayer products. At this location, mainly cutting-edge, compact, high-value multilayer ceramic capacitors are manufactured on a state-of-the-art automated production line. By increasing production capacity at this plant, the total output of multilayer ceramic capacitors for the Group in the fiscal year ended March 2008 was up 30% (full-year average) year-on-year.



Tamamura Plant

■ Commenced Shipments from Manufacturing Subsidiary Niigata Taiyo Yuden Co., Ltd.

Niigata Taiyo Yuden Co., Ltd. (Joetsu-shi, Niigata), established in January 2007, completed construction of a plant building and office building with a total site area of 18,000m² in January 2008 and commenced shipments in April 2008. This new facility is positioned as a production site for compact, high-value multilayer ceramic capacitors of the highest quality, demand for which continues to grow.



Niigata Taiyo Yuden Co., Ltd.

Showcased Outstanding Technological Capability and Quality at Various Exhibitions

The Taiyo Yuden Group is energetic in its approach to showcasing its top technological ability and quality at various exhibitions around the world.

We displayed new products such as capacitors, inductors and modules at CEATEC JAPAN 2007 held in Chiba in October 2007, and delivered the results of R&D projects, including interdisciplinary research and industry-academia-government collaboration. Demonstrations of a robot that incorporated Taiyo Yuden products were a hit at the event, culminating in a more than 60% increase in visitors to the booth compared with the previous year.

We also exhibited products in the United States at 2008 International CES held in Las Vegas, Nevada, in January 2008. This event is produced by the Consumer Electronics Association and is the world's largest of its kind with around 2,700 companies from different countries. Taiyo Yuden displayed products in the UWB* Tech Zone and showcased its elemental technology and high-frequency technology supporting module technology.

*UWB: Ultra Wideband, a technology that realizes ultra fast high-capacitance wireless communications



CEATEC JAPAN 2007



2008 International CES

<Main Exhibitions>

April 2007	International Ceramic Exhibition 2007 (Koto-ku, Tokyo)	October 2007	ELEXCON 2007 (Shenzhen, Guangdong Province, China)
	TECHNO-FRONTIER 2007 (Chiba-shi, Chiba)		eMEX 2007 (Suzhou, Jiangsu Province, China)
September 2007	WiMAX World 2007 (Chicago, Illinois, USA)		KES2007 (Goyang-City, Gyeonggi-do, Korea)
		March 2008	IIC-China 2008 (Beijing and Shanghai, China)

Established Regional Headquarters and Manufacturing and Sales Subsidiary in China

Taiyo Yuden established Taiyo Yuden (China) Co., Ltd. as a regional headquarters in Suzhou, Jiangsu Province, in February 2008 to promote efficient management of both sales and manufacturing in the high-growth Chinese market. In addition, Taiyo Yuden (Suzhou) Co., Ltd. commenced operations as a manufacturing and sales base for multilayer ceramic capacitors. This brings our number of companies in China to nine and sites to 11 locations (as of August 31, 2008).

Taiyo Yuden identified China as the best potential manufacturing base outside of Japan, establishing a production site there in 1994. As the world's electronic equipment manufacturers establish manufacturing plants in China one after another, marketing operations are growing in importance, necessitating an increase in the number of our sales offices in that region. At present, Taiyo Yuden has sales offices in Hong Kong, Shanghai, Shenzhen, Beijing and Suzhou, ensuring rapid response to user needs. Taiyo Yuden will continue to strengthen its systems to further improve customer satisfaction in the Chinese market.



Taiyo Yuden (Suzhou) Co., Ltd.

Industry-Leading Product Development in Diverse Areas

■ Super Flexible Electromagnetic Wave Absorbing Film (EMSEAL™ SFX1)

With the shrinking size and increasingly high performance of mobile equipment and office automation (OA) equipment, there is a growing need to take measures related to electromagnetic compatibility (EMC) and noise.

In September 2007, Taiyo Yuden launched EMSEAL™ SFX1, overturning the conventions for wave absorption sheets with a super flexible electromagnetic wave absorbing film that is capable of maintaining excellent electromagnetic wave absorption performance through more than two million folds and bends. Revolutionary EMSEAL™ SFX1 combines our advanced materials technology with EMC evaluation technology.



Super flexible electromagnetic wave absorbing film

■ World's First Recordable Blu-ray Disc Using an Organic Dye Recording Layer

In February 2008, Taiyo Yuden released the world's first recordable Blu-ray Discs (BD-R LTH Type) using organic dye in the recording layer. Taiyo Yuden has been participating in the standardization of the BD-R LTH Type, utilizing its design, development and production technologies for optical discs using organic dye amassed in CD-Rs and DVD-Rs. Taiyo Yuden also applied its mass-production technology developed for optical discs using organic dye for successful mass production of the BD-R LTH Type featuring high-density recording and stable recording quality.

Demand for recordable Blu-ray Discs is expected to increase steadily owing to expansion of the Blu-ray products market. Taiyo Yuden has firmly adhered to domestic production in Japan ever since the invention of the CD-R in 1988, providing high-quality recording media based on strict quality checks. We will continue to deliver high-quality, reliable recording media in the Blu-ray field.

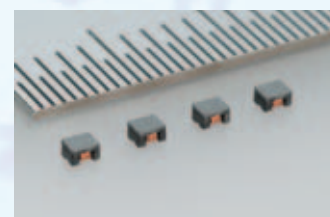


BD-R LTH Type

■ Industry's Smallest Wire-Wound Common Mode Choke Coil for HDMI

In March 2008, Taiyo Yuden announced the commercialization of the world's smallest wire-wound common mode choke coil for the high-definition multimedia interface (HDMI) standard for digital home equipment such as flat-panel TVs and Blu-ray Disc recorders.

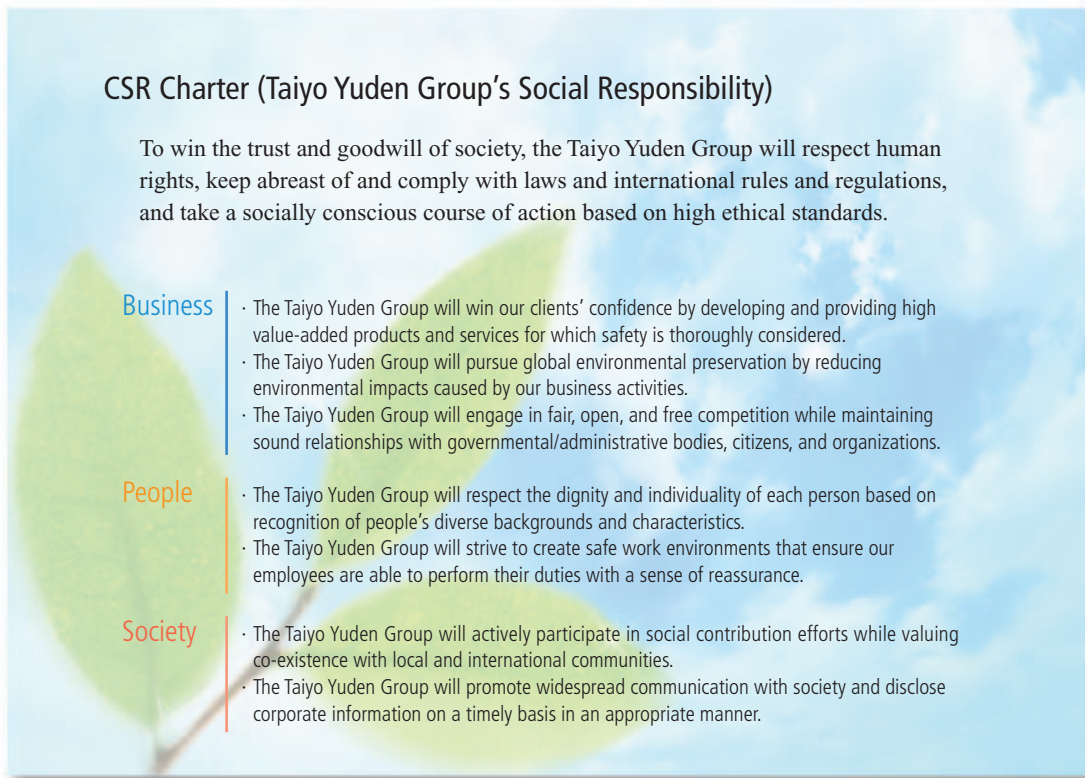
The compact size served to further enhance the wire-wound common mode choke coil's high-frequency characteristics. In addition to use in compact mobile devices' HDMI terminals, it can also be used for common mode noise countermeasures in even faster ultra high-speed interfaces on the horizon.



Wire-wound common mode choke coils

Since its foundation, the Taiyo Yuden Group has implemented a management philosophy that focuses on “employee well-being,” “betterment of local communities” and “responsibility to provide returns to shareholders.” Over the years, we have strived to build strong relationships with all stakeholders, beginning with shareholders, and to enhance corporate value.

Based on our CSR Charter (Taiyo Yuden Group’s Social Responsibility) formulated in 2005, we promote group-wide efforts for safety and environmental issues, and ensuring harmonious co-existence with local communities as a global corporate citizen.



CSR Charter (Taiyo Yuden Group’s Social Responsibility)

To win the trust and goodwill of society, the Taiyo Yuden Group will respect human rights, keep abreast of and comply with laws and international rules and regulations, and take a socially conscious course of action based on high ethical standards.

Business	<ul style="list-style-type: none">• The Taiyo Yuden Group will win our clients’ confidence by developing and providing high value-added products and services for which safety is thoroughly considered.• The Taiyo Yuden Group will pursue global environmental preservation by reducing environmental impacts caused by our business activities.• The Taiyo Yuden Group will engage in fair, open, and free competition while maintaining sound relationships with governmental/administrative bodies, citizens, and organizations.
People	<ul style="list-style-type: none">• The Taiyo Yuden Group will respect the dignity and individuality of each person based on recognition of people’s diverse backgrounds and characteristics.• The Taiyo Yuden Group will strive to create safe work environments that ensure our employees are able to perform their duties with a sense of reassurance.
Society	<ul style="list-style-type: none">• The Taiyo Yuden Group will actively participate in social contribution efforts while valuing co-existence with local and international communities.• The Taiyo Yuden Group will promote widespread communication with society and disclose corporate information on a timely basis in an appropriate manner.

Initiatives to Enhance Management Transparency

Strengthening corporate governance is one of the most critical management issues of the Taiyo Yuden Group. We strive to increase transparency in management through appropriate information disclosure and to reinforce compliance systems to facilitate swift decision-making and business execution, and ensure proper supervision and audits.

Governance Framework

Taiyo Yuden has adopted the corporate auditor system and has a Board of Directors, Board of Corporate Auditors and independent auditor. To enhance the function of business audits, we established an Internal Audit Office (containing three specialists) under the direct control of the Company’s president that handles internal audits from a compliance standpoint. Consolidated subsidiaries are also included within the scope of internal audits. Corporate auditors, the Internal Audit Office and independent auditor exchange information on a regular basis and as required for accuracy of audits.

The Board of Directors is responsible for formulating management policy, making appropriate management decisions and

overseeing business operations for the Taiyo Yuden Group. The Company’s directors (excluding outside directors) are tasked with both supervision and operation and each is assigned specific areas of operation. In addition, an operating officer system serves as a means to support the business execution of directors.

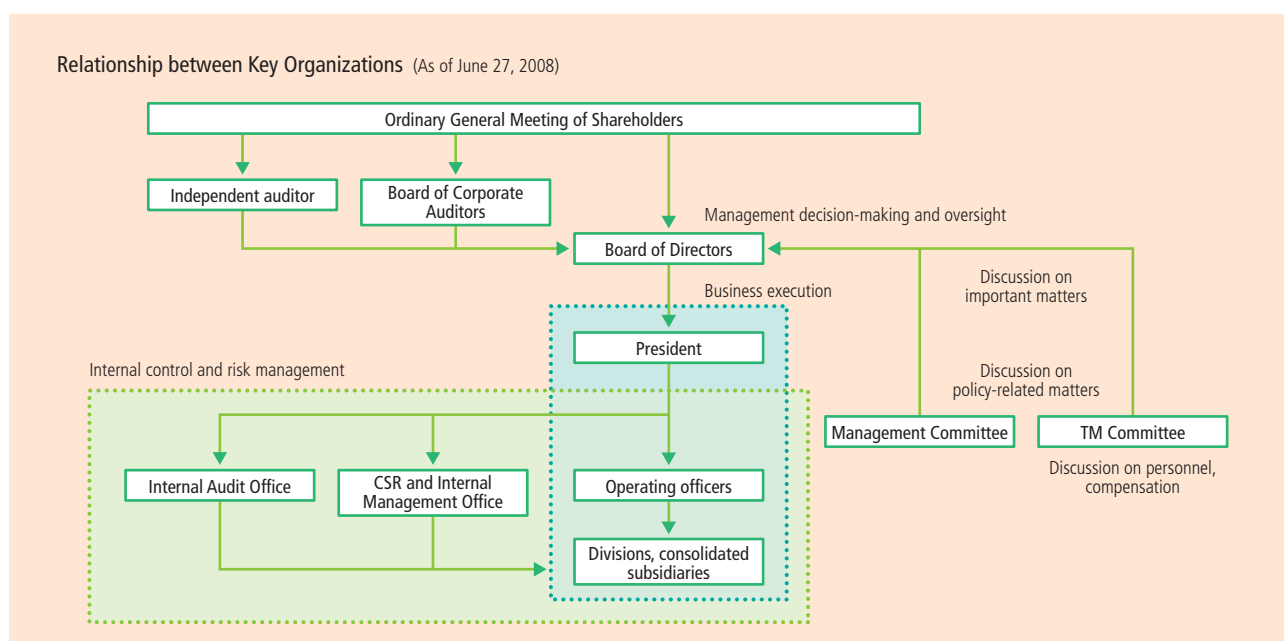
Corporate auditors, including outside auditors, are responsible for monitoring and assuring that the Company’s directors are executing their duties appropriately. We have a system in place to ensure the independence of corporate auditors in terms of carrying out auditing functions. The independent auditor works to ensure the appropriateness and accuracy of financial reporting.

We employ outside directors to further enhance corporate governance. Outside directors attend the Board of Directors meetings and give advice from an objective and specialist viewpoint to facilitate decision-making.

Further, in order to enhance management supervisory and monitoring functions aimed at realizing more transparent management, the directors' term of service has been shortened from two years to one year and one outside director has been added at the Ordinary General Meeting of Shareholders held on June 27, 2008. Through such measures, we will further strengthen corporate governance.

Meetings of the Management Committee, in which various corporate issues are discussed and reported with the participation of directors and corporate auditors, are held to support the Board of Directors meetings. Matters of importance are discussed and subsequently decided at the meeting of the Board of Directors.

Taiyo Yuden also has a Top Management (TM) Committee, comprising the Company president, executive directors, director in charge of personnel administration and one corporate auditor, in which matters related to personnel and compensation are discussed. In this case as well, matters of importance are discussed and subsequently decided by the Company's Board of Directors.



Compliance and Risk Management System

Taiyo Yuden's internal control system represents a management framework and management itself aimed at accurately reporting financial results, complying with laws and regulations, protecting assets and executing activities in an effective and efficient manner. Securing the effectiveness of internal controls is an important management challenge.

We have established a compliance system to ensure adherence to laws, the Company's articles of incorporation, company regulations and corporate ethics pursuant to the CSR Charter and CSR Code of Conduct. Training is provided to employees by the CSR and Internal Management Office so that compliance to laws and regulations is upheld.

We also have a Compliance and Risk Management Committee

that maintains the compliance system and creates a compliance management system for all Group companies. The committee reviews risks that could have a significant impact on the Company and promotes the development of systems facilitating standardized management among Group companies. The committee also establishes disaster recovery measures to minimize losses and damages in case of unforeseen circumstances, such as a natural disaster, an epidemic or an act of terrorism, in accordance with company-wide provisions for business continuity and risk countermeasures.



CSR training

Compensation Paid to Directors

Compensation for directors is determined via a performance-based system. In June 2004, Taiyo Yuden abolished its traditional fixed compensation retirement benefits system for directors that was not

linked to corporate results and introduced a stock-option compensation plan with the objective of enhancing motivation and morale to improve business performance and long-term stock price.

Initiatives Related to Safety and the Environment

The Taiyo Yuden Group Safety and Environmental Charter was formulated as a standard for all Group companies around the world. On this basis, we created an Occupational Health and Safety System and an Environmental Management System.

We strive to reduce the environmental impact of our business activities and the risk of accidents. We constantly make improvements to all business processes, such as design and manufacturing. In addition, we provide a safe and secure workplace environment and promote activities to realize our management philosophy.

Initiatives for Health and Safety

We set a goal for each operating site in the Group-wide Medium-term plan and carry out initiatives to prevent work-related accidents and create a safe and comfortable work environment.

● Minimizing the Risk of Fire and Explosion

In order to prevent accidents, Taiyo Yuden takes particular care on a daily basis to ensure safety at workplaces in which various kinds of equipment and chemical substances are handled. For example, to prevent fire caused by chemical substances, we practice proper management of chemical concentration, develop explosion-proof facilities and implement comprehensive countermeasures against static electricity, including the removal of static electricity from tools and human bodies. We also conduct ongoing training for fire risk and preventive measures.



Workshop on countermeasures against static electricity

● Activities Related to Mental Health Care

Impaired health due to work-related stress is becoming a social issue. In response, Taiyo Yuden established the Human Support Center specializing in mental health care. The Center has provided measures, focusing on primary prevention (critical prevention) which includes training sessions relating not only to skills necessary at work but also social skills for affable relationships in the wider community.



Education on primary prevention

Environmental Initiatives

Taiyo Yuden analyzes the environmental impact of its business activities and takes various actions to reduce CO₂, waste and chemical substance emissions, and to encourage recycling. We also place concerted emphasis on environmental education.

● Human Resource Development through Environmental Education

To further raise awareness of environmental issues among employees, Taiyo Yuden actively undertakes environmental education so that everyone acquires the necessary knowledge and understands environment-related technology. For example, the quality of wastewater differs depending on production conditions at production sites. For that reason, we provide hands-on training concerning issues such as appropriate blend ratios for chemical agents according to the quality of drainage water as well as basic principles of wastewater treatment.



Hands-on training on basic principles of wastewater treatment

● Reduced Chemical Substances by 53%

Despite an increase in production volume in the fiscal year ended March 2008, we reduced emissions of volatile organic compounds (VOC) by 53% year-on-year through measures including the introduction of exhaust gas and solvent treatment units.



Exhaust gas and solvent treatment units

Please refer to the *Safety & Environmental Report* posted on the Taiyo Yuden website for details on our safety and environmental initiatives.

URL <http://www.yuden.co.jp/us/company/report.html>

Social Contribution Activities

Taiyo Yuden addresses a variety of activities at each operating site for the purpose of protecting the surrounding environment and preserving forests as well as reducing the environmental impact from business operations. We also support social and cultural activities with the objective of strengthening communication with local communities.

Environmental Preservation Activities

Taiyo Yuden strives for harmonious co-existence with society through environmental preservation activities around the world.

● Volunteer Work to Clean Up Oil Spill (Korea)

A large oil spill from a tanker off the west coast of Korea in December 2007 reached the coast and polluted the coastline. Korea Taiyo Yuden Co., Ltd. participated in volunteer work to remove the oil, which had caused major harm to living creatures and the surrounding ecosystems.



● Protecting Coral Reefs (The Philippines)

The Mactan Island region is world renowned as a coral reef habitat; however, much of it has been destroyed by dynamite fishing. Taiyo Yuden (Philippines) Inc. collaborates with environmental conservation groups to preserve corals through activities such as surveying the condition of the coral reefs and setting up monitoring cabins.



Community Interaction

Taiyo Yuden actively participates in events in the regions where it operates plants and business sites. Efforts are made to deepen interaction with the community, including inviting the public for factory tours to build awareness of company activities.

● Cooperation with Afforestation Fair

Taiyo Yuden employees and their families participated in the National Urban Afforestation Fair held in Gunma Prefecture, where the Company's production sites are concentrated, and helped to plant flowers throughout the town.



Giving Back to the Community

In addition to volunteer activities, Taiyo Yuden has made donations over many years as a means of giving back to the community.

● Donating to the Community

Every year, the domestic business sites of the Taiyo Yuden Group make year-end donations to Gunma Prefecture to be used for health and welfare organizations and scholarship funds for orphans from automobile accidents. Donations from employees were also made for victims of the Niigataken Chuetsu-oki Earthquake and the 2008 Sichuan Earthquake in China, where the company has business sites.



Directors, Auditors and Operating Officers

As of June 27, 2008



Yoshiro Kanzaki

President & Chief Executive Officer,
Corporate-Planning Headquarters



Masami Fukui

Executive Vice President & Director



Shoichi Tosaka

Senior Executive Director,
Electronic Components Headquarters,
Corporate-Planning Headquarters,
Research & Development Laboratory



Katsumi Yanagisawa

Executive Director, Sales Headquarters



Takashi Tomaru

Executive Director,
Management & Administration
Headquarters



Mamoru Yamaki

Director, Supplies & Purchasing
Headquarters,
Electronic Components Headquarters



Eiji Watanuki

Director, Integrated Module Business
Headquarters



Akihiko Mochizuki

Director, Recording Media Product
Headquarters,
Quality Assurance Office



Yuji Iwanaga

Director (outside)



Hisaji Agata

Director (outside)



Nobutatsu Yamaoka

Corporate Auditor



Norio Osakabe

Corporate Auditor



Toshinobu Inada

Auditor (outside)



Tomonori Akisaka

Auditor (outside)

Operating Officer, Corporate-Planning Headquarters

Operating Officer, Corporate-Planning Headquarters, Management & Administration Headquarters

Operating Officer, Research & Development Laboratory

Operating Officer, Electronic Components Headquarters

Operating Officer, Electronic Components Headquarters

Operating Officer, Sales Headquarters

Operating Officer, Management & Administration Headquarters

Kazuya Umezawa

Osamu Takahashi

Hirokazu Chazono

Shinji Masuyama

Shunji Murai

Seiichi Tsutsumi

Toshio Mishuku



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Financial Review

Taiyo Yuden Co., Ltd. and Subsidiaries
Years Ended March 31 and as of March 31

Financial Results

The market environment surrounding the Taiyo Yuden Group in the fiscal year ended March 2008 was characterized by a high level of production for mobile phones, flat-panel TVs, PCs and game consoles compared with the previous fiscal year. Accordingly, the total amount of orders received during the term increased year-on-year.

Amid these conditions, the Taiyo Yuden Group executed the following initiatives in the following business segments.

Capacitors

As for mainstay multilayer products, we worked to upgrade production capacities for high-end products and promote cost reductions mainly by improving the productivity of our flagship multilayer products. We expanded sales by strengthening our capabilities to cultivate new markets in order to enhance our business structure.

Ferrite and Applied Products

In this segment, we worked to expand production capacities and to maintain a stable supply of wire-wound inductors to meet growing demand for power supply circuits in digital equipment.

Modules

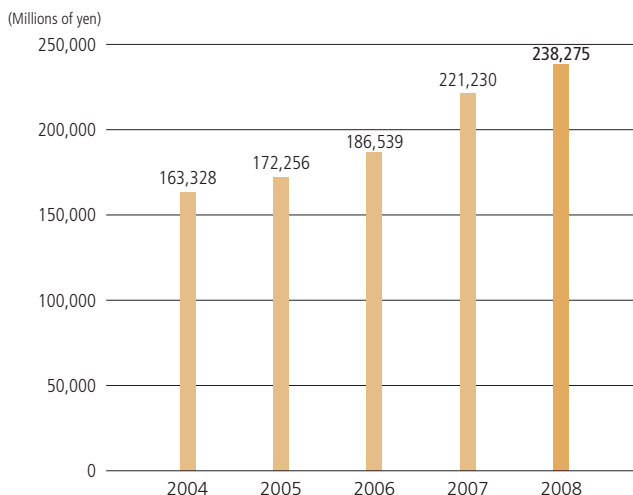
In this segment, we promoted efforts to reinforce the performance of products such as Bluetooth® modules and wireless LAN modules.

Optical Media Products

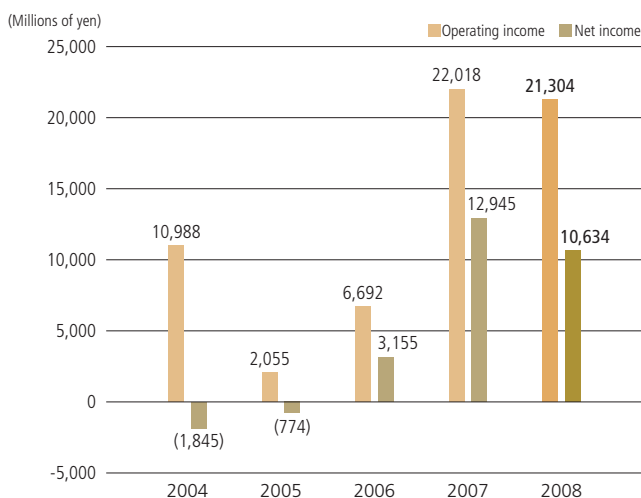
In this segment, we continued to improve productivity and upgrade quality while stabilizing the supply of highly reliable products and further reducing costs.

As a result, consolidated net sales totaled ¥238,275 million, up 7.7% from the previous fiscal year. Operating income totaled ¥21,304 million, down 3.2% from the previous fiscal year. Net income decreased 17.8% year-on-year to ¥10,634 million. During the fiscal year, the average yen exchange rate was ¥115.65 to the U.S. dollar, representing an appreciation of ¥1.38 compared with the previous fiscal year of ¥117.03.

Net Sales



Operating Income/Net Income



Sales

<Net Sales by Product Segment>

[Capacitors]

Net sales in this segment were up 14.2% year-on-year to ¥109,348 million due primarily to a considerable increase in sales in all applications notably mobile phones, PCs and digital equipment.

[Ferrite and Applied Products]

Net sales in this segment rose 6.6% over the previous fiscal year, to ¥35,159 million due to increased demand in the area of mobile phones and components.

[Modules]

In spite of steady sales for Bluetooth® modules and wireless LAN modules, sales of backlight inverter modules for use in LCD TVs declined. As a result, net sales decreased 10.0% from a year earlier to ¥37,400 million.

[Optical Media Products]

Despite efforts to improve DVD-R/DVD+R productivity and ensure a stable supply of high-quality products, net sales in this segment declined 3.6% year-on-year to ¥31,838 million.

[Other Electronic Components]

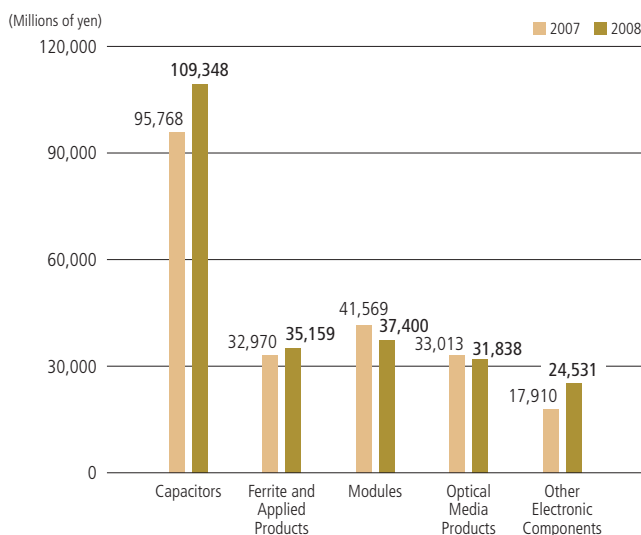
The majority of revenues generated by this segment are from our subsidiary's mounting business. Net sales surged 37.0% over the previous fiscal year to ¥24,531 million.

<Sales of Electronic Components by Market Sector>

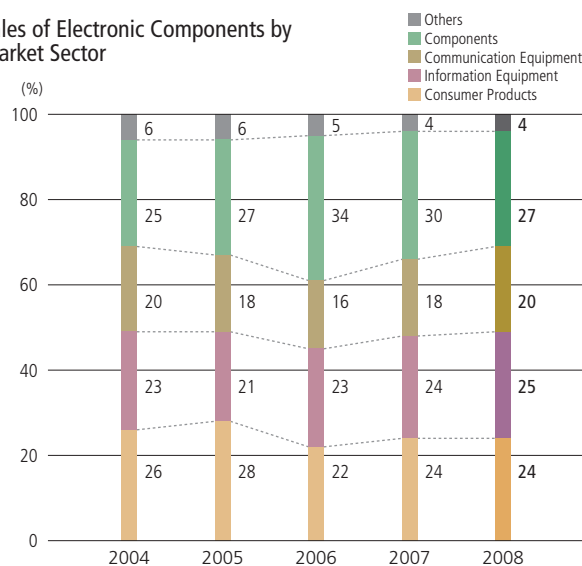
*Excludes Optical Media Products

The breakdown of sales by application for electronic components for the fiscal year ended March 2008 is as follows: consumer products 24%, information equipment 25%, communication equipment 20%, components 27% and others 4%. Sales for consumer products increased 6% compared with the previous fiscal year due to increased sales for flat-panel TVs. Sales for information equipment, led by PCs, were up 9%, and sales for communication equipment, notably mobile phones, rose 19%. Sales for components decreased 5% due to a decline in sales of backlight inverter modules for LCD TVs.

Net Sales by Product Segment



Sales of Electronic Components by Market Sector



<Overseas Net Sales >

The overseas net sales ratio was 69.8% for the fiscal year ended March 2008, down 0.7 percentage point compared with 70.5% in the previous fiscal year. In terms of sales by region, Asia accounted for 56.8%, North America 7.7%, Europe 5.1% and other regions 0.2%, representing a 5% increase in Asia, a 12.5% increase in North America and a 15.3% increase in Europe.

<Results by Geographic Area>

Net sales in Japan amounted to ¥238,451 million, up 11.5% year-on-year, and operating income was ¥15,727 million, up 0.7%. In Asia, net sales totaled ¥203,474 million, up 3.1%, and operating income was ¥2,449 million, down 62.5%. In other regions, net sales were ¥36,618 million, up 11.2%, and operating income was ¥2,085 million, up 547.2%.

■ Selling, General and Administrative (SG&A) Expenses

SG&A expenses for the fiscal year ended March 2008 amounted to ¥37,591 million, an increase of ¥3,406 million compared with the previous fiscal year. This was mainly attributable to an increase in logistics related costs due to an increase in trading volume accompanying higher sales volume, and an increase in R&D expenses. R&D expenses were ¥8,888 million (up 8.3% from the previous fiscal year).

■ Other Income (Expenses)

The main component of other income (expenses) for the fiscal year ended March 2008 was loss on foreign exchange of ¥3,461 million, up ¥2,590 million year-on-year. Accounts payable and accounts receivable were controlled within the Group, and efforts were made to hedge risks through measures such as forward-exchange contracts. Despite these efforts, loss on foreign exchange increased in foreign subsidiaries on account of appreciation of Asian currencies against the U.S. dollar. Restructuring charges of ¥1,569 million were also recorded.

Financial Position

■ Assets

Total assets at fiscal year-end were valued at ¥271,605 million, an increase of ¥13,053 million compared with the previous fiscal year-end. Current assets decreased ¥2,916 million due mainly to a decrease of ¥5,330 million in cash and cash equivalents and time deposits and a decrease of ¥4,633 million in trade notes and accounts receivable, despite an increase of ¥8,240 million in inventories. Property, plant and equipment increased ¥18,467 million.

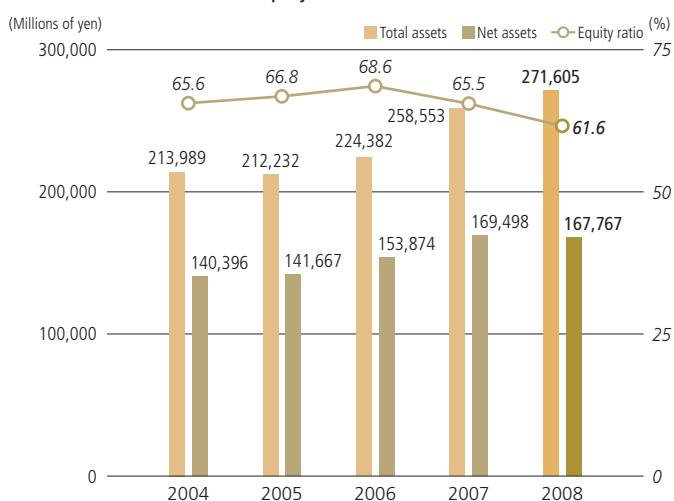
■ Liabilities

Total liabilities at fiscal year-end were ¥103,838 million, up ¥14,784 million compared with the previous fiscal year-end. This was mainly due to an increase of ¥20,000 million as a result of the issuance of convertible bonds with stock acquisition rights, as well as a decrease in short-term and long-term borrowings of ¥5,853 million.

■ Net Assets

Total net assets at fiscal year-end were ¥167,767 million, down ¥1,731 million compared with the previous fiscal year-end due mainly to a decrease of ¥10,505 million in foreign currency translation adjustments – net, which offset an increase of ¥9,423 million in retained earnings owing to an increase in net income.

Total Assets/Net Assets/Equity Ratio



■ Cash Flows

Net cash provided by operating activities for the fiscal year ended March 2008 was ¥29,791 million, up 2.8% year-on-year, due primarily to income before income taxes and minority interests of ¥17,186 million, depreciation and amortization of ¥23,294 million and an increase in inventories of ¥10,133 million.

Net cash used in investing activities was ¥43,768 million, up 29.6%, due mainly to purchases of property, plant and equipment of ¥44,584 million.

Net cash provided by financing activities was ¥12,856 million, up 69.5%, due primarily to proceeds from the issuance of convertible bonds with stock acquisition rights in the amount of ¥19,934 million, a net increase in short-term borrowings of ¥3,790 million, repayments of long-term borrowings of ¥9,550 million and payments of cash dividends of ¥1,192 million.

As a result, cash and cash equivalents at the end of year decreased ¥4,034 million from the previous fiscal year to ¥35,402 million.

Financing

The Taiyo Yuden Group practices consolidated management of Group funds with the objective of increasing the efficiency of funding operations. We collect surplus funds from subsidiaries to supply necessary funds to other subsidiaries, while procuring funds externally to cover any shortfalls. We have adopted a Cash Management System (CMS) to minimize external interest-bearing debt.

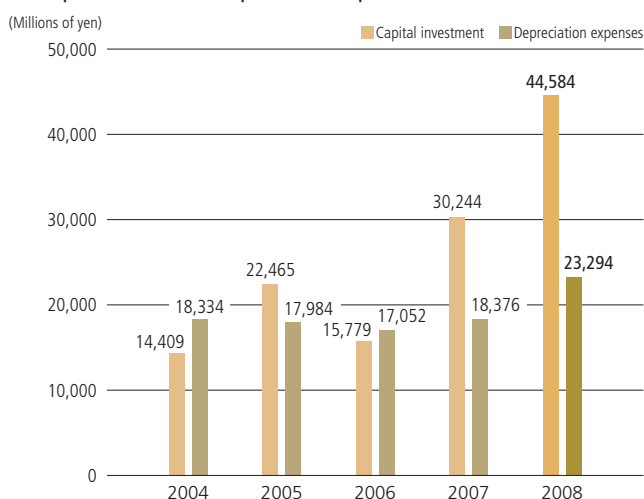
Interest-bearing debt at fiscal year-end consisted of short-term borrowings of ¥13,003 million, current portion of long-term borrowings of ¥36 million, current portion of convertible bonds of ¥6,707 million, long-term borrowings of ¥6,561 million and convertible bonds with stock acquisition rights of ¥20,000 million. Borrowings are made in Japan at fixed interest rates. We have also set a commitment line of ¥10 billion effective for three years (renewed in March 2006) to ensure financial stability. This had not been used as of March 31, 2008.

The Taiyo Yuden Group has the ability to generate cash flow through a sound financial position and operating activities, enabling us to procure operating capital and funds for capital investment required for the future to maintain growth on a group-wide basis.

Capital Investment

Capital investment during the fiscal term ended March 31, 2008 amounted to ¥44,584 million. This consisted mainly of investments to reinforce production capacity and improve productivity for multilayer products, particularly multilayer ceramic capacitors, and to launch new products and boost production capacity for inductors.

Capital Investment/Depreciation Expenses



Consolidated Balance Sheets

Taiyo Yuden Co., Ltd. and Subsidiaries
March 31, 2008 and 2007

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Current assets:			
Cash and cash equivalents	¥ 35,402	¥ 39,436	\$ 354,016
Time deposits	2,903	4,199	29,033
Receivables:			
Trade notes and accounts receivable	52,629	57,261	526,287
Allowance for doubtful receivables	(228)	(333)	(2,279)
Inventories (Note 4)	40,458	32,219	404,584
Deferred tax assets (Note 8)	2,631	3,824	26,306
Prepaid expenses and other current assets	7,321	7,426	73,217
Total current assets	<u>141,116</u>	<u>144,032</u>	<u>1,411,164</u>
Property, plant and equipment (Note 10):			
Land	7,961	5,949	79,609
Buildings and structures	64,121	56,716	641,208
Machinery and equipment	174,519	160,808	1,745,194
Tools, furniture and fixtures	16,928	15,459	169,284
Construction in progress	14,202	10,351	142,020
Total	<u>277,731</u>	<u>249,283</u>	<u>2,777,315</u>
Accumulated depreciation	<u>(159,579)</u>	<u>(149,597)</u>	<u>(1,595,792)</u>
Net property, plant and equipment	<u>118,152</u>	<u>99,686</u>	<u>1,181,523</u>
Investments and other assets:			
Investment securities (Note 3)	4,677	6,279	46,773
Investments in affiliates	489	1,959	4,894
Goodwill	975	1,219	9,749
Deferred tax assets (Note 8)	3,140	1,959	31,404
Other	3,067	3,419	30,659
Allowance for doubtful receivables	(11)	–	(114)
Total investments and other assets	<u>12,337</u>	<u>14,835</u>	<u>123,365</u>
Total assets	<u>¥271,605</u>	<u>¥258,553</u>	<u>\$2,716,052</u>

See accompanying Notes to Consolidated Financial Statements.

LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Current liabilities:			
Short-term borrowings (Note 5)	¥ 13,003	¥ 9,353	\$ 130,034
Current portion of long-term borrowings (Note 5)	36	9,476	363
Current portion of convertible bonds (Note 5)	6,707	–	67,070
Payables:			
Trade notes and accounts payable	23,811	21,953	238,114
Accrued amount payable	8,974	7,739	89,741
Income taxes payable	3,406	4,566	34,062
Accrued bonuses for employees	2,938	2,794	29,382
Accrued bonuses for directors and corporate auditors	82	40	823
Deferred tax liabilities (Note 8)	10	51	104
Other	7,047	7,676	70,450
Total current liabilities	66,014	63,648	660,143
Long-term liabilities:			
Long-term borrowings (Note 5)	6,561	6,625	65,613
Convertible bonds (Note 5)	–	6,773	–
Convertible bonds with stock acquisition rights (Note 5)	20,000	–	200,000
Accrued retirement benefits for employees (Note 6)	1,889	2,248	18,886
Accrued retirement benefits for directors and corporate auditors	179	134	1,788
Deferred tax liabilities (Note 8)	8,068	8,730	80,681
Other	1,127	897	11,274
Total long-term liabilities	37,824	25,407	378,242
Total liabilities	103,838	89,055	1,038,385
Commitment and contingent liabilities (Notes 9 and 11):	–	–	–
Net assets (Note 7)			
Shareholders' equity:			
Common stock			
Authorized - 300,000,000 shares			
Issued - 120,478,119 shares in 2008 and 120,424,065 shares in 2007	23,555	23,522	235,552
Capital surplus	41,449	41,416	414,487
Retained earnings (Note 16)	113,470	104,047	1,134,700
Treasury stock, at cost - 1,281,821 shares in 2008 and 1,230,877 shares in 2007	(1,600)	(1,480)	(16,002)
Total shareholders' equity	176,874	167,505	1,768,737
Valuation, translation adjustments and others:			
Net unrealized holding gains on securities	108	1,163	1,076
Deferred gains (losses) on hedges	13	(12)	133
Foreign currency translation adjustments–net	(9,734)	771	(97,336)
Total valuation, translation adjustments and others	(9,613)	1,922	(96,127)
Stock acquisition rights (Note 13)	259	44	2,592
Minority interests	247	27	2,465
Total net assets	167,767	169,498	1,677,667
Total liabilities and net assets	¥271,605	¥258,553	\$2,716,052

Consolidated Statements of Income

Taiyo Yuden Co., Ltd. and Subsidiaries
March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
NET SALES (Note 14)	¥238,275	¥221,230	\$2,382,750
COST OF SALES	179,380	165,026	1,793,799
Gross profit	58,895	56,204	588,951
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	37,591	34,186	375,909
Operating income	21,304	22,018	213,042
OTHER INCOME (EXPENSES):			
Interest and dividends income	1,256	1,163	12,559
Interest expense	(417)	(429)	(4,167)
Equity in earnings of affiliates—net	96	197	957
Loss on foreign exchange	(3,461)	(871)	(34,606)
Gain on sales of by-product	283	282	2,830
Compensation expense	(72)	(716)	(723)
Gain on sales of property, plant and equipment	232	164	2,319
Loss on disposal and sales of property, plant and equipment	(337)	(967)	(3,370)
Loss on disposal of inventories	(441)	(351)	(4,407)
Impairment loss on property, plant and equipment (Note 10)	(175)	—	(1,746)
Subsidy income	530	—	5,300
Restructuring charges	(1,569)	—	(15,694)
Others—net	(43)	(13)	(430)
Other income (expenses)—net	(4,118)	(1,541)	(41,178)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	17,186	20,477	171,864
INCOME TAXES (Note 8)			
Current	6,635	5,943	66,352
Deferred	(97)	1,580	(972)
Total income taxes	6,538	7,523	65,380
INCOME BEFORE MINORITY INTERESTS	10,648	12,954	106,484
MINORITY INTERESTS	14	9	139
NET INCOME	¥ 10,634	¥ 12,945	\$ 106,345
PER SHARE OF COMMON STOCK (Note 15):			
Basic net income	¥ 89.22	¥ 108.58	\$ 0.89
Diluted net income	82.06	104.09	0.82
Cash dividends applicable to the year	10.00	10.00	0.10

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

Taiyo Yuden Co., Ltd. and Subsidiaries
March 31, 2008 and 2007

	Thousands	Millions of Yen				
	Number of Shares of Common Stock Issued	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock, at Cost	Total Shareholders' Equity
BALANCE, MARCH 31, 2007	120,424	¥23,522	¥41,416	¥104,047	¥(1,480)	¥167,505
Changes during the year						
Issuance of new shares	54	33	33			66
Cash dividends, ¥10.00 per share				(1,192)		(1,192)
Contribution to overseas subsidiary employee welfare fund				(19)		(19)
Net income				10,634		10,634
Treasury stock acquired (50,944 shares)					(120)	(120)
Changes other than shareholders' equity-net						
Total changes	54	33	33	9,423	(120)	9,369
BALANCE, MARCH 31, 2008	120,478	¥23,555	¥41,449	¥113,470	¥(1,600)	¥176,874

	Millions of Yen						
	Net Unrealized Holding Gains on Securities	Deferred Gains (Losses) on Hedges	Foreign Currency Translation Adjustments-net	Total Valuation, Translation Adjustments and Others	Stock Acquisition Rights	Minority Interests	Total Net Assets
BALANCE, MARCH 31, 2007	¥1,163	¥(12)	¥ 771	¥ 1,922	¥ 44	¥27	¥169,498
Changes during the year							
Issuance of new shares							66
Cash dividends, ¥10.00 per share							(1,192)
Contribution to overseas subsidiary employee welfare fund							(19)
Net income							10,634
Treasury stock acquired (50,944 shares)							(120)
Changes other than shareholders' equity-net	(1,055)	25	(10,505)	(11,535)	215	220	(11,100)
Total changes	(1,055)	25	(10,505)	(11,535)	215	220	(1,731)
BALANCE, MARCH 31, 2008	¥ 108	¥ 13	¥(9,734)	¥(9,613)	¥259	¥247	¥167,767

	Thousands of U.S. Dollars (Note 1)				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock, at Cost	Total Shareholders' Equity
BALANCE, MARCH 31, 2007	\$235,222	\$414,157	\$1,040,467	\$(14,801)	\$1,675,045
Changes during the year					
Issuance of new shares	330	330			660
Cash dividends, \$0.1 per share			(11,919)		(11,918)
Contribution to overseas subsidiary employee welfare fund			(193)		(194)
Net income			106,345		106,345
Treasury stock acquired (50,944 shares)				(1,201)	(1,201)
Changes other than shareholders' equity-net					
Total changes	330	330	94,233	(1,201)	93,692
BALANCE, MARCH 31, 2008	\$235,552	\$414,487	\$1,134,700	\$(16,002)	\$1,768,737

	Thousands of U.S. Dollars (Note 1)						
	Net Unrealized Holding Gains on Securities	Deferred Gains (Losses) on Hedges	Foreign Currency Translation Adjustments-net	Total Valuation, Translation Adjustments and Others	Stock Acquisition Rights	Minority Interests	Total Net Assets
BALANCE, MARCH 31, 2007	\$11,633	\$(120)	\$ 7,713	\$ 19,226	\$ 439	\$ 268	\$1,694,978
Changes during the year							
Issuance of new shares							660
Cash dividends, \$0.1 per share							(11,918)
Contribution to overseas subsidiary employee welfare fund							(194)
Net income							106,345
Treasury stock acquired (50,944 shares)							(1,201)
Changes other than shareholders' equity-net	(10,557)	253	(105,049)	(115,353)	2,153	2,197	(111,003)
Total changes	(10,557)	253	(105,049)	(115,353)	2,153	2,197	(17,310)
BALANCE, MARCH 31, 2008	\$ 1,076	\$ 133	\$(97,336)	\$(96,127)	\$2,592	\$2,465	\$1,677,667

See accompanying Notes to Consolidated Financial Statements.

	Thousands	Millions of Yen				
	Number of Shares of Common Stock Issued	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock, at Cost	Total Shareholders' Equity
BALANCE, MARCH 31, 2006	120,414	¥23,516	¥41,410	¥ 92,353	¥(1,371)	¥155,908
Changes during the year						
Issuance of new shares	10	6	6			12
Cash dividends, ¥10.00 per share				(1,192)		(1,192)
Bonuses to directors				(51)		(51)
Contribution to overseas subsidiary employee welfare fund				(8)		(8)
Net income				12,945		12,945
Treasury stock acquired (57,249 shares)					(109)	(109)
Changes other than shareholders' equity-net						
Total changes	10	6	6	11,694	(109)	11,597
BALANCE, MARCH 31, 2007	120,424	¥23,522	¥41,416	¥104,047	¥(1,480)	¥167,505

	Millions of Yen						
	Net Unrealized Holding Gains on Securities	Deferred Gains (Losses) on Hedges	Foreign Currency Translation Adjustments-net	Valuation, Translation Adjustments and Others	Stock Acquisition Rights	Minority Interests	Total Net Assets
BALANCE, MARCH 31, 2006	¥1,059	¥ -	¥(3,093)	¥(2,034)	¥ -	¥169	¥154,043
Changes during the year							
Issuance of new shares							12
Cash dividends, ¥10.00 per share							(1,192)
Bonuses to directors							(51)
Contribution to overseas subsidiary employee welfare fund							(8)
Net income							12,945
Treasury stock acquired (57,249 shares)							(109)
Changes other than shareholders' equity-net	104	(12)	3,864	3,956	44	(142)	3,858
Total changes	104	(12)	3,864	3,956	44	(142)	15,455
BALANCE, MARCH 31, 2007	¥1,163	¥(12)	¥ 771	¥ 1,922	¥44	¥ 27	¥169,498

Consolidated Statements of Cash Flows

Taiyo Yuden Co., Ltd. and Subsidiaries
March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Operating activities:			
Income before income taxes and minority interests	¥17,186	¥20,477	\$171,864
Adjustments to reconcile income before income tax and minority interests to net cash provided by operating activities:			
Depreciation and amortization	23,294	18,376	232,944
Impairment loss on property, plant and equipment	175	–	1,746
Amortization of goodwill	248	–	2,485
Increase (decrease) in allowance for doubtful receivables	(64)	68	(636)
Interest and dividend income	(1,256)	(1,163)	(12,559)
Interest expense	417	429	4,167
Equity in earnings of affiliates–net	(96)	(197)	(957)
Loss on disposal and sales of property, plant and equipment	687	967	6,869
Decrease in payable for obligations of change in retirement benefit plan	(721)	(750)	(7,208)
Changes in operating assets and liabilities:			
Trade receivables	(94)	(6,178)	(937)
Inventories	(10,133)	(3,578)	(101,331)
Trade payables	5,418	2,389	54,179
Others–net	1,060	665	10,582
Subtotal	36,121	31,505	361,208
Interest and dividends received	1,939	1,207	19,385
Interest paid	(449)	(406)	(4,476)
Income taxes paid	(7,820)	(3,326)	(78,203)
Net cash provided by operating activities	29,791	28,980	297,914
Investing activities:			
Purchase of investment in subsidiaries	(269)	(2,010)	(2,691)
Purchases of property, plant and equipment	(44,584)	(30,244)	(445,841)
Proceeds from sales of property, plant and equipment	632	243	6,319
Purchases of investment securities	(443)	(501)	(4,433)
Proceeds from sales of investment securities	–	2	–
Net (increase) decrease in time deposits	639	(837)	6,390
Others–net	257	(434)	2,574
Net cash used in investing activities	(43,768)	(33,781)	(437,682)
Financing activities:			
Net increase in short-term borrowings	3,790	4,464	37,899
Proceeds from long-term borrowings	–	6,000	–
Repayments of long-term borrowings	(9,550)	(1,577)	(95,503)
Proceeds from issuance of convertible bonds with stock acquisition rights	19,934	–	199,343
Payments of cash dividends	(1,192)	(1,192)	(11,919)
Purchases of treasury stock	(120)	(109)	(1,201)
Others–net	(6)	–	(62)
Net cash provided by financing activities	12,856	7,586	128,557
Effect of exchange rate changes on cash and cash equivalents	(2,913)	979	(29,131)
Net increase (decrease) in cash and cash equivalents	(4,034)	3,764	(40,342)
Cash and cash equivalents, beginning of year	39,436	35,672	394,358
Cash and cash equivalents, end of year	¥35,402	¥39,436	\$354,016

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Taiyo Yuden Co., Ltd. and Subsidiaries
March 31, 2008 and 2007

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared from the consolidated financial statements which have been filed with the appropriate Local Finance Bureau of the Ministry of Finance of Japan as required by the Financial Instruments and Exchange Law of Japan and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to users outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of users outside Japan and have been made at the rate of ¥100 to \$1, the approximate rate of exchange at March 31, 2008. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation Policies

The consolidated financial statements include the accounts of Taiyo Yuden Co., Ltd. (the "Company") and all of its subsidiaries (together the "Companies"). The Japanese accounting standards for consolidation require the control or influence concept for the consolidation scope of subsidiaries and affiliates.

Chuki Seiki Co., Ltd. became a consolidated subsidiary from an equity-method affiliate in the current fiscal year, and thus is included in the scope of consolidation.

S.E.T. Co., Ltd. was merged into Sun Vertex Co., Ltd. in the current fiscal year, and thus is excluded from the scope of consolidation.

SAN MARCOS ADVANCED DEVELOPMENT, INC was liquidated in the current fiscal year, and thus is excluded from the scope of consolidation.

Significant intercompany accounts, transactions and unrealized profits have been eliminated in consolidation.

The excess of cost of the Company's investments in subsidiaries over its equity in their net assets at the dates of acquisition ("goodwill") is being amortized over the subsequent five-year periods. Investment in affiliate is accounted for by the equity method.

Net income (loss) includes the equity in the current net earnings (losses) of such company after the elimination of unrealized intercompany profit.

b. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposit, and short-term investments with original maturities of three months or less, that are readily convertible into known amounts of cash and are so near maturity that they present negligible risk of changes in value.

c. Translation of Foreign Currency Items in the Company's Balance Sheets

Short-term and long-term foreign currency monetary items are translated into Japanese yen at appropriate year-end current rates. The resulting net gains (losses) are shown as "Gain (loss) on foreign exchange" in the accompanying consolidated statements of income.

d. Translation of Financial Statements of Foreign Consolidated Subsidiaries

In translating the financial statements of foreign subsidiaries for the purpose of consolidation, all assets and liabilities are translated into Japanese yen at appropriate year-end current rates while net assets accounts are translated at historical rates.

Revenue and expense items are translated at the average rates during the year. The resulting translation differences are shown as "Foreign currency translation adjustments-net" in net assets at March 31, 2008 and 2007 in the accompanying consolidated balance sheets.

e. Debt and Equity Securities

The Companies classify debt and equity securities, depending on management's intent, as follows:

- (I) Held-to-maturity debt securities, for which management has the positive intent and ability to hold to maturity, are reported at amortized cost.
- (II) Available-for-sale securities represent securities not classified as either trading securities or held-to-maturity debt securities. Available-for-sale securities, which have market value, are reported with unrealized gains and losses, net of applicable

assets at March 31, 2008 and 2007, respectively. Available-for-sale securities, which do not have market value, are stated at cost using the moving-average method.

(III) Equities of limited liability partnerships for investment business and of other similar partnerships (defined as "securities" by Article 2, Section 2 of the Financial Instruments and Exchange Law) are valued at the net equity equivalents based on the recently available financial statements of the partnership corresponding to the reporting dates of the financial statements defined by the partnership agreements.

f. Inventories

Inventories are stated at cost, determined by the average method for finished products and work in process and by the first-in, first-out (FIFO) method for raw materials and supplies.

g. Property, Plant and Equipment

Property, plant and equipment are stated at cost.

For the Company and domestic subsidiaries, depreciation is principally computed by the declining-balance method at rates based on the estimated useful lives of the assets, except that the straight-line method is applied to building acquired after April 1, 1998.

Useful lives of the assets and salvage value of the assets are mainly estimated consistent with the method accepted under the corporate tax law in Japan. For foreign subsidiaries, depreciation is principally computed by straight-line method.

(Change in accounting policies)

Effective from this fiscal year, the Company and its domestic consolidated subsidiaries have changed their depreciation method in terms of the property, plant and equipment acquired after April 1, 2007 in accordance with the corporate tax law as amended. The impact of this change on operating income and income before income taxes and minority interests is immaterial.

(Additional information)

Effective from this fiscal year, after having depreciated property, plant and equipment acquired before March 31, 2007 up to 5% of the acquisition cost based on the prior corporate tax law, the Company and its certain domestic consolidated subsidiaries have depreciated the difference between 5% of the acquisition cost and the memorandum value, using a straight-line method over 5 years and expensed as depreciation. Such straight-line depreciation starts from the following year when the book value of property, plant and equipment acquired before March 31, 2007 reaches 5% of the acquisition cost. The impact of this change on operating income and income before income taxes and minority interests is immaterial.

h. Leases

All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that do not transfer ownership of the leased property to the lessee are permitted to be accounted for as rental transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's consolidated financial statements.

i. Allowance for Doubtful Receivables

The Company and its domestic consolidated subsidiaries provide the allowance for doubtful accounts based on the percentage of actual bad debt losses against the balance of total receivables and the amount of uncollectible receivables estimated on an individual basis. Overseas consolidated subsidiaries record the allowance based primarily on the amount of uncollectible receivables estimated on an individual basis.

j. Accrued Retirement Benefits for Employees

Certain subsidiaries of the Company provide retirement benefits for employees and lump-sum severance benefits. Allowance for employees' retirement benefits of the those subsidiaries are provided at the amounts to be paid if all eligible employees had voluntarily terminated at the consolidated balance sheet date.

k. Accrued Retirement Benefits for Directors and Corporate Auditors

Certain subsidiaries of the Company provide lump-sum severance benefits for directors and corporate auditors. While the subsidiaries have no legal obligation, they make lump-sum payments to directors and corporate auditors upon retirement. Annual provisions are made in the accounts for the estimated costs of this termination plan, which is not fully funded.

l. Accrued Bonuses for Employees

Allowance for bonuses to employees are provided by the estimated amounts, which the Companies are obligated to pay to employees after the fiscal year-end, based on services provided during the current period.

m. Accrued Bonuses for Directors and Corporate Auditors

Allowance for bonuses to directors are provided by the estimated amounts, which the Companies are obligated to pay to directors after the fiscal year-end, based on services provided during the current period.

n. Income Taxes

The provision for income taxes is computed based on the pretax income for the financial reporting purposes. Deferred tax assets and liabilities are recognized for expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities. A valuation allowance is recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

o. Research and Development Costs

Expenditures by the Company and certain subsidiaries for development of specified new products are charged to income as incurred.

p. Derivative and Hedging Activities

The Company defers recognition of gains or losses resulting from changes in fair value of derivative instruments until the related losses or gains on the hedged items are recognized. However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

- (i) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivables,
 - (1) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable translated using the spot rate at the inception date of the contract and the book value of the receivable is recognized in the income statement in the period which includes the inception date, and
 - (2) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.
- (ii) If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

The derivative transactions are executed and managed by the finance and accounting division in accordance with the established policies and within the specified limits on the amounts of derivative transactions allowed.

q. Per Share Information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding in each period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or convertible bonds are converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding stock acquisition rights. Basic net income and diluted net income per share for the years ended March 31, 2008 and 2007 are computed in accordance with Japanese accounting standards.

Cash dividends per share consist of interim and year-end dividends and are accounted for in the year they are declared rather than in the year in which they are actually paid.

r. Certain Reclassifications

Certain reclassifications of prior year's amounts have been made to conform to the presentation for 2008.

3. DEBT AND EQUITY SECURITIES

(1) Available-for-sale securities which have market value

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2008				
Equity securities	¥4,482	¥943	¥892	¥4,533
Other	42	3	–	45
Total	¥4,524	¥946	¥892	¥4,578

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2007				
Equity securities	¥4,314	¥2,192	¥343	¥6,163
Other	42	15	–	57
Total	¥4,356	¥2,207	¥343	¥6,220

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2008				
Equity securities	\$44,820	\$9,429	\$8,917	\$45,332
Other	423	29	–	452
Total	\$45,243	\$9,458	\$8,917	\$45,784

(2) Available-for-sale and held-to-maturity securities which have market value

	Carrying Values		
	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Securities classified as:			
Available-for-sale:			
Unlisted equity securities	¥17	¥22	\$167
Equity of limited liability partnerships	80	35	800
Held-to-maturity:			
Other	2	2	22
Total	¥99	¥59	\$989

(3) The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity

	Carrying Values		
	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Due in 1 year or less	–	–	–
Due after 1 year through 5 years	¥2	¥2	\$22
Total	¥2	¥2	\$22

4. INVENTORIES

Inventories at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Finished products	¥14,646	¥12,338	\$146,462
Work in process	13,161	9,691	131,611
Raw materials and supplies	12,651	10,190	126,511
Total	¥40,458	¥32,219	\$404,584

5. SHORT-TERM BORROWINGS AND LONG-TERM BORROWINGS

Short-term borrowing at March 31, 2008 and 2007 are consisted principally of borrowings from banks at average annual rates of approximately 1.77% and 1.89%, respectively.

Long-term debts at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Long-term borrowings from banks and other financial institutions			
(Borrowings due within one year, weighted average interest rate 3.43%)	¥ 36	¥ 9,476	\$ 363
(Borrowings due after one year, weighted average interest rate 1.75%)	6,561	6,625	65,613
1.15% convertible bonds due 2008	6,707	6,773	67,070
Euro Yen zero coupon convertible bonds due 2014	20,000	—	200,000
Total	33,304	22,874	333,046
Less current portion	(6,743)	(9,476)	(67,433)
Long-term debts, less current portion	¥26,561	¥13,398	\$265,613

The conversion price per share of 1.15% convertible bonds for the year ended March 31, 2008 was ¥1,221 (\$12.21)—fixed price.

The conversion price per share of Euro Yen zero coupon convertible bonds for the year ended March 31, 2008 was ¥3,746 (\$37.46)—fixed price.

The aggregate annual maturities of long-term debts as of March 31, 2008 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
For the year ending March 31		
2009	¥ 6,743	\$ 67,433
2010	6,036	60,362
2011	36	362
2012	36	356
2013	35	349
2014 and thereafter	20,418	204,184
Total	¥33,304	\$333,046

6. RETIREMENT BENEFITS

(1) Outline of retirement benefit plans

The Company and certain domestic subsidiaries have a defined contribution pension plan, prepaid retirement plan, and lump-sum payments at the time of termination. Certain foreign subsidiaries mainly adopted lump-sum payments at the time of termination.

(2) Retirement benefit obligation for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Retirement benefit obligation	¥128	¥89	\$1,281
Accrued retirement benefits for employees	¥128	¥89	\$1,281

Certain domestic consolidated subsidiaries adopted the simplification method to calculate retirement benefit obligation. In addition to the above accrued retirement benefits for employees cost, ¥1,760 million (\$17,605 thousand) and ¥2,159 million were incurred by certain foreign subsidiaries in accordance with the accounting standards of each country for the years ended March 31, 2008 and 2007, respectively.

Also, ¥28 million (\$280 thousand) of prepaid pension cost incurred by them was included in "Investments and other assets – other" in the consolidated balance sheet as of March 31, 2008.

(3) Retirement benefit costs for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Service cost	¥ 47	–	\$ 466
Contribution to defined contribution pension plan	988	¥931	9,876
	¥1,035	¥931	\$10,342

Retirement benefit costs incurred by the domestic consolidated subsidiaries that adopted the simplification method were recorded as service cost.

In addition to the above retirement benefit costs, ¥666 million (\$6,663 thousand) and ¥846 million were incurred by certain foreign subsidiaries in accordance with the accounting standards of each country for the years ended March 31, 2008 and 2007, respectively.

7. NET ASSETS

The Corporate Law ("the Law") became effective on May 1, 2006, replacing the Commercial Code ("the Code"). Under the Law, in cases where dividend distribution of surplus is made, the lesser of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve, must be set aside as additional paid-in capital or legal earnings reserve.

Additional paid-in capital and legal earnings reserve is included in capital surplus and retained earnings, respectively, in the accompanying consolidated balance sheets. Under the Law, all additional paid-in capital and legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends. The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law. Appropriations are not accrued in the consolidated financial statements for the corresponding period, but are recorded in the subsequent accounting period after shareholders' approval has been obtained.

8. INCOME TAXES

Income taxes in Japan applicable to the Company for the years ended March 31, 2008 and 2007 were comprised of (1) a corporation tax at the rates of 30.0% on taxable income, (2) enterprise tax of approximately 7% on taxable income and (3) prefectural and residence taxes of approximately 21% of the amount of the corporation tax. Enterprise tax is deductible for income tax purposes when paid.

Income taxes of foreign subsidiaries are generally based on tax rates applicable in the country of incorporation.

Significant components of the deferred tax assets and liabilities as of March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Deferred tax assets			
Inventories	¥ 722	¥ 779	\$ 7,218
Retirement benefits	3,265	3,202	32,649
Enterprise tax payables	300	485	3,000
Accrued bonuses	1,018	1,050	10,181
Foreign tax credits carry forwards	1,326	586	13,255
Net unrealized holding gains on securities	52	–	517
Excess depreciation	83	–	830
Other	1,588	1,846	15,884
Offset	(1,134)	(1,792)	(11,339)
Subtotal	7,220	6,156	72,195
Valuation allowance	(1,449)	(373)	(14,485)
Total deferred tax assets	¥5,771	¥5,783	\$57,710
Deferred tax liabilities			
Allowance for doubtful receivables	¥ 9	¥ 6	\$ 95
Undistributed earnings of foreign subsidiaries	7,743	8,575	77,427
Reserves	1,185	977	11,843
Other	275	1,015	2,759
Offset	(1,134)	(1,792)	(11,339)
Total deferred tax liabilities	¥8,078	¥8,781	\$80,785

Reconciliation of the normal income tax rates to the effective income tax rates were as follows:

	2008	2007
Statutory tax rate	40.4 %	40.4 %
Differences in statutory tax rates of consolidated subsidiaries	2.7	(9.0)
Undistributed earnings of foreign subsidiaries	(4.8)	2.9
Impact of consolidation elimination of dividends from foreign subsidiaries	7.2	12.0
Foreign tax credit	(10.6)	(7.9)
Valuation allowance	6.3	–
Tax credit for research and development costs	(4.1)	(3.1)
Others—net	0.9	1.4
Effective income tax rate	38.0 %	36.7 %

9. LEASE TRANSACTIONS

The following were "as if capitalized" information on finance lease contracts without ownership-transfer.

The amounts corresponding to acquisition cost, accumulated depreciation, and net book value at March 31, 2008 and 2007 were summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
The amount corresponding to acquisition cost	¥2,296	¥2,579	\$22,956
The amount corresponding to accumulated depreciation	1,207	1,090	12,070
The amount corresponding to net book value	¥1,089	¥1,489	\$10,886

The amounts of outstanding future lease payments due at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Future lease payments			
Within one year	¥ 393	¥ 445	\$ 3,931
Over one year	696	1,044	6,955
Total	¥1,089	¥1,489	\$10,886

Lease payments and the amounts corresponding to depreciation for the years ended March 31, 2008 and 2007 were summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Lease payments	¥372	¥483	\$3,721
The amount corresponding to depreciation expense	372	483	3,721

The imputed interest expense portion is included in the above future lease payments under finance leases.

The amount corresponding to depreciation expense was calculated by the straight-line method over the lease term with no residual value.

10. IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT

The Companies categorize their business assets by segmentation for management accounting and idle assets by individual asset. Property, plant and equipment such as head office and laboratories are categorized as common assets.

For the idle assets with no specific utilization plan or low profitability, their book values have been written down to the memorandum value and such reduction was recorded as impairment loss on property, plant and equipment.

For the year ended March 31, 2008, the Companies recognized impairment loss on property, plant and equipment as follows:

Classification	Description	Location	Millions of Yen	Thousands of U.S. Dollars
Building	Idle asset	Haruna, Gunma, Japan Sannokura, Gunma	¥ 8	\$ 88
Machinery and Equipment	Idle asset	Haruna, Gunma Sannokura, Gunma Nakanojo, Gunma R&D center, Gunma Tamamura, Gunma Yawatabara, Gunma	159	1,594
Other	Idle asset	Haruna, Gunma Sannokura, Gunma Nakanojo, Gunma R&D center, Gunma	6	64

11. CONTINGENT LIABILITIES

At March 31, 2008 and 2007, the Companies had the following contingent liabilities:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
As guarantor of bank loans and indebtedness	¥24	¥24	\$237

12. DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into interest rate swaps as interest rate-related derivatives and forward foreign exchange contracts as currency related derivatives. The Company utilizes derivatives solely for the purpose of hedging its exposure of financial liabilities to interest rate risk and exposure of underlying assets generated in the actual trades to foreign currency exchange risk, and does not intend to execute speculative dealings as a matter of policy. Hedged items are receivables denominated in foreign currencies and forecasted foreign-currency-denominated transactions, and interest on loan payables. Hedging instruments are forward foreign exchange contracts and interest rate swaps which forward exchange contracts and interest rate risk exposed to interest rate swaps are minimized, since all of these derivatives are intended to avoid market risk. In addition, the management considers that counterparty risk is extremely minimized since the Company enters into such derivative contracts with financial institutions with high credit ratings. The financing and accounting division is responsible for the management of derivatives in accordance with the internal rules defined for trading authorities, trading limits, reporting and others. The division manager reports to the CFO about the performance and the related risks connected with derivatives, and the CFO reports such information to the board of directors of the Company.

The disclosure of fair value of outstanding derivative financial instruments was omitted as they were accounted for as hedges.

13. STOCK OPTION PLAN

The Company grants stock options to its directors in line with resolutions of the board of directors meetings.

Expenses for stock options amounting to ¥215 million (\$2,154 thousand) and ¥44 million were recognized in selling, general and administrative expenses in 2008 and 2007, respectively.

For the years ended March 31, 2008 and 2007, a standard option pricing model (i.e., Black-Scholes) was used to measure the fair value of stock options granted to its directors. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with risk-free interest rates of 1.97% in 2008 and 1.851% in 2007, dividends per share of ¥10 in both years and volatility factor of the expected market value of the Company's common stock of 50.8% in both years determined by daily historical prices for the past ten years and a expected life of the option of 10 years in both years.

A summary of the Company's stock options outstanding at March 31, 2008 is as follows:

Date of resolution	June 29, 2005	June 29, 2006	June 28, 2007	June 28, 2007
Date of grant	June 29, 2005	August 23, 2006	July 13, 2007	July 13, 2007
Number of options	26,000 shares of Common stock	29,000 shares of Common stock	32,000 shares of Common stock	46,000 shares of Common stock
Exercise price	¥1(\$0.01)	¥1(\$0.01)	¥1(\$0.01)	¥1(\$0.01)
Exercise period	From June 30, 2005 to July 31, 2025	From August 24, 2006 to August 23, 2026	From July 14, 2007 to July 13, 2027	From July 14, 2007 to July 13, 2027
Fair value (per share)	–	¥1,511.4(\$15.11)	¥2,761(\$27.61)	¥2,761(\$27.61)
Options outstanding at March 31, 2006	16,000	–	–	–
Granted	–	29,000	–	–
Exercised	–	–	–	–
Forfeited/Expired	–	–	–	–
Options outstanding at March 31, 2007	16,000	29,000	–	–
Granted	–	–	32,000	46,000
Exercised	–	–	–	–
Forfeited/Expired	–	–	–	–
Options outstanding at March 31, 2008	16,000	29,000	32,000	32,000

14. SEGMENT INFORMATION

For the years ended March 31, 2008 and 2007

(1) Industry Segment Information

The Companies conduct manufacturing operations predominantly in the electronic parts industry.

The sales and operating income from such operations and related assets exceeded 90% of the consolidated sales, operating income, and total assets. Therefore, the disclosure of industry segment information was omitted.

(2) Geographic Segment Information

Millions of Yen						
March 31, 2008	Japan	Asia	Other	Total	Elimination and Corporate	Consolidated
Sales:						
Customers	¥ 79,838	¥123,683	¥34,754	¥238,275	–	¥238,275
Intersegment	158,613	79,791	1,864	240,268	¥(240,268)	–
Total	238,451	203,474	36,618	478,543	(240,268)	238,275
Operating expenses	222,724	201,025	34,533	458,282	(241,311)	216,971
Operating income	¥ 15,727	¥ 2,449	¥ 2,085	¥ 20,261	¥ 1,043	¥ 21,304
Assets	¥217,178	¥112,581	¥10,140	¥339,899	¥ (68,294)	¥271,605

Millions of Yen						
March 31, 2007	Japan	Asia	Other	Total	Elimination and Corporate	Consolidated
Sales:						
Customers	¥ 69,851	¥120,120	¥31,259	¥221,230	–	¥221,230
Intersegment	144,061	77,299	1,666	223,026	¥(223,026)	–
Total	213,912	197,419	32,925	444,256	(223,026)	221,230
Operating expenses	198,297	190,882	32,603	421,782	(222,570)	199,212
Operating income	¥ 15,615	¥ 6,537	¥ 322	¥ 22,474	¥ (456)	¥ 22,018
Assets	¥192,720	¥128,551	¥ 9,789	¥331,060	¥ (72,507)	¥258,553

Thousands of U.S. Dollars						
March 31, 2008	Japan	Asia	Other	Total	Elimination and Corporate	Consolidated
Sales:						
Customers	\$ 798,381	\$1,236,829	\$347,540	\$2,382,750	–	\$2,382,750
Intersegment	1,586,126	797,912	18,640	2,402,678	\$(2,402,678)	–
Total	2,384,507	2,034,741	366,180	4,785,428	(2,402,678)	2,382,750
Operating expenses	2,227,239	2,010,252	345,328	4,582,819	(2,413,111)	2,169,708
Operating income	\$ 157,268	\$ 24,489	\$ 20,852	\$ 202,609	\$ 10,433	\$ 213,042
Assets	\$2,171,787	\$1,125,807	\$101,400	\$3,398,994	\$ (682,942)	\$2,716,052

(a) The above segments are classified geographically.

(b) Main countries or areas other than Japan:

Asia Taiwan, Hong Kong, Korea, China, Malaysia, Singapore

Other U.S.A., Germany

(c) Corporate assets were ¥14,184 million (\$141,837 thousand) and ¥17,732 million at March 31, 2008 and 2007, respectively. They are principally comprised of cash and cash equivalents and investments of the Company.

(3) Foreign Sales Information

March 31, 2008	Millions of Yen				
	Asia	North America	Europe	Other	Total
Foreign sales	¥135,416	¥18,306	¥12,176	¥337	¥166,235
Consolidated sales					¥238,275
Percentage of foreign sales in proportion to consolidated sales	56.8%	7.7%	5.1%	0.2%	69.8%

March 31, 2007	Millions of Yen				
	Asia	North America	Europe	Other	Total
Foreign sales	¥128,910	¥16,272	¥10,562	¥276	¥156,020
Consolidated sales					¥221,230
Percentage of foreign sales in proportion to consolidated sales	58.3%	7.3%	4.8%	0.1%	70.5%

March 31, 2008	Thousands of U.S. Dollars				
	Asia	North America	Europe	Other	Total
Foreign sales	\$1,354,161	\$183,056	\$121,759	\$3,378	\$1,662,354
Consolidated sales					\$2,382,750

(a) The above segments are classified geographically.

(b) Main countries or areas other than Japan:

Asia Taiwan, Hong Kong, Korea, China, Malaysia, Singapore

North America U.S.A., Canada, Mexico

Europe Germany, U.K., Finland, Sweden, France, Italy

Other South America, the Middle East

(c) Foreign sales are the total of export sales of the Company and its subsidiaries to countries and regions outside of Japan.

15. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted Average Shares	EPS	
For the year ended March 31, 2008				
Basic EPS				
Net income allocated to common shareholders	¥10,634	119,195	¥89.22	\$0.89
Effect of dilutive securities				
Convertible bonds	47	5,517	–	–
Convertible bonds with stock acquisition rights	–	5,339	–	–
Stock acquisition rights	–	103	–	–
Diluted EPS				
Net income for computation	¥10,681	130,154	¥82.06	\$0.82
For the year ended March 31, 2007				
Basic EPS				
Net income allocated to common shareholders	¥12,945	119,220	¥108.58	
Effect of dilutive securities				
Convertible bonds	46	5,554	–	
Stock acquisition rights	–	35	–	
Diluted EPS				
Net income for computation	¥12,991	124,809	¥104.09	

16. SUBSEQUENT EVENTS

1. The following appropriations of retained earnings at March 31, 2008 were approved at the Company's shareholders' meeting held on June 27, 2008:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividend, ¥5.00 (\$0.05) per share	¥596	\$5,960

2. Based on a resolution approved by the Board of Directors on May 14, 2008, the Company decided acquisition of its treasury stocks under Article 156 (1) of the Law, as applied pursuant to Article 165 (3) of the Law, as detailed below:

- (1) Class of shares to be acquired: Shares of common stock
- (2) Number of shares to be acquired: Up to 3,000,000 shares (2.49% of outstanding shares including treasury stocks)
- (3) Total amount of shares to be acquired: Up to ¥2,000 million (\$20,000 thousand)
- (4) Schedule of acquisition: From May 15, 2008 to November 15, 2008



Independent Auditors' Report

To the Board of Directors of
Taiyo Yuden Co., Ltd.:

We have audited the accompanying consolidated balance sheet of Taiyo Yuden Co., Ltd. and consolidated subsidiaries as of March 31, 2008, and the related consolidated statements of income, changes in net assets and cash flows for the year then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of Taiyo Yuden Co., Ltd. and consolidated subsidiaries for the year ended March 31, 2007 were audited by the other auditors whose report, dated June 28, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Taiyo Yuden Co., Ltd. and subsidiaries as of March 31, 2008, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 27, 2008

Subsidiaries and Affiliate

SUBSIDIARIES

Domestic (Japan)	Ownership
Taiyo Chemical Industry Co., Ltd.	100.0%
Tsukiyono Denshi Co., Ltd.	100.0%
Akagi Electronics Co., Ltd.	100.0%
Taiyo Fukushi Co., Ltd.	100.0%
Sun Vertex Co., Ltd.	100.0%
That's Fukushima Co., Ltd.	100.0%
Kankyo Assist Co., Ltd.	100.0%
Bifrostec Inc.	66.7%
Niigata Taiyo Yuden Co., Ltd.	100.0%
Shoei Electronics Co., Ltd.	100.0%
Chuki Seiki Co., Ltd.	88.1%

Overseas	Ownership
TAIWAN TAIYO YUDEN CO., LTD.	100.0%
KOREA TAIYO YUDEN CO., LTD.	100.0%
TAIYO YUDEN (SINGAPORE) PTE LTD	100.0%
HONG KONG TAIYO YUDEN CO., LTD.	100.0%
TAIYO YUDEN (U.S.A.) INC.	100.0%
TAIYO YUDEN EUROPE GmbH	100.0%
KOREA TONG YANG YUJUN CO., LTD.	100.0%
TAIYO YUDEN (PHILIPPINES) INC.	100.0%
TAIYO YUDEN ENTERPRISES CO., LTD.	100.0%
DONGGUAN TAIYO YUDEN CO., LTD.	100.0%
TAIYO YUDEN (SARAWAK) SDN. BHD.	100.0%
TAIYO YUDEN (MALAYSIA) SDN. BHD.	53.3%
TAIYO YUDEN (GUANGDONG) CO., LTD.	100.0%
KOREA KYONG NAM TAIYO YUDEN CO., LTD.	100.0%
TRDA INC.	100.0%
TAIYO YUDEN (SHANGHAI) TRADING CO., LTD.	100.0%
TAIYO YUDEN (TIANJIN) ELECTRONICS CO., LTD.	100.0%
TAIYO YUDEN (SHENZHEN) ELECTRONICS TRADING CO., LTD.	100.0%
TAIYO YUDEN (CHINA) CO., LTD.	100.0%
TAIYO YUDEN (SUZHOU) CO., LTD.	100.0%

AFFILIATE

	Ownership
START Lab Inc.	49.9%

Five-Year Financial Summary

Taiyo Yuden Co., Ltd. and Subsidiaries
Years Ended March 31 and as of March 31

	Millions of yen				
	(Rounded off to the nearest million)				
	2004	2005	2006	2007	2008
Net sales	¥ 163,328	¥ 172,256	¥ 186,539	¥ 221,230	¥ 238,275
Capacitors	65,663	60,790	72,810	95,768	109,348
Ferrite and applied products	31,749	27,962	29,554	32,970	35,159
Modules	18,960	24,307	38,185	41,569	37,400
Optical media products	31,521	31,031	30,553	33,013	31,838
Other electronic components	15,435	28,167	15,438	17,910	24,531
Operating income	10,988	2,055	6,692	22,018	21,304
Net income	(1,845)	(774)	3,155	12,945	10,634
Net assets	140,396	141,667	153,874	169,498	167,767
Total assets	213,989	212,232	224,382	258,553	271,605
Cash flows from operating activities	18,495	5,854	20,056	28,980	29,791
Cash flows from investing activities	(14,683)	(19,601)	(15,290)	(33,781)	(43,768)
Cash flows from financing activities	(2,464)	3,387	(2,806)	7,586	12,856
Cash and cash equivalents at end of year	40,753	31,245	35,672	39,436	35,402
	Yen				
Net assets per share	¥1,176.13	¥1,187.69	¥1,290.00	¥1,421.45	¥1,403.24
Net income per share (basic)	(15.90)	(6.58)	26.00	108.58	89.22
Net income per share (diluted)	–	–	25.21	104.09	82.06
Cash dividends per share	10.00	10.00	10.00	10.00	10.00
	%				
Equity ratio	65.6	66.8	68.6	65.5	61.6
Return on Equity (ROE)	(1.3)	(0.5)	2.1	8.0	6.3
Return on Assets (ROA)	4.4	0.9	3.2	9.0	7.2
	Millions of yen				
R&D expenses	¥ 7,904	¥ 7,581	¥ 7,096	¥ 8,207	¥ 8,888
Capital investment	14,409	22,465	15,779	30,244	44,584
Depreciation expenses	18,334	17,984	17,052	18,376	23,294
Number of employees	17,194	17,577	19,656	20,387	20,117

Note: ROE = Net income/Net assets (yearly average) x 100
ROA = Ordinary income/Total assets (yearly average) x 100

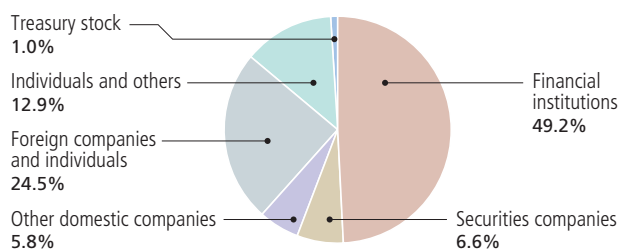
Investor Information

Taiyo Yuden Co., Ltd.
As of March 31, 2008

Stock Information

Common stock	(Authorized) 300,000,000 (Issued) 120,478,119 (Including 1,281,821 shares of treasury stock)
Stock exchange listings	First section of Tokyo Stock Exchange
Securities code	6976
Unit of trading	1,000 shares
Number of shareholders	9,849

Composition of Shareholders



Major Shareholders

	Number of shares (Thousands)	Voting rights (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,826	12.4
Japan Trustee Services Bank, Ltd. (Trust Account)	11,874	9.9
Sumitomo Mitsui Banking Corporation	4,000	3.3
BNP PARIBAS Securities (Japan) Limited	3,241	2.7
Deutsche Securities Inc.	3,160	2.6
The Iyo Bank, Ltd.	3,000	2.5
Japan Trustee Services Bank, Ltd. (Trust Account 4)	2,721	2.2
NikkoCiti Trust and Banking Corporation (Trust Account)	2,607	2.1
Nippon Life Insurance Company	2,380	1.9
Mitsui Asset Trust and Banking Co., Ltd. (Trustee of Individually Operated Designated Money Trusts, Account 1)	2,380	1.9

Note: The percentage of voting rights held has been calculated after subtracting the number of shares of treasury stock (1,281,821 shares).

Stock Price/Trading Volume



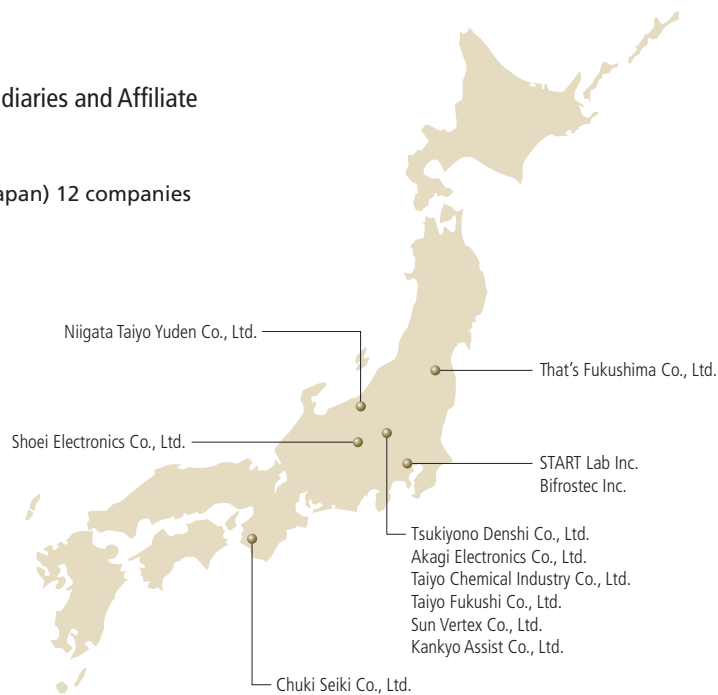
Corporate Data

Taiyo Yuden Co., Ltd.
As of March 31, 2008

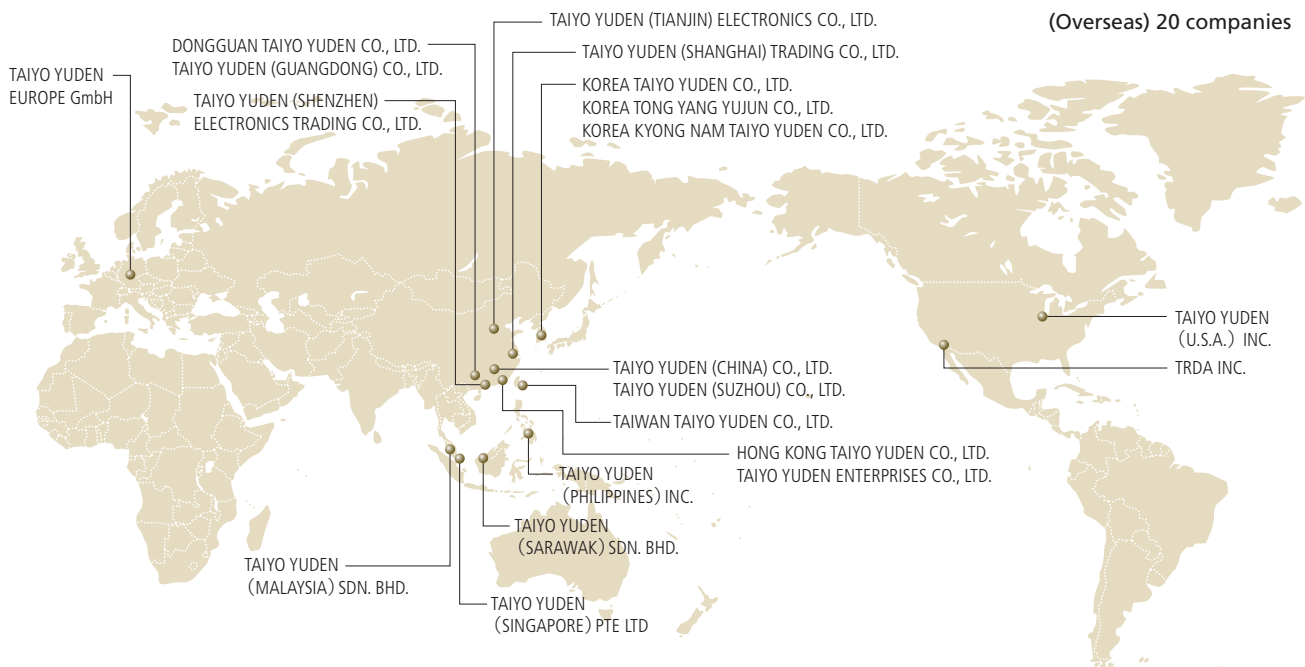
Company name	Taiyo Yuden Co., Ltd.
Head office	6-16-20 Ueno, Taito-ku, Tokyo 110-0005, Japan Tel +81-3-3832-0101
President & Chief Executive Officer	Yoshiro Kanzaki
Date of establishment	March 23, 1950
Paid-in capital	¥23,555 million
Number of employees	20,117 (Consolidated) 2,905 (Non-consolidated)
Main products	Ceramic capacitors; Inductors; Circuit modules (for power supply, high frequency); Optical recording media; Ceramic chip antennas, filters, baluns; Varistors; NTC thermistors
URL	http://www.ty-top.com/

Taiyo Yuden Group Subsidiaries and Affiliate (32 companies)

(Japan) 12 companies



(Overseas) 20 companies



<http://www.ty-top.com/>



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