

Murata's Purpose

The origin of Murata

– The founder's passion that has been inherited for over 70 years –

Founder Akira Murata, at the age of 18, started out by helping with his family's business of manufacturing insulators. When he went on an unauthorized sales promotion to expand the business, his father scolded him, saying, "I won't allow you to steal customers from others." What he learned from his father was that rather than competing for profits, he should think about realizing mutually satisfying and prosperous relationships with other companies. His father told him he could develop new businesses if he opened up independent fields that were different from those of other companies.

From there, Akira taught himself how to make special ceramics and chemical ceramics, which other companies were not engaged in. The following year, he devised a muffle furnace (for chemical experiments) for making insulators, which he invented himself. This was the first product to symbolize Akira's ingenuity. It was granted a utility model patent. From then on, the company continued to demonstrate its commitment to using its own unique innovations and ideas to create products that did not exist anywhere else in the world. It gave rise to a phrase in the Murata Philosophy, "We contribute to the advancement of society by creating innovative products and solutions," which is inherited as a valued part of our company today.



Muffle furnace (for chemical experiments) and utility model patent



Founder
Akira Murata

Murata Philosophy

We contribute to the
advancement of society
by
enhancing technologies and skills
applying scientific approach
creating innovative products and solutions
being trustworthy
and, together with all our stakeholders,
thankful for the increase in prosperity.

Meaning of Murata's existence in society

– Working at Murata contributes to society –

"Wishing the presence of Murata to be pride and a source of joy in local communities."

This was Akira's message conveyed in 1959 to all employees. The first sign showing this statement was placed at the entrance to the building of Fukui Murata Manufacturing (Fukui Prefecture) at the company's 8th anniversary celebration (and completion ceremony of the new building). Fukui Murata Manufacturing was established as a temporary factory called the Murata Research Institute in 1951 within the Ceramic Laboratory. Since then, it has overcome various difficulties including cash flow difficulties due to a recession and responding to a sudden expansion of production due to an economic recovery.

When the company established Fukui Murata

Manufacturing Co., Ltd., Akira realized that the growth of the business to that point was thanks to the support of the local community and the enthusiastic teamwork of employees. His message conveyed his hope that he continues to build even closer ties with the community while renewing the employees' sense of mindfulness and joy about their work.

Since then, we have been guided by Murata's founding spirit, which we define as contributing to sustainable growth in all the countries and regions where we operate, while having joy and pride about doing so.

At Murata, we share this message with our employees in order to practice the Murata Philosophy.



A sign installed at Fukui Murata Manufacturing Co., Ltd. in 1959

Murata's Purpose

Organizational capabilities we strengthened by overcoming crises

– Murata's vision of CS and ES as key values in management –

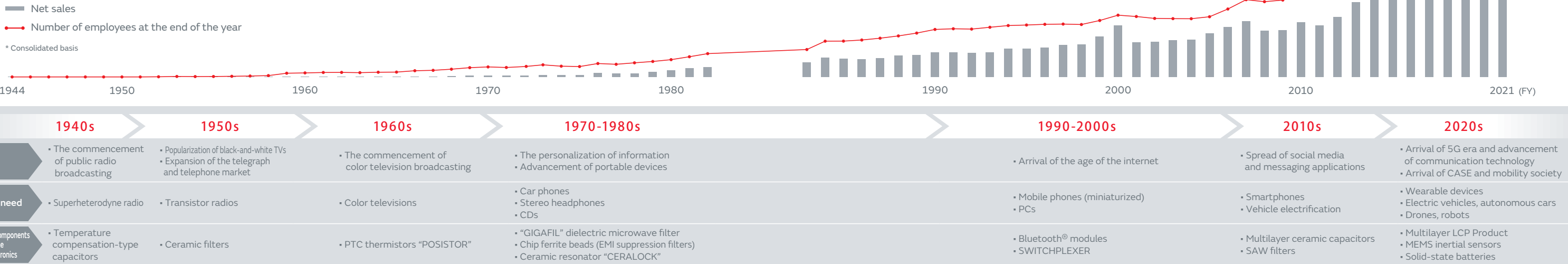
After the IT bubble burst in the early 2000s, Murata's sales and profit growth stagnated for several years and were slow to recover compared to our competitors. However, there was a strong sense of affirmation of the status quo within the company, with employees lacking a sense of crisis. Troubled by this situation, the management team identified the problems with the current situation. They found that the organization was rigid, with no sense of flexibility or speed. Customer-oriented awareness was weak. There was a conservative, negative attitude of waiting for instructions. While the factors behind this situation varied from management strategies to systems and mechanisms, management concluded that transforming the corporate culture, which affects everything, would lead to a breakthrough away from the company's sluggish business performance. In 2004, Murata began its corporate culture reform activities with four goals: CS (continuing to create and provide value that is recognized by the customer); focus on on-site activities; responding quickly to environmental changes; and valuing creativity and the spirit of challenge through free and open discussions. The process started with a self-assessment on management quality at each business site. This involved in-depth discussions by employees on the question of values that are important to all members

of the organization. Through this process, employees rediscovered the key values of the Murata Philosophy. They also realized that they themselves needed to define where Murata wants to be and its vision. In addition, in 2005, an employee surveys conducted to obtain data on the actual situation revealed that employees were exhausted and the organization was suffering from big company disease. Murata had previously set customer CS as the number one goal of its corporate culture. However, after seeing the results of the employee surveys, management found that if the employees who create and provide value to customers were exhausted, CS could not be achieved and there would not be future for Murata. We recognized that it was imperative to realize ES (every employee achieves satisfaction and continuing growth through the performance of their work duties), and regard "CS and ES" as key values in our management in 2006. This crisis was a defining moment that prompted the company to carry out reforms focusing on its corporate culture. After that, we continued to steadily make efforts to adapt our business to environmental changes, while keeping the Murata Philosophy as our foundation. That has led to our unique corporate culture and organizational capabilities that Murata has today.



Corporate culture initiatives following establishment of Murata Philosophy

History of Murata



Murata is changing the future

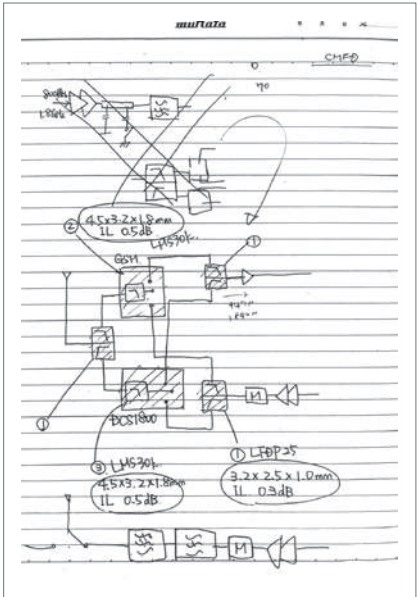
– Because we are Murata, we have the power to change the future for the better –

Murata has used its unique technology to grow its business. Guided by the passion of our founder, we have strengthened our organizational capabilities while overcoming various crises. Murata has unique flexible and advanced technological capabilities and a free corporate culture that allows employees to demonstrate their individual abilities. These are

great strengths for the company as an innovator in the electronics industry. We find joy in creating products and solutions that contribute to the development of society. We want to use our technology to build a better future. Murata will continue to take on challenges.

The passion that Murata puts into its technology

From early on, Murata read the trend toward space saving and multifunctionality and pursued lighter, thinner, shorter and smaller design and high efficiency, developing modular products that combine multiple parts. One example is SWITCHPLEXER. This diagram was drawn by Nakajima, the current President, while having a yakitori dinner with a customer. The customer talked about the need to make communication parts more compact. Hearing this, Nakajima had an idea for a way to make Murata's unique technology useful to the customer and to society. Dialogue with our customers is the first step toward making society better. Murata has a large number of people who are passionate about technology. They bring our technology to engage in dialogue with customers. That is how we have expanded our value. Going forward, we will work to further add new value in areas such as software. We will continue to create products and solutions that contribute to resolving social issues.



Drawing of the module product "SWITCHPLEXER," created by Nakajima at the dinner table