

February 13, 2014

Company name:	Murata Manufacturing Co., Ltd.
Name of representative:	Tsuneo Murata President & Representative Director (Code: 6981, First section of the Tokyo Stock Exchange)
Contact:	Yoshihiro Nomura Public Relations Manager (Phone: 075-955-6786)

Announcement of Commencement of Tender Offer for Shares of Toko, Inc. (Code: 6801)
(Notice regarding Increase of the Expected Tender Offer Price Announced on February 13,
2013 and Partial Correction)

Murata Manufacturing Co., Ltd. (“Tender Offeror” or “Murata”) issued a press release dated February 13, 2013 entitled “Announcement of the Execution of Agreement for Enhancement of Capital and Business Alliance between Murata Manufacturing Co., Ltd. and Toko, Inc.” (the “February 13, 2013 Press Release”), which publicly announced that it had entered into an agreement for enhancement of capital and business alliance (the “Capital and Business Alliance Agreement”) with Toko, Inc. (listed on the First Section of the Tokyo Stock Exchange; Code: 6801; the “Target Company”) and will be acquiring the Target Company’s shares through a tender offer (the “Tender Offer”).

Murata has been preparing for the Tender Offer, and upon receiving a certificate of permission from the Chinese Ministry of Commerce on January 14, 2014 in relation to the competition laws in China (Note), the procedures and measures that are required under domestic and overseas competition laws have been completed. Meanwhile, as noted in “1. Purpose of the Tender Offer, (4) Measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, (i) Murata obtaining a share valuation report from an independent third-party appraiser” below, it decided at its board of directors meeting held on February 13, 2014 that the purchase price per common stock of the Target Company (the “Target Company Shares”) in the Tender Offer (the “Tender Offer Price”) will be increased from JPY 300 per share, which is the expected price for the Tender Offer that was decided on February 13, 2013 (the “Expected Tender Offer Price”), to JPY 400 per share. Also, according to the Target Company, in light of the this decision to increase the Tender Offer Price, it passed a resolution at its board of directors meeting held on February 13, 2014 that it expresses the approval of the Tender Offer and recommends that the shareholders of the Target Company tender their shares in the Tender Offer.

Accordingly, Murata is now announcing that it passed a resolution today to commence the Tender Offer on February 14, 2014 as described below.

(Note) The Chinese Ministry of Commerce issued the certificate of permission on January 8, 2014, but Murata received this document on January 14, 2014.

1. Purpose of the Tender Offer

(1) Overview of the Tender Offer

On March 22, 2012, Murata entered into the “Capital and Business Alliance Agreement” (the “Existing Capital and Business Alliance Agreement”) with the Target Company and commenced their business alliance, and on April 9, 2012, it subscribed to new shares and convertible bonds issued by the Target Company through a third-party allocation pursuant to the Existing Capital and Business Alliance Agreement, and as of today, it owns 10,582,000 Target Company Shares (a ratio of 9.91% (rounded to the nearest hundredths, and the same shall apply hereinafter to the calculation of the Shareholding Ratio) in relation to 106,742,071 shares, which is calculated by subtracting the number of the Target Company’s treasury shares as of December 31, 2013 (1,380,575 shares) that is set forth in the summary of financial results for the fiscal year ending December 2013 that the Target Company issued on February 13, 2014 from the total number of issued shares as of said date (108,122,646 shares) that is set forth in said summary of financial results (the shareholding ratio calculated by excluding the treasury shares shall be referred to as the “Shareholding Ratio”); a ratio of 15.88% in relation to the Shareholding Ratio (the “Post-Conversion Shareholding Ratio”) following the conversion of all Target Company convertible bonds owned by Murata (Target Company Series VI Unsecured Convertible Bonds (total subscription quantity: 30 units; number of dilutive shares as a result of the subscription: 7,575,757 shares); the “Convertible Bonds”) (the “Conversion”) (114,317,828 shares, calculated by subtracting the treasury shares (1,380,575 shares) from the total number of issued shares following the Conversion)). As noted in the February 13, 2013 Press Release and based on the resolutions that were passed at their respective board of directors meetings that were held on the same day, the companies subsequently executed the Capital and Business Alliance Agreement for the purpose of increasing the business valuation of both companies by further enhancing the business alliance between the companies through the Target Company becoming a consolidated subsidiary of Murata, and was planning to launch the Tender Offer subject to the completion of certain procedures, measures, and the like that are required under domestic and overseas competition laws. Also, as noted in the press release dated February 13, 2014 entitled “Announcement of the Execution of Amendment Agreement regarding the Enhancement of Capital and Business Alliance (Announcement of the Partial Amendment of ‘Announcement of the Execution of Agreement for Enhancement of Capital and Business Alliance’ dated February 13, 2013)” (the “February 13, 2014 Press Release”), based on the resolutions that were passed at their respective board of directors meetings that were held today, Murata and the Target Company have entered into an amendment agreement that partially amends the terms of the Capital and Business Alliance Agreement (the “Amendment Agreement”) (Note 1). With the recent completion of the procedures and measures that are required to be performed in advance of the Tender Offer under domestic and overseas competition laws, Murata has confirmed that the conditions for launching the Tender Offer provided in the Capital and Business Alliance Agreement have been fulfilled and has passed a resolution to commence the Tender Offer on February 14, 2014 for the purpose of turning the Target Company into a consolidated subsidiary of Murata. As noted in “(4) Measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, (i) Murata obtaining a share valuation report from an independent third-party appraiser” below, Murata passed a resolution at its board of directors meeting held on February 13,

2014 that the Tender Offer Price will be increased from JPY 300 per share, which is the Expected Tender Offer Price that was decided on February 13, 2013, to JPY 400 per share.

As of today, the Target Company Shares are listed on the First Section of the Tokyo Stock Exchange (the “TSE”), but because Murata’s policy is to enhance the capital alliance relationship to the greatest extent possible while continuing the listing of the Target Company Shares even after the consummation of the Tender Offer, the maximum number of shares to be purchased is 57,519,000 shares (Post-Conversion Shareholding Ratio of 50.32%. Post-Conversion Shareholding Ratio of 66.20% (Note 2) in relation to the Post-Conversion Target Company Shares that Murata will own after these 57,519,000 shares are purchased through the Tender Offer (75,676,757 shares)), and if the total number of tendered shares and the like exceeds the maximum number of shares to be purchased, none of the excess shares will be purchased, and the transfer of shares and other settlement procedures relating to the purchase of the shares will be conducted according to the proportional distribution method that is set forth in Article 27-13(5) of the Financial Instruments and Exchange Act (Act No. 25 of 1948; including subsequent amendments, the “FIEA”) and Article 32 of the MOF Ordinance on the Disclosure of Tender Offer of Shares, Etc. Conducted by Those Other than the Issuing Corporation (Ministry of Finance Ordinance No. 38 of 1990; including subsequent amendments, the “MOF Ordinance”). On the other hand, there is no minimum with regard to the number of shares to be purchased, so if the total number of the tendered shares and the like falls below the maximum number of shares to be purchased, all of the tendered shares and the like will be purchased.

According to the “Announcement regarding the Expression of Opinion on the Tender Offer of Toko Shares by Murata Manufacturing Co., Ltd.” released by the Target Company on February 13, 2014 (the “Target Company’s Press Release”), at the Target Company’s board of directors meeting held on February 13, 2013, the Target Company reached the conclusion that it will need to cooperate with Murata as companies in the same corporate group based on stronger capital ties in order to disclose information regarding management, technology, and production to each other, effectively utilize their management resources, and create additional business synergies and decided that the Tender Offer will increase the Target Company’s business valuation after careful discussion and consideration based on the valuation report of the Target Company’s shares (the “February 2013 Target Company Share Valuation Report”) that was received on February 12, 2013 from Mizuho Securities Co., Ltd. (“Mizuho Securities”), which is independent from Murata and the Target Company, so the Target Company passed a resolution in a unanimous vote of all five of its directors that, if the Tender Offer is launched, it plans to approve the Tender Offer and that it plans to recommend to the Target Company’s shareholders that they tender their shares in the Tender Offer (based on its determination that the Expected Tender Offer Price provides the Target Company’s shareholders with an opportunity to sell the Target Company Shares at a reasonable price). In addition, all three of the Target Company’s auditors were in attendance and none of them raised any objections to the fact that the Target Company’s board of directors is planning to express its abovementioned position. However, because the plan is to commence the Tender Offer subject to certain procedures as noted in “(3) Material agreements pertaining to the Tender Offer” below and it was expected to take some time until the commencement of the Tender Offer, at the abovementioned board of

directors meeting, the Target Company also passed a resolution to express its position regarding the Tender Offer after discussion when the Tender Offer is commenced.

According to the Target Company's Press Release, as noted in "(4) Measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, (ii) The Target Company obtaining a share valuation report from an independent third-party appraiser" below, the Target Company subsequently received a request from the Tender Offeror on February 3, 2014 to reopen discussions and negotiations regarding the Tender Offer Price and other terms and conditions, and pursuant to the Capital and Business Alliance Agreement, it reopened the discussions and negotiations with the Tender Offeror regarding the Tender Offer Price and other terms and conditions. Also, because a period of over 11 months subsequently passed after the planned Tender Offer was publicly announced in the February 13, 2013 Press Release and subsequent changes to the market environment must be considered, the Target Company received a valuation report of the Target Company's shares on February 12, 2014 from Mizuho Securities (the "February 2014 Target Company Share Valuation Report") as reference material to reevaluate the fairness of the Tender Offer Price. According to the Target Company, it has not received a fairness opinion regarding the Tender Offer Price from Mizuho Securities.

Then, at the Target Company's board of directors meeting held on February 13, 2014, the Target Company carefully discussed again the various terms and conditions of the Tender Offer based on the February 2014 Target Company Share Valuation Report issued by Mizuho Securities and legal advice from Torikai Law Office, a legal advisor that is independent from both Murata and the Target Company. As a result, the Target Company's board of directors passed a resolution in a unanimous vote of all five of its directors that it approves the Tender Offer (based on its determination that building a stronger alliance with Murata while maintaining stable capital ties predicated on the consummation of the Tender Offer will increase the Target Company's business valuation and thereby contribute to an increase in shareholder value) and recommends that its shareholders tender their shares in the Tender Offer (based on its determination that the Tender Offer Price provides the Target Company's shareholders with an opportunity to sell the Target Company Shares at a reasonable price because, as noted below, based on the results of the appraisal by Mizuho Securities, the Tender Offer Price exceeds the upper range of value appraised under the market share price method, the comparable peer company method and the DCF Method). In addition, none of the auditors who attended this board of directors meeting (all three auditors were in attendance) raised any objections to the board of directors of the Target Company approving the Tender Offer and expressing its position to the Target Company's shareholders recommending that they tender their shares in the Tender Offer.

Also, according to the Target Company's Press Release, the Target Company adopted the "Policy for Dealing with Large-scale Purchases" (takeover defense measures) at the 65th annual general shareholders meeting held on June 29, 2006 and renewed this Policy at the 72nd annual general shareholders meeting held on March 28, 2013, but the Target Company passed a resolution at its board of directors meeting held on February 13, 2013 that it approves the Tender Offer and

that the Tender Offer will not be deemed to constitute a large-scale purchase as it is defined in the takeover defense measures.

(Note 1) As noted in the February 13, 2014 Press Release, Murata and the Target Company had initially agreed in the Capital and Business Alliance Agreement that, at the Target Company's annual general shareholders meeting that will be held in March 2014, the Target Company would introduce a resolution to amend its articles of incorporation so that the term of office for board directors is changed to one (1) year, but in the Amendment Agreement, Murata and the Target Company have agreed that, subject to the consummation of the Tender Offer, this resolution to amend the articles of incorporation will be introduced at the first general shareholders meeting (including an extraordinary general shareholders meeting) of the Target Company that is held after the completion of its annual general shareholders meeting that is held in March 2014.

(Note 2) In the Capital and Business Alliance Agreement, Murata and the Target Company had agreed that the maximum number of shares to be purchased in the Tender Offer will be the number of shares that represent 66.60% of the voting rights in relation to the total number of issued shares after the Conversion subtracted by the treasury shares, but as noted in the February 13, 2014 Press Release, Murata and the Target Company have confirmed in the Amendment Agreement that this maximum number will be calculated based on the total number of issued shares, treasury shares, and number of shares of less than one unit that are set forth in the Target Company's most-recent shareholder register and that this maximum number refers to the number of shares that represent 66.60% of the voting rights (shares of less than one unit will not be considered when calculating such voting rights) after subtracting the total number of issued shares after the Conversion by the number of treasury shares owned by the Target Company. When this is calculated based on the Target Company's total number of issued shares (108,122,646 shares), treasury shares (1,380,575 shares), and shares of less than one unit (687,646 shares) as of December 31, 2013, the agreed-upon maximum number of shares is the number of shares (75,677,000 shares) that represent 66.60% of the 113,630 voting rights (the voting rights granted to 113,630,000 shares, which excludes shares of less than one unit) that are granted to the number of shares calculated by subtracting the total number of issued shares after the Conversion (115,698,403 shares) by the number of treasury shares (1,380,575 shares) and the number of shares of less than one unit (687,071 shares, which is the number of shares of less than one unit as of December 31, 2013 (687,646 shares) subtracted by the number of treasury shares of less than one unit owned by the Target Company as of December 31, 2013 (575 shares)), and after subtracting said number of shares by the Target Company's common shares owned by Murata as of the announcement date of the Tender Offer (10,582,000 shares) and the number of dilutive shares from the Convertible Bonds (7,575,757 shares), and after rounding off the shares of less than one unit, the maximum number of shares expected to be purchased through the Tender Offer is 57,519,000 shares (Post-Conversion Shareholding Ratio of 50.32%). In the February 13, 2013 Press Release, contrary to the terms agreed under the Capital and Business Alliance Agreement, the abovementioned 66.60% is calculated based on the total number of issued shares after the Conversion and after subtracting the treasury shares that include the shares of less than one unit, and as a result, the number of shares expected to be owned after the Tender Offer was 76,151,265 shares (Post-

Conversion Shareholding Ratio of 66.60% as of December 31, 2012) and the number of shares expected to be purchased was 57,993,508 shares (Post-Conversion Shareholding Ratio of 50.72% as of December 31, 2012). We have recalculated these numbers of shares and Shareholding Ratios based on the abovementioned terms agreed to between Murata and the Target Company and we now correct them as follows:

(Before correction)	Number of shares expected to be purchased	57,993,508 shares (Post-Conversion Shareholding Ratio of 50.72%)
	Number of shares expected to be owned after the Tender Offer	76,151,265 shares (Post-Conversion Shareholding Ratio of 66.60%)
(After correction)	Number of shares expected to be purchased	57,519,000 shares (Post-Conversion Shareholding Ratio of 50.32%)
	Number of shares expected to be owned after the Tender Offer	75,676,757 shares (Post-Conversion Shareholding Ratio of 66.20%)

(*) The Post-Conversion Shareholding Ratio is the ratio that is set forth in the “ratio to the total number of issued shares following the Conversion (excluding treasury shares)” in the February 13, 2013 Press Release, and this calculation was made using the number of shares calculated by subtracting the total number of issued Target Company shares (108,122,646 shares) by the number of treasury shares owned by the Target Company as of December 31, 2012 (1,357,165 shares), which equals 106,765,481 shares, plus the dilutive shares from the Convertible Bonds (7,575,757 shares), as the denominator.

- (2) Purpose and background of the Tender Offer and management policy following the consummation of the Tender Offer

Murata was founded in Nakagyo-ku, Kyoto in 1944 by Akira Murata, was reorganized as a stock company (*kabushiki kaisha*) in 1950, and the Murata Group is currently comprised of Murata and its 79 consolidated subsidiaries and 1 equity method affiliates. Murata has been contributing to the development of an advanced information society by developing, manufacturing, and selling creative products under the slogan “Innovator in Electronics®” in an electronics industry where demand is becoming more sophisticated with the times.

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

With regard to its product portfolio, Murata has adopted a so-called “effusion” strategy where it aligns itself with companies that have the technological capabilities and delivery track record that are required for the world’s most

advanced markets and absorbs the core technologies in proximate fields, and is continuously creating demand by providing new solutions for customers' insatiable demands for technological innovation, exemplified by making products smaller, power efficient, and faster.

The Target Company was established as the Toko Radio Coil Laboratories Inc. in 1955 and started the development and production of coils for vacuum tube type portable radios and the world's first IFT for transistor radios. Then in 1964, it changed its company name to Toko, Inc. and the Target Company Group is currently comprised of the Target Company and its 22 consolidated subsidiaries. The Target Company is contributing to social development in the electronics industry by continuously creating innovative coils that use its core technologies of magnetic material and winding technologies. The Target Company's products are widely used in audio-visual equipment such as televisions and games, communications equipment such as mobile phones and smartphones, information equipment such as personal computers, and automotive equipment such as car audio systems. In recent years, it has succeeded in the development and mass production of unique coils in advance of other companies, and has achieved the downsizing, energy saving, and slimming of portable devices that use such coils, such as smartphones, earning high praise from key customers around the world. The Target Company is also pursuing the development of new products and exploring new applications, such as automobile applications.

Under these circumstances, the companies executed the Existing Capital and Business Alliance Agreement dated March 22, 2012 and commenced their business alliance so that the companies can contribute to social development by mutually exploiting their respective strengths and thereby contribute to increasing the business valuation of the companies. On April 9, 2012, Murata subscribed to new shares (10,582,000 shares of common stock at an issuance price of JPY 189 per share) and convertible bonds (total amount: JPY 1,500,000,000; total subscription quantity: 30 units; number of dilutive shares as a result of the subscription: 7,575,757 shares) issued by the Target Company through a third-party allocation pursuant to said Agreement.

The companies subsequently engaged in a series of discussions regarding the (i) expanded sales of power inductors through mutual cooperation, (ii) joint development and sale of next-generation power inductors, and (iii) exploration of customer needs and the development, production, sale, and the like of new products, but reached the conclusion that they will need to cooperate as companies in the same corporate group based on stronger capital ties to disclose information regarding management, technology, and production to each other, effectively utilize the management resources of the companies, and create additional business synergies, so on February 13, 2013, the companies executed the Capital and Business Alliance Agreement and passed resolutions to launch the Tender Offer subject to certain procedures and measures under domestic and overseas competition laws (for a summary of the Capital and Business Alliance Agreement, please see "(3) Material agreements pertaining to the Tender Offer" below).

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

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

The Target Company is expected to become a listed consolidated subsidiary of Murata through the Tender Offer, but even after the consummation of the Tender Offer, the Target Company is expected to preserve its free-spirited corporate culture and continue to pursue the business strategies that have been raised in the electrical power business, automotive business, high-frequency wave business, as well as further deepen its alliance with Murata and promote collaboration to work towards the creation of business synergies and increasing the business valuation of the companies.

Following the consummation of the Tender Offer, Murata will request that the Target Company hold an extraordinary general shareholders meeting, and at this extraordinary general shareholders meeting (expected to be held by around Summer 2014), Murata plans to appoint the minimum number of directors that will constitute a majority of all directors of the Target Company and one auditor.

(3) Material agreements pertaining to the Tender Offer

The Companies executed the Capital and Business Alliance Agreement on February 13, 2013 and also executed the Amendment Agreement on February 13, 2014. A summary of the Capital and Business Alliance Agreement (including the terms amended in the Amendment Agreement) is set forth below:

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

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

(b) Terms of the enhancement of the business alliance

The Companies shall enhance the existing business alliance in accordance with the following terms subject to the consummation of the Tender Offer. The Companies will separately agree on the details based on good-faith discussion.

(i) Fleshing out the following matters that were agreed to in the Existing Capital and Business Alliance Agreement

- Expanding the sales of power inductors through the mutual cooperation between Murata and the Target Company
- Joint development and sale of next-generation power inductors
- Jointly uncovering new customer needs, and collaboration between the Companies to develop, produce, and sell inductor-related products that satisfy such demands

(ii) Effectively utilizing the Companies' sales channels

(iii) Streamlining operations by integrating the business operations of the Companies

(iv) Sharing the technologies and know-how owned by the Companies and thereby promoting joint development

(c) Target Company's approval, etc.

- (i) The Target Company shall pass a resolution that, if a decision is made to commence the Tender Offer, it will approve the Tender Offer and make a recommendation to its shareholders to tender their shares, and shall announce this affirmative position (including the submission of a position statement, in addition to the announcement that is made through timely disclosure on the same day) and shall not revoke or modify this position, provided that the foregoing will not apply in a case where there is found to be a high probability that this will constitute a breach by the Target Company's directors of their duty of care of a good manager.

- (ii) The Target Company shall exclude the Tender Offer from the large-scale purchases under the Target Company's Policy for Dealing with Large-scale Purchases (takeover defense measures), and shall pass a resolution of the board of directors to that effect.
- (d) Launching of the Tender Offer, Target Company's Obligations, Etc.
 - (i) Murata shall launch the Tender Offer if the following conditions are fulfilled: (i) the procedures and measures that are required under the domestic and overseas (including the People's Republic of China) competition laws are completed, (ii) the Target Company's representations and warranties are true and accurate in material respects (Note 1), (iii) the Target Company has not committed a material breach of its obligations under the Capital and Business Alliance Agreement (Note 2), and (iv) there has not been any event that has a material adverse effect on the performance of the Tender Offer or the capital and business alliance (including but not limited to material litigation, penalties and the like imposed by administrative agencies or tax authorities, and natural disasters such as earthquakes and the like).
 - (ii) During the period up to the Settlement Date, the Target Company shall not approve a large-scale purchase by any party other than Murata, and shall not solicit, discuss, negotiate, or enter into an agreement with any party other than Murata with regard to a capital and business alliance or a similar transaction, provided that the foregoing will not apply in a case where there is found to be a high probability that the failure to perform such act will constitute a breach by the Target Company's directors of their duty of care of a good manager.
 - (iii) During the period up to the Settlement Date, the Target Company shall obtain Murata's prior consent for certain acts (acts that may dilute the Shareholding Ratio of the Target Company Shares, such as the issuance of new shares and the like; organizational restructuring such as mergers and the like; acquisition or sale of subsidiaries and the like; payment of dividends from retained earnings; filing for bankruptcy proceedings; disposition of the intellectual property rights and the like that relate to the Target Company's key products; and other acts that may have a material effect on carrying out the Tender Offer or the capital and business alliance), provided that the foregoing will not apply in a case where there is found to be a high probability that the failure to perform such act will constitute a breach by the Target Company's directors of their duty of care of a good manager.
 - (iv) If Murata is unsuccessful in acquiring a majority of the Target Company's voting rights through the Tender Offer, at Murata's request, the Companies shall engage in a good-faith discussion regarding a strategy for Murata to acquire a majority of the Target Company's voting rights and shall provide cooperation to a commercially reasonable extent to work towards the acquisition or additional

acquisition of a majority of the voting rights. In addition, if Murata is unsuccessful in acquiring a majority of the Target Company's voting rights through the Tender Offer, at the Target Company's request, the Companies shall engage in a good-faith discussion so that the terms of the capital and business alliance including the Target Company's management structure are commensurate with Murata's Shareholding Ratio of the Target Company Shares.

(Note 1) Under the Capital and Business Alliance Agreement, the Target Company makes representations and warranties regarding the (i) legality of the Target Company's incorporation and its valid existence, and the required authority for the execution and performance of the Capital and Business Alliance Agreement, (ii) satisfaction of the internal procedures required to perform the obligations under the Capital and Business Alliance Agreement, (iii) legal and valid execution of the Capital and Business Alliance Agreement, (iv) legal binding force and enforceability of the Capital and Business Alliance Agreement, (v) legal and valid issuance of the issued shares and convertible bonds, (vi) accuracy of the Target Company's financial statements, (vii) non-existence of any dispute that will have a material effect, (viii) accuracy of any disclosed information, and (ix) valid existence of the licenses, permits, approvals, and the like required to carry out the Target Company's business.

(Note 2) Under the Capital and Business Alliance Agreement, the performance of the following acts by the Target Company without Murata's prior consent will constitute a material breach of its obligations under the Capital and Business Alliance Agreement: (i) issuance of new shares or the like, (ii) reverse stock split or stock split, (iii) corporate reorganization, (iv) acquisition or disposal of treasury shares, (v) distribution of retained earnings as dividend, (vi) acquisition or sale of a subsidiary or affiliate, (vii) filing of bankruptcy proceedings, (viii) disposal of intellectual property rights relating to the Target Company's key products, or (ix) any other act that may have a material effect on the implementation of the Tender Offer or the capital and business alliance. Also, under the Capital and Business Alliance Agreement, the Target Company bears the (a) duty not to engage in any solicitation, discussion, negotiation, agreement, or the like with any third party (i.e., any party other than Murata) regarding the capital and business alliance with Murata or any similar transactions, (b) duty to notify when the Target Company breaches its representations and warranties or obligations under the Capital and Business Alliance Agreement, and (c) duty to make a public disclosure when it becomes aware of undisclosed facts. However, the Capital and Business Alliance Agreement also provides that the foregoing will not apply to items (i) through (ix) and (a) above in a case where there is a high probability that the failure to perform such act will constitute a breach by the Target Company's directors of their duty of care of a good manager.

(e) Management structure following the Tender Offer

- (i) At the first annual general shareholders meeting or extraordinary general shareholders meeting that is held after the consummation of the Tender Offer, the Target Company shall introduce a resolution to appoint the minimum number of directors that constitutes a majority of all directors where individuals nominated by Murata are candidates and a resolution to appoint an auditor where one auditor nominated by Murata is a candidate.
 - (ii) At the first general shareholders meeting (including an extraordinary general shareholders meeting) that is held after the completion of the annual general shareholders meeting that will be held in March 2014, the Target Company shall introduce an amendment to its articles of incorporation that changes the term of office for board directors to one (1) year.
 - (iii) Following the consummation of the Tender Offer, the Target Company shall obtain Murata's prior consent for the certain acts listed in item (d)(iii) above, provided that the foregoing will not apply in a case where there is a high probability that the failure to perform such act will constitute a breach by the Target Company's directors of their duty of care of a good manager.
- (f) Additional acquisition or disposition of the Target Company Shares following the Tender Offer
- (i) If Murata will be acquiring additional Target Company Shares following the consummation of the Tender Offer, in principle, Murata shall notify the Target Company in advance, provided that an additional acquisition that exceeds the maximum amount of the Tender Offer (Post-Conversion Shareholding Ratio of 66.20%) will require the Target Company's prior consent.
 - (ii) For a period of one (1) year following the consummation of the Tender Offer, Murata shall not transfer or otherwise dispose the Target Company Shares without the Target Company's consent. After one (1) year has passed from the consummation of the Tender Offer, if Murata will be transferring or otherwise disposing the Target Company Shares (excluding the sale of shares through tendering and bidding in the Tender Offer), it shall notify the Target Company in advance and the Companies shall engage in a discussion regarding matters that include proposals that are made by the Target Company.
- (g) Continued listing
- The Companies acknowledge that, even after the consummation of the Tender Offer, the Target Company will continue to be a listed company except in a case where this would be considered unreasonable.
- (h) Employment structure

Even after the consummation of the Tender Offer, the Companies shall continue the employment situation at the Target Company as of the execution date of the Capital and Business Alliance Agreement and maintain the working conditions except in a case where this would be considered unreasonable.

(i) Retention of trade name and brand

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

(j) Termination of the Capital and Business Alliance Agreement

(i) During the period up to the Settlement Date, Murata or the Target Company may terminate the Capital and Business Alliance Agreement if any of the following events occurs: (i) a representation and warranty made by the other party is untrue or inaccurate in material respects, (ii) the other party commits a material breach of its obligation under the Capital and Business Alliance Agreement and fails to cure such breach within ten (10) business days, (iii) the preconditions for the Tender Offer are not satisfied by March 31, 2014, or (iv) the other party commences legal bankruptcy proceedings or the like.

(ii) If Murata withdraws the Tender Offer based on statutory grounds, the Capital and Business Alliance Agreement will automatically terminate.

(iii) Following the Settlement Date, Murata or The Target Company may terminate the Capital and Business Alliance Agreement if (i) the other party commits a material breach of its obligation under the Capital and Business Alliance Agreement and fails to cure such breach within ten (10) business days, (ii) there is an occurrence of an event that makes it impossible or exceedingly difficult to achieve the objectives of the capital and business alliance, or (iii) the other party commences legal bankruptcy proceedings or the like.

(4) Measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest

Murata and the Target Company performed the following measures to ensure the fairness of the Tender Offer. The descriptions below regarding the measures performed by the Target Company are based on the explanation that was received from the Target Company.

(i) Murata obtaining a share valuation report from an independent third-party appraiser

Murata had decided at its board of directors meeting held on February 13, 2013 that the Expected Tender Offer Price will be JPY 300 per share, but in light of subsequent changes to the market environment, it decided at its board

of directors meeting held on February 13, 2014 to increase the Tender Offer Price from the JPY 300 per share, which is the Expected Tender Offer Price that was decided at the board of directors meeting held on February 13, 2013, to JPY 400 per share. When making these decisions, Murata hired Nomura Securities Co., Ltd. (“Nomura Securities”) as its financial advisor and also appointed Baker & McKenzie as its legal advisor and received legal advice.

When determining the Expected Tender Offer Price, Nomura Securities, a third-party appraiser that is independent from both Murata and the Target Company, was hired to calculate the value of the Target Company’s shares. After considering calculation methods for the Tender Offer, Nomura Securities calculated the value of the Target Company’s shares by using the average market share price method, comparable peer company method, and the discounted cash flow method (the “DCF Method”), and Murata obtained a valuation report of the Target Company’s shares (the “February 2013 Tender Offeror Share Valuation Report”) from Nomura Securities on February 12, 2013. Murata did not obtain a fairness opinion regarding the Expected Tender Offer Price from Nomura Securities.

According to the February 2013 Tender Offeror Share Valuation Report, the methods that were used and the range of values per Target Company Share that was calculated based on these methods are as follows:

Average market share price method: JPY 207 ~ JPY 227
Comparable peer company method: JPY 173 ~ JPY 187
DCF method: JPY 254 ~ JPY 337

Under the average market share price method, using February 8, 2013 as the reference date, the range of values per Target Company Share was appraised at between JPY 207 and JPY 227 based on the closing price on the reference date (JPY 222) on the First Section of the TSE, the simple average of the closing price for the one week immediately preceding the reference date (JPY 227), the simple average of the closing price for the one month immediately preceding the reference date (JPY 223), the simple average of the closing price for the three months immediately preceding the reference date (JPY 212), and the simple average of the closing price for the six months immediately preceding the reference date (JPY 207).

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

Under the DCF Method, the range of values per Target Company Share was appraised at between JPY 254 and JPY 337 after analyzing the Target Company’s business valuation and share valuation by taking the free cash flow that the Target Company is expected to generate in and after the fiscal year ending December 2013 and discounting it to the present value by a certain percentage, assuming various factors such as the Target Company’s

earnings under its business plan, its investment plan, publicly-available information, and other factors. In the business plan that forms the basis for the calculation performed under the DCF Method above, there is a fiscal year in which a significant increase in profits is projected based on the increase in sales and the reduction of costs that are expected to result from a steady expansion of strategic goods, improvement in productivity through automation, and other factors.

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

However, after publicly announcing the planned Tender Offer in the February 13, 2013 Press Release, Murata had been making the necessary preparations under domestic and overseas competition laws to commence the Tender Offer, but both the market price of the Target Company's shares and the stock market as a whole have risen to a certain extent since February 13, 2013, and in light of fact that a period of over 11 months has passed since February 13, 2013, Murata reopened discussions and negotiations with the Target Company on February 3, 2014 regarding the Tender Offer Price and other terms and conditions under the Capital and Business Alliance Agreement. As a result of these discussions and negotiations, Murata decided at its board of directors meeting held on February 13, 2014 that it will increase the Tender Offer Price from JPY 300 per share, which is the Expected Tender Offer Price that was decided in the February 13, 2013 Press Release, to JPY 400, taking into overall consideration the movement in the market price of the Target Company Shares since February 13, 2013, the prospect of shareholders tendering their shares in the Tender Offer, the actual premiums paid in the determination of the offer price in past tender offers of shares and the like by a company other than the issuing company, the likelihood of the Target Company's board of directors approving the Tender Offer, and other factors. Also, when redetermining the Tender Offer Price, Murata obtained a valuation report of the Target Company's shares (the "February 2014 Tender Offeror Share Valuation Report") from Nomura Securities on February 12, 2014 and used it as reference. Murata has not obtained a fairness opinion regarding the Tender Offer Price from Nomura Securities.

According to the February 2014 Tender Offeror Share Valuation Report, the methods that were used and the range of values per Target Company Share that was calculated based on these methods are as follows:

Average market share price method: JPY 324 ~ JPY 344

Comparable peer company method: JPY 279 ~ JPY 494
DCF method: JPY 342 ~ JPY 443

Under the average market share price method, using February 10, 2014 as the reference date, the range of values per Target Company Share was appraised at between JPY 324 and JPY 344 based on the closing price on the reference date (JPY 332) on the First Section of the TSE, the simple average of the closing price for the one week immediately preceding the reference date (JPY 324), the simple average of the closing price for the one month immediately preceding the reference date (JPY 339), the simple average of the closing price for the three months immediately preceding the reference date (JPY 344), and the simple average of the closing price for the six months immediately preceding the reference date (JPY 341).

Under the comparable peer company method, the range of values per Target Company Share was appraised at between JPY 279 and JPY 494 by calculating the value of the Target Company Shares through a comparison with the market share price and financial indicators that show the profitability and the like of a listed company that engages in businesses that are relatively similar to those of the Target Company.

Under the DCF Method, the range of values per Target Company Share was appraised at between JPY 342 and JPY 443 after analyzing the Target Company's business valuation and share valuation by taking the free cash flow that the Target Company is expected to generate in and after the fiscal year ending December 2014 and discounting it to the present value by a certain percentage, assuming various factors such as the Target Company's earnings under its business plan, its investment plan, publicly-available information, and other factors.

In the business plan that forms the basis for the calculation performed under the DCF Method above, there is a fiscal year in which a significant increase in profits is projected based on the increase in sales and the reduction of costs that are expected to result from a steady expansion of strategic goods, improvement in productivity through automation, and other factors.

The Tender Offer Price of JPY 400 per share represents an amount that includes the following premiums: 82.65% on the closing price of the Target Company Shares of JPY 219 on the First Section of the TSE as of February 12, 2013, which is the business day immediately preceding February 13, 2013 when the Capital and Business Alliance Agreement was executed between Murata and the Target Company and the Tender Offer was announced; 77.78% on the simple average of the closing price of JPY 225 for the one week immediately preceding February 12, 2013; 79.37% on the simple average of the closing price of JPY 223 for the one month immediately preceding February 12, 2013; 87.79% on the simple average of the closing price of JPY 213 for the three months immediately preceding February 12, 2013; and 93.24% on the simple average of the closing price of JPY 207 for the six months immediately preceding February 12, 2013.

The Tender Offer Price of JPY 400 per share also represents an amount that includes the following premiums: 18.69% on the closing price of the Target Company Shares of JPY 337 on the First Section of the TSE as of February 12, 2014, which is the business day immediately preceding February 13, 2014 (the date of the announcement regarding the commencement of the Tender Offer); 21.21% on the simple average of the closing price of JPY 330 for the one week immediately preceding February 12, 2014; 17.99% on the simple average of the closing price of JPY 339 for the one month immediately preceding February 12, 2014; 16.28% on the simple average of the closing price of JPY 344 for the three months immediately preceding February 12, 2014; and 17.30% on the simple average of the closing price of JPY 341 for the six months immediately preceding February 12, 2014.

Also, on April 9, 2012, Murata subscribed to 10,582,000 shares of the common stock issued by the Target Company through a third-party allocation at the issuance price of JPY 189 per share, but this issuance price was set based on the market environment as of that time, and because a period of nearly 1 year and 10 months has already passed since the acquisition of these shares and there have been changes in the market environment and the Target Company's business performance, which affect the share valuation, this issuance price was not taken into consideration when setting the Tender Offer Price.

- (ii) The Target Company obtaining a share valuation report from an independent third-party appraiser

According to the Target Company's Press Release, as one of the means for ensuring fairness when making its decision regarding the Expected Tender Offer Price presented by Murata, the Target Company hired Mizuho Securities, an independent third-party appraiser that is not a party related to Murata or the Target Company, to calculate the value of the Target Company Shares, and it obtained the February 2013 Target Company Share Valuation Report from Mizuho Securities on February 12, 2013. (The Target Company did not obtain a fairness opinion regarding the Expected Tender Offer Price from Mizuho Securities.)

According to the Target Company's Press Release, Mizuho Securities analyzed the value of the Target Company Shares under certain assumptions and conditions, based on the financial information, financial projection, and other information provided by the Target Company. Mizuho Securities calculated the share value of the Target Company's common stock by using the market share price method, comparable peer company method, and DCF method. The calculation results for the value of the Target Company Shares under each method in the February 2013 Target Company Share Valuation Report are provided below.

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

(JPY 223), the average closing price for the previous three months (JPY 213), and the average closing price for the previous six months (JPY 207).

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

Under the DCF Method, the range of values per Target Company Share was appraised at between JPY 211 and JPY 310 after appraising the share valuation by taking the free cash flow that the Target Company is expected to generate in the future and discounting it to the present value by an appropriate percentage that is based on the business risk, taking into consideration assumptions that are considered to be reasonable, such as the Target Company's earnings projection under its business plan for the period in and after the fiscal year ending December 2013, its investment plan, and other assumptions. In the business plan that forms the basis for the calculation performed under the DCF Method above, there is a fiscal year in which a significant increase in profits is projected based on the increase in sales and the reduction of costs that are expected to result from a steady expansion of strategic goods, improvement in productivity through automation, and other factors.

According to the Target Company's Press Release, the Target Company subsequently received a request from the Tender Offeror on February 3, 2014 to reopen discussions and negotiations regarding the Tender Offer Price and other terms and conditions, and under the Capital and Business Alliance Agreement, it reopened the discussions and negotiations with the Tender Offeror regarding the Tender Offer Price and other terms and conditions. Also, because a period of over 11 months passed after the planned Tender Offer was publicly announced in the February 13, 2013 Press Release and subsequent changes to the market environment must be considered, the Target Company received the February 2014 Target Company Share Valuation Report on February 12, 2014 from Mizuho Securities as reference material to reevaluate the fairness of the Tender Offer Price. According to the Target Company, it has not received a fairness opinion regarding the Tender Offer Price from Mizuho Securities.

According to the Target Company's Press Release, Mizuho Securities analyzed the value of the Target Company Shares under certain assumptions and conditions, based on the financial information, financial projection, and other information provided by the Target Company, and Mizuho Securities calculated the share value of the Target Company's common stock by using the market share price method, comparable peer company method, and DCF method. According to the Target Company, the calculation results for the value of the Target Company Shares under each method in the February 2014 Target Company Share Valuation Report are as provided below.

According to the Target Company, under the market share price method, using February 12, 2014 as the reference date, the range of values per Target Company Share was appraised at between JPY 337 and JPY 344 based on the share price of the Target Company's common stock on the reference date (JPY 337) on the First Section of the TSE, the average closing price for the previous one month (JPY 339), the average closing price for the previous three months (JPY 344), and the average closing price for the previous six months (JPY 341).

According to the Target Company, under the comparable peer company method, the range of values per Target Company Share was appraised at between JPY 247 and JPY 342 by appraising the value of the Target Company Shares through a comparison with the market share price and financial indicators that show the profitability and the like of a listed company that engages in business activities that are relatively similar to those of the Target Company.

According to the Target Company, under the DCF Method, the range of values per Target Company Share's common stock was appraised at between JPY 283 and JPY 375 after calculating the Target Company's business valuation and share valuation by taking the free cash flow that the Target Company is expected to generate in and after the fiscal year ending December 2014 and discounting it to the present value by a certain percentage, assuming various factors such as the Target Company's earnings and investment plan under its business plan, publicly-available information, and other assumptions.

According to the Target Company, the business plan that forms the basis for the calculation performed under the DCF Method above is based on the achievement of the consolidated numerical targets stated in the midterm plan announced on February 13, 2014 announced by the Target Company (For the detail of such midterm plan, please see "Announcement of the Midterm Plan (2014 - 2016)" announced by the Target Company on February 13, 2014), and a significant increase in profits is projected for the fiscal year ending December 2015 (compared to the fiscal year ending December 2014) based on the increase in sales through a steady expansion of strategic goods, a reduction of costs through an improvement in productivity through automation, and a decrease in interest costs through the repayment of debt. According to the Target Company, under this business plan, it plans to promote product development that is ahead of the times and make aggressive investments in strategic products and products for the in-vehicle market. Also, according to the Target Company, the Target Company expects the achievement of sales of JPY 44 billion and an operating margin of 12% in FY 2016 by working towards increasing its revenue through cooperation with the Murata and ensuring that costs are reduced by further improving productivity and restructuring its factories through automation and reviewing its supply chain management.

- (iii) Advice received by the Target Company from an independent law firm

According to the Target Company's Press Release, to ensure the fairness and appropriateness of the decision-making method and process, the Target Company received legal advice from Torikai Law Office, a legal advisor that is independent from both Murata and the Target Company, regarding the decision-making method and process of the Target Company's board of directors regarding the Tender Offer.

- (iv) Unanimous approval by the Target Company's disinterested directors and auditors

According to the Target Company's Press Release, the Target Company's position on the Tender Offer was passed by a resolution in a unanimous vote of all five of its directors at its board of directors meeting held on February 13, 2014.

According to the Target Company, at the Target Company's board of directors meeting held on February 13, 2013, the Target Company reached the conclusion that it will need to cooperate with Murata as companies in the same corporate group based on stronger capital ties in order to disclose information regarding management, technology, and production to each other, effectively utilize their management resources, and create additional business synergies and decided that the Tender Offer will increase the Target Company's business valuation after careful discussion and consideration based on the February 2013 Target Company Share Valuation Report that was received on February 12, 2013 from Mizuho Securities, so the Target Company passed a resolution in a unanimous vote of all five of its directors that, if the Tender Offer is launched, it plans to approve the Tender Offer and that it plans to recommend to the Target Company's shareholders that they tender their shares in the Tender Offer (based on its determination that the Expected Tender Offer Price provides the Target Company's shareholders with an opportunity to sell the Target Company Shares at a reasonable price).

In addition, according to the Target Company, none of the auditors who attended this board of directors meeting (all three auditors were in attendance) raised any objections regarding the fact that, if the Tender Offer is launched, the Target Company's board of directors planned to approve the Tender Offer and express its position to the Target Company's shareholders recommending that they tender their shares in the Tender Offer. However, according to the Target Company, because the plan was to commence the Tender Offer subject to certain procedures noted in "(3) Material agreements pertaining to the Tender Offer" above and it was expected to take some time until the commencement of the Tender Offer, at the abovementioned board of directors meeting, the Target Company also passed a resolution to express its position regarding the Tender Offer after discussion when the Tender Offer is commenced. None of the above-mentioned directors or auditors is an interested party.

According to the Target Company's Press Release, the Target Company subsequently received a request from the Tender Offeror on February 3, 2014 to reopen discussions and negotiations regarding the Tender Offer Price and other terms and conditions, and under the Capital and Business Alliance

Agreement, it reopened the discussions and negotiations with the Tender Offeror regarding the Tender Offer Price and other terms and conditions. Also, because a period of over 11 months had passed after the planned Tender Offer was publicly announced in the February 13, 2013 Press Release and subsequent changes to the market environment had to be considered, the Target Company received the February 2014 Target Company Share Valuation Report on February 12, 2014 from Mizuho Securities as reference material to reevaluate the fairness of the Tender Offer Price. According to the Target Company, it has not received a fairness opinion regarding the Tender Offer Price from Mizuho Securities.

For the detailed results of the valuation of the Target Company Shares by Mizuho Securities, please see “(ii) The Target Company obtaining a share valuation report from an independent third-party appraiser” above.

According to the Target Company, it continued its discussions and negotiations with the Tender Offeror regarding the Tender Offer Price and other terms and conditions, and as a result, on February 7, 2014, the Tender Offeror increased the Tender Offer Price to JPY 400 and made a final proposal to commence the Tender Offer. According to the Target Company, after receiving this proposal, at the Target Company’s board of directors meeting held on February 13, 2014, it carefully discussed again the various terms and conditions of the Tender Offer based on the February 2014 Target Company Share Valuation Report issued by Mizuho Securities and legal advice from Torikai Law Office. As a result, according to the Target Company, its board of directors passed a resolution in a unanimous vote of all five of its directors that it approves the Tender Offer (based on its determination that building a stronger alliance with Murata while maintaining stable capital ties predicated on the consummation of the Tender Offer will increase the Target Company’s business valuation and thereby contribute to an increase in shareholder value) and recommends that its shareholders tender their shares in the Tender Offer (based on its determination that the Tender Offer Price provides the Target Company’s shareholders with an opportunity to sell the Target Company Shares at a reasonable price because, based on the abovementioned results of the appraisal by Mizuho Securities, the Tender Offer Price exceeds the upper range of value appraised under the market share price method, the comparable peer company method and the DCF Method). In addition, according to the Target Company, none of the auditors who attended this board of directors meeting (all three auditors were in attendance) raised any objections to the board of directors of the Target Company approving the Tender Offer and expressing its position to the Target Company’s shareholders recommending that they tender their shares in the Tender Offer. None of the above-mentioned directors or auditors is an interested party.

Also, according to the Target Company’s Press Release, the Target Company adopted the “Policy for Dealing with Large-scale Purchases” (takeover defense measures) at the 65th annual general shareholders meeting held on June 29, 2006 and renewed this Policy at the 72nd annual general shareholders meeting held on March 28, 2013, but the Target Company passed a resolution at its board of directors meeting held on February 13,

2013 that it approves the Tender Offer and that the Tender Offer will not be deemed to constitute a large-scale purchase as it is defined in the takeover defense measures.

(5) Plans to acquire shares following the Tender Offer

Murata is launching the Tender Offer for the purpose of turning the Target Company into a consolidated subsidiary, so if this is successfully accomplished through the Tender Offer, there are no plans at this time to acquire additional shares of the Target Company following the Tender Offer, and the Post-Conversion Shareholding Ratio is not expected to be two-thirds (2/3) or more in terms of the Shareholding Ratio of the Target Company Shares and Murata is not planning on launching another tender offer following the Tender Offer. However, if Murata fails to acquire a majority of the Target Company's voting rights and is unable to immediately turn the Target Company into a consolidated subsidiary through the Tender Offer, Murata may convert all or part of the Convertible Bonds as necessary immediately after the period for purchase and the like under the Tender Offer (the "Tender Offer Period") has ended, but this has not yet been determined at this time. If Murata fails to acquire a majority of the Target Company's voting rights even after the conversion of such Convertible Bonds, Murata plans to have a discussion with the Target Company regarding the acquisition of shares through market transactions, allocation of new shares to a third party, acquisition of treasury shares, and other means by which Murata will be able to acquire a majority of the Target Company's voting rights, but at this time, neither the timing of such discussion nor the specific means to be used have been determined.

(6) Delisting plans and the grounds for such delisting

As of today, the Target Company's common stocks are listed on the First Section of the TSE. The Tender Offer is not intended to delist the Target Company and Murata is launching the Tender Offer subject to a maximum number of shares to be purchased of 57,519,000 shares (Post-Conversion Shareholding Ratio of 50.32%. Post-Conversion Shareholding Ratio of 66.20% in relation to the Post-Conversion Target Company Shares that Murata will own after these 57,519,000 shares are purchased through the Tender Offer (75,676,757 shares)), so the plan is for the Target Company's common stocks to continue being listed on the First Section of the TSE even after the Tender Offer.

(7) Any material agreements between the Tender Offeror and the shareholders of the Target Company regarding the tendering of shares in a tender offer

None

2. Overview of the Tender Offer

(1) Overview of the Target Company

1. Name	Toko, Inc.
2. Address	18 Gomigaya, Tsurugashima-shi, Saitama
3. Name and title of representative	Shigeru Kawatsuhara, President & Representative Director

4. Description of business	Manufacturing and sale of coil application goods, module goods, and solid goods	
5. Capital	JPY 17,446,000,000 (as of February 13, 2014)	
6. Date of incorporation	August 9, 1955	
7. Major shareholders and their shareholding ratios (as of June 30, 2013) (Note)	Murata Manufacturing Co., Ltd.	9.79%
	Goldman Sachs International (Standing proxy: Goldman Sachs Japan Co., Ltd.)	3.95%
	Saitama Resona Bank, Ltd.	3.81%
	The Dai-ichi Life Insurance Co., Ltd.	3.31%
	The Master Trust Bank of Japan, Ltd. (in trust)	2.56%
	Mizuho Bank, Ltd.	2.54%
	UBS AG London A/C IPB Segregated Client Account (Standing proxy: Citibank Japan, Ltd.)	2.33%
	Japan Trustee Services Bank, Ltd. (in trust)	2.20%
	BNY GCM Client Account JPRD AC ISG (FE-AC) (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	2.15%
	Alps Electric Co., Ltd.	1.55%
8. Relationship between Murata and the Target Company	Capital relationship	Murata owns 18,157,757 shares (including dilutive shares, etc.) in the Target Company, which represents 15.88% of the total issued shares after the Conversion (excluding the treasury shares) (114,317,828 shares).
	Personal relationship	There is currently one employee at the Target Company who is on secondment from Murata and is serving as an operating officer. There are no noteworthy personal relationships between the persons and companies related to the Target Company and the persons and companies related to Murata.
	Transactional relationship	The Target Company purchases ceramic capacitors from Murata. Also, the Target Company sells coil to Murata.
	Status as a related party	The Target Company is not a related party of Murata. In addition, no person or company related to the Target Company is a related party of Murata.

(Note) The Target Company owns 1,365,361 treasury shares (as of June 30, 2013).

(2) Schedule, etc.

1. Schedule

Resolution by the board of directors	February 13, 2014 (Thursday)
Date of public notice regarding commencement of tender offer	February 14, 2014 (Friday)
Name of newspaper for public notice	Public notice will be made electronically, and a notice to that effect will be published in the <i>Nihon Keizai Shimbun</i> . (URL for electronic public notice – http://disclosure.edinet-fsa.go.jp/)
Filing date of registration statement for tender offer	February 14, 2014 (Friday)

2. Initial tender offer period

From February 14, 2014 (Friday) to March 18, 2014 (Tuesday) (23 business days)

3. Possibility of extending the tender offer period at the Target Company's request

If the Target Company submits a position statement that requests the extension of the Tender Offer Period under the provision of Article 27-10(3) of the FIEA, the Tender Offer Period will be extended to 30 business days until March 28, 2014 (Friday).

4. Contact information for confirming the extension of the tender offer period

Murata Manufacturing Co., Ltd.
1-10-1 Higashi-Koutari
Nagaokakyo-shi, Kyoto
(075) 955-6520
Sunao Watanabe General Manager, Finance Division
Hours: Weekdays from 9:00 to 17:00

(3) Tender offer price

JPY 400 per share of common stock

(4) Basis for determining the Tender Offer Price

1. Basis of valuation

For information regarding basis of valuation, please see "1. Purpose of the Tender Offer, (4) Measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, (i) Murata obtaining a share valuation report from an independent third-party appraiser" above.

2. Valuation process

(Process used by Murata to determine the Tender Offer Price)

(i) Names of third parties that provided an opinion on valuation

In the course of determining the Expected Tender Offer Price, Murata referred to the February 2013 Tender Offeror Share Valuation Report that was submitted by Nomura Securities, a third-party appraiser that is independent from both Murata and the Target Company.

However, after publicly announcing the planned Tender Offer in the February 13, 2013 Press Release, Murata had been making the necessary preparations under domestic and overseas competition laws to commence

the Tender Offer, but both the market price of the Target Company's shares and the stock market as a whole have risen to a certain extent since February 13, 2013, and in light of fact that a period of over 11 months has passed since February 13, 2013, when deciding to commence the Tender Offer, Murata carefully discussed with Nomura Securities and Murata's legal advisor, Baker & McKenzie, regarding whether or not there was a need to change the Tender Offer Price, and as a result of these discussions, it determined that it will be necessary to consider the subsequent changes to the market environment, and thus decided to obtain the February 2014 Tender Offeror Share Valuation Report from Nomura Securities on February 12, 2014 for the purpose of reexamining the fairness of the Tender Offer Price.

Murata has not obtained a fairness opinion regarding the Tender Offer Price from Nomura Securities.

(ii) Summary of the opinion

Nomura Securities calculated the value of the Target Company's shares by using the average market share price method, comparable peer company method, and the DCF method, and the range of values per Target Company Share that was calculated based on each of these methods are set forth below.

According to the February 2013 Tender Offeror Share Valuation Report, the methods that were used and the range of values per Target Company Share that was calculated based on these methods are as follows:

Average market share price method:	JPY 207 ~ JPY 227
Comparable peer company method:	JPY 173 ~ JPY 187
DCF method:	JPY 254 ~ JPY 337

According to the February 2014 Tender Offeror Share Valuation Report, the methods that were used and the range of values per Target Company Share that was calculated based on these methods are as follows:

Average market share price method:	JPY 324 ~ JPY 344
Comparable peer company method:	JPY 279 ~ JPY 494
DCF method:	JPY 342 ~ JPY 443

(iii) Process for determining the offer price based on the opinion

Using the calculation results in the February 2013 Tender Offeror Share Valuation Report that was obtained from Nomura Securities as reference, and based on the results of Murata's due diligence on the Target Company, Murata decided at its board of directors meeting held on February 13, 2013 to set the Expected Tender Offer Price at JPY 300 per share, taking into overall consideration the actual premiums paid in the determination of the offer price in past tender offers of shares and the like by a company other than the issuing company, the likelihood of the Target Company's board of directors approving the Tender Offer, the

movement in the market price of the Target Company Shares, the prospect of shareholders tendering their shares in the Tender Offer, and other factors.

However, after publicly announcing the planned Tender Offer in the February 13, 2013 Press Release, Murata had been making the necessary preparations under domestic and overseas competition laws to commence the Tender Offer, but both the market price of the Target Company's shares and the stock market as a whole have risen to a certain extent since February 13, 2013, and in light of fact that a period of over 11 months has passed since February 13, 2013, Murata reopened discussions and negotiations with the Target Company on February 3, 2014 under the Capital and Business Alliance Agreement regarding the Tender Offer Price and other terms and conditions. As a result of these discussions and negotiations, Murata decided at its board of directors meeting held on February 13, 2014 that it will increase the Tender Offer Price from JPY 300 per share, which is the Expected Tender Offer Price that was decided in the February 13, 2013 Press Release, to JPY 400, taking into overall consideration the movement in the market price of the Target Company Shares since February 13, 2013, the prospect of shareholders tendering their shares in the Tender Offer, the actual premiums paid in the determination of the offer price in past tender offers of shares and the like by a company other than the issuing company, the likelihood of the Target Company's board of directors approving the Tender Offer, and other factors. Also, when redetermining the Tender Offer Price, Murata obtained and referred to the February 2014 Tender Offeror Share Valuation Report from Nomura Securities on February 12, 2014. Murata has not obtained a fairness opinion regarding the Tender Offer Price from Nomura Securities.

(Measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest)

Please see "1. Purpose of the Tender Offer, (4) Measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest" above.

3. Relationship with the appraiser

Nomura Securities, Murata's financial advisor (appraiser), is not a related party of Murata and has no material interest in the Tender Offer.

(5) Number of shares to be acquired

Number of shares to be acquired	Minimum number of shares to be acquired	Maximum number of shares to be acquired
57,519,000 shares	N/A	57,519,000 shares

(Note 1) If the total number of tendered shares is less than the maximum number of shares to be acquired, Murata will acquire all of the tendered shares. If the total number of tendered shares exceeds the maximum number of shares to be acquired, Murata will not acquire any of the excess shares, and the transfer of shares and

other settlement procedures relating to the purchase of the shares will be conducted according to the proportional distribution method that is set forth in Article 27-13(5) of the FIEA and Article 32 of the MOF Ordinance.

(Note 2) Shares of less than one unit are also subject to the Tender Offer. If any shareholder exercises the appraisal right for shares of less than one unit pursuant to the Companies Act, the Target Company may purchase its own shares in the legally prescribed manner during the Tender Offer Period.

(Note 3) Murata does not plan to acquire the Target Company's treasury shares through the Tender Offer.

(6) Changes to percentage of shares held as a result of acquisition of tendered shares

Number of voting rights attached to shares held by the Tender Offeror prior to the acquisition	18,157	(15.88% of shares held prior to the acquisition)
Number of voting rights attached to shares held by special related parties prior to the acquisition	0	(0.00% of shares held prior to the acquisition)
Number of voting rights attached to shares held by the Tender Offeror after the acquisition	75,676	(66.20% of shares held after the acquisition)
Number of voting rights attached to shares held by special related parties after the acquisition	0	(0.00% of shares held after the acquisition)
Number of voting rights held by all of the Target Company's shareholders	106,043	

(Note 1) "Number of voting rights attached to shares held by the Tender Offeror after the acquisition" indicates the number of voting rights calculated by adding the voting rights (57,519) attached to the number of shares that the Tender Offeror plans to acquire through the Tender Offer (57,519,000 shares) and the "number of voting rights attached to shares held by the Tender Offeror prior to the acquisition" (18,157).

(Note 2) "Number of voting rights held by all of the Target Company's shareholders" is the number of voting rights (calculated as one voting right per 1000 shares) held by all shareholders as of June 30, 2013 listed in the Q3 quarterly report for the 73rd fiscal year that was submitted by the Target Company on November 11, 2013. However, because shares of less than one unit are also subject to the Tender Offer, the "percentage of shares held prior to the acquisition" and "percentage of shares held after the acquisition" were calculated by setting the denominator as the number of voting rights (114,317) calculated by adding the "number of voting rights held by all of the Target Company's shareholders" (106,742) (the number of voting rights attached to the number of shares (106,742,071) calculated by subtracting the total number of issued Target Company Shares as of December 31, 2013 set forth in the summary of financial results for the fiscal year ending December 2013 that the Target Company issued on February 13, 2014 (108,122,646) by the number of treasury shares owned by the Target Company as of December 31, 2013 set forth in said summary of financial results (1,380,575)) and the number of voting rights (7,575) attached to the number of dilutive shares from the Convertible Bonds (7,575,757).

(Note 3) "Percentage of shares held prior to the acquisition" and "percentage of shares held after the acquisition" are rounded to the nearest hundredths.

(7) Tender Offer amount

JPY 23,008,000,000

(Note) The Tender Offer amount was calculated by multiplying the number of shares to be acquired (57,519,000 shares) by the Tender Offer Price (JPY 400 per share).

(8) Settlement method

1. Name and address (head office) of financial instrument dealer or bank that will handle the settlement

Nomura Securities Co., Ltd.
1-9-1 Nihonbashi
Chuo-ku, Tokyo

2. Settlement commencement date

March 26, 2014 (Wednesday)

(Note) If the Target Company submits a position statement that requests an extension of the Tender Offer Period under the provision of Article 27-10(3) of the FIEA, the settlement commencement date will be April 4, 2014 (Friday).

3. Settlement method

Following the expiration of the Tender Offer Period, Nomura Securities will promptly mail notification of Tender Offer purchases to the addresses of the tendering shareholders (or their standing proxies in the case of foreign shareholders). If a tendering shareholder has agreed to electronic delivery of documents via Nomura Net & Call, the notification will be delivered electronically via the Nomura Net & Call website (<https://nc.nomura.co.jp/>).

Purchases will be settled in cash. The tendering shareholders may receive the cash proceeds from the sale of tendered shares via electronic funds transfer or other method designated by the tendering shareholders (remittance fee may apply).

4. Procedure for returning shares

If Murata will not be purchasing all or some of the tendered shares pursuant to the terms and conditions set forth below in “1. Conditions and matters stipulated in Article 27-13(4) of the FIEA” and “2. Conditions for the revocation of the Tender Offer and method for disclosing such revocation” under “(9) Other purchase terms, conditions, and procedures”, after two business days have passed since the last day of the Tender Offer Period (if the Tender Offer was revoked, the date of such revocation), Nomura Securities will promptly return the unpurchased shares to the tendering shareholders’ accounts at the tender offer agent by reverting shareholder records to its state immediately before the shares were tendered (if a tendering shareholder would like the shares to be transferred to its account at another financial instrument dealer, please contact the head office or any domestic branch office of the tender offer agent that received the tender).

(9) Other purchase terms, conditions, and procedures

1. Conditions and matters stipulated in Article 27-13(4) of the FIEA

If the total number of tendered shares does not reach the maximum number of shares to be purchased (57,519,000 shares), Murata will purchase all of the tendered shares.

If the total number of tendered shares exceed the maximum number of shares to be purchased (57,519,000 shares), Murata will not purchase any of the excess shares, and the transfer of shares and other settlement procedures relating to the purchase of the shares will be conducted according to the proportional distribution method that is set forth in Article 27-13(5) of the FIEA and Article 32 of the MOF Ordinance (if the number of shares tendered by any shareholder includes shares of less than one unit (1000 shares), the number of shares to be purchased as calculated by the proportional distribution method will be limited to the number of shares tendered by the shareholder).

After the prorated number of shares to be purchased from each tendering shareholder has been rounded off to the nearest multiple of 1000 shares, if the total number of shares to be purchased is less than the maximum number that Murata seeks to acquire, Murata will purchase 1000 tendered shares from each tendering shareholder (if the number of tendered shares will be exceeded by purchasing an additional 1000 shares, only up to the number of the tendered shares), beginning with the tendering shareholder with the largest number of rounded off shares and continuing in descending order until Murata has purchased no fewer than the maximum number of shares it plans to acquire. However, if multiple tendering shareholders are equally ranked by the number of their rounded-off shareholdings and if purchasing an additional 1000 shares from all of them through this procedure would result in Murata acquiring more shares than the maximum number it plans to acquire, a lottery will be used to select the tendering shareholders from which Murata will purchase to enable it to purchase no fewer than the maximum number of shares that it seeks to acquire.

After the prorated number of shares to be purchased from each tendering shareholder has been rounded to the nearest multiple of 1000 shares, the total number of shares to be purchased from all tendering shareholders exceeds the maximum number that Murata seeks to acquire, Murata will reduce the number of tendered shares to be purchased from each shareholder by 1000 shares (if the prorated number of shares to be purchased is not in a multiple of 1000 shares, the number of such residual shares), beginning with the tendering shareholder with the largest number of rounded up shares and continuing in descending order until the total number of shares to be purchased has been reduced as much as possible without falling below the maximum number that Murata seeks to acquire. However, if multiple tendering shareholders are equally ranked by the number of their rounded-up shareholdings and if reducing the number of shares to be purchased from all of them through this procedure would result in Murata falling short of the maximum number of shares that it seeks to acquire, a lottery will be used to select the tendering shareholders whose number of shares to be purchased will be reduced to the extent that the

number of shares to be purchased does not fall below the maximum number of shares that Murata seeks to acquire.

2. Conditions for the revocation of the Tender Offer and method for disclosing such revocation

Murata may revoke the Tender Offer if any event occurs that is specified in the following provisions of Article 14 of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965 as amended, the “Enforcement Order”): Paragraph 1, item 1, (a) through (i) and (l) through (r), item 3 (a) through (h) and (j); and Paragraph 2, items 3 through 6. In the context of the Tender Offer, the “facts that are equivalent to the grounds listed in (a) through (i)” as stipulated in Article 14.1.3(j) of the Enforcement Order refer to the following cases: (1) it becomes clear that a statutory disclosure document filed in the past by the Target Company contains a material misstatement or material omission, or (2) any of the facts listed in (a) through (g) of item 3 occurs with respect to any of the Target Company’s major subsidiaries. If Murata wishes to revoke the Tender Offer, it will give electronic public notice of such revocation and a notice to that effect will be published in the *Nihon Keizai Shimbun*. However, if it is difficult to give public notice by the last day of the Tender Offer Period, Murata will publicly announce the revocation through the method stipulated in Article 20 of the MOF Ordinance and give public notice immediately thereafter.

3. Conditions for the reduction of the Tender Offer Price and method for disclosing such reduction

Pursuant to the provision of Article 27-6(1)(i) of the FIEA, if the Target Company engages in any act specified in Article 13(1) of the Enforcement Order during the Tender Offer Period, Murata may reduce the Tender Offer Price in accordance with the standards prescribed in Article 19(1) of the MOF Ordinance. When reducing the Tender Offer Price, Murata will give electronic public notice of such reduction and a notice to that effect will be published in the *Nihon Keizai Shimbun*. However, if it is difficult to give public notice by the last day of the Tender Offer Period, Murata will publicly announce the reduction through the method stipulated in Article 20 of the MOF Ordinance and give public notice immediately thereafter. If the Tender Offer Price is reduced, Murata will purchase the tendered shares at the reduced price, even if the shares were tendered before the public notice was given.

4. Tendering shareholders’ right to cancel their agreements

Tendering shareholders may cancel an agreement relating to the Tender Offer at any time during the Tender Offer Period. If you wish to cancel your agreement, please deliver or send a written notice for the termination of your agreement relating to the Tender Offer (“Cancellation Notice”), along with the receipt for your share tender application, to the head office or any domestic branch office of the party indicated below where the tender was received by 15:30 on the last day of the Tender Offer Period. However, Cancellation Notices sent by mail arrive by 15:30 on the last day of the Tender Offer Period. Shareholders that tendered their shares through Nomura Net & Call may cancel

their agreements on the Nomura Net & Call website (<https://nc.nomura.co.jp>) or by sending a Cancellation Notice. When canceling through the Nomura Net & Call website, please perform the cancellation procedures in accordance with the procedures set forth on the website by 15:30 on the last day of the Tender Offer Period. When canceling by sending a Cancellation Notice, please request a Cancellation Notice form in advance from Nomura Net & Call customer service and return it to Nomura Net & Call (if a receipt was issued by the tender offer agent when you tendered your shares, please attach this receipt to the Cancellation Notice). Cancellation Notices sent to Nomura Net & Call must also arrive by 15:30 on the last day of the Tender Offer Period.

Party authorized to accept Cancellation Notices:

Nomura Securities Co., Ltd.
1-9-1 Nihonbashi
Chuo-ku, Tokyo
(and any other domestic branch office of Nomura Securities Co., Ltd.)

Even if a tendering shareholder cancels its agreement, the Tender Offeror will not claim any damages or monetary penalties against the tendering shareholder. The Tender Offeror will also bear the cost of returning the tendered shares.

5. Method for disclosing revisions to the terms and conditions of the Tender Offer

During the Tender Offer Period, the Tender Offeror may revise the terms and conditions of the Tender Offer except in the cases prohibited under Article 27-6(1) of the FIEA and Article 13 of the Enforcement Order.

If Murata wishes to revise the terms and conditions of the Tender Offer, it will give electronic public notice of such revision and a notice to that effect will be published in the *Nihon Keizai Shimbun*. However, if it is difficult to give public notice by the last day of the Tender Offer Period, Murata will publicly announce the revision through the method stipulated in Article 20 of the MOF Ordinance and give public notice immediately thereafter. If the terms and conditions of the Tender Offer are revised, Murata will purchase the tendered shares under the revised terms and conditions, even if the shares were tendered before the public notice was given.

6. Method for disclosing the filing of an amendment notice

If an amendment notice is filed with the Director-General of the Kanto Local Finance Bureau, Murata will immediately announce any content of the amendment notice that pertains to the public notice of the commencement of the Tender Offer by the method stipulated in Article 20 of the MOF Ordinance. In addition, Murata will immediately amend its explanatory statement for the tender offer, and if the explanatory statement has already been delivered to some tendering shareholders, Murata will deliver the amended explanatory statement to such shareholders. However, if the scope of the amendment is minor, Murata will amend the explanatory statement by preparing a document that sets forth the reason for the amendment, the amended matters, and the amended text and delivering this document to the tendering shareholders.

7. Method for disclosing the results of the Tender Offer

The results of the Tender Offer will be publicly announced on the day after the last day of the Tender Offer Period by the method stipulated in Article 9-4 of the Enforcement Order and Article 30-2 of the MOF Ordinance.

8. Other matters

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

When tendering their shares in the Tender Offer, the tendering shareholders (or their standing proxies in the case of foreign shareholders) may be asked to make the following representations and warranties to the tender offer agent: The tendering shareholder does not reside in the United States, either at the time of the tender or when it sends an application form for the tendering of its shares; the tendering shareholder will not directly or indirectly receive or send any information (including copies) regarding the Tender Offer in the United States or to or from the United States; the tendering shareholder will not directly or indirectly use the U.S. postal service or other methods or means of interstate commerce or international commerce (including but not limited to telephone, telex, facsimile, e-mail, and Internet communication), or use stock exchange facilities located inside the United States in connection with the purchase or the execution and delivery of an application form for the tendering of shares; the tendering shareholder is not acting as another person's agent, fiduciary, or delegatee without any discretionary power (excluding cases where such person is providing all instructions regarding the purchase from outside of the United States).

(10) Public notice date regarding commencement of the Tender Offer

February 14, 2014 (Friday)

(11) Agent for the Tender Offer

Nomura Securities Co., Ltd.
1-9-1 Nihonbashi
Chuo-ku, Tokyo

3. Post-Tender Offer policy and future outlook

(1) Post-Tender Offer policy

Please see “1. Purpose of the Tender Offer, (2) Purpose and background of the Tender Offer and management policy following the consummation of the Tender Offer, (5) Plans to acquire shares following the Tender Offer, and (6) Delisting plans and the grounds for such delisting” above.

(2) Outlook of impact on future business performance

Murata is currently assessing the impact that the Tender Offer will have on its consolidated and individual business performance, and if there is a need to revise its business outlook or if there is a matter that warrants public disclosure in the future, it will promptly disclose such matters.

4. Other matters

(1) Agreements between the Tender Offeror and the Target Company or its officers and the terms thereof

(i) Unanimous approval by the Target Company’s directors and auditors

Please see “1. Purpose of the Tender Offer, (4) Measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, (iv) Unanimous approval by the Target Company’s disinterested directors and auditors” above.

(ii) Capital and Business Alliance Agreement

Please see “1. Purpose of the Tender Offer, (3) Material agreements pertaining to the Tender Offer” above.

(iii) Purpose and background of the Tender Offer and management policy following the consummation of the Tender Offer

Please see “1. Purpose of the Tender Offer, (2) Purpose and background of the Tender Offer and management policy following the consummation of the Tender Offer” above.

(iv) Measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest

Please see “1. Purpose of the Tender Offer, (4) Measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest” above.

(2) Other information deemed necessary for investors to decide whether or not to tender shares

- (i) Revision of the full-year earnings forecast and dividend forecast for the fiscal year ending December 2013

On December 20, 2013, the Target Company issued the “Announcement of Revision of the Full-Year Earnings Forecast and Dividend Forecast for the Fiscal Year Ending December 2013”. A summary of this announcement is set forth below. The summary below is an excerpt of the information announced by the Target Company, and the Tender Offeror is not in a position to independently verify its accuracy or truthfulness and has not performed such verification.

- (a) Revision of the full-year earnings forecast figures for the fiscal year ending December 2013 (consolidated) (January 1, 2013 ~ December 31, 2013)

	Sales	Operating Income	Ordinary Income	Current Net Income	Current Net Income Per Share
Previously announced forecast (A)	(JPY million) 32,400	(JPY million) 3,100	(JPY million) 2,800	(JPY million) 1,900	JPY 17.80
Revised forecast (B)	32,500	3,300	3,000	2,500	JPY 23.42
Change (B – A)	100	200	200	600	-
Change rate (%)	0.3	6.5	7.1	31.6	-
(Reference) Actual performance for previous fiscal year (fiscal year ending December 2012)	26,829	1,234	926	120	1.16

- (b) Revision of the dividend forecast for the fiscal year ending December 2013

	Annual Dividend (JPY)				
	End of Q1	End of Q2	End of Q3	End of fiscal year	Total
Previous forecast	—	—	—	0.00	0.00
Revised forecast	—	—	—	3.00	3.00
Actual performance for current fiscal year	—	—	—		
Actual performance for previous fiscal year (fiscal year ending December 2012)	—	—	—	0.00	0.00

- (ii) Summary of financial results for the fiscal year ending December 2013

On February 13, 2014, the Target Company issued the summary of financial results for the fiscal year ending December 2013. The Target Company’s

consolidated profit and loss status for the fiscal year ending December 2013 based on this announcement is set forth below. The summary below is an excerpt of the information announced by the Target Company, and the Tender Offeror is not in a position to independently verify its accuracy or truthfulness and has not performed such verification. For detailed information, please see the announcement.

Profit and Loss Status

Accounting Period	Fiscal year ending December 2013
Sales	JPY 32,700,000,000
Cost of Goods Sold	JPY 22,419,000,000
Selling and General Administrative Expenses	JPY 6,924,000,000
Non-Operating Income	JPY 252,000,000
Non-Operating Expenses	JPY 358,000,000
Current Net Income	JPY 2,602,000,000

Per-Share Status

Accounting Period	Fiscal year ending December 2013
Current Net Income Per Share	JPY 24.38
Dividend Amount Per Share	JPY 3

Regulation on Solicitation

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

Future Forecast

The information in this press release may contain forward-looking statements, such as “anticipate”, “expect”, “intend”, “plan”, “believe”, “assume”, and words of similar meaning, including statements concerning the future business of the Companies and other companies. Such statements are based on the business outlook of the Companies at the present time, and may change depending on future developments. With respect to this information, the Companies will not be responsible for updating or revising the forward-looking statements to reflect the actual business results or changes in circumstances and conditions.

United States

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

Other Countries

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