



April 28, 2017

Company name: Murata Manufacturing Co., Ltd.
Name of representative: Tsuneo Murata
President and Representative Director
(Code: 6981, First section of the Tokyo
Stock Exchange)
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Notice of Introduction of Restricted Stock Compensation Plan

Murata Manufacturing Co., Ltd. (“Company”) hereby announces that at the Board of Directors meetings held on April 28, 2017, it reviewed the executive compensation plan and resolved to introduce a restricted stock compensation plan (the “Plan”) for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter “eligible Directors”), and to submit a proposal regarding the introduction of the Plan to the 81st Ordinary General Meeting of Shareholders scheduled for June 29, 2017 (the “General Meeting of Shareholders”).

1. Reason for introducing the Plan

The Plan will be introduced in order to provide an incentive for eligible Directors to strive for the sustainable enhancement of the Company’s corporate value by having them hold the Company’s shares through allotment of restricted stock, in addition to further promote shared value between eligible Directors and shareholders.

2. Overview of the Plan

(1) Amount of compensation for Directors and number of shares to be granted

Under the Plan, the Company shall grant monetary compensation receivables to eligible Directors for the allotment of restricted stock, and eligible Directors shall then make in-kind contributions of the monetary compensation receivables in return for the Company’s common stock that will be issued or disposed of by the Company. While the compensation for Directors of the Company who are not Audit and Supervisory Committee Members was approved at an amount no more than ¥700 million per year at the 80th Ordinary General Meeting of Shareholders held on June 29, 2016 (however, this does not include the portion of employee’s salary for Directors who concurrently serve as employees), the Company plans to request shareholders’ approval at the General Meeting of Shareholders for the payment of compensation of no more than ¥300 million per year for the payment of restricted stock, separate from the above

compensation. The specific timing of payment and distribution to each Director shall be determined at the Board of Directors meetings. However, the Company does not plan to pay compensation for the payment of restricted stock to Outside Directors who are not Audit and Supervisory Committee Members.

In addition, the total number of shares of common stock in the Company to be issued or disposed of under the Plan shall be no more than 60,000 shares per year (however, in the event of a share split (including a gratis allotment of the Company's common stock) or consolidation of shares of common stock of the Company that is effective on or after the date the Plan is approved at the General Meeting of Shareholders, the total number of shares shall be adjusted as necessary within a reasonable range, in accordance with the split ratio or consolidation ratio, etc., from the effective date onward). Furthermore, the amount to be paid in per share shall be 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).

(2) Restricted stock allotment contract

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. The main content of this contract shall be as follows.

- 1) Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the allotted stock during a certain period;
- 2) The Company may acquire the stock without consideration if certain events occur.

In order to prevent eligible Directors from transferring, creating a security interest on, or otherwise disposing of the common stock allotted during the restriction period, the common stock will be managed in dedicated accounts opened by eligible Directors at Nomura Securities Co., Ltd.

3. Introduction of restricted stock compensation plan for Vice Presidents of the Company

Subject to receiving shareholders' approval for the introduction of the Plan at the General Meeting of Shareholders, the Company also plans to introduce a restricted stock compensation plan of similar content to the Plan for Vice Presidents of the Company.