

## First Quarter of FY2012 Presentation Q&A

Q: Which is the main reason of the downward revision of the projected sales for the first half of this fiscal year, demand decrease or demand push-back to the second half?

A: Some sales for smartphones have been pushed back to the second half. Also, demand for components used in PCs and AV devices is slightly weaker than what we originally estimated.

Q: Is there any increase in costs in the acquired businesses\* compared with your initial estimate?

(\*Power amplifier business from Renesas Electronics Corporation in Japan and MEMS sensor business from VTI Technologies Oy in Finland)

A: Those costs are well controlled under the initial estimate.

Q: When do you expect order intake to start to pick up?

A: We expect order intake to start to pick up for smartphones and Windows 8 PCs from sometime in August or September.

Q: What is the operating rate in the second quarter?

A: The operating rate was 96% in the first quarter. It is expected to rise to 100% in the second quarter. Note that both rates are based on 20 operating days per month.

Q: Why did the ratio of segment income to sales of the Components segment decline in the first quarter year on year?

A: This is because we have spent up-front capital expenditures and expenses for production jigs and tools for capacity increase and a shift to overseas production.

Q: How do you forecast the units of major electronic devices such as mobile phones, PCs and flat-screen TVs for the year ending March 31, 2013 as a basis for the downward revision of the forecast?

A: We project 5% decline on average from the original forecast.

Q: How much R&D expenses do you expect from the next fiscal year and onward?

A: It depends on the market situation but we are planning to maintain the current level of R&D expenses.

Q: Why didn't you estimate the increase in depreciation and amortization for the first half of this fiscal year when you made a forecast in April?

A: Depreciation expenses rose more than expected because we have increased production capacity earlier than the initial plan. Other reasons are that we are concurrently increasing capacity both in Japan and abroad and that we have added start-up costs to launch new products.

Q: The price-decline factor increased in the revised projection from the previous one. Does this mean that you have been facing more pressure to cut prices from customers? If so, how do you maintain the profitability?

A: Prices have been falling more than we originally expected. We are planning to maintain value added through the improvement in product mixes because sales of state-of-the-art components are increasing for smartphones and tablet devices.

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Risks and uncertainties that may affect actual results include, but are not limited to, the following: (1) economic conditions of the Company's business environment, and trends, supply-demand balance, and price fluctuations in the markets for electronic devices and components; (2) price fluctuations and insufficient supply of raw materials; (3) exchange rate fluctuations; (4) the Group's ability to provide a stable supply of new products that are compatible with the rapid technical innovation of the electronic components market and to continue to design and develop products and services that satisfy customers; (5) changes in the market value of the Group's financial assets; (6) drastic legal, political, and social changes in the Group's business environment; and (7) other uncertainties and contingencies.

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