

## Outline

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**Outline of Operations** Minebea Group comprises four business segments.

The machined components segment (40.2% of net sales in the year under review) primarily manufactures miniature and small-sized ball bearings, rod-end and spherical bearings, as well as fasteners and pivot assemblies. The rotary components segment (36.1% of net sales) focuses mainly on small precision motors, such as spindle motors for hard disk drives (HDDs) and fan motors. The electronic devices and components segment (20.3% of net sales) primarily makes light-emitting diode (LED) backlights for liquid crystal displays (LCDs) and other lighting devices, as well as inverters and measuring components. The other segment (3.4% of net sales) mainly produces speakers and special devices.

Product development takes place mainly in Japan, Germany, Thailand and the United States. Manufacturing takes place mainly in Japan, Thailand, China, the United States, Singapore, Malaysia, Cambodia, Germany, the Czech Republic and the United Kingdom. Thailand, which is our largest manufacturing base, accounted for 50.6% of our consolidated-basis output in the year under review, while China, which is our next biggest manufacturing base, accounted for 24.7%. Asian locations outside of Japan accounted for 80.3% of our production, and manufacturing at all overseas locations accounted for 91.9% of total output.

The key markets for our products are PCs and peripherals (29.1% of net sales in the year under review), office automation and telecommunications equipment (20.0%), automotive (11.1%), aerospace (9.5%) and household electrical appliances (7.2%). Many manufacturers of these products—our customers—are moving outside of Japan, Europe, and the Americas to expand their manufacturing capacity in Asia, especially in China. As a result, China (including Hong Kong), accounted for 29.0% of consolidated net sales in the year under review, followed by Japan (20.1%), Thailand (12.9%), and then Europe and the United States.

On April 1, 2013 we carried out an internal reorganization. We reorganized the Machined Component Manufacturing HQ, Rotary Component Manufacturing HQ, Electronic Device & Component Manufacturing HQ, HDD Motor Manufacturing HQ, Special Device Manufacturing HQ, and Global Motor Business HQ into two manufacturing headquarters, the “Machined Component Manufacturing HQ” and the “Electronic Device & Component Manufacturing HQ”. The objective of the reorganization is to improve business efficiency and speed.

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**Outline of Strategy** We aim to lift profitability and boost enterprise value by leveraging our “vertically integrated manufacturing system” that takes advantage of “ultra-precision machining technologies”, and by globally expanding our “large-scale overseas volume production systems” and “well-developed R&D system” in order to stay “ahead of the competition in manufacturing and technological excellence”.

We are also building a new supply chain in order to diversify procurement so that we can cope with significant fluctuations in supply and demand and improve capital efficiency. The growth drivers that will allow us to accomplish this and achieve sustainable growth are “new product development”, the “improvement of existing products”, and the “relentless improvement of manufacturing technology”, as well as our “ability to leverage our vertically and horizontally integrated strengths” and our ability to “increase enterprise value through M&A and alliances”.

1. In ball bearings, we will generate and expand new demand by strengthening our production capacity in miniature ball bearings, an area with strong growth potential, and by developing new products. Along with focusing on manufacturing and sales efforts directed at emerging markets, we will also work to expand profitable businesses so that we can cope with a rapidly changing business environment.
2. We will build a flexible manufacturing platform for pivot assemblies so that we can address decreased demand in the HDD-related market.
3. We will work to improve results in the HDD spindle motor business by continuing to develop new products, while reducing costs, so that we can address market demand.
4. Demand for aircraft parts is expected to expand, so in order to further bolster this area, we will improve our basic technological capabilities in existing rod-end bearings while at the same time formulating a global business strategy. We will also keep moving into aircraft mechanical parts that take advantage of our highly advanced processing technology.
5. We will seek to increase and stabilize sales and profits in the LED backlight business, by boosting the output of products used in smartphones and tablet PCs and by expanding sales in the automobile market.
6. We will further expand our business in precision small motors, including fan motors, and develop this area into a pillar of our business alongside bearing-related products. We also aim to boost profitability by increasing output and reducing costs as we expand operations at our Cambodia plant.
7. We will increase the ratio of high-value-added products and expand the product line-up to serve a broader market.
8. We will strengthen our ability to provide flexible prices and ability to satisfy the requirements of our customers by always considering the re-organization of our business portfolios and demonstrating across-the-board management resources covering manufacturing, sales and marketing, engineering and development.
9. We will work to increase sales by developing new “electro-mechanics solutions” by merging electronic device technologies and machined component technologies in order to tap new markets such as medical equipment.
10. We will strive for improved results by aggressively undertaking thorough and full-scale cost reduction initiatives as well as furthering the strengthening of our business structure.
11. In order to minimize geographic risk we will constantly review our optimal manufacturing locations and we will also prepare ourselves to accommodate multi-region manufacturing.
12. We will actively seek to enhance enterprise value through M&A and alliance.