

## Economic Relationships with Our Stakeholders

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.

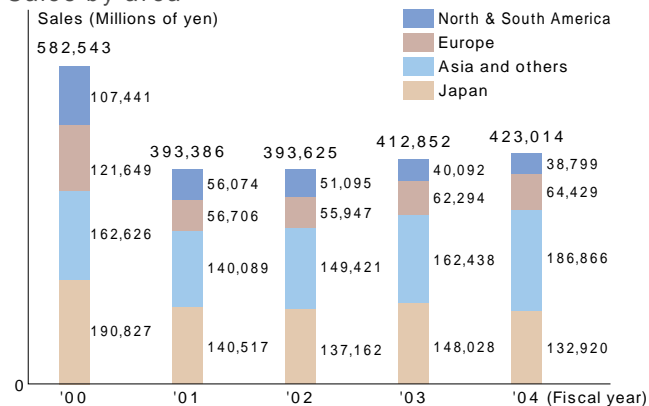
### Economic Relationships with Our Stakeholders

#### 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 2004 totaled ¥424,468 million. Of this amount, sales of electronic components and related products was ¥423,014 million.

By area, domestic sales accounts for 31.4% and overseas sales accounts for 68.6%, indicating that Murata's products are widely used in the world's electronic equipment markets.

#### Sales by area



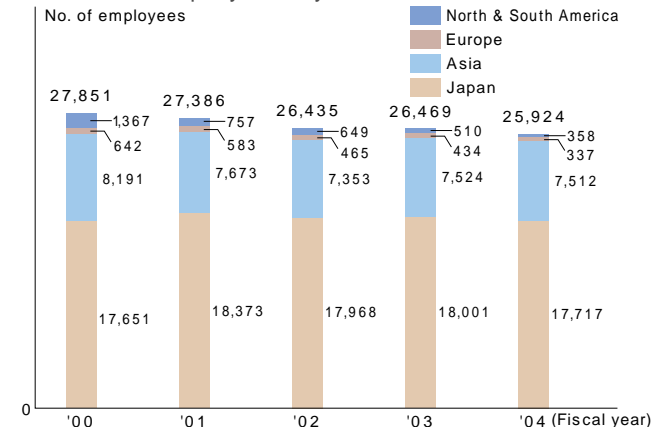
#### DATA Sales by application

#### Employees

Murata carries out global business activities, deploying its production plants and sales offices in 24 locations in Japan and 31 locations overseas. 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 2004 there were 25,924 Murata employees (17,717 in Japan and 8,207 overseas). If we include family members, this number reaches a truly significant figure. Murata's business activities thus support the livelihoods of many people.

#### Number of employees by area

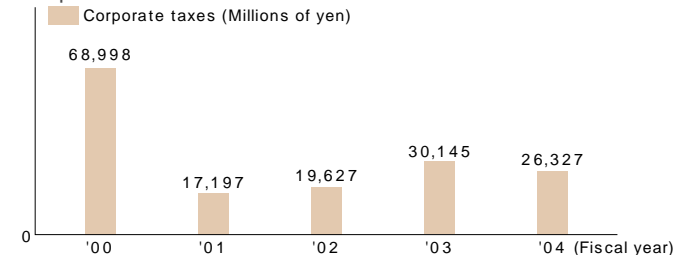


#### Governments

Corporate and other taxes\* for fiscal 2004 totaled ¥26,327 million.

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

#### Corporate taxes

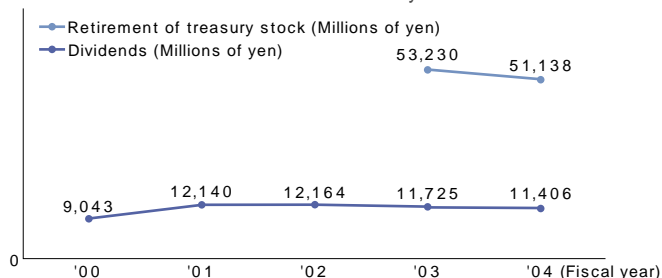


### Shareholders

Murata Manufacturing considers profit distribution to shareholders to be one of its most important management measures. Our basic policy of profit distribution is to provide stable dividends, taking into consideration the dividend payment ratio. We also distribute our profits by comprehensively taking into account the enhancement of internal reserves to strengthen Murata's corporate structure and secure earning capacity, as well as the business performances of both the current and future fiscal years. We are also carrying out the acquisition and retirement of our own shares. The dividends paid to our shareholders in fiscal 2004 totaled ¥11,406 million, combining the year-end dividend (paid in June 2004) and interim dividend (paid in December 2004). Also, 9 million treasury stocks were retired totaling ¥51,138 million.

In fiscal 2004, of Murata Manufacturing's shareholders, approximately 38% 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.

### Dividends and retirement of treasury stock



### 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 2004, Murata Group companies in Japan made donations worth ¥240 million. From all its domestic and

foreign companies, Murata contributed ¥12.59 million as a donation to victims of the Sumatra earthquake and tsunami disaster.

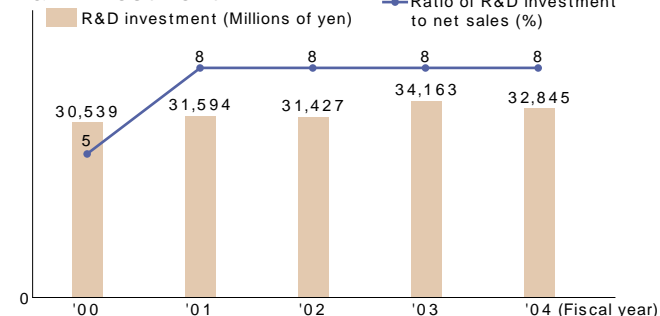
### DATA Support for disaster victims

#### 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 6 to 7% of its net sales on a consolidated basis. In fiscal 2004, we invested 32,845 million yen in R&D activities.

### R&D investment



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 2004, capital investment totaled ¥48,033 million, and depreciation and amortization totaled ¥42,384 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.

### DATA Capital investment