

Economic Relations with Stakeholders

Murata believes that the appropriate distribution of profits generated by its business activities, or its economic value, to its various stakeholders is essential to the ongoing development of society.

Pursuing Appropriate Economic Value Distribution

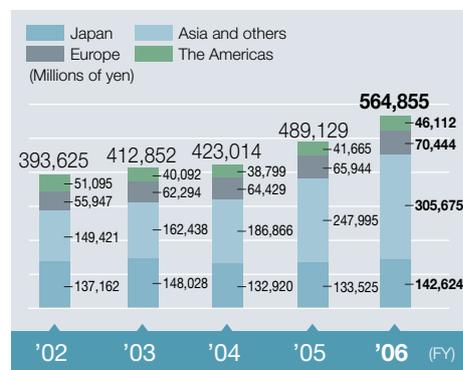
Striving to Distribute Profits Properly with the Economic Impact on Society in Mind

A company's activities are simply the exchange of money and commodities between its various stakeholders, which is to say, economic activities. Such activities extend beyond the economic impact on the related parties of directly giving and receiving merchandise and cash to encompass the indirect effect on regional, national and global economic systems. Murata's business activities are no exception to these rules. We want the influence that our economic activities have on stakeholders and on society to be a positive one.

Accordingly, the Company takes stock of the economic impact of its activities on stakeholders and on society, and, while maintaining the necessary levels of internal reserves, strives to distribute appropriately the generated economic value to its stakeholders. However, at this point it is very difficult to assess all these influences. This section therefore mainly reports on identifiable direct influences.

aware of the scale of influence that our activities exert on the world's electronics industry, and we always endeavor to generate industry-leading new value and to secure a stable supply of products.

Sales by Area



Suppliers—Honoring Contracts and Appropriate Compensations

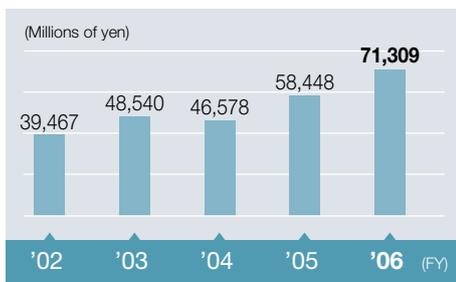
Murata procures equipment and materials and parts for its products from a broad range of electronics components, semiconductors and equipment manufacturers in Japan and overseas. Through sound procurement activities, we honor contracts with our suppliers and comply with all relevant laws, facilitating the formation of mutually prosperous relationships.

Shareholders—Striving for Stable Dividend Increases

Murata's shareholders number 66,000. Of the total 225,263,000 shares of stock we have issued, 44.8% are held by financial institutions, 37.7% by overseas corporations, 3.8% by Japanese corporations and 13.7% by private and other minority investors.

Our policy on distributing earnings to shareholders is to prioritize performance-based allocation via cash dividends. We are committed to increasing the dividend in a stable manner by increasing earnings per share while giving consideration to raising long-term corporate value and strengthening the company's foundation. On the basis of this policy we distribute earnings to shareholders through cash dividends after

Net Income

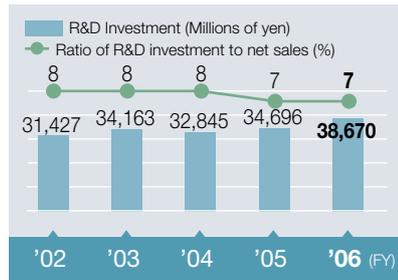


Economic Consideration for Stakeholders

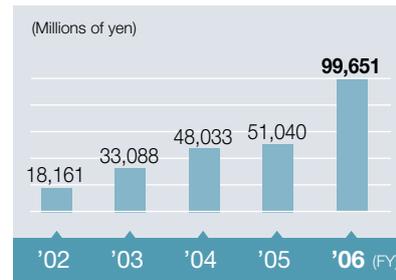
Customers

As an electronic component manufacturer, Murata earns its profits by selling its electronic components and devices to the electronic equipment manufacturers that form its customer base. Our operations are characterized by providing quality products and services to customers worldwide, deriving some 75% of consolidated net sales overseas. In particular, we hold the leading world market share for chip monolithic ceramic capacitors. Accordingly, we are

R&D Investment



Capital Investment



comprehensively considering consolidated performance, the payout ratio, and the level of internal reserves necessary for reinvestment in the company's future. Murata repurchases its own stock as appropriate and endeavors to raise capital efficiency while accommodating changes in the operating environment.

The annual dividend for fiscal 2007 was ¥90 (interim dividend of ¥40 and year-end dividend of ¥50), an increase of ¥20 per share from the previous term.

We plan to raise the full-year dividend for fiscal 2008 by another ¥10, to ¥100 per share (interim dividend of ¥50 and year-end dividend of ¥50). This dividend is based on the current business environment and performance forecasts for fiscal 2008.

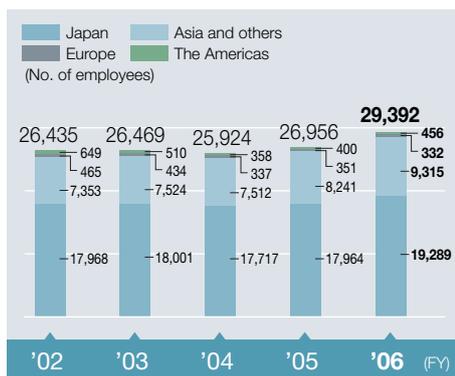
Annual Dividend per Share



Employees—Bolstering Employment in Japan and Overseas

Roughly speaking, Murata's workforce numbers approximately 29,000 people (19,000 in Japan and 10,000 overseas). These employees are spread over 23 locations in Japan and 33 abroad. Currently,

Employees by Area



we are aggressively promoting local recruitment and employment. Our policy on remuneration is to disregard seniority factors, in favor of determining fair and objective compensation that emphasizes skills and performance.

Local Communities—Regional Stimulation and Disaster Victim Relief

In addition to science and environmental education programs for children, Murata contributes to local societies by providing support for local sports and cultural activities, participating in and sponsoring community events, carrying out environmental improvement programs for welfare facilities and other activities.

During fiscal 2006, domestic Murata Group companies donated a total of ¥372 million in support and financial aid. Recipients included basic research projects via the Murata Science Foundation and disaster relief of ¥12 million for victims of the July 2006 Java earthquake and the March 2007 Noto earthquake.

Governments and Public Administration—Paying Taxes in Each Region Where We Operate

One of Murata's policies is to maintain stable management and continuous tax payments. Income taxes for fiscal 2006 totaled ¥46,694 million.

Corporate and Other Taxes



About R&D and Capital Investment

As previously stated, the economic value that Murata generates is distributed to stakeholders and used as investment in research and development and capital investment for the Company's future.

About Income Taxes

This is the amount of income taxes as stated in the Consolidated Statement of Income.