

When we develop, produce and sell our electronic components and modules, economic relationships arise between Murata and various stakeholders. The economic relationships between Murata and its various stakeholders are described below.

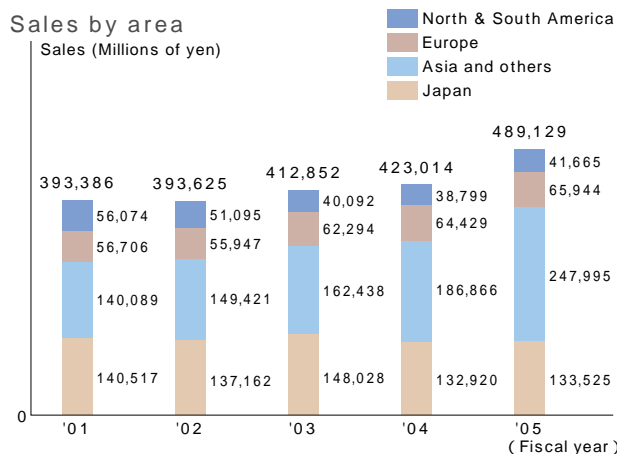
## Murata's Concept regarding its Economic Value Distribution

We believe that it is important to distribute the values generated through our business operations to our various stakeholders, and to appropriately return our profits to them. When Murata operates its business activities, it has direct or indirect economic influences on various stakeholders. However, at this point it is very difficult to identify all these influences. This section therefore mainly discloses our direct influences.

## Economic Relations with Stakeholders

### Customers

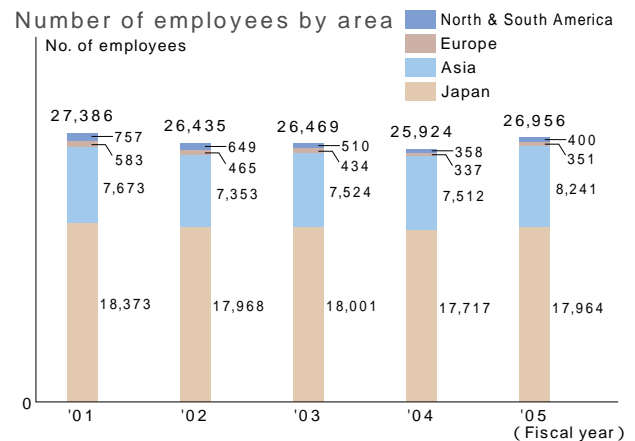
As an electronic component manufacturer, Murata earns its profits mainly by selling its electronic components to electronic equipment manufacturers, who are our customers. Murata's net sales for fiscal 2005 totaled ¥490,784 million. Of this amount, sales of electronic components and related products was ¥489,129 million. By area, domestic sales accounts for 27.3% and overseas sales accounts for 72.7%, indicating that Murata's products are widely used in the world's electronic equipment markets.



### Employees

Murata carries out global business activities, deploying its production plants and sales offices in 24 locations in Japan and 32 locations overseas (as of March 31, 2006). Murata's motto is to produce products wherever there is sufficient demand, and to provide good products and services equally to customers around the world. In line with this motto, we have deployed appropriate personnel worldwide.

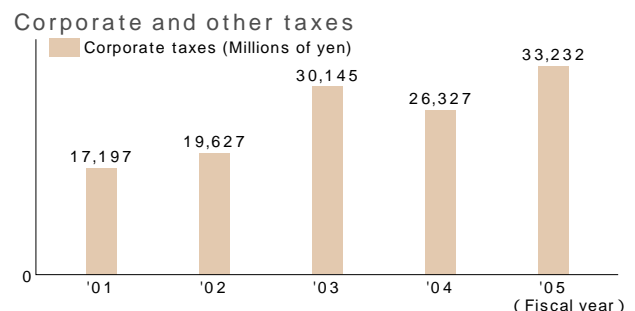
In fiscal 2005 there were 26,956 Murata employees (17,964 in Japan and 8,992 overseas). If we include family members, this number reaches a truly significant figure. Murata's business activities thus support the livelihoods of many people.



### Governments

Corporate and other taxes for fiscal 2005 totaled ¥33,232 million.

\* Calculated from "Corporate and other taxes" in the statement of income.

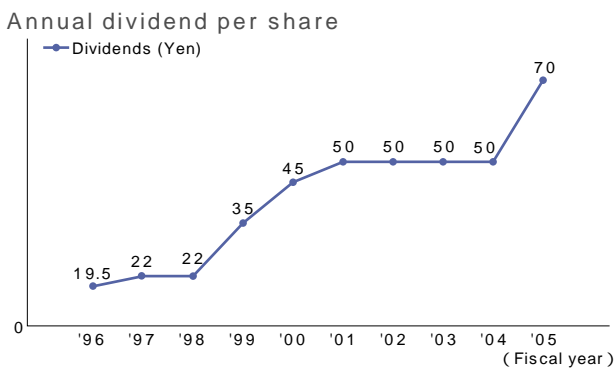


DATA Sales by area and by application

### Shareholders

Murata's basic policy of profit distribution to shareholders is to prioritize the sharing of gains through dividend distribution, and to steadily raise dividends by increasing profit per share, while enhancing Murata's corporate values and strengthening its corporate structure. On the basis of this policy, we reward our shareholders by paying dividends, after comprehensively considering our business performance and dividend payout ratio on a consolidated basis, as well as the accumulation of internal reserves necessary for reinvestment to ensure future development. Murata has striven to raise its dividend payments. In fiscal 2005, in light of business performance and the accumulation of internal reserves, Murata paid a dividend of ¥70 per share, up ¥20 from the previous year. Regarding dividends for fiscal 2006 as well, we are planning to pay ¥80 per share, an increase of ¥10 from fiscal 2005. As well, the Company acquires treasury stock, as deemed appropriate, so as to improve capital efficiency while responding to changes in the business environment.

In fiscal 2005, of Murata Manufacturing's shareholders, approximately 37.8% were overseas shareholders. We actively carry out investor relations activities. As part of such efforts, we hold Company information sessions for shareholders and investors on a regular basis, in New York, London and other major cities worldwide.



### Local Communities

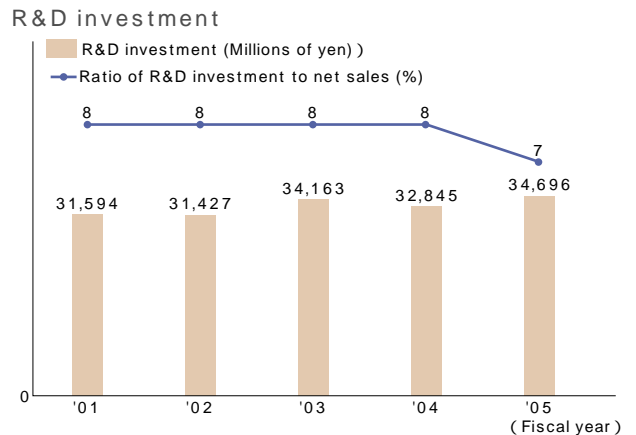
To distribute Murata's economic value to local communities, we conduct activities to contribute to local communities, through participation in corporate citizen programs, donations to local organizations and other means. Murata's initiatives to contribute to local communities include offering support and financial aid for basic research projects via the Murata Science Foundation, environmental improvement of community welfare facilities, and sponsoring local sports events. In fiscal 2005, Murata Group companies in Japan made donations worth ¥255 million. From all its domestic and foreign companies, Murata donated ¥762 million to victims of Hurricane Katrina, which afflicted the U.S.



### R&D and Capital Investments

As described above, the economic values Murata continues to generate are distributed to its various stakeholders, and used as R&D and capital investments.

In line with the basic principle, "new quality electronic equipment begins with new quality components, and new quality components begin with new quality materials," Murata has established a total manufacturing system encompassing materials, production methods, design and production. By developing new technologies and products and then introducing them to the market, Murata obtains new economic values. Murata has always invested about 7 to 8% of its net sales on a consolidated basis. In fiscal 2005, we invested 34,696 million yen in R&D activities.



Furthermore, in view of demand fluctuations and decline in product prices in the electronic equipment markets, Murata has carried out capital investments based on medium- and long-term forecasts of the market. In fiscal 2005, capital investment totaled ¥51,040 million, and depreciation and amortization totaled ¥45,139 million.

Henceforth, we will continue capital investments to promote R&D for producing new materials, technologies and products, and to ensure stable supply based on market needs.

