



June 29, 2017

Company name: Murata Manufacturing Co., Ltd.
Name of representative: Tsuneo Murata
Chairman of the Board, President
and Representative Director
(Code: 6981, First section of the
Tokyo Stock Exchange)
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Notice regarding Issuance of New Shares as Restricted Stock Compensation

Murata Manufacturing Co., Ltd. (“Company”) hereby announces that at the Board of Directors meeting held today, it resolved to issue new shares as stock compensation (“Issuance of New Shares”) as follows.

1. Outline of the Issuance

(1) Payment date	July 28, 2017
(2) Class and number of shares to be issued	7,835 shares of common stock of the Company
(3) Issuance price	17,270 yen per share
(4) Total value of shares to be issued	135,310,450 yen
(5) Method of offer or allotment	Allotment of restricted stock
(6) Method of contribution	In-kind contribution of monetary compensation receivables
(7) Allottees and number thereof, number of shares to be allotted	Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors): 7 4,700 shares Vice Presidents: 14 3,135 shares
(8) Others	The Company has submitted the Securities Registration Statement regarding the Issuance of New Shares in accordance with the Financial Instruments and Exchange Act.

2. Purposes and Reasons of the Issuance

At the Board of Directors meeting held on April 28, 2017, the Company has resolved to newly introduce a restricted stock compensation plan (the “Plan”) for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter “Eligible Directors”) in order to provide an incentive to sustainably increase the Company’s corporate value and to further promote shared values between the Eligible Directors and the shareholders.

Furthermore, at the 81st Ordinary General Meeting of Shareholders held today, it was approved that the Company shall grant monetary compensation receivables not exceeding ¥300 million per year to Eligible Directors for the granting of restricted stock and that the transfer restriction period of the restricted stock shall be between three and five years based on a decision by the Board of Directors of the Company.

3. Overview of the Plan

Eligible Directors shall make in-kind contributions of all monetary compensation receivables to be granted by the Company under the Plan, and shall, in return, receive the Company's common stock that will be issued or disposed of by the Company. The total amount of monetary compensation receivables to be granted to the Eligible Directors under the Plan shall be no more than ¥300 million per year. The specific timing and amount of the granting to each of Eligible Directors shall be decided by the Board of Directors.

The total number of shares of common stock in the Company to be issued to the Eligible Directors or disposed of under the Plan shall be no more than 60,000 shares per year. The amount to be paid in per share shall be the amount decided by the Board of Directors within a range that is not specially advantageous to the Eligible Directors who will receive the common stock, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors (if such date is a non-trading day, the closing price on the most recent trading day prior to that date).

For the purpose of issuing and disposing of common stock in the Company based on the Plan, the Company shall enter into a restricted stock allotment contract with Eligible Directors, which shall include the following contents: 1) Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the Company's common stock allotted under the allotment contract during a certain period; and 2) The Company may acquire the common stock without contribution if certain events occur.

4. Introduction of restricted stock compensation plan for Vice Presidents

The 81st Ordinary General Meeting of Shareholders held today approved the introduction of the Plan for Eligible Directors. With the introduction of the Plan for Eligible Directors, the Company will also introduce a restricted stock compensation plan of similar content to the Plan for Vice Presidents of the Company.

5. Details of the Issuance this time

This time, the Company decided to grant a total amount of ¥135,310,450 in monetary compensation receivables ("Monetary Compensation Receivables") to 7 Eligible Directors and 14 Vice Presidents ("Eligible Persons") (of which, total amount of monetary compensation receivables to be granted to Eligible Directors is ¥81,169,000) after taking into account the objectives of the Plan, the Company's business performance, the scope of duties of Eligible Persons, and various business

circumstances. For the Issuance of New Shares, 21 Eligible Persons, subject to the allotment, shall make in-kind contribution of all the Monetary Compensation Receivables to the Company based on the Plan, and shall receive issued shares of common stock of the Company. In addition, in order to provide an incentive for Eligible Persons to strive for the sustainable enhancement of the Company's corporate value and to further promote shared value between Eligible Persons and shareholders, the transfer restriction period has been set at three years.

6. Overview of restricted stock allotment contract

The Company and Eligible Persons shall enter into a restricted stock allotment contract ("Allotment Contract") individually, and the overview of the Allotment Contract is as follows

(1) Transfer restricted period

From July 28, 2017 to July 27, 2020

(2) Conditions for lifting transfer restriction

As a general rule, the Company shall lift the transfer restriction for all of the Company's common stock allotted under Allotment Contract ("Allotted Stock") upon expiration of the transfer restricted period, on the condition that any of the Eligible Persons has remained in the position of Director or Vice President of the Company or its subsidiaries continuously during the transfer restricted period. In case, however, the Eligible Director, etc. deceases or retires from any of the positions due to term expiration, compulsory retirement age or any other reasons the Company's Board of Directors deems justifiable, the Company shall lift the transfer restriction for all of the Allotted Stock at the time of retirement or when the Board of Directors deems that there is any justifiable reason.

(3) The Company's acquisition of Allotted Stock without contribution

At the time of determination not to lift the transfer restrictions for the Allotted Stock, the Company shall naturally acquire all of the Allotted Stock in question without contribution.

(4) Management of stock

In order to prevent Eligible Persons from transferring, creating a security interest on, or otherwise disposing of Allotted Stock during the transfer restriction period, the Allotted Stock shall be managed in dedicated accounts opened by Eligible Persons at Nomura Securities Co., Ltd. The Company and each Eligible Director, etc. has concluded an agreement with Nomura Securities Co., Ltd. for the management of accounts of the Allotted Stock possessed by each of the Eligible Persons in order to secure the effectiveness of the transfer restriction, etc., pertaining to the Allotted Stock. In addition, the Eligible Persons have agreed to the method of management of this account.

(5) Treatment during reorganization, etc.

If the effective date, etc. of a merger in which the Company will be the disappearing company, a share exchange or share transfer in which the Company will be the wholly-owned subsidiary, or other reorganization, etc. come during the transfer restricted period, the transfer restriction of all or part of the Allotted Stock shall be lifted prior to the effective date of such reorganization, etc. by a

resolution of the Company's Board of Directors.

7. Basis of Calculation and Specific Details for the Payment Amount

The Issuance of New Shares to the Eligible Persons shall be made by way of in-kind contribution of the monetary compensation receivables granted as restricted stock compensation under the Plan for the Company's 82nd fiscal year. To avoid issuing the shares based on arbitrary decisions on price, the issuance price of the shares shall be the closing price of the Company's common stocks on the Tokyo Stock Exchange of ¥17,270 on June 28, 2017 (the business day immediately preceding the date of the resolution by the Board of Directors). As the price is the market price of the day immediately preceding the date of resolution of the Board of Directors, the Company believes that it is reasonable. Please note that the divergence ratio from the price of ¥16,164, which was the simple average of closing prices on the Tokyo Stock Exchange over a one-month period (from May 29, 2017 to June 28, 2017) (rounded down to the nearest yen; same in the calculation of simple average of closing prices hereafter), was 6.84% (rounded off to two decimal places, same in the calculation of divergence ratio hereafter). The divergence ratio from the value of ¥15,634, the simple average of closing prices for the three-month period (from March 29, 2017 to June 28, 2017) was 10.46%, and the divergence ratio from the value of ¥15,691, the simple average of closing prices for the six-month period (from December 29, 2016 to June 28, 2017) was 10.06%. Thus, the Company believes that the issuance price is not an especially favorable price.

Reference: Restricted Stock (RS) Management Flow in the Restricted Stock Plan

