2005

ANNUAL REPORT

Murata Manufacturing Co., Ltd.

Profile

Trade Name
Murata Manufacturing Company, Ltd.

Date of Incorporation
December 23, 1950 (established in October 1944)

Common Stock
¥69,376 million (as of March 31, 2005)

President and Statutory Representative Director
Yasutaka Murata

Sales Amount
Consolidated Basis: ¥424,468 million
(as of March 31, 2005)
Parent Co. Basis: ¥358,919 million
(as of March 31, 2005)

Number of Employees
Consolidated Basis: 25,924 (as of March 31, 2005)
Parent Co. Basis: 5,166 (as of March 31, 2005)

Stock Exchange Listings
In Japan: Tokyo, Osaka
Overseas: Singapore

Products
Monolithic Ceramic Capacitors
Ceramic Filters
Ceramic Resonators
Surface Acoustic Wave Filters
Multilayer Ceramic Devices
Dielectric Filters
Isolators
Circuit Modules
Power Supplies
EMI Suppression Filters
Sensors
Coils
Thermistors
Trimmer Potentiometers
Resistor Networks
High Voltage Resistors and others

URL
http://www.murata.com/

Offices and Plants
Head Office: 10-1, Higashi Kotari 1-chome, Nagaokakyo-shi, Kyoto 617-8555
phone: 81-75-951-9111
Branch: Tokyo Branch: Shibuya-ku,Tokyo
Plants: Yokaichi Plant: Higashiomi-shi, Shiga
Yasu Plant: Yasu-shi, Shiga
Yokohama Technical Center: Midori-ku, Yokohama-shi, Kanagawa
Nagaoka Plant: Nagaokakyo-shi, Kyoto

Number of Subsidiaries
Consolidated: 54 (23 in Japan and 31 overseas)

Contents

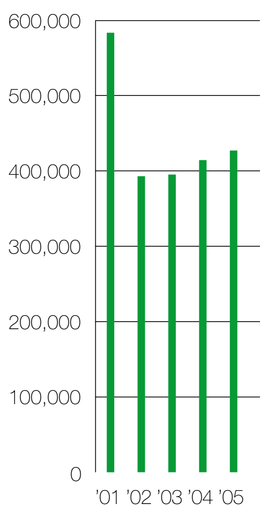
Selected Financial Data

Murata Manufacturing Co., Ltd. and Subsidiaries
Years ended March 31, 2001-2005

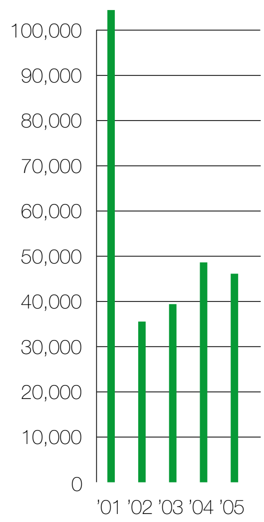
	Millions of yen except per share amounts					Thousands of U.S. dollars except per share amounts (Note)
	2005	2004	2003	2002	2001	2005
Net sales	¥424,468	¥414,247	¥394,955	¥394,775	¥584,011	$3,966,991
Operating costs and expenses	354,953	340,037	335,768	343,774	409,763	3,317,318
Operating income	69,515	74,210	59,187	51,001	174,248	649,673
Other income (expenses)	3,390	4,475	(93)	1,407	(323)	31,682
Income before income taxes and cumulative effect of changes in accounting principle	72,905	78,685	59,094	52,408	173,925	681,355
Net income	46,578	48,540	39,467	34,999	104,927	435,308
Amounts per share:						
Earnings per share						
Basic	¥ 204.99	¥ 208.46	¥ 163.47	¥ 143.91	¥ 434.52	$1.92
Diluted	204.99	208.46	163.47	143.34	429.83	1.92
Cash dividends	50.00	50.00	50.00	50.00	37.50	0.47
Current assets	592,836	590,355	575,768	545,881	558,876	5,540,523
Property, plant and equipment less accumulated depreciation	225,735	221,964	234,117	269,392	292,053	2,109,673
Total assets	850,748	844,115	834,313	839,372	876,836	7,950,916
Shareholders' equity	712,309	700,937	692,090	726,236	696,403	6,657,093
Capital investment	48,033	33,088	18,161	34,591	107,796	448,906
Number of employees	25,924	26,469	26,435	27,386	27,851	

Note: The U.S. dollar amounts in this report represent translation of Japanese yen for convenience only at the rate of ¥107=U.S.$1.
* The operating income for the year ended March 31, 2004 includes gain amounting to Yen 11,693 million related to the transfer of the substitutional portion of the Contributory Termination and Retirement Plans to the government. In the Consolidated Statement of Income, the difference between the substitutional portion of the accumulated benefit obligation and the related plan assets, amounting to Yen 18,000 million, is indicated as "Subsidy from the government related to the transfer of the substitutional portion of the Contributory Termination and Retirement Plans to the government".

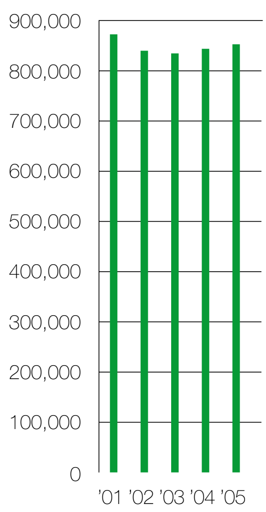
Net sales
(Millions of yen)



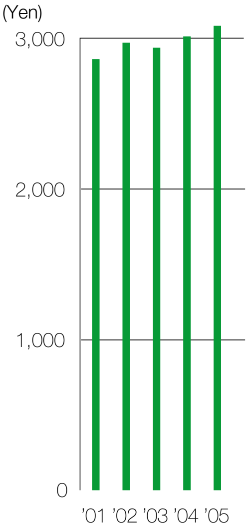
Net income
(Millions of yen)



Total assets
(Millions of yen)



Shareholders' equity per share
(Yen)



To Our Shareholders

Market Overview and Performance for Fiscal Year Ended March 2005

Favorable Start in the First Half, Followed by Slowdown in the Second Half

During the period under review, demand for electronic components expanded due to growing demand for mobile phones, personal computers, and digital audio/video equipment in the first half. However, demand declined after the Athens Olympics because of production adjustments, triggering a slowdown in the second half. Moreover, since June 2004 the mobile phone industry in China suffered setbacks such as moves by the Chinese government to tighten its monetary policy. In this environment, the Murata Group's production exceeded full capacity in the first half, but net sales for the full year did not grow as initially expected because of the difficult conditions in the second half.

Strong Electronics Sales Boost Demand for Electronic Components

Despite this environment, there were positive developments. First, large capacitance capacitors, the Murata Group's core product, grew substantially during the period under review. These products are expected to continue growing alongside the expansion of demand for personal computers, digital audio/video equipment, and mobile phones. Moreover, increased demand for end products fitted with small hard disk drives is boosting demand for shock sensors, for which the Murata Group boasts a large market share. There is also a growing trend to equip digital still cameras with piezoelectric gyroscopes (GYROSTAR®) used for detecting digital video camera vibration. Sales of switching power supplies are also increasing, particularly those for flat-panel television sets. Finally, buoyed by increasing installment of Bluetooth® in mobile phones, sales of Bluetooth® modules are expected to continue growing on a substantial scale.

Sharp Sales Growth in Asia, Especially China and Korea

As a result, for the year ended March 31, 2005, net sales increased 2.5% year on year to ¥424,468 million (US$3,966,991 thousand), largely attributable to sales in Asia, especially China and Korea.

In Asia, sales of components for telecommunications equipment, as well as computers and peripheral equipment, grew sharply in China. Sharp growth in Korea mainly comprised components for telecommunications equipment. Automotive electronics components were strong in Europe. Component sales targeting audio/video equipment increased in Japan, while those for telecommunications equipment declined. In North and South America, sales of components for audio/visual equipment dropped.

Operating income decreased 6.3% to ¥69,515 million (US$649,673 thousand). Operating income would have increased 11.2% year on year if adjusted for the effects of the previous year's gain of ¥11,693 million related to the transfer of the substitutional portion of the Contributory Termination and Retirement Plans to the government.

Outlook for the Fiscal Year Ending March 31, 2006

Concentrate Resources on Growing Markets Where Competition Remains Fierce

In the fiscal year ending March 31, 2006, we expect to face a difficult business environment, mainly due to slowing growth in sales volumes of mobile phones, personal computers, and digital still cameras and an ongoing decline in prices for electronic components.

Meanwhile, the mobile phone market offers the prospects of further progress in sophisticated functions for mobile phones, driven by greater penetration of third-generation mobile phone services and Bluetooth®-equipped handsets. Mobile phones with built-in short-distance wireless communication systems such as Bluetooth® and wireless LAN are also on the rise, as are other new systems, promising future growth in the market. Digital audio/visual equipment also promises strong growth. Cars are being equipped with more electronics, especially in industrialized countries. Moreover, the use of dual-core processors in personal computers is likely to boost demand for large capacitance capacitors and require a higher number of components. The Murata Group will concentrate resources on high-growth markets and strengthen both sales and production activities.

Sources of the Murata Group's Competitive Edge

Technical Expertise Adds Value and Boosts Productivity

In essence, the Murata Group's competitive edge comprises creativity and productivity, including technical expertise and product development capacity. From raw materials to finished product, we have a total production system built on expertise in material, process, design, production, and the analysis and evaluation of these elements. It is precisely the vertical integration of expertise that allows us to add value at each stage of production—the hallmark of its strength. For example, exploiting the unique characteristics of ceramics requires an ability to both understand and analyze their physical properties. Nanoscale production technology based on such analysis is also essential. Every stage of production—from raw materials to finished product—demands a high level of expertise. These efforts add value to a product.

Enhanced production technology shortens production time and boosts yields, improving productivity. In the design stage, costs and time can be reduced without trial and error by applying computer simulation technology to product design. These exceptional technologies work behind-the-scenes to give the Murata Group a considerable competitive edge.

Superior Marketing—a Network that Identifies Customer Needs and Roadmaps for the Next Decade

The Murata Group has built a marketing network that immediately identifies market needs by region and customer type. It shares customers information over a global intranet, enabling the best production and sales strategies on a worldwide scale.

The Murata Group also believes a 3-fold strategy that brings together the fields of sales, production, and research and development is essential. Specifically, it first charts a market roadmap describing possible developments in the market for the next 10 years. Based on this, a product roadmap is drawn up listing products that may grow in the market, which in turn provides the basis for a technology roadmap, which determines the technologies that such products would require. This process develops products and technical expertise that address market needs. Moreover, we have introduced a research and development system that envisions long-term product development. Unless these 3 roadmaps complement each other, research may become useless no matter how superior the technology may be. Our new products are the result of superior technical expertise, a comprehensive understanding of the market, medium- or long-term, and good communication with customers. Collaborating with customers from the planning phase also allows us to capture a large market share when launching a product.

Market-Focused Business Strategy: Expanding the Share of New Products, Overseas Strategy, and Research and Development

Rising Share of New Products

Electronic component prices have been decreasing at an average rate of nearly 10% annually. The rate is proportionately higher for products with more general applications. For this reason, we cannot maintain profitability unless we develop competitive products with high added value. In order to prevail against fierce competition and raise the Murata Group's earnings, we must boost the share of new products in our lineup.

The Murata Group defines new products as those launched in the past 3 years, and has consistently increased their share of net sales. For 5 consecutive years, our new products have represented 30% of net sales. Striving for further expansion in its operating results, the Murata Group has established a new goal of 40%.

In order to achieve a higher share of new products, the Murata Group regularly makes 6 to 7% of net sales in research and development. With "vertical integration of tech-

Yasutaka Murata
President
Statutory Representative Director

Bluetooth is a registered trademark of Bluetooth SIG, Inc, U.S.A nologies" as our guiding principle, we aspire to bolster and enhance its research and development program. To this end, the Murata Group strategically makes research and development investment to spur innovation in materials, process, and product design, and develop technologies for each of these fields.

Overseas Strategy

Whereas overseas sales comprise more than half, or 68%, of consolidated net sales, overseas production accounts for 20% of the total. This reflects the Murata Group's strategy of placing its 3 research and development units in Japan close to major production bases. By integrating expertise in materials, process, and product design, and getting production lines for new products up and running as early as possible, we avoid becoming caught up in price-based competition. These reasons explain why the domestic production ratio is high.

At the same time, the Murata Group recognizes that locally producing and supplying its products in large regional markets is an important service for customers. Guided by this policy, we are responding to production changes made by customers around the globe, shutting down production sites in Europe and North America, where demand has dropped, and ramping up production capacity in Japan and China instead.

In particular, the Murata Group will bolster sales in China by expanding its local sales network, as well as increasing and enhancing sales engineers and other sales staff.

Corporate Social Responsibility Activities

Corporate Governance

Corporate governance is a key management priority of the Murata Group. Taking into consideration the interests of all stakeholders, we have developed corporate management structures and systems, and ensure thorough compliance with laws and regulations. The Internal Control Committee was also established to implement and observe an internal control system for the entire Murata Group. As for compliance, we have enacted the "Corporate Ethics Policy and Code of Conduct," which provides specific behavioral guidelines. In addition, we have established a Compliance Promotion Committee to prevent problems such as unethical conduct, as well as the violation of laws and regulations.

Environmental Activities

As we are moving forward to become a true innovator of the "electronics-based society," we pledge to remain continuously aware of the need to make products that do not waste energy resources. At the same time, we are implementing production methods that do not harm the environment in all aspects of our corporate activities. Moreover, we pledge to fully consider the environment in every respect and to work strenuously to maintain harmony with the environment. To these ends, we are focusing on environmental measures to prevent the emission of hazardous materials, global warming, and ozone depletion. Notably, cogeneration systems have been introduced at principal facilities to curb CO_2 emissions to help prevent global warming.

Policy on Dividends

Return to Shareholders: Dividends and Buybacks

In returning profits to shareholders, the Company prioritizes dividends. Specifically, we strive for stable dividend growth by increasing earnings per share. In line with previous dividend increases, for the year ended March 31, 2006, the Company plans to pay total cash dividends of ¥60 per share, a ¥10 increase year on year based on current projections of operating results and business conditions for the year. We also purchase our own shares whenever appropriate. In cumulative terms, the Company has repurchased 19,514 thousand shares valued at ¥107 billion, and retired 19,000 thousand shares valued at ¥104 billion, over the past three years. In the interest of bolstering shareholder value, we will continue taking measures to improve capital efficiency by accommodating changes in the business environment.

We appreciate your continued understanding and advice as we work to achieve our goals.

July 2005

Yasutaka Murata
President
Statutory Representative Director

General Business Review

Performance and Achievements of the Group

[Overall General Condition]

During the period under review, the global electronics market this year was marked by robust sales of mobile phones and digital audio/video equipment, but then pulled back in the second half, keeping on adjustments due to the reaction against the Olympic-fueled demand in the first half and ongoing declination in equipment prices.

Therefore demand for electronic components was sluggish growth.

Looking at the market environment segmented by application, in the telecommunications equipment market, in the key mobile phone segment, new subscribers increased in developing markets such as China, India, and Russia. At the same time mobile phones in the advanced countries continued to besophisticated. In the computers and peripheral equipment market, equipment production volumes were steady, boosted by increased replacement demand from corporations thanks to the recovery in corporate earnings. In the audio/video equipment market, digital audio/video equipment such as large-screen, flat-panel televisions using plasma display panels (PDPs) and LCDs and DVD recorders performed well, fueled by the special demand due to the Athens Olympics, but equipment prices continued their decline largely. The automotive electronics market performed well, as more electronics found their way into automobiles in the advanced countries.

The Murata Group responded to this market environment by expanding production capacity in Japan and China to deal with changes in demand, while focusing on improving customer service by strengthening its marketing network in the East Asia region where growth keeps on. Although product prices continued to decline, the Murata Group also focused on improving profitability and strengthening its corporate infrastructure by promoting cost reduction activities such as productivity improvements, while pushing forward with the commercialization of new, high value-added products which are smaller, offer more features, or combine existing product functionality.

The Murata Group Results

		Millions of yen					
Years ended March 31		2005		2004		Growth	
		Amount	*1	Amount	*1	Amount	*2
Net sales		¥424,468	100.0%	¥414,247	100.0%	¥10,221	2.5%
Cost of sales		255,604	60.2%	257,402	62.1%	(1,798)	(0.7%)
Selling, general and administrative expenses		66,504	15.7%	66,472	16.1%	32	0.0%
Reserch and development expenses		32,845	7.7%	34,163	8.2%	(1,318)	(3.9%)
Subsidy from the government	*3	-	-	(18,000)	(4.3%)	18,000	-
Operating income		69,515	16.4%	74,210	17.9%	(4,695)	(6.3%)
Other income (expenses)-net		3,390	0.8%	4,475	1.1%	(1,085)	(24.2%)
Income before income taxes		72,905	17.2%	78,685	19.0%	(5,780)	(7.3%)
Income taxes		26,327	6.2%	30,145	7.3%	(3,818)	(12.7%)
Net income		¥ 46,578	11.0%	¥ 48,540	11.7%	¥(1,962)	(4.0%)

*1 Ratio to net sales
*2 Ratio against the previous year
*3 The information about Subsidy from the government is described in Note 6 of Consolidated Financial Statements.

[Net Sales]

Sales increased 2.5% year on year to ¥424,468 million.
Among the above, product sales of electronic components and peripheral products, the main business, reached ¥423,014 million.

By region, in comparison with the previous period sales in Asia (primarily China and South Korea) were up, but sales in Japan and the U.S. declined.

Product sales to Asia/Other grew 15.0% year on year to ¥186,866 million, mainly due to strong growth in sales of telecommunications equipment and computers and peripheral equipment to China, and telecommunications equipment to Korea. Sales in Europe grew 3.4% year on year to ¥64,429 million, due to growth in car electronics. In Japan, on the other hand, sales declined 10.2% year on year to ¥132,920 million, pulled down by a steep decline in telecommunications equipment, although audio/video equipment was up. The Americas saw a decline in sales of 3.2% year on year to ¥38,799 million, due to declining audio/video equipment sales.

[Operating income]

Operating income declined 6.3% year on year to ¥69,515 million.

Operating income would have shown an increase of 11.2% year on year if adjusted for the previous year's ¥11,693 million gain related to the transfer of the substitutional portion of the Contributory Termination and Retirement Plans to the government.

Operating margins this year increased 1.3 points year on year (except a gain related to the transfer of the substitutional portion of the Contributory Termination and Retirement Plans to the government) to 16.4%, as the positive effects of higher revenue, ongoing new product introductions, and initiatives to reduce the cost of goods sold through cost cutting activities outweighed the continuing steep price declines and the negative effects of the strength of the yen against the dollar, up ¥5.52 compared to the previous year.

[Income before income taxes]

Income before income taxes declined 7.3% year on year to ¥72,905 million.

Adjusted for the effects of the previous year's gain related to the transfer of the substitutional portion of the Contributory Termination and Retirement Plans to the government, Income before income taxes would have increased 8.8% year on year.

[Net income]

Net income declined 4.0% year on year to ¥46,578 million.

Adjusted for the effects of the previous year's gain related to the transfer of the substitutional portion of the Contributory Termination and Retirement Plans to the government, net income would have increased 12.0% over the previous period.

The corporate tax rate declined 2.2 points from the previous year level to 36.1%.

Sales by Product Category

		Millions of yen					
Years ended March 31		2005		2004		Growth	
		Amount	*1	Amount	*1	Amount	*2
Capacitors		¥155,489	36.8%	¥144,191	34.9%	¥ 11,298	7.8%
Piezoelectric Components		70,576	16.7%	74,926	18.2%	(4,350)	(5.8%)
Microwave Devices		65,646	15.5%	62,910	15.2%	2,736	4.3%
Module Products		53,838	12.7%	60,159	14.6%	(6,321)	(10.5%)
Other Products	*3	77,465	18.3%	70,666	17.1%	6,799	9.6%
Net sales		¥423,014	100.0%	¥412,852	100.0%	¥ 10,162	2.5%

Note: The figures show the sales by product of electronics components and related products.

*1 Component Ratio

*2 Ratio against the previous year

*3 "Resistors" are included in "Other Products" from the year ended March 31, 2005, due to the decrease in the significance of its figures. The figures for the year ended March 31, 2004 have been reclassified for comparison.

Sales by product category are summarized below.

Until last year [Resistors] had been broken out as a separate category, but as of this year they have been included in the [Other Products] category reflecting their low monetary significance.

[Capacitors]

This product category includes monolithic ceramic capacitors, ceramic disc capacitors and trimmer capacitors.

For the period under review, sales of chip monolithic ceramic capacitors, the main product in this category, exceeded prior-year levels, as large capacitance capacitors grew sharply based on demand for audio/video equipment, telecommunications equipment and computers and peripheral equipment. Small-sized capacitors also enjoyed brisk sales for use in telecommunications equipment.

As a result, overall sales increased 7.8% year on year to ¥155,489 million.

[Piezoelectric Components]

This product category includes ceramic filters, ceramic resonators, surface acoustic wave filters and piezoelectric buzzers.

For the period under review, sales of ceramic filters declined from the previous year's levels, on weak demand for use in audio/video equipment and telecommunications equipment. Ceramic resonators' sales for use in car electronics grew, but were down overall compared to the previous year's levels due to sluggish demand for products with lead terminals. Sales of surface acoustic wave filters declined from the previous year's levels due to a fall in domestic sales for use in telecommunications equipment.

As a result, overall sales declined 5.8% year on year to ¥70,576 million.

[Microwave Devices]

This product category includes multilayer ceramic devices, dielectric filters, isolators and connectors.

For the period under review, within the multilayer ceramic device product line, sales to Europe and East Asia of module products for use in telecommunications equipment experienced brisk growth. Sales of Bluetooth® modules exceeded prior-year levels, selling strongly for use in mobile phones. In addition, sales of dielectric filters and isolators exceeded prior-year levels, buoyed by strong demand for use in telecommunications equipment.

As a result, overall sales increased 4.3% year on year to ¥65,646 million.

[Module Products]

This product category includes circuit modules and various types of power supplies.

For the period under review, sales of power supplies grew briskly, primarily for use in audio/video equipment such as LCD televisions as well as telecommunications equipment. In the circuit module product line, on the other hand, sales of wireless modules and VCOs (voltage control oscillators) for use in telecommunications equipment fared poorly, while sales of other submodules for use in telecommunications equipment dropped steeply.

As a result, overall sales declined 10.5% year on year to ¥53,838 million.

[Other Products]

This product category includes EMI suppression filters and various types of coils, sensors and resistors.

For the period under review, sales of EMI suppression filters for use in telecommunications equipment and car electronics increased, while sales of chip coils for use in computers and peripheral equipment and car electronics also grew. Sales of sensors exceeded prior-year levels, with growth coming from audio/video equipment.

In addition, sales of resistors exceeded prior-year levels, with growth in thermistors primarily on chip-type products.

As a result, overall sales increased 9.6% year on year to ¥77,465 million.

Sales by Application (based on the company's estimate)

		Millions of yen					
Years ended March 31		2005		2004		Growth	
		Amount	*2	Amount	*2	Amount	*3
AV	*1	¥ 55,408	13.1%	¥ 55,827	13.5%	¥ (419)	(0.8%)
Communications		168,026	39.7%	170,293	41.3%	(2,267)	(1.3%)
Computers and Peripherals		87,397	20.7%	81,201	19.7%	6,196	7.6%
Automotive Electronics	*1	51,529	12.2%	44,275	10.7%	7,254	16.4%
Home and Others		60,654	14.3%	61,256	14.8%	(602)	(1.0%)
Net sales		¥423,014	100.0%	¥412,852	100.0%	¥10,162	2.5%

Note: The figures show the sales by application of electronics components and related products.

*1 The classification of applications has been changed from the year ended March 31, 2005. Sales of products for automotive electronics, previously included in "Audio" and "Home and Others," have been separated from these applications and indicated as "Automotive Electronics." Sales of products for the consumer electronics market, which are the total of sales for audio equipment and video equipment, are indicated as "AV." The figures for the year ended March 31, 2004 have been reclassified for comparison.

*2 Component Ratio

*3 Ratio against the previous year

[Audio/Visual]

Due in part to demand fueled by the Olympics, sales of components for digital audio/visual equipment were strong, led by components for large-screen, flat-panel televisions such as PDP, LCD and projection televisions, as well as DVD recorders. Sales of components for game devices also grew. However, sales of audio equipment components dropped substantially.

As a result, overall sales decreased 0.8% year on year to ¥55,408 million.

[Communications]

In the mobile phones segment, new subscribers increased in developing markets such as China, India, and Russia, while markets for devices featuring sophisticated functions such as Bluetooth® expanded in industrialized countries. However, in Japan, the Murata Group was affected by weakening demand for personal digital communications (PDC) components and declining sales of submodules for telecommunications equipment, which were specially designed for and adopted by major customers in the previous fiscal year. As a result, sales of components for mobile phones were held to the previous fiscal year's level.

In other segments, demand for capacitors and power supplies for use in base stations expanded, despite lackluster sales of components for Personal Handyphone Systems (PHSs). Meanwhile, sales of power supplies for facsimile machines showed solid growth.

As a result, overall sales decreased 1.3% year on year to ¥168,026 million.

[Computers and Peripherals]

Business recovery in the corporate sector boosted replacement demand for personal computers, expanding their production. This triggered higher demand for large capacitance capacitors and low equivalent series inductance (ESL) capacitors, as well as shock sensors and large capacitance capacitors for small hard disk drives.

As a result, overall sales increased 7.6% year on year to ¥87,397 million.

[Automotive Electronics]

Sales of components for automotive electronics grew favorably, due to increasing use of electronics in automobiles, development of safety equipment and greater penetration of car navigation systems. Sales of multilayer low-temperature co-fired ceramic (LTCC) substrates from recently acquired operations also made a full-scale contribution starting this fiscal year.

As a result, overall sales increased 16.4% year on year to ¥51,529 million.

[Home Electronics and Others]

While sales to distributors remained the same, lower sales of components for home electronics and other applications were recorded.

As a result, overall sales decreased 1.0% to ¥60,654 million.

Sales by Area

	Millions of yen					
Years ended March 31	2005		2004		Growth	
	Amount	*1	Amount	*1	Amount	*2
The Americas	¥ 38,799	9.2%	¥ 40,092	9.7%	¥ (1,293)	(3.2%)
Europe	64,429	15.2%	62,294	15.1%	2,135	3.4%
Asia and Others	186,866	44.2%	162,438	39.3%	24,428	15.0%
Overseas Total	290,094	68.6%	264,824	64.1%	25,270	9.5%
Japan	132,920	31.4%	148,028	35.9%	(15,108)	(10.2%)
Net sales	¥423,014	100.0%	¥412,852	100.0%	¥10,162	2.5%

Note: The figures show the sales by area of electronics components and related products.
*1 Component Ratio
*2 Ratio against the previous year

[The Americas]

Overall sales decreased 3.2% year on year to ¥38,799 million, due to decreased sales of components for audio/visual equipment.

[Europe]

Overall sales increased 3.4% year on year to ¥64,429 million, due to increased sales of car electronics components.

[Asia and Others]

Overall sales increased 15.0% year on year to ¥186,866 million, due to sharp growth in sales of components for telecommunications equipment and computer and peripherals in China, as well as for telecommunications equipment in Korea.

[Japan]

While sales of components for audio/visual equipment grew, those for telecommunications equipment declined sharply.

As a result, overall sales decreased 10.2% to ¥132,920 million.

Capital Investment, Depreciation, and Amortization

	Millions of yen		
Years ended March 31	2005	2004	2003
Capital Investment	¥48,033	¥33,088	¥18,161
Depreciation and Amortization	42,384	44,649	50,846

Capital investment during the fiscal year totaled ¥48,033 million.

The main components of capital investment were ¥27,789 million for expansion and rationalization of production facilities, ¥10,119 million for purchase of land and buildings, and ¥4,622 million for expansion of research and development facilities.

Depreciation and amortization decreased 5.1% from the previous fiscal year to ¥42,384 million.

Financial Position

Years ended March 31	2005	2004	2003
Shareholders' Equity Ratio (%)	83.7	83.0	83.0
Return on Shareholders' Equity (%)	6.6	7.0	5.6
Income before income taxes on Total Assets (%)	8.6	9.4	7.1
Shareholders' Equity per Share (yen)	3,169.82	3,052.25	2,939.41

Total assets as of March 31, 2005 increased ¥6,633 million from a year earlier to ¥850,748 million. Liquidity in hand (cash, time deposits, and marketable securities in current assets) increased ¥7,518 million from the previous year to ¥426,520 million. Inventories increased ¥4,222 million, and property, plant, and equipment climbed ¥3,771 million.

However, notes and accounts receivable decreased ¥6,030 million.

Shareholders' equity increased ¥11,372 million compared to the end of the previous year to ¥712,309 million. The ratio of shareholders' equity to total assets was 83.7%, up 0.7 of a percentage point from a year earlier.

Issues Facing the Murata Group

There are numerous segments in the global electronics equipment market expected to exhibit continued growth, driven by the inclusion of the rapid progress of more sophisticated features in mobile phones and personal computers, the spread of third-generation mobile phone service, the expansion of short-distance wireless communication systems such as wireless LAN and Bluetooth®, the digitalization of audio/video equipment, and the increasing amount of electronics in automobiles. Therefore it is forecast that these segments will drive steady expansion of the demand for electronic components.

The Murata Group will promote the innovation and integration of core technologies, such as material, process, design and production technologies for these markets, strengthen its marketing functions and effectively deploy its medium- and long-term strategies for markets, products and technologies to create new products that anticipate customer needs. The Murata Group is also breathing new life into the creation of new businesses and new products by reorganizing our business promotion, technology development, and sales promotion functions, while strengthening our production capabilities by establishing a new organization which integrates purchase, production and sales systems, and manufacturing technology. The Murata Group will ensure its ability to grow by effectively utilizing external resources, while intensifying its activities in new markets.

In terms of the corporate social responsibility area, taking into account the impact business activities has on the environment, the Murata Group will accelerate our contribution to the prevention of global warming by increasing the deployment of cogeneration systems, and along with continuing the zero-emissions policy and aggressively reducing the generation of waste products. We are also promoting a company-wide initiative for legal and ethical compliance through the Compliance Promotion Committee, as well as engaging in improving and evaluating our internal control through the Internal Control Committee to ensure the efficacy of the Murata Group's internal control systems.

In the interests of improving capital efficiency, the Company is carrying out the acquisition of company's own shares. During the period under review we engaged in a buyback of 4,925 thousands shares, valued at ¥27,138 million.

The Company also retired 9,000 thousands repurchased shares in the period under review, after retiring 10,000 thousands in the previous term, following the policy of retiring such repurchased company shares.

The Company completed construction of a new head office in September 2004. Bringing together central management functions in the new head office makes it easier to gather and share information and speed up management decision-making.

Dividends

For the year ended March 31, 2005, the Company paid a year-end dividend of ¥25 per share. In combination with the interim dividend already paid, this brought total cash dividends for the fiscal year to ¥50 per share, the same as the previous fiscal year.

Taking into consideration the forecasted consolidated results and retained earnings, for the year ending March 31, 2006, the Company plans to pay total dividends of ¥60 per share, ¥10 more than the fiscal year under review (interim dividend: ¥30 per share; year-end dividend: ¥30 per share). This dividend forecast is based on current projections of operating results and business conditions for the fiscal year ending March 31, 2006.

Corporate Governance

Approach to Corporate Governance

Corporate governance is one of the highest priorities of the management of the Murata Group. Taking into consideration the interests of all stakeholders, we have addressed this priority by building a sound corporate management structure and system. Concrete actions include improving management efficiency, strengthening management-monitoring functions, and ensuring thorough compliance with all relevant laws and regulations.

Implementation of Measures for Corporate Governance
Basic Corporate Structure

The Company has adopted a statutory auditor system. As of June 29, 2005, the Company's Board of Directors is comprised of 9 directors, 2 of whom are from outside the company. The Company has 4 statutory auditors, 2 of whom are external statutory auditors. The Company has also introduced a system of vice presidents, under which it has separated corporate decision-making on management policies and critical corporate activities and management of day-to-day business operations to further reinforce supervisory and operational functions. The Board focuses on its primary responsibilities of making decisions on management policies and critical business operations, as well as monitoring the performance of the statutory representative directors. In addition, the Management Executive Committee functions as a deliberative body to assist the Board of Directors and President in their decision-making. Its members comprise Statutory Representative Directors, and other directors who occupy Senior Vice President positions or above. A Remuneration Advisory Committee, including an outside director, was also established.

Statutory auditors attend Board of Directors' meetings and other important meetings. Statutory auditors are further responsible for conducting detailed audits of the performance of directors from the standpoint of legal compliance and adequacy, including inspections of the operations and finances of the Company.

In addition, we have the Internal Control Committee to develop and implement an internal control system. We also have the Compliance Promotion Committee to develop and implement a compliance system.

Development of Internal Control and Risk Management Systems

In order to ensure the efficacy of the Murata Group's internal control system, the Internal Control Committee has been established to provide comprehensive supervision and administration of internal control. Under its supervision and control, related divisions collaborate in developing and operating an internal control system for the entire Group. The Murata Group strives to develop and further strengthen its internal control system so that it ensures, for example, reliable financial reporting and timely disclosure of corporate information.

The Murata Group has a risk management system where each division takes responsibility for conducting risk management and preventing the occurrence of risks in day-to-day operations. Under this system, the Internal Control Committee comprehensively monitors and assesses risks identified at each division.

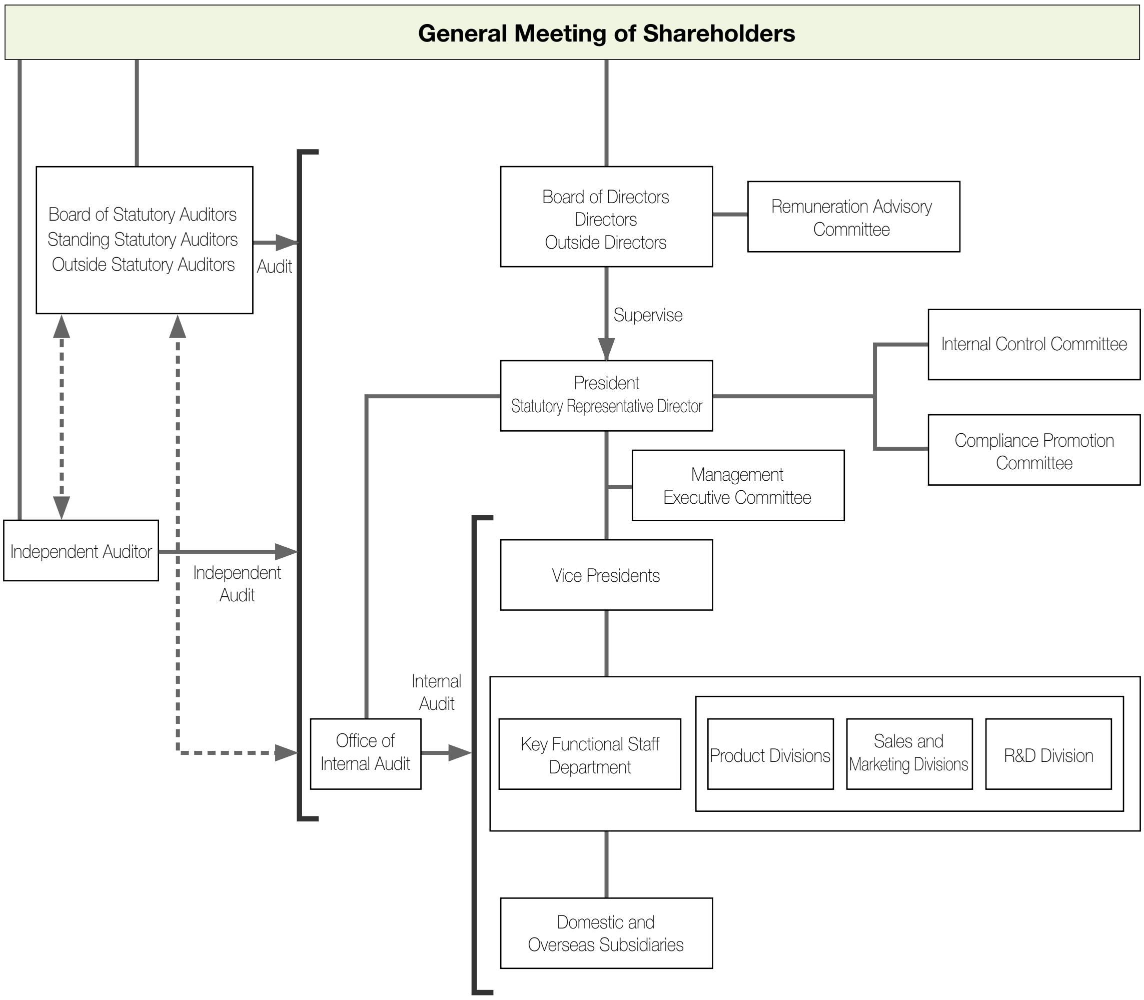
In compliance, the Murata Group has enacted the "Corporate Ethics Policy and Code of Conduct" so that all the Murata Group employees base their business activities on higher ethical principles. This code outlines corporate ethical standards and specific codes of conduct from legal and ethical standpoints. The Compliance Promotion Committee was established to prevent the occurrence of problems related to violation of this code, as well as violation of laws and regulations. Moreover, a reporting system has been established to handle compliance issues on a case-by-case basis, and deliberate, supervise, and respond in a timely and appropriate manner.

Internal Audit and Auditing by Statutory Auditors

In addition to attending the Board of Directors' meetings and other important meetings, the Company's statutory auditors conduct inspections, including on-site audits, of its domestic and overseas affiliates in order to further enhance the scope of auditing operations. Currently, the Company has a strong auditing system with four statutory auditors, two of whom are external statutory auditors. The Company has an Office of Internal Audit, which provides direct staff support to the statutory auditors and the Board of Statutory Auditors.

Moreover, the Key Functional Staff Department regularly advises and monitors the day-to-day operations of the entire Murata Group. Meanwhile, the Office of Internal Audit, directly under the President, oversees internal audits, and devises and operates an auditing system applicable to the entire Group. This office conducts effective internal audits through close collaboration with statutory auditors, the Board of Statutory Auditors, and independent auditors.

Organizational Chart of the Company



Relationship Between Outside Directors and External Auditors

Outside Director Yasuro Tanahashi, is Representative Director and Chairman of NS Solutions Corporation. Our Company receives consulting services in such fields as system planning from NS Solutions. The Company has no conflict of interests with the other outside directors and 2 external auditors.

Compensation to Directors and Statutory Auditors

Compensation paid to directors and statutory auditors was as follows:

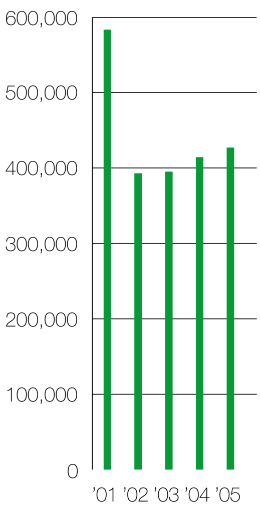
Item	Director	Auditor	Total
Compensation approved at the General Meeting of Shareholders (in millions of yen)	299	59	359
Appropriation of retained earnings as bonuses for directors and statutory auditors (in millions of yen)	110	--	110
Retirement benefits to directors and statutory auditors (in millions of yen)	--	8	8
Total (in millions of yen)	409	68	477

Notes:
1. Compensation approved at the General Meeting of Shareholders includes non-monetary compensation (¥5 million).
2. The above figures excludes ¥66 million as employee salaries and bonuses received by directors who concurrently serve as vice presidents.

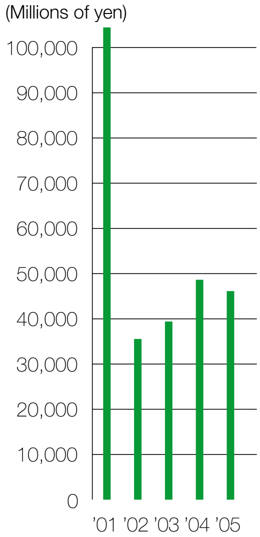
Financial Data

Murata Manufacturing Co., Ltd. and Subsidiaries
Years ended March 31, 2001–2005

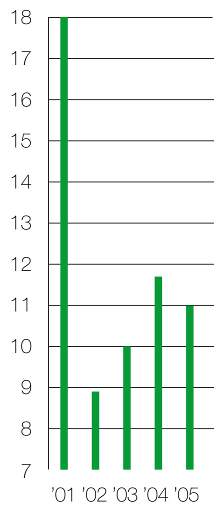
Net sales
(Millions of yen)



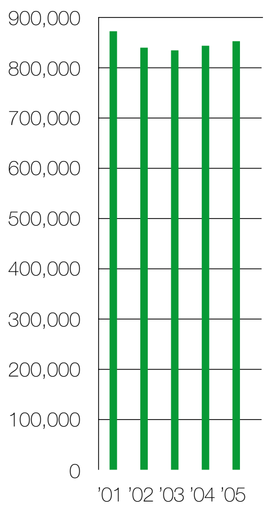
Net income
(Millions of yen)



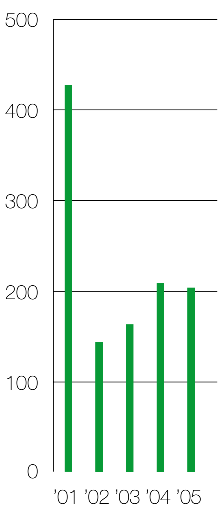
Return on net sales
(%)



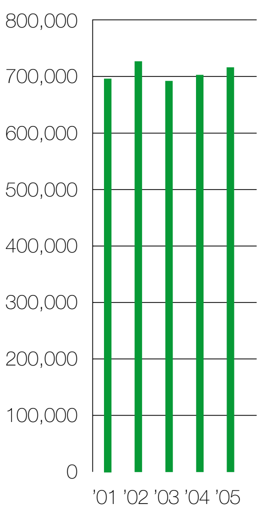
Total assets
(Millions of yen)



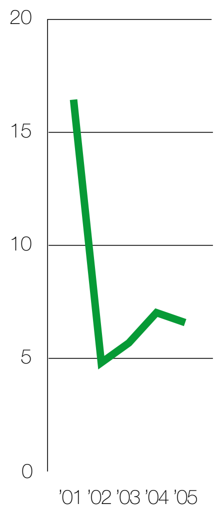
Diluted earnings
per share*1 (Yen)



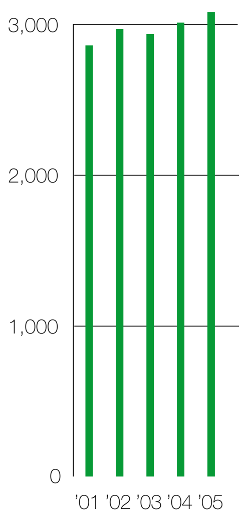
Shareholders' equity
(Millions of yen)



Return on equity (ROE)
(%)

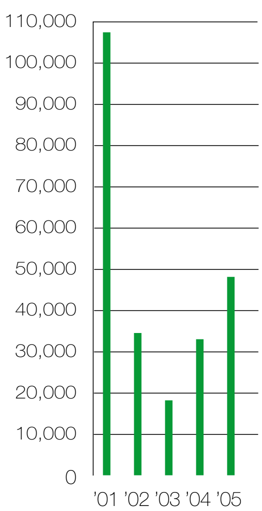


Shareholders' equity
per share*2 (Yen)

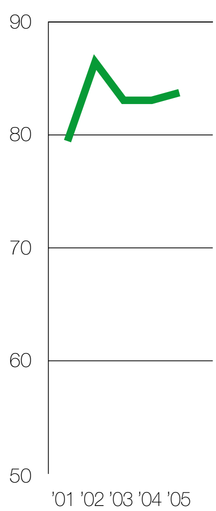


*1 Based on the average number of common shares outstanding and common equivalent shares outstanding such as those related to the Company's convertible bonds matured in March, 2002 and stock options.
*2 Based on the number of common shares outstanding at term-end.

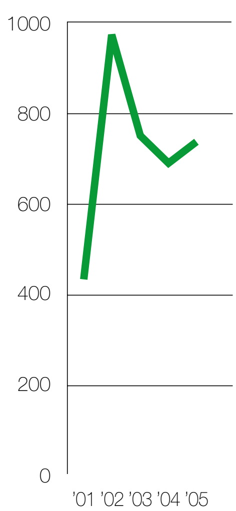
Capital investment
(Millions of yen)



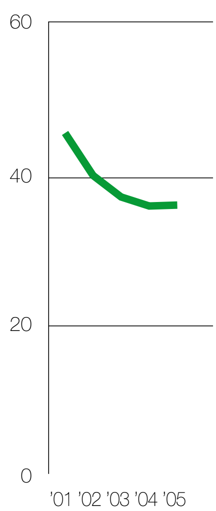
Shareholders'
equity ratio (%)



Current ratio
(%)



Fixed assets ratio
(%)



Segment Information

Murata Manufacturing Co., Ltd. and Subsidiaries
Years ended March 31, 2005 and 2004

Geographic Segment Information

2005	Millions of yen					
	Japan	The Americas	Europe	Asia	Corporate and eliminations	Consolidated
Unaffiliated customers	¥207,626	¥35,159	¥47,782	¥133,901	–	¥424,468
Intersegment	137,370	41	54	18,784	¥(156,249)	–
Total revenue	344,996	35,200	47,836	152,685	(156,249)	424,468
Operating expenses	286,224	35,071	46,276	145,522	(158,140)	354,953
Operating income	58,772	129	1,560	7,163	1,891	69,515
Assets	340,314	18,893	22,419	71,696	397,426	850,748

2004	Millions of yen					
	Japan	The Americas	Europe	Asia	Corporate and eliminations	Consolidated
Unaffiliated customers	¥213,941	¥37,063	¥46,372	¥116,871	–	¥414,247
Intersegment	118,214	169	4	18,037	¥(136,424)	–
Total revenue	332,155	37,232	46,376	134,908	(136,424)	414,247
Operating expenses	263,380	39,606	44,148	130,200	(137,297)	340,037
Operating income (loss)	68,775	(2,374)	2,228	4,708	873	74,210
Assets	340,414	15,265	24,888	65,378	398,170	844,115

2005	Thousands of U.S. dollars					
	Japan	The Americas	Europe	Asia	Corporate and eliminations	Consolidated
Unaffiliated customers	$1,940,430	$328,589	$446,561	$1,251,411	–	$3,966,991
Intersegment	1,283,832	383	504	175,552	$(1,460,271)	–
Total revenue	3,224,262	328,972	447,065	1,426,963	(1,460,271)	3,966,991
Operating expenses	2,674,991	327,766	432,486	1,360,019	(1,477,944)	3,317,318
Operating income	549,271	1,206	14,579	66,944	17,673	649,673
Assets	3,180,505	176,570	209,523	670,056	3,714,262	7,950,916

Note: The effect of the transfer of the substitutional portion of the Contributory Termination and Retirement Plans ¥11,693 million was included in Operating income in Japan for the year ended March 31, 2004.

Overseas Sales

2005	Millions of yen			
	The Americas	Europe	Asia and Others	Total
Overseas sales	¥38,799	¥64,429	¥186,866	¥290,094
Consolidated sales				424,468
Percentage	9.1%	15.2%	44.0%	68.3%

2004	Millions of yen			
	The Americas	Europe	Asia and Others	Total
Overseas sales	¥40,092	¥62,294	¥162,438	¥264,824
Consolidated sales				414,247
Percentage	9.7%	15.0%	39.2%	63.9%

2005	Thousands of U.S. dollars			
	The Americas	Europe	Asia and Others	Total
Overseas sales	$362,608	$602,140	$1,746,411	$2,711,159
Consolidated sales				3,966,991

Note: The segment information is required by the Japanese Securities Exchange Law.

Production, Order and Backlog by Product

Murata Manufacturing Co., Ltd. and Subsidiaries
Year ended March 31, 2005

	Millions of yen	Component ratio	Ratio against the previous year	Thousands of U.S. dollars
	2005			
Production by Product		%	%	
Capacitors	¥161,277	37.6	13.6	$1,507,262
Piezoelectric Components	71,035	16.6	(6.1)	663,878
Microwave Devices	65,801	15.3	0.5	614,963
Module Products	53,118	12.4	(12.9)	496,430
Other Products	77,459	18.1	7.5	723,916
Total	¥428,690	100.0	3.0	$4,006,449

*1 Figures are based on production quantity and sales price to customers.
*2 Exclusive of consumption taxes
*3 Production amounts of the foreign subsidiaries were translated into Japanese yen at average exchange rates for periods.
*4 The tables by product indicate production, order, backlog of electronics components and related products. "Resistors" are included in "Other Products" from the year ended March 31, 2005, due to the decline in the component ratio. The ratios against the previous year are also based on the reclassification for comparison.

	Millions of yen	Component ratio	Ratio against the previous year	Thousands of U.S. dollars
	2005			
Order by Product		%	%	
Capacitors	¥151,647	36.5	1.1	$1,417,262
Piezoelectric Components	69,003	16.6	(9.4)	644,888
Microwave Devices	65,362	15.8	0.3	610,860
Module Products	53,119	12.8	(12.8)	496,439
Other Products	75,937	18.3	3.6	709,691
Total	¥415,068	100.0	(2.5)	$3,879,140

*1 Figures are based on order quantity and sales price to customers.
*2 Exclusive of consumption taxes

	Millions of yen	Component ratio	Ratio against the previous year	Thousands of U.S. dollars
	2005			
Backlog by Product		%	%	
Capacitors	¥12,908	31.7	(22.9)	$120,635
Piezoelectric Components	6,155	15.1	(20.4)	57,523
Microwave Devices	6,541	16.1	(4.2)	61,131
Module Products	6,954	17.1	(9.4)	64,991
Other Products	8,102	20.0	(15.9)	75,720
Total	¥40,660	100.0	(16.3)	$380,000

*1 Figures are based on backlog quantity and sales price to customers.
*2 Exclusive of consumption taxes

Capital Investment

Murata Manufacturing Co., Ltd. and Subsidiaries
Year ended March 31, 2005

1) Capital Investment for the fiscal year ended March 2005 amounted to ¥48,033 million (US$448,906 Thousand). Major capital investment included the expansion of Domestic subsidiaries, and R&D facility.

2) Major property, plant and equipment in book value basis

	Millions of yen				
2005	Land	Buildings	Machinery and equipment	Construction in progress	Total
Parent Company					
Plant, Office and other					
Head Office in Kyoto	¥ 155	¥ 1,226	¥1,168	¥ 11	¥ 2,561
Yokaichi Plant in Shiga	442	5,158	4,370	272	10,243
Yasu Plant in Shiga	7,260	12,936	7,557	384	28,138
Yokohama Plant in Kanagawa	2,654	2,560	951	–	6,166
Other	6,932	1,580	510	54	9,078

	Millions of yen				
2005	Land	Buildings	Machinery and equipment	Construction in progress	Total
Domestic subsidiaries					
Company Name					
Fukui Murata Manufacturing Co., Ltd.	¥2,025	¥ 9,654	¥17,298	¥1,336	¥30,313
Izumo Murata Manufacturing Co., Ltd.	1,161	9,300	12,292	803	23,556
Murata Land & Building Co., Ltd.	4,734	13,442	54	–	18,230
Okayama Murata Manufacturing Co., Ltd.	–	6,239	7,234	268	13,741
Kanazawa Murata Manufacturing Co., Ltd.	1,261	5,033	6,846	19	13,159
Toyama Murata Manufacturing Co., Ltd.	1,471	2,928	4,901	153	9,453

	Millions of yen				
2005	Land	Buildings	Machinery and equipment	Construction in progress	Total
Foreign subsidiaries					
Company Name					
Murata Electronics Singapore (Pte.) Ltd.	–	¥3,388	¥5,910	¥130	¥9,428
Murata Electronics (Thailand), Ltd.	¥119	1,004	2,486	10	3,619
Wuxi Murata Electronics Co., Ltd.	–	1,523	1,859	15	3,397
Beijing Murata Electronics Co., Ltd.	–	746	987	4	1,737
Murata Electronics (Malaysia) Sdn. Bhd.	85	615	400	4	1,104

Consolidated Balance Sheets

Murata Manufacturing Co., Ltd. and Subsidiaries
March 31, 2005 and 2004

ASSETS	Millions of yen 2005	Millions of yen 2004	Thousands of U.S. dollars (Note 2) 2005
Current assets:			
Cash	¥ 30,964	¥ 24,383	$ 289,383
Time deposits	62,707	37,521	586,047
Total cash and cash equivalents	93,671	61,904	875,430
Marketable securities (Note 3)	332,849	357,098	3,110,738
Notes and accounts receivable:			
Trade notes	12,202	19,659	114,037
Trade accounts	75,566	74,139	706,224
Allowance for doubtful notes and accounts	(723)	(867)	(6,757)
Inventories (Note 4)	59,007	54,785	551,467
Prepaid expenses and other	4,204	7,952	39,290
Deferred income taxes (Note 9)	16,060	15,685	150,094
Total current assets	592,836	590,355	5,540,523
Property, plant and equipment:			
Land	41,248	42,981	385,495
Buildings	202,974	185,187	1,896,953
Machinery and equipment	420,253	414,124	3,927,598
Construction in progress	5,647	12,266	52,776
Total	670,122	654,558	6,262,822
Accumulated depreciation	(444,387)	(432,594)	(4,153,149)
Net property, plant and equipment	225,735	221,964	2,109,673
Investments and other assets:			
Investments (Note 3)	12,818	13,863	119,794
Long-term receivables, advances and other	8,877	8,905	82,963
Deferred income taxes (Note 9)	10,482	9,028	97,963
Total investments and other assets	32,177	31,796	300,720
Total	¥850,748	¥844,115	$7,950,916

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen 2005	Millions of yen 2004	Thousands of U.S. dollars (Note 2) 2005
Current liabilities:			
Short-term borrowings (Note 5)	¥ 5,068	¥ 5,144	$ 47,364
Trade notes payable	651	1,185	6,084
Trade accounts payable	18,017	18,458	168,383
Accrued payroll and bonuses	17,426	17,739	162,860
Income taxes payable	15,682	15,657	146,561
Accrued expenses and other	20,992	27,268	196,188
Total current liabilities	77,836	85,451	727,440
Long-term liabilities:			
Long-term debt (Note 5)	1,029	1,033	9,617
Termination and retirement benefits (Notes 6 and 15)	47,306	43,401	442,112
Other	784	775	7,327
Deferred income taxes (Note 9)	11,484	12,518	107,327
Total long-term liabilities	60,603	57,727	566,383
Commitments and contingent liabilities (Note 13)			
Shareholders' equity (Notes 8 and 15):			
Common stock (authorized 581,000,000 shares in 2005 and 590,000,000 shares in 2004; issued 225,263,592 shares in 2005 and 234,263,592 shares in 2004)	69,377	69,377	648,383
Additional paid-in capital	102,222	102,222	955,346
Retained earnings	555,512	571,478	5,191,701
Accumulated other comprehensive income (loss):			
Unrealized gains on securities	3,654	3,605	34,149
Minimum pension liability adjustments	(963)	(1,037)	(9,000)
Unrealized gains (losses) on derivative instruments	(186)	102	(1,738)
Foreign currency translation adjustments	(14,190)	(17,727)	(132,617)
Total accumulated other comprehensive loss	(11,685)	(15,057)	(109,206)
Treasury stock, at cost 547,987 shares in 2005 and 4,617,221 shares in 2004	(3,117)	(27,083)	(29,131)
Total shareholders' equity	712,309	700,937	6,657,093
Total	¥850,748	¥844,115	$7,950,916

Consolidated Statements of Income

Murata Manufacturing Co., Ltd. and Subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2005	2004	2003	2005
Net sales	¥424,468	¥414,247	¥394,955	$3,966,991
Operating costs and expenses:				
Cost of sales	255,604	257,402	244,923	2,388,822
Selling, general and administrative (Note 1.q)	66,504	66,472	59,418	621,533
Research and development	32,845	34,163	31,427	306,963
Subsidy from the government (Note 6)	–	(18,000)	–	–
Total operating costs and expenses	354,953	340,037	335,768	3,317,318
Operating income	69,515	74,210	59,187	649,673
Other income (expenses):				
Interest and dividend income	1,750	1,643	2,507	16,355
Gains on sales of securities	1,449	79	41	13,542
Interest expense	(129)	(94)	(82)	(1,205)
Foreign currency exchange gain (loss)	(560)	1,654	1,243	(5,234)
Other-net	880	1,193	(3,802)	8,224
Other income (expenses)-net	3,390	4,475	(93)	31,682
Income before income taxes	72,905	78,685	59,094	681,355
Income taxes (Note 9)	26,327	30,145	19,627	246,047
Net income	¥ 46,578	¥ 48,540	¥ 39,467	$ 435,308

	Yen			U.S. dollars (Note 2)
Amounts per share (Note 11):				
Basic earnings per share:	¥204.99	¥208.46	¥163.47	$1.92
Diluted earnings per share:	¥204.99	¥208.46	¥163.47	$1.92
Cash dividends per share	¥ 50.00	¥ 50.00	¥ 50.00	$0.47

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Murata Manufacturing Co., Ltd. and Subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2005	2004	2003	2005
Net income	¥ 46,578	¥ 48,540	¥ 39,467	$435,308
Other comprehensive income (loss), net of tax (Note 12):				
Unrealized gains (losses) on securities	49	3,487	(143)	458
Minimum pension liability adjustments	74	9,018	(7,118)	692
Unrealized gains (losses) on derivative instruments	(288)	81	25	(2,692)
Foreign currency translation adjustments	3,537	(8,425)	(6,064)	33,056
Other comprehensive income (loss)	3,372	4,161	(13,300)	31,514
Comprehensive income	¥ 49,950	¥ 52,701	¥ 26,167	$466,822

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Murata Manufacturing Co., Ltd. and Subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Number of common shares issued	Millions of yen				
		Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock
Balance at March 31, 2002	244,263,592	¥69,377	¥102,222	¥560,590	¥ (5,918)	¥ (35)
Purchases of treasury stock at cost						(48,149)
Net income				39,467		
Cash dividends, ¥50.0 per share				(12,164)		
Other comprehensive loss, net of tax					(13,300)	
Balance at March 31, 2003	244,263,592	69,377	102,222	587,893	(19,218)	(48,184)
Purchases of treasury stock at cost						(32,129)
Retirement of treasury stock	(10,000,000)			(53,230)		53,230
Net income				48,540		
Cash dividends, ¥50.0 per share				(11,725)		
Other comprehensive income, net of tax					4,161	
Balance at March 31, 2004	234,263,592	69,377	102,222	571,478	(15,057)	(27,083)
Purchases of treasury stock at cost						(27,172)
Retirement of treasury stock	(9,000,000)			(51,138)		51,138
Net income				46,578		
Cash dividends, ¥50.0 per share				(11,406)		
Other comprehensive income, net of tax					3,372	
Balance at March 31, 2005	225,263,592	¥69,377	¥102,222	¥555,512	¥(11,685)	¥ (3,117)

	Thousands of U.S. dollars (Note 2)				
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock
Balance at March 31, 2004	$648,383	$955,346	$5,340,916	$(140,720)	$(253,112)
Purchases of treasury stock at cost					(253,944)
Retirement of treasury stock			(477,925)		477,925
Net income			435,308		
Cash dividends, $0.47 per share			(106,598)		
Other comprehensive income, net of tax				31,514	
Balance at March 31, 2005	$648,383	$955,346	$5,191,701	$(109,206)	$ (29,131)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Murata Manufacturing Co., Ltd. and Subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2005	2004	2003	2005
Operating activities:				
Net income	¥ 46,578	¥ 48,540	¥ 39,467	$ 435,308
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	42,384	44,649	50,846	396,112
Losses on sales and disposals of property, plant and equipment	1,112	848	650	10,393
Impairment losses on long-lived assets	1,767	–	–	16,514
Gains on sales of securities	(1,449)	(79)	(41)	(13,542)
Subsidy from the government (Note 6)	–	(18,000)	–	–
Provision for termination and retirement benefits, less payments	4,016	13,410	4,830	37,533
Deferred income taxes	(3,231)	1,558	(3,896)	(30,196)
Changes in assets and liabilities:				
Decrease (increase) in trade notes and accounts receivable	7,005	(11,966)	(2,126)	65,467
Decrease (increase) in inventories	(3,705)	(2,674)	4,528	(34,626)
Decrease in income tax refunds receivable	–	–	24,828	–
Decrease (increase) in prepaid expenses and other	3,627	(4,031)	(1,277)	33,897
Increase (decrease) in trade notes and accounts payable	(1,018)	4,658	2,983	(9,514)
Increase (decrease) in accrued payroll and bonuses	(350)	1,393	557	(3,271)
Increase (decrease) in income taxes payable	(30)	(4,548)	16,003	(280)
Increase (decrease) in accrued expenses and other	(6,944)	8,037	(3,500)	(64,897)
Other–net	533	(1,046)	2,803	4,981
Net cash provided by operating activities	90,295	80,749	136,655	843,879
Investing activities:				
Capital expenditures	(48,033)	(33,088)	(18,161)	(448,906)
Payment for purchases of investments and other	(1,055)	(4,841)	(1,031)	(9,860)
Net decrease (increase) in marketable securities	24,996	(13,722)	(58,798)	233,607
Proceeds from sales of property, plant and equipment	309	185	95	2,888
Proceeds from sales of investments and other	1,799	187	93	16,813
Other	8	8	17	75
Net cash used in investing activities	(21,976)	(51,271)	(77,785)	(205,383)
Financing activities:				
Net increase in short–term borrowings	70	1,669	2,396	654
Proceeds from long–term debt	–	1,000	–	–
Dividends paid	(11,406)	(11,725)	(12,164)	(106,598)
Payment for purchases of treasury stock	(27,172)	(32,129)	(48,149)	(253,944)
Other	(6)	(4)	(12)	(56)
Net cash used in financing activities	(38,514)	(41,189)	(57,929)	(359,944)
Effect of exchange rate changes on cash and cash equivalents	1,962	(4,158)	(2,221)	18,336
Net increase (decrease) in cash and cash equivalents	31,767	(15,869)	(1,280)	296,888
Cash and cash equivalents at beginning of year	61,904	77,773	79,053	578,542
Cash and cash equivalents at end of year	¥ 93,671	¥ 61,904	¥ 77,773	$ 875,430
Additional cash flow information:				
Interest paid	¥ 127	¥ 90	¥ 78	$ 1,187
Income taxes paid (received), net of refunds	29,903	33,162	(17,309)	279,467
Non-cash financing activities:				
Decrease in retained earnings due to retirement of treasury stock	¥ 51,138	¥ 53,230	–	$ 477,925

See notes to consolidated financial statements.

1. Summary of Significant Accounting Policies

(a) Nature of operations

Murata Manufacturing Co., Ltd. (the "Company") and subsidiaries (together the "Companies") are engaged in the development, manufacture and sale of electronic components in numerous countries, with Japan, North America and certain other Asian and European countries as its primary markets. The Companies' major product groups are ceramic capacitors, piezoelectric components, microwave devices and module products, which are sold mainly to electronics companies for use as components in telecommunication, computer, audio, video, automotive electronics and other electronic products.

(b) Basis of financial statements

The consolidated financial statements, stated in Japanese yen, reflect certain adjustments, not recorded on the books of account, to present these statements in accordance with accounting principles generally accepted in the United States, except for the omission of certain presentation of segment information required by Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures about Segments of an Enterprise and Related Information."

The principal adjustments to amounts recorded in the Companies' books of account include the measurement of net periodic cost for defined benefit retirement plans, the accrual of compensated absences, accounting for derivatives, and the provision for deferred income taxes relating to these adjustments.

(c) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany items have been eliminated in consolidation.

(d) Cash and cash equivalents

The Companies consider cash and time deposits as cash and cash equivalents. Such time deposits may be withdrawn on demand without diminution of principal.

(e) Marketable securities and investments

Under SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," the Companies classify all debt securities and marketable equity securities as available-for-sale and carries them at fair value with a corresponding recognition of the net unrealized holding gain or loss (net of tax) as a separate component of shareholders' equity. Gains and losses on sales of investments are computed on an average cost basis. Equity securities that do not have a readily determinable fair value are recorded at average cost (See Note 3). The Companies review the fair value of their marketable securities and investments on a regular basis to determine if the fair value of any individual investment has declined below its cost and if such decline is other than temporary. A determination of whether a decline in value represents other than temporary impairment is based on criteria that include the extent to which the securities' carrying value exceeds its fair value, the duration of the market decline, and the Companies' ability and intent to hold the investment. Losses from other-than-temporary impairments, if any, are charged to income as incurred.

(f) Inventories

Inventories are stated at the lower of cost or market. The average cost method is used to determine cost for approximately 95% of the inventories, and the first-in, first-out (FIFO) method is used for substantially all other inventories.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost. Depreciation of property, plant and equipment has been principally computed using the declining-balance method (straight-line method for certain overseas subsidiaries) based upon the estimated useful lives of the assets. The range of useful lives is principally from 10 to 50 years for buildings and from 4 to 10 years for machinery and equipment.

(h) Termination and retirement benefits

Termination and retirement benefits are accounted for in accordance with SFAS No.87, “Employers’ Accounting for Pensions.”

The Company and a subsidiary recorded the transaction to transfer the substitutional portion of the benefit obligation and the related government-specified portion of the plan assets in the year ended March 31, 2004, following the provisions of Emerging Issues Task Force (“EITF”) Issue No.03-2 “Acounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities,” which was released in February 2003.

(i) Revenue recognition

The Companies recognize revenue when persuasive evidence of an arrangement including title transfer exists, delivery has occurred, the sales price to the customer is fixed or determinable, and collectability is reasonably assured.

(j) Advertising expenses

Advertising costs are expensed as incurred. Advertising expenses for the years ended March 31, 2005, 2004 and 2003 were ¥1,594 million ($14,897 thousand), ¥1,478 million and ¥1,507 million, respectively.

(k) Taxes on Income

The Companies follow the provisions of SFAS No. 109, “Accounting for Income Taxes” to account for income taxes. Under SFAS No. 109, deferred tax assets and liabilities are computed based on the differences between the financial statement and the income tax bases of assets and liabilities using the enacted tax rates. Deferred income tax expenses and credits are based on the change in the deferred tax assets and liabilities from period to period. A valuation allowance is established, when necessary, to reduce deferred tax assets to the amounts expected to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

Provisions are made for taxes on unremitted earnings of all foreign subsidiaries as such earnings are not deemed to be permanently invested.

(l) Earnings per share

The Companies account for earnings per share in accordance with SFAS No. 128, “Earnings per Share.” Diluted earnings per share reflects the potential dilution from potential shares outstanding such as shares issuable upon the exercise of stock options. A reconciliation of the numerator and denominator of the basic and diluted earnings per share computation is included in Note 11.

(m) Derivatives

The Companies account for their derivative instruments and hedging activities in accordance with SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities,” No. 138, “Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No. 133” and SFAS No. 149, “Amendment of Statement 133 on Derivative Instruments and Hedging Activities.” These standards establish accounting and reporting standards for derivative instruments and for hedging activities, and require that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value.

On the date the derivative contract is entered into, the Companies designate the derivative as a hedge of forecasted foreign currency cash flows. The Companies formally document all relationships between hedging instruments and hedged items, as well as their risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as foreign currency cash flow hedges to specific assets and liabilities in the consolidated balance sheet or to specific forecasted transactions. The Companies consider all hedges to be highly effective in offsetting changes in cash flows of hedged items, because the currencies and terms of the derivatives correspond to those of hedged items.

Changes in fair value of a derivative that is highly effective and that is designated and qualifies as a foreign currency cash flow hedge are recorded in other comprehensive income (loss), until earnings are affected by the variability in cash flows of the designated hedged item.

(n) Stock-based Compensation

The Company accounts for stock-based awards to employees using the intrinsic value method in accordance with APB Opinion No.25, "Accounting for Stock Issued to Employees," including related interpretations, that SFAS No.123, "Accounting for Stock Based Compensation" permits an entity to apply.

No stock-based employee cost was reflected in the results of operations, as all options granted under the plan had an exercise price that exceeded the market value of the underlying common stock on the date of grant (See Note 7).

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No.123 to stock-based employee compensation.

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Net Income			
Reported	¥46,578	¥48,540	$435,308
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of tax	(149)	(131)	(1,392)
Pro forma	¥46,429	¥48,409	$433,916

	Yen		U.S. dollars
	2005	2004	2005
Earnings per Share–Net income			
Reported			
Basic earnings per share	¥204.99	¥208.46	$1.92
Diluted earnings per share	204.99	208.46	1.92
Pro forma			
Basic earnings per share	¥204.33	¥207.89	$1.91
Diluted earnings per share	204.33	207.89	1.91

(o) Shipping and Handling costs

Shipping and Handling costs which were included in selling, general and administrative expenses for the years ended March 31, 2005, 2004 and 2003 were ¥4,322 million ($40,393 thousand), ¥3,864 million and ¥3,492 million, respectively.

(p) Consideration given by a vendor to a customer

The Companies account for consideration given to a customer as a reduction of revenue in accordance with EITF No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer or Reseller of the Vendor's Products." EITF No. 01-9 defines the income statement classification of consideration given by a vendor to a customer or reseller of the vendor's products.

(q) Impairment or Disposal of Long-Lived Assets

The Companies account for impairment or disposal of long-lived assets and discontinued operations in accordance with SFAS No.144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This statement applies to all long-lived assets. The Companies' long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated and undiscounted future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair value of the assets. If the Companies determine to dispose of assets, depreciation estimates for the assets shall be revised to reflect those remaining useful lives. Assets classified as held for sale shall be measured at the lower of its carrying amount or fair value less cost to sell.

With the relocation of the head office in October 2004, the Companies reviewed certain long-lived assets for impairment. As a result, land, which is not expected to be used in the future, was considered to be impaired. The Companies recognized ¥1,767 million of impairment losses, the amount by which the carrying amount exceeds the fair value of the land, in selling, general and administrative expenses for the year ended March 31, 2005. The fair values of the land were determined by considering values of the land evaluated for property tax purposes.

(r) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(s) Reclassifications

Certain items in prior years' financial statements have been reclassified to conform to the 2005 presentation.

(t) New Accounting Standards

In November 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 151, "Inventory Costs - an amendment of ARB No. 43, Chapter 4." SFAS No. 151 requires that abnormal amounts of idle facility expense, freight, handling costs and wasted materials (spoilage) be recognized as current-period charges and that the allocation of fixed production overheads to inventory be based on the normal capacity of the production facilities. SFAS No. 151 is effective for fiscal years beginning after June 15, 2005 and the Companies will adopt this statement as of April 1, 2006. The adoption is not expected to have a material effect on the Companies' consolidated financial statements.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123R"). SFAS No. 123R requires companies to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost is recognized over the period during which an employee is required to provide service in exchange for the award. SFAS No. 123R is effective as of the beginning of the first interim or annual reporting period that begins after June 15, 2005 and the Companies will adopt this statement as of April 1, 2006. The Companies are currently evaluating the impact of adoption of this statement on the Companies' consolidated financial statements as of the required effective date.

2. Translation of Japanese Yen Amounts into U.S. Dollar amounts

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for convenience of readers outside of Japan and have been made at the rate of ¥107 to $1, the approximate rate of exchange at March 31, 2005. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

3. Marketable Securities and Investments

The cost, gross unrealized gains, gross unrealized losses and fair value for available-for-sale securities by major security type, at March 31, 2005 and 2004 were as follows:

	Millions of yen			
	2005			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Current:				
Governmental debt securities	¥ 40,719	¥ 252	¥ 1	¥ 40,970
Private debt securities	291,421	551	93	291,879
Total	¥332,140	¥ 803	¥ 94	332,849
Non-current:				
Equity securities	¥ 4,785	¥5,686	¥ 1	¥ 10,470
Total	¥ 4,785	¥5,686	¥ 1	¥ 10,470

	Millions of yen			
	2004			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Current:				
Governmental debt securities	¥147,283	¥ 117	¥ 19	¥147,381
Private debt securities	209,853	174	310	209,717
Total	¥357,136	¥ 291	¥ 329	¥357,098
Non-current:				
Equity securities	¥ 5,124	¥6,350	–	¥ 11,474
Total	¥ 5,124	¥6,350	–	¥ 11,474

	Thousands of U.S. dollars			
	2005			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Current:				
Governmental debt securities	$ 380,551	$2,355	$ 9	$ 382,897
Private debt securities	2,723,561	5,150	870	2,727,841
Total	3,104,112	7,505	879	3,110,738
Non-current:				
Equity securities	$ 44,719	$53,140	$ 9	$ 97,850
Total	$ 44,719	$53,140	$ 9	$ 97,850

The fair value and gross unrealized losses for available-for-sale securities by major security type and length of time that individual securities have been in a continuous unrealized loss position, at March 31, 2005 and 2004 were as follows:

	Millions of yen			
	2005			
	Less than 12 months		12 months or longer	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Current:				
Governmental debt securities	¥ 6,406	¥ 1	¥ 803	¥ 0
Private debt securities	64,693	66	13,623	27
Total	¥71,099	¥67	¥14,426	¥27
Non-current:				
Equity securities	¥106	¥1	–	–
Total	¥106	¥1	–	–

	Millions of yen			
	2004			
	Less than 12 months		12 months or longer	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Current:				
Governmental debt securities	¥128,003	¥ 19	–	–
Private debt securities	100,469	271	¥33,032	¥39
Total	¥228,472	¥290	¥33,032	¥39

	Thousands of U.S. dollars			
	2005			
	Less than 12 months		12 months or longer	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Current:				
Governmental debt securities	$ 59,869	$ 9	$ 7,505	$ 0
Private debt securities	604,607	617	127,318	253
Total	$664,476	$626	$134,823	$253
Non-current:				
Equity securities	$ 991	$ 9	–	–
Total	$ 991	$ 9	–	–

In the year ended March 31, 2005, the Companies did not recognize other-than-temporary impairment loss on certain debt securities which have a fair value below original cost, as the Companies have the intention and ability to hold such securities until the maturity dates and as the issuers of the securities have favorable credit rating. In addition, the Companies also did not recognize impairment losses on certain equity securities with unrealized losses in consideration of the severity and duration of the decline in value.

The aggregate carrying amounts of equity securities that do not have readily determinable fair value at March 31, 2005 and 2004, which were valued at cost, were ¥2,348 million ($21,944 thousand) and ¥2,389 million, respectively. For the year ended 2005, the equity securities of ¥2,330 million ($21,776 thousand) were not evaluated for impairment because (a) the Companies did not identify any events or changes in circumstances that might have a significant adverse effect on the fair value of the securities and (b) the Companies determined that it was not practicable to estimate the fair value of the securities.

Contractual maturities of debt securities as of March 31, 2005 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	Cost	Fair Value	Cost	Fair Value
Within one year	¥122,105	¥122,140	$1,141,168	$1,141,495
After one year through five years	208,029	208,691	1,944,196	1,950,383
After five years	2,006	2,018	18,748	18,860
Total	¥332,140	¥332,849	$3,104,112	$3,110,738

Information related to sales of available-for-sale securities was as follows:

	Millions of yen			Thousands of U.S. dollars
	2005	2004	2003	2005
Proceeds from sales	¥5,964	¥6,853	¥1,085	$55,738
Gross realized gains	1,449	79	41	13,542
Gross realized losses	38	101	7	355

4. Inventories

Inventories at March 31, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Finished products	¥26,821	¥22,279	$250,664
Work-in-process	20,843	20,862	194,794
Materials and supplies	11,343	11,644	106,009
Total	¥59,007	¥54,785	$551,467

5. Short-Term Borrowings and Long-Term Debt

Short-Term Borrowings at March 31, 2005 and 2004 consisted of the following:

	Millions of yen	Weighted-Average Interest Rate	Millions of yen	Weighted-Average Interest Rate	Thousands of U.S. dollars
	2005		2004		2005
Bank loans	¥5,068	2.1%	¥5,144	0.9%	$47,364

Long-term debt at March 31, 2005 and 2004 consisted of the following:

	Millions of yen	Weighted-Average Interest Rate	Millions of yen	Weighted-Average Interest Rate	Thousands of U.S. dollars
	2005		2004		2005
Unsecured bank loans, due 2009	¥1,000	0.3%	¥1,000	0.3%	$9,346
Other	31	3.5	36	3.7	290
Total	1,031	0.4	1,036	0.4	9,636
Less: Portion due within one year	2	3.9	3	4.4	19
Total	¥1,029	0.4%	¥1,033	0.4%	$9,617

The aggregate future maturities of long-term debt outstanding at March 31, 2005 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2006	¥ 2	$ 19
2007	2	19
2008	2	19
2009	1,002	9,364
2010	2	19
2011 and thereafter	21	196
Total	¥1,031	$9,636

Banks have a right to offset cash deposited with them against any debt or obligation that becomes due and, in case of default and certain other specified events, against all other debt payable to the banks. None of the Companies' lenders have ever exercised this right.

6. Termination and Retirement Benefits

The Companies sponsor termination and retirement benefit plans which cover most employees. Benefits are primarily based on the employees' years of service, with some plans also considering compensation and other factors. If the termination is involuntary or caused by death, the employee or their beneficiary is usually entitled to greater payments than in the case of voluntary termination.

The Companies fund a portion of the obligation under these plans. The general funding policy is to contribute amounts computed in accordance with accepted actuarial methods.

The Companies have several noncontributory termination and retirement plans, some partially funded and administered by independent trustees, others unfunded and administered by the Companies. These plans usually provide lump sum termination and retirement benefits and are paid at the earlier of the employee's termination or the mandatory retirement age although periodic payments are available under certain conditions.

Additionally, the Company and a domestic subsidiary had contributory termination and retirement plans ("CTRP") that were interrelated with the Japanese government social welfare program which consists of a substitutional portion requiring employee and employer contributions, plus a corporate portion established by the employers. Periodic pension payments required under the substitutional portion were prescribed by the Japanese Ministry of Health, Labour and Welfare ("MHLW"). Benefits under the corporate portion are usually paid in a lump sum at the earlier of termination or retirement although periodic payments are also available under certain conditions.

The Company and a subsidiary made applications for an exemption from the obligation to pay benefits for future employee service related to the substitutional portion and were given approval from the MHLW on January 30, 2003. In the year ended March 31, 2004, the Company and a subsidiary made applications for an exemption from the obligation to pay benefits for past employee service related to the substitutional portion and were given approval from the MHLW on January 1, 2004. On March 23, 2004, the benefit obligation of the substitutional portion and the related government-specified portion of the plan assets of the CTRP were transferred to the government. Following the provisions of EITF Issue No. 03-2 "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities," which was released in February 2003, the Company and a subsidiary recorded the transaction upon completion of transfer to the government of the substitutional portion of the benefit obligation and related plan assets for the year ended March 31, 2004. The transfer resulted in the companies recording a subsidy from the government of ¥18,000 million representing the difference between the substitutional portion of the accumulated benefit obligation and the related plan assets. Additionally, the Companies recorded a reduction in net periodic benefit cost related to the derecognition of previously accrued salary progression of ¥4,380 million and a settlement loss of ¥10,687 million. The transfer increased operating income by ¥11,693 million. The total amount of derecognition of previously accrued salary progression and settlement loss is allocated to Cost of sales of ¥ 2,489 million, Selling, general and administrative of ¥2,405 million, and Research and development of ¥ 1,413 million.

The following table summarizes the financial status of the contributory and noncontributory termination and retirement plans and the amounts recognized in the financial statements at March 31:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Change in benefit obligation:			
Benefit obligation at beginning of year	¥ 94,407	¥128,949	$ 882,308
Service cost	5,687	5,882	53,150
Interest cost	1,838	2,548	17,178
Amendments	–	(3,141)	–
Actuarial loss	163	3,029	1,522
Benefits paid	(967)	(1,265)	(9,037)
Settlement paid	(3,396)	(2,577)	(31,738)
Transfer of substitutional portion	–	(39,018)	–
Benefit obligation at end of year	97,732	94,407	913,383
Change in plan assets:			
Fair value of plan assets at beginning of year	46,869	52,729	438,028
Actual return on plan assets	2,055	8,742	19,206
Employer contribution	1,916	3,782	17,906
Benefits paid	(967)	(1,265)	(9,037)
Settlement paid	(1,073)	(481)	(10,028)
Transfer of substitutional portion	–	(16,638)	–
Fair value of plan assets at end of year	48,800	46,869	456,075
Funded status	(48,932)	(47,538)	(457,308)
Unrecognized actuarial loss	20,050	24,000	187,383
Unrecognized prior service benefit	(16,757)	(18,072)	(156,608)
Net amount recognized	¥(45,639)	¥ (41,610)	$(426,533)
Amounts recognized in the consolidated balance sheet consist of:			
Termination and retirement benefits	¥(47,306)	¥ (43,401)	$(442,112)
Minimum pension liability adjustments, before tax	1,667	1,791	15,579
Net amount recognized	¥(45,639)	¥ (41,610)	$(426,533)
Accumulated benefit obligation at end of year	¥ 86,445	¥ 83,511	$ 807,897

Accumulated benefit obligations for all of the Companies' termination and retirement plans were in excess of their plan assets at March 31, 2005 and 2004.

The expense recorded for the contributory and noncontributory termination and retirement plans included the following components for the years ended March 31:

	Millions of yen			Thousands of U.S. dollars
	2005	2004	2003	2005
Service cost, net of plan participants' contributions	¥5,687	¥ 5,882	¥ 5,751	$53,150
Interest cost	1,838	2,548	2,820	17,178
Expected return on plan assets	(925)	(1,051)	(1,412)	(8,645)
Amortization of transition obligation	–	133	134	–
Recognized actuarial loss	2,965	6,721	4,460	27,710
Amortization of prior service benefit	(1,315)	(1,219)	(1,123)	(12,290)
Derecognition of previously accrued salary progression	–	(4,380)	–	–
Settlement loss	–	10,687	–	–
Net periodic benefit cost	¥8,250	¥19,321	¥10,630	$77,103

The unrecognized transition obligation was amortized over fifteen years. The unrecognized transition obligation was fully amortized as of March 31, 2004.

The unrecognized actuarial gains and losses in excess of 10% of the larger of the projected benefit obligation or plan assets are being amortized over five years.

In the year ended March 31, 2004, the Company and a domestic subsidiary amended their contributory termination and retirement plans to revise the benefits calculation factor. As a result of these amendments, the benefit obligation decreased by ¥3,141 million during the year ended March 31, 2004. The unrecognized prior service benefit due to these amendments is being amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits.

The following assumptions were utilized to calculate the actuarial present value of the benefit obligation as of March 31:

	2005	2004
Discount rate	2.0%	2.0%
Compensation increase rate	2.0%	2.0%

The following assumptions were utilized to calculate net periodic benefit cost for the years ended March 31:

	2005	2004	2003
Discount rate	2.0%	2.0%	2.5%
Compensation increase rate	2.0%	2.0%	2.0%
Expected long-term rate of return on plan assets	2.0%	2.0%	2.5%

The Companies determined the discount rate based on a risk-free rate estimated considering the long-term rate of return on Japanese Government Bonds and the rate of returns on other high-quality fixed-income investments. The Companies determined the expected long-term rate of return on plan assets, based on the historical performance of various invested asset categories, as well as the long-term rate of return on Japanese Government Bonds.

The Company and a domestic subsidiary use a December 31 measurement date for the majority of their plans.

The Companies' benefit plan weighted-average asset allocations at March 31, 2005 and 2004 by asset category were as follows:

	2005	2004
Equity securities	48.9%	49.0%
Debt securities	24.1	22.9
Life insurance company general accounts	25.0	25.6
Other	2.0	2.5
	100.0%	100.0%

Equity securities include common stock of the Company in the amounts of ¥49 million ($458 thousand) (0.10% of total plan assets) and ¥60 million (0.13% of total plan assets) at March 31, 2005 and 2004, respectively.

Plan assets are invested for the purpose of achieving a sufficient rate of return to maintain pension plan assets for future payment of benefits to plan participants. Considering the expected rate of return on invested assets, a related standard deviation, and a related correlation coefficient, the Companies believe the current asset allocation is adequate for purposes of meeting investment objectives. For achieving the expected rate of return on plan assets on a mid-term to long-term basis, the Companies select optimal investing institutions by invested asset category and entrust the investment of plan assets to them. The Companies revise the asset allocation when and to the extent considered necessary. The asset allocation of the Company's plan assets which account for most of plan assets at March 31, 2005 consists of 50% of equity securities, 48% of debt securities and life insurance company general accounts, and 2% of other.

The Companies expect to contribute ¥2,491 million ($23,280 thousand) to their defined benefit plans in the year ending March 31, 2006.

The future benefit payments are expected as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2006	¥ 3,508	$ 32,785
2007	3,616	33,794
2008	3,406	31,832
2009	3,577	33,430
2010	3,766	35,196
2011–2015	20,790	194,299

The above-mentioned expected contributions and future benefit payments are based on revised pension and severance plans which will be introduced on July 1, 2005 as described in Note 15.

7. Stock-based Compensation

In the years ended March 31, 2005 and 2004, the Company authorized the grant of options to purchase common stock of the Company to employees of the Company and its subsidiaries under a fixed stock option plan.

Under the above plan, the exercise price of the option exceeds the market price of the Company's common stock on the date of grant and the options expire six years after the date of grant.

Generally, the options granted become fully vested and exercisable after two years.

A summary of the Company's fixed stock option plan activity and related information for the years ended March 31, 2005 and 2004 was as follows:

Fixed Options	2005 Number of Shares	2005 Yen Weighted-Average Exercise Price	2004 Number of Shares	2004 Yen Weighted-Average Exercise Price	2005 U.S. dollars Weighted-Average Exercise Price
Outstanding at beginning of year	141,600	¥6,576	72,700	¥7,264	$61.46
Granted	71,500	5,789	70,100	5,863	54.10
Exercised	–	–	–	–	–
Forfeited	–	–	(1,200)	6,564	–
Outstanding at end of year	213,100	¥6,312	141,600	¥6,576	$58.99
Options exercisable at end of year	72,100	7,264	–	–	67.89
Weighted average fair value of options granted during the year		¥1,934		¥2,190	$18.07

The following summarizes information about fixed stock options outstanding and options excercisable at March 31, 2005:

Yen	Options Outstanding			
Range of Excercise Prices	Number of Shares	Years Weighted-Average Remaining Contractual Life	Yen Weighted-Average Excercise Price	U.S. dollars Weighted-Average Excercise Price
¥7,264	72,100	3.33	¥7,264	$67.89
5,863	69,500	4.33	5,863	54.79
5,789	71,500	5.33	5,789	54.10
¥5,789~¥7,264	213,100	4.33	¥6,312	$58.99

Yen	Options Excercisable		
Range of Excercise Prices	Number of Shares	Yen Weighted-Average Excercise Price	U.S. dollars Weighted-Average Excercise Price
¥7,264	72,100	¥7,264	$67.89
5,863	–	–	–
5,789	–	–	–
¥5,789~¥7,264	72,100	¥7,264	$67.89

The fair value of options granted as of the grant date was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Weighted-average assumptions:	2005	2004
Risk Free interest rate (%)	0.62	0.23
Expected lives (years)	4.00	4.00
Expected volatility (%)	49.60	55.50
Expected dividend (%)	0.90	0.89

8. Shareholders' Equity

Japanese companies are subject to the Japanese Commercial Code (the "Code").

The Code requires that all shares of common stock are recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing shareholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The Code also provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 25% of the common stock may be available for dividends by resolution of the shareholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors. The amount of legal reserve of the Company is ¥7,900 million ($73,832 thousand) as of March 31, 2005.

The Code allows Japanese companies to repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the shareholders meeting.

In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends. The amount of retained earnings available for dividends under the Code was ¥202,510 million ($1,892,617 thousand) as of March 31, 2005, based on the amount recorded in the parent company's general books of account.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

9. Income Taxes

The provision for income taxes for the years ended March 31, 2005, 2004 and 2003, consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2005	2004	2003	2005
Current	¥29,558	¥28,587	¥23,523	$276,243
Deferred	(3,231)	1,558	(3,896)	(30,196)
Provision for income taxes	¥26,327	¥30,145	¥19,627	$246,047

Current income tax expense for the year ended March 31, 2003 includes income tax refunds of ¥1,765 million. In the year ended March 31, 1999, the Company paid additional income taxes to the Japanese National Tax Authority ("JNTA") and other foreign tax jurisdictions based on their examination of the Company's transfer prices charged for sales of products to the Company's subsidiaries outside of Japan during the years ended March 31, 1992 through 1996. Subsequently, the Company sought mutual consultation of the JNTA and other foreign tax jurisdictions and filed a claim for review to the Japanese National Tax Tribunal. The Company received the refunds of ¥1,765 million and ¥5,537 million in the years ended March 31, 2003 and 2002, respectively, related to this transfer pricing issue. As a result, this matter was completely resolved.

The effective income tax rates of the Company and subsidiaries differ from the normal Japanese statutory rates as follows for the years ended March 31:

	2005	2004	2003
Normal Japanese statutory rates	40.4%	41.7%	41.7%
Increase (decrease) in taxes resulting from:			
Tax credits	(5.2)	(4.2)	(4.4)
Permanently non-deductible items	0.2	0.1	0.1
Net change in valuation allowance for deferred tax assets	(0.7)	(0.7)	(0.5)
Income tax refund related to prior years' income	–	–	(2.6)
Effect of enacted future tax rate reduction on deferred taxes	–	0.5	(1.1)
Other-net	1.4	0.9	(0.0)
Effective tax rates	36.1%	38.3%	33.2%

Under the provisions of SFAS No.109, the effect of a change in tax laws or rates is included in income in the period the change is enacted and includes a cumulative recalculation of deferred tax balances based on the new tax laws or rates in effect. Such a change occurred at March 31, 2003, which decreased the normal statutory tax rate from 41.7% to 40.4% effective April 1, 2004. The provision for income tax-deferred includes a charge of ¥391 million and a credit of ¥677 million for the effect of the tax rate decrease on net deffered tax balances, for the years ended March 31, 2004 and 2003, respectively.

The approximate effect of temporary differences and tax loss carryforwards that gave rise to deferred tax balances at March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Deferred tax assets:			
Intercompany profits	¥ 1,872	¥ 1,485	$ 17,495
Termination and retirement benefits	18,600	17,001	173,832
Enterprise taxes	1,164	1,770	10,879
Compensated absences	1,662	1,602	15,533
Inventory valuation	2,606	1,968	24,355
Tangible and intangible assets	6,013	4,869	56,196
Accrued bonuses	4,820	5,045	45,047
Other temporary differences	6,093	5,983	56,944
Tax loss carryforwards	293	226	2,738
Total	43,123	39,949	403,019
Valuation allowance	(1,293)	(1,771)	(12,084)
Total	¥41,830	¥38,178	$390,935
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	¥17,363	¥16,678	$162,271
Marketable securities and investments adjustments	1,987	1,960	18,570
Tangible and intangible assets	686	711	6,411
Other temporary differences	6,832	6,644	63,851
Total	¥26,868	¥25,993	$251,103

The total valuation allowance decreased ¥478 million ($4,467 thousand) for the year ended March 31, 2005 and decreased ¥565 million for the year ended March 31, 2004.

Based upon the level of historical taxable income and projections for future taxable income over the periods which the net deductible temporary differences are expected to reverse, management believes it is more likely than not that the Companies will realize the benefits of these deferred tax assets, net of existing valuation allowances at March 31, 2005 and 2004.

Certain subsidiaries have tax loss carryforwards approximating ¥1,032 million ($9,645 thousand) available to reduce future taxable income at March 31, 2005, which mostly have no expiration dates.

10. Foreign Operations

Net sales and net assets of foreign subsidiaries were as follows:

	Millions of yen			Thousands of U.S. dollars
	2005	2004	2003	2005
Net sales	¥216,842	¥200,306	¥198,157	$2,026,561
Net assets	119,956	119,087	136,474	1,121,084

11. Amounts per Share

A reconciliation of the basic and diluted earnings per share computation was as follows:

	Millions of yen			Thousands of U.S. dollars
	2005	2004	2003	2005
Net income	¥46,578	¥48,540	¥39,467	$435,308

	Numbers of shares		
	2005	2004	2003
Average common shares outstanding	227,225,426	232,853,787	241,433,886
Dilutive effect of stock options	–	1,706	–
Diluted common shares outstanding	227,225,426	232,855,493	241,433,886

	Yen			U.S. dollars
	2005	2004	2003	2005
Earnings per share:				
Basic	¥204.99	¥208.46	¥163.47	$1.92
Diluted	204.99	208.46	163.47	1.92

12. Comprehensive Income

The changes in the components of accumulated other comprehensive income (loss), including the before- and net-of-tax components of other comprehensive income (loss), were as follows:

	Millions of yen 2005		
	Before-Tax Amount	Tax (Expense) or Benefit	Net-of-Tax Amount
Unrealized gains on securities:			
Unrealized holding gains arising during period	¥ 1,495	¥ (605)	¥ 890
Reclassification adjustment for gains included in net income	(1,411)	570	(841)
	84	(35)	49
Minimum pension liability adjustments	124	(50)	74
Unrealized losses on derivative instruments:			
Unrealized holding losses arising during period	(589)	237	(352)
Reclassification adjustment for losses included in net income	108	(44)	64
	(481)	193	(288)
Foreign currency translation adjustments	4,027	(490)	3,537
Other comprehensive income	¥ 3,754	¥ (382)	¥ 3,372

	Millions of yen 2004		
	Before-Tax Amount	Tax (Expense) or Benefit	Net-of-Tax Amount
Unrealized gains on securities:			
Unrealized holding gains arising during period	¥ 5,873	¥ (2,373)	¥ 3,500
Reclassification adjustment for gains included in net income	(22)	9	(13)
	5,851	(2,364)	3,487
Minimum pension liability adjustments	15,456	(6,438)	9,018
Unrealized gains on derivative instruments:			
Unrealized holding gains arising during period	580	(234)	346
Reclassification adjustment for gains included in net income	(444)	179	(265)
	136	(55)	81
Foreign currency translation adjustments	(9,945)	1,520	(8,425)
Other comprehensive income	¥ 11,498	¥ (7,337)	¥ 4,161

	Millions of yen		
	2003		
	Before-Tax Amount	Tax (Expense) or Benefit	Net-of-Tax Amount
Unrealized losses on securities:			
Unrealized holding losses arising during period	¥ (2,546)	¥ 1,032	¥ (1,514)
Reclassification adjustment for losses included in net income	2,300	(929)	1,371
	(246)	103	(143)
Minimum pension liability adjustments	(12,209)	5,091	(7,118)
Unrealized gains on derivative instruments:			
Unrealized holding gains arising during period	261	(108)	153
Reclassification adjustment for gains included in net income	(219)	91	(128)
	42	(17)	25
Foreign currency translation adjustments	(7,351)	1,287	(6,064)
Other comprehensive loss	¥ (19,764)	¥ 6,464	¥ (13,300)

	Thousands of U.S. Dollars		
	2005		
	Before-Tax Amount	Tax (Expense) or Benefit	Net-of-Tax Amount
Unrealized gains on securities:			
Unrealized holding gains arising during period	$ 13,972	$ (5,654)	$ 8,318
Reclassification adjustment for gains included in net income	(13,187)	5,327	(7,860)
	785	(327)	458
Minimum pension liability adjustments	1,159	(467)	692
Unrealized losses on derivative instruments:			
Unrealized holding losses arising during period	(5,505)	2,215	(3,290)
Reclassification adjustment for losses included in net income	1,009	(411)	598
	(4,496)	1,804	(2,692)
Foreign currency translation adjustments	37,636	(4,580)	33,056
Other comprehensive income	$ 35,084	$ (3,570)	$ 31,514

13. Commitments and Contingent Liabilities

Outstanding commitments at March 31, 2005 and 2004 for the purchase of property, plant and equipment approximated ¥7,258 million ($67,832 thousand) and ¥11,215 million, respectively.

At March 31, 2005 and 2004, the Companies were contingently liable for trade accounts receivable discounted and transferred to banks of ¥376 million ($3,514 thousand) and ¥367 million, respectively, which were accounted for as sales when discounted and transferred.

14. Financial Instruments and Concentration of Credit Risk

In the normal course of its business, the Companies invest in various financial assets and incur various financial liabilities. The Companies also enter into agreements for derivative financial instruments to manage their exposure to fluctuations in foreign currency exchange rates. The Companies do not use derivative financial instruments for trading purposes. The fair value estimates of financial instruments presented below are not necessarily indicative of the amounts the Companies might pay or receive from actual market transactions. The Companies had the following financial assets and liabilities at March 31, 2005 and 2004:

Financial Assets and Liabilities

(1) Cash and cash equivalents, notes and accounts receivable, short-term borrowings, notes and accounts payable and long-term debt

Fair value approximates carrying amounts indicated in the balance sheets at March 31, 2005 and 2004.

(2) Marketable securities and Investments

Fair value is primarily based on quoted market prices or estimated using discounted cash flow analysis, based on the market interest rates currently available to the Companies for instruments with similar terms and maturities. The fair values of marketable securities and investments are presented in Note 3.

(3) Long-term receivables, advances and other assets

Fair value is primarily based on dealer quotes for the same or similar instruments. The fair values of applicable long-term receivables, advances and other assets at March 31, 2005 and 2004 were ¥8,884 million ($83,028 thousand) and ¥8,910 million compared with carrying amounts of ¥8,877 million ($82,963 thousand) and ¥8,905 million, respectively.

Forward Exchange Contracts

The Companies had ¥18,969 million ($177,280 thousand) and ¥6,269 million in notional amounts of forward exchange contracts outstanding as of March 31, 2005 and 2004, respectively, in order to hedge the foreign currency risk of various intercompany supply contracts, accounts receivable, accounts payable and short-term bank borrowings, which transactions are expected to occur within the next three months.

The estimated fair values of the Companies' forward exchange contracts at March 31, 2005 and 2004, which equal the carrying amounts, were a liability of ¥447 million ($4,178 thousand) and an asset of ¥219 million, respectively.

Changes in the fair value of forward exchange contracts designated and qualifying as cash flow hedges are reported in accumulated other comprehensive income (loss). These amounts are subsequently reclassified into earnings through other income (expenses) in the same period that the hedged items affect earnings. Most reclassifications occur when the products related to hedged transaction are sold from overseas subsidiaries to their customers. Substantially all unrealized gains or losses on derivatives included in accumulated other comprehensive income (loss) at the end of the year are expected to be recognized in earnings within the next three months.

The exposure to credit risk is minimal since the counterparties are major financial institutions. The Companies do not anticipate nonperformance by any of the counterparties. The gains or losses arising from these contracts are applied to offset gains or losses on related hedged assets, liabilities or future commitments.

Concentration of Credit Risk

A significant portion of the Companies' sales are dependent upon and concentrated in the electronics industry, especially telecommunications equipment. The Companies generally extend credit to their customers, therefore, collection of receivables could be affected by developments in the electronics industry. However, the Companies closely monitor extensions of credit and have never experienced significant credit losses.

15. Subsequent Events

Due to the agreement reached between labor and management concerning the revision of pension and severance plans, the Company has applied for the approval of the revision to the Ministry of Health, Labour and Welfare on April 27, 2005. On July 1, 2005, the Company will introduce a severance plan based on the employee's position and assessment of performance and also start a pension plan in which the pension benefit is linked with the market interest rate. The revisions will reduce the projected benefit obligation by ¥9,346 million ($87,346 thousand) in April 2005, which will be amortized as an unrecognized prior service benefit on a straight-line basis over the average remaining service period of the Company's employees, approximately 16 years.

The Board of Directors of the Company intends to propose for approval at the shareholders' meeting in June 2005:

(1) The payment of a cash dividend of ¥25 ($0.23) per share to shareholders of record as of March 31, 2005, or a total of ¥5,618 million ($52,505 thousand); and,

(2) The introduction of a stock option plan for directors, officers and certain management granting them the option to purchase maximum of 100,000 shares, with certain restrictions.

Deloitte.

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To the Board of Directors and Shareholders of
Murata Manufacturing Co., Ltd.
Nagaokakyo-shi
Kyoto, Japan

We have audited the accompanying consolidated balance sheets of Murata Manufacturing Co., Ltd. and subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2005, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Certain information required by Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" has not been presented in the accompanying consolidated financial statements. In our opinion, presentation of various segment information regarding operations is required for a complete presentation of the Company's consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

In our opinion, except for the omission of certain segment information as discussed in the preceding paragraph, such consolidated financial statements present fairly, in all material respects, the financial position of Murata Manufacturing Co., Ltd. and subsidiaries as of March 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. The translation of the financial statement amounts into U.S. dollars has been made solely for convenience of readers outside of Japan.

Deloitte Touche Tohmatsu

June 3, 2005

Member of
Deloitte Touche Tohmatsu

Members of Board

Board of Directors

Yasutaka Murata
Tsuneo Murata
Yoshitaka Fujita
Ichiro Nozaki
Seiichi Arai
Yukio Sakabe
Atsushi Inoue
Koji Tajika (Outside Director)
Yasuro Tanahashi (Outside Director)

Statutory Representative Directors

President
Yasutaka Murata
Executive Deputy President
Tsuneo Murata

Statutory Auditors

Standing Statutory Auditors
Toshio Taji
Motohiko Nakayama
Statutory Auditors
Keiichi Yokobori (Outside Auditor)
Tetsuya Hiraoka (Outside Auditor)

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Corporate Senior Executive Vice President
Yoshitaka Fujita
Senior Executive Vice Presidents
Ichiro Nozaki
Seiichi Arai
Executive Vice Presidents
Yukio Sakabe
Atsushi Inoue
Harufumi Mandai
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Yohei Ishikawa
Senior Vice Presidents
Shinji Ushiro
Hideharu Ieki
Vice Presidents
Kazuya Togawa
Hiroshi Jozuka
Hideo Sakamoto
Fumio Sasaki
Koji Makino
Fellow
Michio Kadota

Subsidiaries and Affiliates

Branch

Tokyo Branch: Shibuya-ku, Tokyo

Plants

Yokaichi Plant: Higashiomi-shi, Shiga
Yasu Plant: Yasu-shi, Shiga
Yokohama Technical Center:
Midori-ku, Yokohama-shi, Kanagawa
Nagaoka Plant: Nagaokakyo-shi, Kyoto

Number of Subsidiaries

Consolidated: 54 (23 in Japan and 31 overseas)

Domestic Subsidiaries

Fukui Murata Manufacturing Co., Ltd.
Izumo Murata Manufacturing Co., Ltd.
Toyama Murata Manufacturing Co., Ltd.
Komatsu Murata Manufacturing Co., Ltd.
Kanazawa Murata Manufacturing Co., Ltd.
Okayama Murata Manufacturing Co., Ltd.
and 17 other companies

Overseas Subsidiaries

North&South America

Murata Electronics North America, Inc. (U.S.A)
Murata Electronics Trading México, S.A. de C. V. (México)
Murata World Comercial Ltda. (Brazil)
Murata Amazônia Indústria E Comércio Ltda. (Brazil)
Murata Eletrônica Do Brasil Ltda. (Brazil)

Europe

Murata Europe Management B.V. (Netherlands)
Murata Electronics (Netherlands) B.V. (Netherlands)
Murata Elektronik GmbH (Germany)
Murata Electronics (UK) Limited (U.K.)
Murata Electronique S.A. (France)
Murata Electronics Switzerland AG (Switzerland)
Murata Elettronica S.p.A. (Italy)
and 3 other companies

Asia

Beijing Murata Electronics Co., Ltd. (China)
Murata Electronics Trading (Tianjin) Co., Ltd. (China)
Wuxi Murata Electronics Co., Ltd. (China)
Suzhou Murata Electronics Co., Ltd. (China)
Murata Electronics Trading (Shanghai) Co., Ltd. (China)
Murata Electronics Trading (Shenzhen) Co., Ltd. (China)
Murata Company Limited (Hong Kong, China)
Hong Kong Murata Electronics Company Limited (Hong Kong, China)
Korea Murata Electronics Company, Limited (Korea)
Taiwan Murata Electronics Co., Ltd. (Taiwan)
Murata Electronics Singapore (Pte.) Ltd. (Singapore)
Murata Electronics Philippines Inc. (Philippines)
Murata Electronics (Thailand), Ltd. (Thailand)
Thai Murata Electronics Trading, Ltd. (Thailand)
Murata Electronics (Malaysia) Sdn. Bhd. (Malaysia)
Murata Trading (Malaysia) Sdn. Bhd. (Malaysia)

Innovator in Electronics

Murata
Manufacturing Co., Ltd.

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