## Research and Development

The Minebea Group manufactures and sells precision machinery components like ball bearings and components incorporating ball bearings, aircraft parts, like rod-end bearings and high-end fasteners, as well as motors and pivot products employed in state-of-the-art hard disk drives (HDDs). Minebea's lines of products also include various types of electronic components such as motors used in electronic devices, LED backlights, as well as hybrid components and products that integrate all of these basic technologies. Minebea has research and development facilities at its Tokyo Head Office, its Karuizawa, Hamamatsu, Fujisawa, Matsuida, and Yonago Plants as well as in the United States, Europe, Thailand, and China. These bases leverage their individual areas of expertise while working with each other to speed up the development of new products and forge new business opportunities.

The Tokyo Research & Development Center, which was set up at our Tokyo Head Office in 2013, takes full advantage of its prime location in Tokyo, a dynamic hub for human resources and information. Work is currently underway at the Center to develop hybrid products for medical and in-vehicle applications.

Our facilities in Karuizawa and Hamamatsu, as well as the Material Science Laboratories in Thailand and China have implemented an ISO 17025-compliant management system and are moving the entire Minebea Group forward in analyzing emissions of hazardous substances targeted by environmental regulations, including those banned by the European Union's Restriction of Hazardous Substances (RoHS) directive as well as conducting product certification tests for electronic components.

During the year under review, our group-wide R&D expenses totaled ¥8,973 million. This amount includes ¥1,127 million in basic research expenses that cannot be allocated to any particular segment, such as analysis conducted at our Materials Science Laboratories in Thailand and China.

Here is an overview of the R&D activities conducted by each segment during the year under review.

## **Machined Components**

R&D in this segment remained geared toward our mainstay bearing products (i.e. ball bearings, rod-end bearings, etc.) with a focus on developing basic tribological technologies for materials and lubricants, as well as ultra-low wear self-lubricating liners, etc. We are working with a keen eye aimed at responding to the needs of manufacturers in emerging areas of the IT, home electrical appliances, automobile, aerospace, and medical equipment industries. Reliability engineering focused on minimizing particle generation, increasing heat resistance, extending product life, enhancing electroconductivity, etc. as well as applied engineering are at the heart of our work in this area.

The miniature ball bearings that are so essential to precision machining technology can be found hard at work in HDD pivot assemblies. As a leading manufacturer in this area, we are developing new products for a wide range of applications in the HDD market's growing data center server, nearline, and mobile device segments, as well as highly reliable grease for pivot assemblies.

Recent progress in the area of aircraft bearings includes the development and approval of mechanical assemblies, trunnion bearings for main landing gear, and a wide range of bearings that will go into flight control systems for new models to be launched by U.S. and European aircraft manufacturers. These R&D successes incorporate the same technology found in our rod-end bearings.

Our overseas consolidated subsidiary, myonic GmbH, developed high-heat-resistant ball bearing units for automobile engine turbochargers. Used to boost the output of engines that are made smaller to meet environmental regulations, turbochargers have been garnering a lot of attention in recent years. Applications have expanded to include not only general vehicles but also eco-friendly cars.

In 2013, we acquired all shares in CEROBEAR GmbH, a German company boasting more than 20 years of experience in the design, manufacturing and marketing of ceramic bearings and hybrid bearings employing high performance steel materials. CEROBEAR's technological capability combined with myonic GmbH's technological edge in providing special bearings used in dental and medical equipment as well as the aerospace industry enables us to develop new products for the aerospace industry that are expected to be in great demand while maximizing synergy between the two companies.

In addition to everything noted above, we launched the Wavy Nozzle. This new product now sold in the machine tool market is a coolant sprayer born from improvements we made to our own manufacturing operations.

R&D expenses in this segment totaled ¥1,635 million.

## **Electronic Devices and Components**

Motors, one of the principal product lines of the electronic devices and components business, includes stepping motors, HDD spindle motors, brushless DC motors, fan motors as well as brush DC motors. We are currently working to enhance basic technological capabilities, including various simulation, analysis, control, and material technologies as well as product development capability, so that we can be the first in the market to supply advanced products meeting customer needs for smaller, more efficient (energy-saving), quiet, and reliable products required for a wide range of applications.

We are also harnessing our expertise in materials and manufacturing technology to develop magnetic products. Ongoing work in this area continues to yield such outstanding products as rare earth bond magnets and heat-resistant magnets for use in high-performance motors.

Our HDD spindle motors, featuring Minebea's proprietary fluid bearing design, have been carefully engineered for data center applications where high reliability is a must.

Work in the area of optical products, includes the development of our ultra-thin LED backlight units for mobile devices that are making larger and thinner smartphones possible.

In addition to Minebea's signature ultra-precision machining and precision mold technologies, we are also improving the technology for injection molding of transparent resin that allows fine optical patterns to be quickly and precisely transferred to LED backlight guide plates. Using this technology, we have developed ultra-thin guide plates for 5-inch class smartphones. Measuring less than 0.3 mm in thickness, these guide plates are the thinnest in the industry. On the manufacturing end, we have introduced an automated LED backlight assembly machine, appearance tester, and more, all employing our own technologies that have given us a leg up in mass production. We are also putting the optical technologies that we developed for LED backlight products to work in developing LED lighting products that combine LED lighting circuits with thin LED lighting lenses. Thinner and more efficient than conventional products, these LED lighting products are extremely energy efficient. We are working to develop technologies to make them even more efficient.

In April 2014, we launched a joint lighting equipment venture with Iwasaki Electric Co., Ltd., a leading player in the outdoor lighting market, and Koizumi Lighting Technology Corp., a top manufacturer of indoor lighting fixtures. The joint venture is focusing on developing wirelessly controlled LED lighting devices for smart buildings and smart cities that incorporates the wireless technology of Paradox Engineering SA, in which we acquired a stake the same year. We are also working on R&D that applies this wireless technology to our measuring components to communicate information between sensors and displays.

In July 2014 we acquired a stake in Japan 3D Devices Co., Ltd., a subsidiary of Okamoto Glass Co., Ltd. and a maker of concave mirrors (reflectors) for automotive head-up displays and other high precision 3D molded thin glasses. The acquisition has enabled us to step up our efforts to develop basic and applied head-up display technologies.

R&D expenses in this segment totaled ¥5,734 million.

## Other

Our other segment mainly includes dies and parts produced in-house.

R&D expenses in this segment totaled ¥477 million.