

February 13, 2013

Company name:	Murata Manufacturing Co., Ltd.
Name of representative:	Tsuneo Murata President & Representative Director (Code: 6981, First section of the Tokyo Stock Exchange and the Osaka Securities Exchange)
Contact:	Yoshihiro Nomura Public Relations Manager (Phone: 075-955-6786)
Company name:	Toko, Inc.
Name of representative:	Shigeru Kawazuhara President & Representative Director (Code: 6801, First Section of the Tokyo Stock Exchange)
Contact:	Yasunori Taguchi Operating Officer (Phone: 049-285-2511)

**Announcement of the Execution of Agreement for Enhancement of Capital and Business
Alliance between Murata Manufacturing Co., Ltd. and Toko, Inc.**

Murata Manufacturing Co., Ltd. (“Murata”) and Toko, Inc. (“Toko”) have executed an agreement for enhancement of capital and business alliance (the “Capital and Business Alliance Agreement”) based on the resolution of their respective board of directors meetings held today. Murata will aim to acquire the majority of the voting rights of Toko by means of a tender offer (the “Tender Offer”). It is the mutual understanding of Murata and Toko (collectively, the “Companies”) that, even after the Tender Offer has been consummated, Toko’s common stock (the “Toko Shares”) will continue to be listed.

The Tender Offer will be promptly launched upon the fulfillment of certain conditions, such as the completion of certain procedures and measures that are required under domestic and overseas competition laws. The procedures and measures of domestic and overseas competition law authorities are expected to take a certain amount of time, so the Companies are planning to provide a status update approximately once each quarter. The Companies expect to provide the next update in early May 2013.

1. Purpose of Capital and Business Alliance

Murata was founded in Chukyo-ku, Kyoto in 1944 by Akira Murata, was reorganized as a stock company (*kabushiki kaisha*) in 1950, and is currently comprised of Murata and its 77 consolidated subsidiaries and 5 equity method affiliates. Murata has been contributing to the development of an advanced information society by developing, manufacturing, and selling creative products under the slogan “Innovator in Electronics®” in an electronics industry where demand is becoming more sophisticated with the times.

Currently, Murata's core markets are the fast-growing smartphone and tablet markets, and it develops and produces high-function and high value-added parts that are based on material technology, module technology, and production technology, such as laminated ceramic capacitors and wireless modules, and sells such parts around the world. It is also expanding into new markets, such as the production and sale in emerging markets, the automobile market, environmental and energy market, and healthcare market, and is in the process of establishing a firm footing in regions where there are burgeoning demand and in business fields with a higher barrier to entry.

With regard to its product portfolio, Murata has adopted a so-called "effusion" strategy where it aligns itself with companies that have the technological capabilities and delivery track record that are required for the world's most advanced markets and absorbs the core technologies in proximate fields, and is continuously creating demand by providing new solutions to customers' insatiable demands for technological innovation, exemplified by making products smaller, power efficient, and faster.

Meanwhile, Toko was established as the Toko Radio Coil Laboratories Inc. in 1955, and started the development and production of coils for vacuum tube type portable radios and the world's first IFT for transistor radios. Then in 1964, it changed its company name to Toko, Inc. and is currently comprised of Toko and its 21 consolidated subsidiaries and 1 equity method affiliate. Toko is contributing to social development in the electronics industry by continuously creating innovative coils that use its core technologies of magnetic material and winding technologies. Toko's products are widely used in audio-visual equipment, such as televisions and games, communications equipment, such as mobile phones and smartphones, and automotive equipment, such as car audio systems. In recent years, it has succeeded in the development and mass production of unique coils in advance of other companies, and has achieved the downsizing, energy saving, and slimming of portable devices such as the smartphones that use such coils, earning high praise from key customers around the world. Toko is also pursuing the development of new products and exploring new applications, such as automobile applications.

Under these circumstances, the Companies executed the "Capital and Business Alliance Agreement" dated March 22, 2012 (the "Existing Capital and Business Alliance Agreement") and commenced their business alliance so that the Companies can contribute to social development by mutually exploiting their respective strengths and thereby contribute to increasing the business valuation of the Companies. On April 9, 2012, Murata also subscribed to new shares and convertible bonds issued by Toko through a third-party allocation pursuant to said Agreement.

The Companies subsequently engaged in a series of discussions regarding the (i) expanded sales of power inductors through mutual cooperation, (ii) joint development and sale of next-generation power inductors, and (iii) exploration of customer needs and the development, production, sale, and the like of new products, but reached the conclusion that they will need to cooperate as companies in the same corporate group based on stronger capital ties in order to disclose information regarding management, technology, and production to each other, effectively utilize the management resources of the Companies, and create additional business synergies, so the Companies executed the Capital and Business Alliance Agreement as of today and plan to launch the Tender Offer subject to the completion of certain procedures and measures that are required under domestic and overseas competition laws.

Through this capital and business alliance, the Companies will be able to pursue the following business synergies:

- Synergies expected by Toko
 - (i) Utilize Murata's sales network and expand the sale of Toko's products to a global scale. Conduct marketing, planning, and development of Toko's products to leading customers around the world.
 - (ii) Utilize Murata's various core technologies and knowledge relating to electronic parts and its business management know-how in Toko's product development, manufacturing, quality control, profitability management, and the like, and aim for high functionality and high value-added.
 - (iii) Murata will provide Toko with its internal manufacturing know-how regarding production facilities, and aim to increase productivity and strengthen cost-competitiveness.
- Synergies expected by Murata
 - (i) Armed with Toko's state-of-the-art metal alloy products that have a large market share, develop customers that are new to the Companies and aim to increase sales.
 - (ii) Create electronic parts with high functionality and high value-added by applying Toko's advanced wiring and magnetic material technologies.
 - (iii) Share Toko's know-how regarding production operation by local staff in overseas locations, and aim to improve production efficiency.

To effectively carry out these measures, it will be necessary to mutually disclose and provide the assets, management resources, and core know-how that form the foundation of the business, and because certain restrictions will inevitably arise under the current capital relationship, there is a need to become a part of the same corporate group and to cooperate with each other based on a stronger capital relationship.

Following the analysis and discussion above, the Companies have determined that, in order to establish a stronger relationship, it would be desirable for Toko to become a part of the Murata group, and thus have executed the Capital and Business Alliance Agreement as of today for the purpose of increasing the business valuation of the Companies by further enhancing the business alliance between the Companies.

2. Description of the Capital and Business Alliance, Etc.

(1) Description of the Capital and Business Alliance

(i) Launching of the Tender Offer

As set forth in the "Purpose of Capital and Business Alliance" in Section 1 above, Murata executed the Existing Capital and Business Alliance Agreement dated March 22, 2012 with Toko and commenced a business alliance with Toko, and on April 9, 2012, it subscribed to new shares and convertible bonds issued by Toko through a third-party allocation pursuant to the Existing Capital and Business Alliance Agreement, and as of today, it owns 10,582,000 of the Toko Shares (ratio to 106,765,481 shares, which is

calculated by subtracting Toko's treasury shares as of December 31, 2012 (1,357,165 shares) from the total number of issued shares as of December 31, 2012 (108,122,646 shares) (the shareholding ratio calculated by excluding the treasury shares shall be referred to as the "Shareholding Ratio")), which constitutes 9.91% (rounded to the nearest hundredths, and the same shall also apply to the calculation of the Shareholding Ratio below; the Shareholding Ratio following the conversion of all Toko convertible bonds owned by Murata (Toko Inc. Series VI Unsecured Convertible Bonds (total subscription quantity: 30 units; number of dilutive shares as a result of the subscription: 7,575,757 shares)) (the "Conversion") is 15.88%). The Companies subsequently executed the Capital and Business Alliance Agreement based on the resolutions of their respective board of directors meetings held today for the purpose of increasing the business valuation of the Companies by further enhancing the business alliance between the Companies through Toko becoming a consolidated subsidiary of Murata. Murata plans to launch the Tender Offer upon the fulfillment of certain conditions, such as the completion of certain procedures and measures that are required under domestic and overseas competition laws. When launching the Tender Offer, the offer price for the Tender Offer (the "Expected Tender Offer Price") is expected to be JPY 300 per Toko Share.

In the course of determining the Expected Tender Offer Price, Murata instructed Nomura Securities Co., Ltd. ("Nomura Securities"), a third-party appraiser that is independent from the Companies, to calculate the value of the Toko Shares. After considering calculation methods for the Tender Offer, Nomura Securities calculated the value of the Toko Shares by using the market average share price method, comparable peer company method, and discounted cash flow method (the "DCF Method"), and Murata obtained the share valuation report regarding the value of the Toko Shares (the "Share Valuation Report") from Nomura Securities on February 12, 2013. Murata did not obtain a fairness opinion for the Expected Tender Offer Price from Nomura Securities.

According to the Share Valuation Report, the adopted methods and the range of values per Toko Share that was calculated based on these methods are as follows:

Market average share price method:	JPY 207 ~ JPY 227
Comparable peer company method:	JPY 173 ~ JPY 187
DCF Method:	JPY 254 ~ JPY 337

Under the market average share price method, using February 8, 2013 as the reference date, the range of values per Toko Share was appraised at between JPY 207 and JPY 227 based on the closing price on the reference date (JPY 222) on the First Section of the Tokyo Stock Exchange, Inc. ("TSE"), the simple average of the closing price for the one week immediately preceding the reference date (JPY 227) (rounded to the nearest yen; same shall also apply to the calculation of the simple average of the closing price below), the simple average of the closing price for the one month immediately preceding the reference date (JPY 223), the simple average of the closing price for the three months immediately preceding the reference date (JPY 212), and the

simple average of the closing price for the six months immediately preceding the reference date (JPY 207).

Under the comparable peer company method, the range of values per Toko Share was appraised at between JPY 173 and JPY 187 by calculating the value of the Toko Shares through a comparison with the market share price and financial indicators that show the profitability and the like of a listed company that engages in businesses that are relatively similar to those of Toko.

Under the DCF Method, the range of values per Toko Share was appraised at between JPY 254 and JPY 337 after analyzing Toko's business valuation and share valuation by taking the free cash flow that Toko is expected to generate in the future and discounting it to the present value by a certain percentage, assuming various factors such as Toko's earnings under its business plan, its investment plan, publicly-available information, and other factors. In the business plan that forms the basis for the calculation performed under the DCF Method above, there is a fiscal year in which a significant increase in profits is projected based on the increase in sales and the reduction of costs that are expected to result from a steady expansion in strategic goods, improvement in productivity through automation, and other factors.

Using the calculation results in the Share Valuation Report that was obtained from Nomura Securities as reference, and based on the results of Murata's due diligence on Toko, Murata decided at its board of directors meeting held on February 13, 2013 to set the Expected Tender Offer Price at JPY 300 per share, taking into overall consideration the actual premiums paid in the determination of the offer price in past tender offers of shares and the like by a company other than the issuing company, the pros and cons of the approval of the Tender Offer by Toko's board of directors, the movement in the market price of the Toko Shares, the prospect of shareholders tendering their shares in the Tender Offer, and other factors.

The Expected Tender Offer Price of JPY 300 per share represents the following premiums: 36.99% (rounded to the nearest hundredths; same shall hereinafter apply in the main text) on the closing price of the Toko Shares of JPY 219 on the First Section of the TSE as of February 12, 2013, which is the business day immediately preceding the announcement date of the Tender Offer; 33.33% on the simple average of the closing price of JPY 225 for the one week immediately preceding February 12, 2013; 34.53% on the simple average of the closing price of JPY 223 for the one month immediately preceding February 12, 2013; 40.85% on the simple average of the closing price of JPY 213 for the three months immediately preceding February 12, 2013; and 44.93% on the simple average of the closing price of JPY 207 for the six months immediately preceding February 12, 2013.

As of today, the Toko Shares are listed on the First Section of the TSE, but because Murata's policy is to enhance the capital alliance relationship to the greatest extent possible while continuing the listing of the Toko Shares even after the consummation of the Tender Offer, the maximum number of shares to be purchased is 57,993,508 shares (Post-Conversion Shareholding Ratio of

50.72%. Post-Conversion Shareholding Ratio of 66.60% in relation to the post-Conversion Toko Shares that Murata will own after these 57,993,508 shares are purchased through the Tender Offer (76,151,265 shares)), and if the total number of tendered shares and the like exceeds the maximum number of shares to be purchased, none of the excess shares will be purchased, and the transfer of shares and other settlement procedures relating to the purchase of the shares will be conducted according to the proportional distribution method that is set forth in Article 27-13(5) of the Financial Instruments and Exchange Act (Act No. 25 of 1948; including subsequent amendments) and Article 32 of the Cabinet Office Ordinance on the Disclosure of Tender Offer of Shares, Etc. Conducted by Those Other than the Issuing Corporation (Ministry of Finance Ordinance No. 38 of 1990; including subsequent amendments). On the other hand, there is no minimum with regard to the number of shares to be purchased, so if the total number of the tendered shares and the like falls below the maximum number of shares to be purchased, all of the tendered shares and the like will be purchased.

Meanwhile, Toko has passed a resolution in a unanimous vote of all five of its directors that, if the Tender Offer is launched, it plans to approve the Tender Offer and that, if the Tender Offer is launched, it plans to recommend to Toko's shareholders that they tender their shares in the Tender Offer. In addition, none of the auditors who attended this board of directors meeting (all three auditors were in attendance) raised any objections to the fact that, if the Tender Offer is launched, Toko's board of directors is planning to approve the Tender Offer and to express its position to Toko's shareholders recommending that they tender their shares in the Tender Offer.

However, because the Tender Offer is planned to be commenced subject to certain conditions as discussed above, and it is anticipated that it will take a certain amount of time before the Tender Offer is commenced, it was also resolved at the abovementioned board of directors meeting that, upon the commencement of the Tender Offer, Toko will express its position on the Tender Offer after holding another discussion.

In the course of making its decision with respect to the Expected Tender Offer Price presented by Murata, as one of the means of ensuring fairness, Toko instructed Mizuho Securities Co., Ltd. ("Mizuho Securities"), an independent third-party appraiser that is not a party related to Murata and Toko, to calculate the value of the Toko Shares, and it obtained the valuation report from Mizuho Securities on February 12, 2013. (Toko did not obtain a fairness opinion for the Expected Tender Offer Price from Mizuho Securities.)

Mizuho Securities analyzed the value of the Toko Shares under certain assumptions and conditions, based on the financial information, financial projection, and other information provided by Toko. Mizuho Securities calculated the share value of Toko's common stock by using the market basis share price method, comparable peer company method, and DCF method. The calculation results for the value of the Toko Shares under each method in the valuation report are provided below.

Under the market basis share price, using February 12, 2013 as the reference date, the range of values per Toko Share was appraised at between JPY 207 and JPY 223 based on the share price of Toko's common stock on the reference date (JPY 219) on the First Section of the TSE, the average closing price for the previous one month (JPY 223), the average closing price for the previous three months (JPY 213), and the average closing price for the previous six months (JPY 207).

Under the comparable peer company method, the range of values per Toko Share was appraised at between JPY 123 and JPY 152 by appraising the value of the Toko Shares through a comparison with the market share price and financial indicators that show the profitability and the like of a listed company that engages in business activities that are relatively similar to those of Toko.

Under the DCF Method, the range of values per Toko Share was appraised at between JPY 211 and JPY 310 after appraising the share valuation by taking the free cash flow that Toko is expected to generate in the future and discounting it to the present value by an appropriate percentage that is based on the business risk, taking into consideration assumptions that are considered to be reasonable, such as Toko's earnings projection under its business plan, its investment plan, and other assumptions. In the business plan that forms the basis for the calculation performed under the DCF Method above, there is a fiscal year in which a significant increase in profits is projected based on the increase in sales and the reduction of costs that are expected to result from a steady expansion in strategic goods, improvement in productivity through automation, and other factors.

Furthermore, Toko adopted the "Policy for Dealing with Large-scale Purchases" (takeover defense measures) at the 65th annual general shareholders meeting held on June 29, 2006 and renewed this Policy at the 69th annual general shareholders meeting held on June 29, 2010, but Toko passed a resolution at its board of directors meeting held today that it approves the Tender Offer and that the Tender Offer will not be deemed to constitute a large-scale purchase as it is defined in the takeover defense measures.

If this capital and business alliance is approved by the competition authorities of each country, Toko is expected to become a listed consolidated subsidiary of Murata as a result of the Tender Offer, but even after the consummation of the Tender Offer, Toko is expected to preserve its free-spirited corporate culture and continue to pursue the business strategies that have been raised in the electrical power business, automotive business, high-frequency wave business, as well as further deepen its alliance with Murata and promote collaboration to work towards the creation of business synergies and increasing the business valuation of the Companies.

- (ii) Number of Toko Shares that Murata will purchase through the Tender Offer

Number of shares owned before the Tender Offer (including the number of dilutive shares, etc.) (note 2)	18,157,757 shares (ratio to the total number of issued shares following the Conversion (excluding treasury shares) (note 1): 15.88%)
Number of shares expected to be purchased	57,993,508 shares (ratio to the total number of issued shares following the Conversion (excluding treasury shares) (note 1): 50.72%)
Number of shares expected to be owned following the Tender Offer (including the number of dilutive shares, etc.)	76,151,265 shares (ratio to the total number of issued shares following the Conversion (excluding treasury shares) (note 1): 66.60%)
Expected offer price	JPY 300 per share

(note 1) In the calculation of the “ratio to the total number of issued shares following the Conversion (excluding treasury shares)”, the number of shares calculated by subtracting the total number of issued Toko Shares (108,122,646 shares) by the treasury shares owned by Toko as of December 31, 2012 (1,357,165 shares), which equals 106,765,481 shares, and adding the number of shares after the conversion to common stock, such as dilutive shares and the like (7,575,757 shares), is used as the denominator (rounded to the nearest hundredths).

(note 2) The “number of dilutive shares” refers to the number of shares that are converted to shares based on the issuance terms and conditions of the Toko Inc. Series VI Unsecured Convertible Bonds dated March 22, 2012 (7,575,757 shares).

(2) Terms of the Capital and Business Alliance Agreement

The Companies have executed the Capital and Business Alliance Agreement as of today. A summary of the Capital and Business Alliance Agreement is set forth below:

(a) Purpose and summary of the Capital and Business Alliance Agreement

The Companies are executing the Capital and Business Alliance Agreement for the ultimate objective of maximizing the business valuation of the Companies by further enhancing the capital and business alliance relationship under the Existing Capital and Business Alliance Agreement. The Companies will pursue the acquisition of a majority of Toko’s voting rights by conducting the Tender Offer for the shares and the like issued by Toko for the purpose of enhancing their capital alliance. If the Tender Offer is consummated, the terms of the business alliance agreed to in the Existing Capital and Business Alliance Agreement will be further enhanced pursuant to the Capital and Business Alliance Agreement. The Existing Capital and Business Alliance Agreement will cease to be effective on the settlement date of the Tender Offer (the “Settlement Date”).

(b) Terms of the enhancement of the business alliance

The Companies shall enhance the existing business alliance in accordance with the following terms subject to the consummation of the Tender Offer.

The Companies will separately agree on the details based on good-faith discussion.

- (i) Fleshing out the following matters that were agreed to in the Existing Capital and Business Alliance Agreement
 - Expanding the sales of power inductors through the mutual cooperation of Murata and Toko
 - Joint development and sale of next-generation power inductors
 - Jointly uncovering new customer needs, and collaboration between the Companies to develop, produce, and sell inductor-related products that satisfy such demands
 - (ii) Effectively utilizing the Companies' sales channels
 - (iii) Streamlining operations by integrating the business operations of the Companies
 - (iv) Sharing the technologies and know-how owned by the Companies and thereby promoting joint development
- (c) Toko's approval.
- (i) Toko shall pass a resolution that, if a decision is made to commence the Tender Offer, it will approve the Tender Offer and make a recommendation to its shareholders to tender their shares, and shall announce this affirmative position (including the submission of a position statement, in addition to the announcement that is made through timely disclosure on the same day) and shall not revoke or modify this position, provided that the foregoing will not apply in a case where there is found to be a high probability that this will constitute a breach by Toko's directors of their duty of care of a good manager.
 - (ii) Toko shall exclude the Tender Offer from the large-scale purchases under Toko's Policy for Dealing with Large-scale Purchases (takeover defense measures), and shall pass a resolution of the board of directors to that effect.
- (d) Launching of the Tender Offer, Toko's Obligations.
- (i) Murata shall launch the Tender Offer if the following conditions are fulfilled: (i) the procedures and measures that are required under the domestic and overseas (including the People's Republic of China) competition laws are completed, (ii) Toko's representations and warranties are true and accurate in material respects, (iii) Toko has not committed a material breach of its obligations under the Capital and Business Alliance Agreement, and (iv) there has not been any event that has a material adverse effect on the performance of the Tender Offer or the capital and business alliance (including but not limited to material litigation, penalties and the like imposed by administrative

agencies or tax authorities, and natural disasters such as earthquakes and the like).

- (ii) During the period up to the Settlement Date, Toko shall not approve a large-scale purchase by any party other than Murata, and shall not solicit, discuss, negotiate, or enter into an agreement with any party other than Murata with regard to a capital and business alliance or a similar transaction, provided that the foregoing will not apply in a case where there is found to be a high probability that the failure to perform such act will constitute a breach by Toko's directors of their fiduciary duty.
 - (iii) During the period up to the Settlement Date, Toko shall obtain Murata's prior consent for certain acts (acts that may dilute the Shareholding Ratio of the Toko Shares, such as the issuance of new shares and the like; organizational restructuring such as mergers and the like; acquisition or sale of subsidiaries and the like; payment of dividends from retained earnings; filing for bankruptcy proceedings; disposition of the intellectual property rights and the like that relate to Toko's key products; and other acts that may have a material effect on carrying out the Tender Offer and the capital and business alliance), provided that the foregoing will not apply in a case where there is found to be a high probability that the failure to perform such act will constitute a breach by Toko's directors of their fiduciary duty .
 - (iv) If Murata is unsuccessful in acquiring a majority of Toko's voting rights through the Tender Offer, at Murata's request, the Companies shall engage in a good-faith discussion regarding a strategy for Murata to acquire a majority of Toko's voting rights and shall provide cooperation to a commercially reasonable extent to work towards the acquisition or additional acquisition of a majority of the voting rights. In addition, if Murata is unsuccessful in acquiring a majority of Toko's voting rights through the Tender Offer, at Toko's request, the Companies shall engage in a good-faith discussion so that the terms of the capital and business alliance including Toko's management structure are commensurate with Murata's Shareholding Ratio of the Toko Shares.
- (e) Management structure following the Tender Offer
- (i) At the first annual general shareholders meeting or extraordinary general shareholders meeting that is held after the consummation of the Tender Offer, Toko shall introduce a resolution to appoint the minimum number of directors that constitutes a majority of all directors where individuals nominated by Murata are candidates and a resolution to appoint an auditor where one auditor nominated by Murata is a candidate.
 - (ii) At the annual general shareholders meeting that will be held in March 2014, Toko shall introduce an amendment to its articles of

incorporation that changes the term of office for board directors to one (1) year.

- (iii) Following the consummation of the Tender Offer, Toko shall obtain Murata's prior consent for the certain acts listed in item (d)(iii) above (issuance of new shares and the like, organizational restructuring such as mergers and the like, payment of dividends from retained earnings, and other acts that may have a material effect on carrying out the capital and business alliance), provided that the foregoing will not apply in a case where there is a high probability that the failure to perform such act will constitute a breach by Toko's directors of their fiduciary duty.
- (f) Additional acquisition or disposition of the Toko Shares following the Tender Offer
 - (i) If Murata will be acquiring additional Toko Shares following the consummation of the Tender Offer, in principle, Murata shall notify Toko in advance, provided that an additional acquisition that exceeds the maximum amount of the Tender Offer (66.60%) will require Toko's prior consent.
 - (ii) For a period of one (1) year following the consummation of the Tender Offer, Murata shall not transfer or otherwise dispose the Toko Shares without Toko's prior consent. After one (1) year has passed from the consummation of the Tender Offer, if Murata will be transferring or otherwise disposing the Toko Shares (excluding the sale of shares through tendering and bidding in the Tender Offer), it shall notify Toko in advance and the Companies shall engage in a discussion regarding matters that include proposals that are made by Toko.
- (g) Continued listing

The Companies acknowledge that, even after the consummation of the Tender Offer, Toko will continue to be a listed company except in a case where this would be considered unreasonable.
- (h) Employment structure

Even after the consummation of the Tender Offer, the Companies shall continue the employment situation at Toko as of the execution date of the Capital and Business Alliance Agreement and maintain the working conditions except in a case where this would be considered unreasonable.
- (i) Retention of trade name and brand

The Companies acknowledge that, even after the consummation of the Tender Offer, Toko will retain its current trade name and brand, provided that the foregoing will not apply to the brand of Toko products that will be sold by Murata.

(j) Termination of the Capital and Business Alliance Agreement

- (i) During the period up to the Settlement Date, Murata or Toko may terminate the Capital and Business Alliance Agreement if any of the following events occurs: (i) a representation and warranty made by the other party is untrue or inaccurate in material respects, (ii) the other party commits a material breach of its obligation under the Capital and Business Alliance Agreement and fails to cure such breach within ten (10) business days, (iii) the preconditions for the Tender Offer are not satisfied by March 31, 2014, or (iv) the other party commences legal bankruptcy proceedings or the like.
- (ii) If Murata withdraws the Tender Offer based on statutory grounds, the Capital and Business Alliance Agreement will automatically terminate.
- (iii) Following the Settlement Date, Murata or Toko may terminate the Capital and Business Alliance Agreement if (i) the other party commits a material breach of its obligation under the Capital and Business Alliance Agreement and fails to cure such breach within ten (10) business days, (ii) there is an occurrence of an event that makes it impossible or exceedingly difficult to achieve the objectives of the capital and business alliance, or (iii) the other party commences legal bankruptcy proceedings or the like.

3. Summary profile of the Companies

(1) Summary profile of Murata

1. Name	Murata Manufacturing Co., Ltd.	
2. Address	Higashi-Koutari, 1-10-1, Nagaoka-Kyo, Kyoto	
3. Name and title of representative	Tsuneo Murata, President & Representative Director	
4. Description of business	Research and development, production, and sale of electronic devices that are based on functional ceramics	
5. Capital	JPY 69,376 million (as of February 13, 2013)	
6. Date of incorporation	December 23, 1950	
7. Major shareholders and their shareholding ratios (as of September 30, 2012) (note 1)	Japan Trustee Services Bank, Ltd. (in trust)	5.25%
	JPMorgan Chase Bank 380055 (proxy: Mizuho Corporate Bank, Ltd., Settlement & Clearing Services Division)	5.04%
	Nippon Life Insurance Company	4.08%
	The Master Trust Bank of Japan, Ltd. (in trust)	3.77%
	State Street Bank and Trust Company (proxy: The Hong Kong and Shanghai Banking Corporation, Tokyo branch)	2.50%
	Bank of Kyoto, Ltd.	2.34%
	Meiji Yasuda Life Insurance Company	2.33%
	SSBT OD05 Omnibus Account – Treaty Clients (proxy: The Hong Kong and Shanghai Banking Corporation, Tokyo branch)	1.95%
	The Shiga Bank, Ltd.	1.58%
	Mizuho Corporate Bank, Ltd.	1.33%

8. Relationship between Murata and Toko	Capital relationship	Murata owns 18,157,757 shares (including dilutive shares, etc.) in Toko, which represents 15.88% of the total issued shares after the Conversion (excluding the treasury shares) (114,341,238 shares).	
	Personal relationship	Murata is currently seconding one employee to Toko who is serving as an operating officer. There are no noteworthy personal relationships between the persons and companies related to Murata and the persons and companies related to Toko.	
	Transactional relationship	Murata sells ceramic capacitors to Toko.	
	Status as a related party	Murata is not a related party of Toko. In addition, no person or company related to Murata is a related party of Toko.	
9. Murata's consolidated business results and consolidated financial data for the previous 3 years			
Fiscal term	March 2010	March 2011	March 2012
Consolidated shareholders' equity	JPY 800,857 million	JPY 821,144 million	JPY 808,542 million
Consolidated net assets	JPY 928,790 million	JPY 988,508 million	JPY 1,000,885 million
Consolidated shareholders' equity per share	JPY 3,731.34	JPY 3,825.80	JPY 3,830.55
Consolidated sales	JPY 530,819 million	JPY 617,954 million	JPY 584,662 million
Consolidated operating income	JPY 26,730 million	JPY 77,485 million	JPY 44,973 million
Consolidated net income before tax	JPY 34,658 million	JPY 82,062 million	JPY 50,931 million
Consolidated net income	JPY 24,757 million	JPY 53,492 million	JPY 30,807 million
Consolidated net income per share	JPY 115.35	JPY 249.23	JPY 144.35
Dividend per share	JPY 70.00	JPY 100.00	JPY 100.00

(note 1) Murata owns 14,187,215 treasury shares (6.30%)

(note 2) The unit is JPY million unless specified otherwise.

(2) Summary profile of Toko

1. Name	Toko, Inc.	
2. Address	Gomigaya18, Tsurugashima, Saitama	
3. Name and title of representative	Shigeru Kawazuhara, President & Representative Director	
4. Description of business	Manufacturing and sale of coil application goods, module goods, and solid goods	
5. Capital	JPY 17,446 million (as of December 31, 2012)	
6. Date of incorporation	August 9, 1955	
7. Major shareholders and their shareholding ratios (as of December 31, 2012) (note 1)	Murata Manufacturing Co., Ltd.	9.79%
	Saitama Resona Bank, Ltd.	3.81%
	The Dai-Ichi Life Insurance Co., Ltd.	3.31%
	The Master Trust Bank of Japan, Ltd. (in trust)	3.00%
	Mizuho Corporate Bank, Ltd.	2.54%
	Japan Trustee Services Bank, Ltd. (in trust)	2.51%
	Alps Electric Co., Ltd.	1.55%
	TDK Corporation	1.36%

	Mizuho Bank, Ltd.		1.27%
	Futaba Corporation		1.01%
8. Relationship between Toko and Murata	Capital relationship	Murata owns 18,157,757 shares (including dilutive shares, etc.) in Toko, which represents 15.88% of the total issued shares after the Conversion (excluding the treasury shares) (114,341,238 shares).	
	Personal relationship	Toko is currently accepting one employee from Murata on secondment who is serving as an operating officer. There are no noteworthy personal relationships between the persons and companies related to Toko and the persons and companies related to Murata.	
	Transactional relationship	Toko purchases ceramic capacitors from Murata.	
	Status as a related party	Toko is not a related party of Murata. In addition, no person or company related to Toko is a related party of Murata.	
9. Toko's consolidated business results and consolidated financial data for the previous 3 years			
Fiscal term	December 2010	December 2011	December 2012
Consolidated net assets	JPY 16,071 million	JPY 12,480 million	JPY 16,530 million
Consolidated total assets	JPY 39,298 million	JPY 31,597 million	JPY 36,095 million
Consolidated net assets per share	JPY 160.69	JPY 123.45	JPY 148.29
Consolidated sales	JPY 27,477 million	JPY 27,277 million	JPY 26,829 million
Consolidated operating income	JPY 442 million	JPY -248 million	JPY 1,234 million
Consolidated ordinary income	JPY 30 million	JPY -503 million	JPY 926 million
Consolidated net income	JPY -1,719 million	JPY -2,629 million	JPY 120 million
Consolidated net income per share	JPY -17.88	JPY -27.34	JPY 1.16
Dividend per share	JPY 0.00	JPY 0.00	JPY 0.00

(note 1) Toko owns 1,357,165 treasury shares (1.26%)

(note 2) The unit is JPY million unless specified otherwise.

4. Schedule

Execution date of the Capital and Business Alliance Agreement	February 13, 2013
Public notice date of the commencement of the Tender Offer	TBD
Submission date of the notification of the Tender Offer	TBD

5. Forecast

Disclosure will be promptly made if it becomes clear that there will be a significant impact on the business performance of the Companies. In addition, following the consummation of the Tender Offer, it is the mutual understanding of the Companies that the Toko Shares will continue to be listed.

(Reference) Consolidated business outlook for the current fiscal year and consolidated business results for the previous fiscal year

(1) Murata (business outlook for the current fiscal year published on January 31, 2013)

(Unit: JPY million)

	Consolidated sales	Consolidated operating income	Consolidated net income before tax	Consolidated net income
Consolidated business outlook for the current fiscal year (ending March 2013)	665,000	50,000	50,000	33,000
Consolidated business results for the previous fiscal year (ending March 2012)	584,662	44,973	50,931	30,807

(2) Toko (business outlook for the current fiscal year published on February 13, 2013)

(Unit: JPY million)

	Consolidated sales	Consolidated operating income	Consolidated ordinary income	Consolidated net income
Consolidated business outlook for the current fiscal year (ending December 2013)	29,000	1,600	1,400	1,000
Consolidated business results for the previous fiscal year (ending December 2012)	26,829	1,234	926	120

Regulation on Insider Trading

Please be advised that, pursuant to the provisions of Article 167(3) of the Financial Instruments and Exchange Act and Article 30 of the Enforcement Order, any person who has viewed the information contained in this press release as a primary recipient of information under the regulations on insider trading may be prohibited from purchasing or otherwise trading the shares of the Companies until twelve (12) hours have passed from the publication of this press release (on February 13, 2013 at 3:10 pm, the time of publication on EDINET of the Tokyo Stock Exchange). Please also note in advance that the Companies will not be responsible for any criminal, civil, or administrative liability that results from such insider trading.

Regulation on Solicitation

This press release is a news statement for the purpose of announcing the execution of the Capital and Business Alliance Agreement to the general public, and has not been prepared for the purpose of soliciting sales and the like in relation to the Tender Offer. When the Tender Offer is launched and you submit an application for sale or application for purchase, please ensure that you review the tender offer statement for the Tender Offer and submit an application at your own discretion. This press release does not constitute an application or solicitation for the sale, or solicitation for the application for the purchase, of securities, or form a part thereof, and neither this press release (or a part thereof) nor its distribution shall form the basis of any agreement relating to the Tender Offer and may not be relied upon for the execution of an agreement.

Future Forecast

The information in this press release may contain forward-looking statements, such as “anticipate”, “expect”, “intend”, “plan”, “believe”, “assume”, and words of similar meaning, including statements concerning the future business of the Companies and other companies. Such

statements are based on the business outlook of the Companies at the present time, and may change depending on future developments. With respect to this information, the Companies will not be responsible for updating or revising the forward-looking statements to reflect the actual business results or changes in circumstances and conditions.

United States

In a case where the Tender Offer is commenced, the Tender Offer is not directly or indirectly conducted within the United States or directed to the United States, is not conducted by using the U.S. postal service or other methods or means of interstate commerce or international commerce (including but not limited to telephone, telex, facsimile, e-mail, and Internet communication), and also is not conducted through stock exchange facilities located inside the United States. Shares cannot be tendered in the Tender Offer through the abovementioned methods or means or through the abovementioned facilities or from within the United States. In addition, the press releases and relevant documents relating to the Tender Offer are not intended to be delivered or distributed in the United States or to or from the United States by postal service or other methods, and such delivery or distribution shall not be made. Share tenders in the Tender Offer that directly or indirectly violate the restrictions above will not be accepted. Solicitation for the purchase of securities or any other equivalents shall not be made to U.S. residents or within the United States, and Murata will not accept any such solicitation that is sent from U.S. residents or from within the United States.

Other Countries

Some countries and regions may impose legal restrictions on the announcement, issuance, or distribution of this press release. In such cases, please pay attention to and comply with such restrictions. Even if you receive this press release, such receipt will not constitute an application for the purchase, or solicitation for the application for the purchase, of shares in relation to the Tender Offer, and will be deemed to be a mere distribution of informational materials.