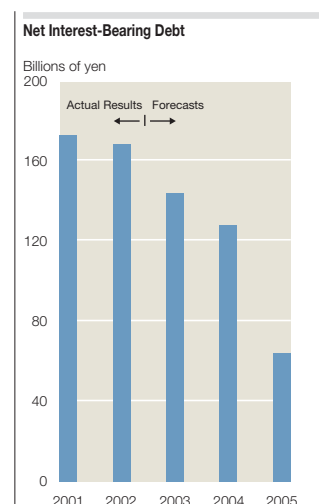
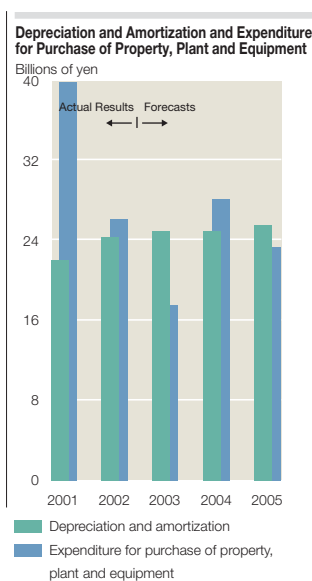
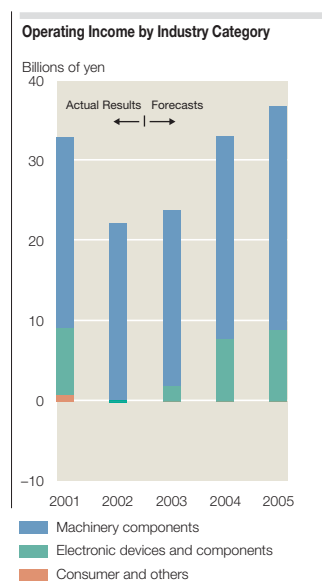
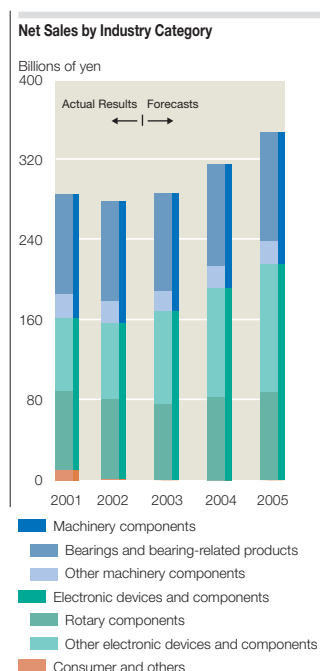


**Q** What are the specific numerical goals of Minebea's new medium-term management plan?

**A** Our specific numerical goals, which we have already announced, are as shown in the table and graphs below.

## Targets Under the New Medium-Term Management Plan

	Actual Results		Forecasts		
	2001	2002	2003	2004	2005
Millions of yen					
<b>Net sales</b>					
Machinery components					
Bearings and bearing-related products	101,096	100,114	98,800	102,800	108,300
Other machinery components	23,365	21,911	19,850	21,450	23,350
	124,461	122,025	118,650	124,250	131,650
Electronic devices and components					
Rotary components	73,603	76,440	93,450	109,300	128,450
Other electronic devices components	78,307	79,863	75,900	83,250	87,900
	151,910	156,303	169,350	192,550	216,350
Consumer and others	10,674	1,016	—	—	—
	<b>287,045</b>	<b>279,344</b>	<b>288,000</b>	<b>316,800</b>	<b>348,000</b>
<b>Operating income (loss)</b>					
Machinery components	23,906	22,135	22,000	25,250	28,000
Electronic devices and components	8,259	(163)	2,000	7,750	9,000
Consumer and others	812	(0)	—	—	—
	<b>32,977</b>	<b>21,972</b>	<b>24,000</b>	<b>33,000</b>	<b>37,000</b>
Income before income taxes	22,387	12,949	18,000	27,500	33,000
<b>Net income</b>	<b>14,826</b>	<b>5,298</b>	<b>10,000</b>	<b>17,000</b>	<b>21,000</b>
Depreciation and amortization	22,149	24,385	25,000	25,000	25,600
Expenditure for purchase of property, plant and equipment	39,877	26,245	17,600	28,200	23,400
Net interest-bearing debt (excluding convertible bonds)	173,228	168,720	144,000	128,000	64,000





**Q** What measures will you implement in line with the new medium-term management plan to achieve growth in consolidated net sales and earnings?

**A** In the past two years, we have implemented a variety of measures designed to reinforce competitiveness in line with the three basic management directions set forth in our previous, three-year management plan. These measures have enabled us to lay a foundation

for implementing the four specific strategies and addressing the key remaining tasks outlined in our new medium-term management plan, which will enable us to translate these achievements into future growth and profitability.

With the aim of reinforcing mainstay operations, we:

- expanded our monthly production capacity for ball bearings to 150 million pieces, from 130 million;
- took decisive steps to lower production costs for ball bearings;
- expanded production capacity significantly at our bearing and fan motor plants in China;
- strengthened our HDD spindle motor operations by starting production of fluid dynamic bearings; and
- entered the automotive components business, commencing production of motors for electric power steering systems and developing new products, including VR resolvers with resolver-to-digital (RD) converters, and electric brake systems.

In line with our strategy of withdrawing from the consumer business and reorganizing other unprofitable businesses, we:

**Miniature and Small-Sized Ball Bearings**



Each ball bearing comprises an outer ring, inner ring, balls, retainers, shields and snap rings. Essential to high-precision motors and other rotary components, ball bearings determine rotational accuracy. Minebea manufactures more than 8,500 different types of miniature and small-sized ball bearings.

**Rod-End and Spherical Bearings**



Used in aircraft components, such as wing flaps, engine and wing mounts and hatches, rod-end and spherical bearings function as joints. These bearings are also used extensively in helicopters, trains and automobiles.

- transferred our holding in furniture and interior decor products subsidiary Actus and completed the transfer of the operations of subsidiary Minebea Credit Co., Ltd., to third parties;
- withdrew from the wheel business; and
- revamped other unprofitable business, notably speakers, fasteners and switching power supplies.

To improve our operating strength, we:

- established the Research and Development Headquarters as part of an effort to reinforce R&D and overhaul our development structure;
- reorganized our global sales structure;
- established the Business Reform Committee; and
- continued to reduce net interest-bearing debt.

The Company's transfer of its holding in Actus, a furniture and interior decor product sales subsidiary, and its withdrawal from the wheel business in the fiscal year ended March 31, 2001, resulted in a net sales decrease of ¥17,000 million.

**Q What specifically do you mean by “a foundation for future growth profitability” and “key remaining tasks?”**

**A** We succeeded in raising the competitiveness of our ball bearing operations—our principal income source—and our precision small motor operations, which have grown into the second pillar of our operations after bearings. Global demand for ball bearings flagged during the period under review, and we took advantage of this downtime to slash manufacturing costs. This, combined with a substantial expansion of production capacity since the fiscal year ended March 31, 2001, will enable us to capitalize on anticipated growth in demand and contribute to a sharp increase in profitability. Efforts to enhance production capabilities also positioned us to take advantage of and expected increase in demand for precision small motors, particularly HDD spindle motors containing fluid dynamic bearings, production of which came on line during the period.

Improving responsiveness to market changes emerged as the most important remaining task for us going forward. The four strategies contained in our new medium-term management plan—which I have already described in my message to shareholders—reflect this understanding.

#### Fluid Dynamic Bearings



A fluid dynamic bearing features a rotating shaft, which generates a hydrodynamic force, causing the sleeve to rotate around the shaft. A thin layer of lubricant injected between the shaft and sleeve prevents contact, improving rotational accuracy, quietness and robustness.

#### RO Bearings



Developed by Minebea for use in HDD spindle motors, the unique RO bearing features two raceways on the inside of the outer ring and one each on the shaft and inner ring fitted on the shaft. Because they essentially combine the functions of two bearings, RO bearings prevent misalignment, minimize Non-Repeatable Run Out (NRRO) and facilitate compact motor designs.

**Q How are you addressing the issue of narrowing margins on electronic devices and components?**

**A** Raising sales and profitability of rotary components is crucial to the success of our new medium-term management plan. In particular, we will focus on strengthening our HDD spindle motor and fan motor operations, which we expect to be major profit growth drivers.

HDD spindle motors offer outstanding potential for us. In advance of an anticipated jump in demand for spindle motors for use in HDDs for PCs and audiovisual equipment, we invested during the period under review to boost production capacity, positioning us to increase average monthly shipments to 8.5 million units by March 2005, from an estimated 3.5 million at present.

We see fan motors as another important growth market. Accordingly, we will maximize our production capabilities—which were expanded significantly in the previous period—to increase our weighting in high-value-added products, such as fan trays for telecommunications base stations, while at the same time take decisive steps to lower manufacturing costs, thereby allowing us to offer low-cost, high-quality, low-end models. We currently expect average monthly



shipments of Minebea fan motors to nearly double, to 7.5 million by March 2005, from approximately 4.0 million at present.

**Q How are efforts to reinforce R&D progressing? What results have you seen?**

**A** Our most important competitive advantages are the ultraprecision machining and mass-production technologies—made possible by our vertically integrated manufacturing system. We have cultivated these

**HDD Spindle Motors**



The precision and speed of an HDD spindle motor determines the HDD's capacity and speed. Accordingly, HDD spindle motors must offer superior rotational speed and low NRRO. In addition to models containing ball bearings or RO bearings, Minebea manufactures models with fluid dynamic bearings, giving it a distinct advantage in this key market.

**Fan Motors**



Fan motors are used to cool the inside of PCs and other office automation (OA) equipment by directing heat outside. Minebea manufactures high-end axial fan motors using bearings produced in-house, as well as blowers for railroad use.



through the production of ball bearings. Another key advantage is our highly efficient global sales network, encompassing 50 subsidiaries and affiliates in 14 countries. To maximize our manufacturing and sales capabilities, we are taking steps to reinforce R&D, as well as strengthening ties among R&D, sales and manufacturing groups. Specifically, we established the Research and Development Headquarters at the parent company and unified Group R&D activities. In addition to facilitating timely and efficient investment in promising projects, by facilitating closer contact between our R&D personnel and those of our customers, this system will facilitate a smooth, organic flow from development through production and to shipment.

Specific achievements to date are concentrated primarily in three product areas. Certainly one of our biggest triumphs must be the launch of full-scale production of HDD spindle motors containing fluid dynamic bearings. We have also developed high-value-added fan motors for use in telecommunications equipment, as well as improved product quality and reduced manufacturing costs for fan motors for low-end applications. Another important accomplishment was the commercialization of new automotive motors. We have positioned these as promising growth areas and anticipate solid results from all three in the years ahead.

**Q You have positioned precision small motors as the second pillar of Minebea's operations after bearings. What competitive advantages do you have in this area?**

**A** We have more than 30 years of experience in manufacturing and selling precision small motors. Here again, the ultraprecision machining and mass-production technologies that are our most important competitive advantages as a bearing manufacturer play an essential role. Bearings determine motor precision. We mass produce bearings (ball bearings and fluid dynamic bearings) for our motors in-house. This gives us an unmatched competitive edge. We also boast a supply system that enables us to respond swiftly and accurately to market expansion and evolving customer needs.

Our competitive advantages are particularly important in HDD spindle motors, fan motors and automotive motors. With the demand for these products growing rapidly, we have prioritized all three as key growth markets for Minebea.

**Q When do you expect automotive motors to start contributing to income?**

**A** At present, our principal automotive motors are DC brushless motors for electric power steering systems and stepping motors for headlight and axis control systems and dashboard units. We also continue to develop promising new products that we expect to eventually become mainstays in this area. In 2001, we announced a next-generation VR resolver with RD converter, developed in cooperation with Analog Devices, Inc., of the United States, a leading manufacturer of integrated circuits, vehicle distance sensors and other products. We will begin manufacturing these products in 2004, so this business will officially get off the ground in the fiscal year ending March 31, 2005. We expect these products to begin making a significant contribution to income in the fiscal year ending March 31, 2006.

**Q Minebea's sales of mainstay bearings have increased substantially in recent years. What is the growth potential for bearings going forward?**

**A** Demand for bearings was weak in the fiscal year ended March 31, 2002, as a consequence of sluggish conditions in the information and telecommunications equipment market, but began to pick up in the second half—a trend we expect to continue throughout the fiscal year ending March 31, 2003. In the medium-to-long term, the market for bearings in China will definitely grow. With expanding production of household electrical appliances—not only air conditioners but also vacuum cleaners and other items—boosting the need for bearings for high-end small motors, we expect to see a sharp increase in demand for ball bearings.

Demand for small ball bearings has increased steadily throughout Minebea's history. In the late 1970s, for example, demand growth centered on videocassette recorders (VCRs), which were fast becoming popular consumer items. In the following decade, demand was lead by OA equipment, while in the 1990s we benefited from a sharp increase in demand for use in PCs and peripheral equipment. We are confident the market for ball bearings for use in PCs and peripheral equipment will continue expanding. Moreover, we expect the development of advanced electric control systems for automobiles—which feature multiple small motors, all containing small ball bearings—to spur demand for ball bearings for use in small motors.

**Q Do you expect surging demand for fluid dynamic bearings to hamper sales of and squeeze margins on ball bearings?**

**A** The particular type of fluid dynamic bearing we have been seeing so much of in the Japanese media recently is used primarily in HDD spindle motors. While fluid dynamic bearings are accounting for an increasing share of the bearings we supply for use in HDD spindle motors, ball bearings continue to account for the greater portion of

bearings supplied for use in household electrical appliances, OA equipment and automotive equipment because they are better suited to these applications. This is not likely to change in the near future. Bearings for HDD spindle motors represent only a small percentage of our total bearing shipments, so an increase in demand for fluid dynamic bearings is not likely to have a considerable negative impact on ball bearing profits.

**Q How are your operations in China progressing, and what is your outlook there?**

**A** Sales in China accounted for approximately 12% of consolidated Group sales in the fiscal year ended March 31, 2002. We expect this percentage to double by the fiscal year ending March 31, 2004. Our sales in China are dominated by ball bearings, fan motors, HDD spindle motors and pivot assemblies. The local market for ball bearings—the majority of which are shipped to air conditioner manufacturers—is currently expanding by between 10% and 20% annually.

The markets for PCs and household electrical appliances are expected to continue growing. We are confident that market growth, together with the increasing sophistication of locally made products, will fuel demand for Minebea products in the years ahead.

Our new medium-term management plan places a high priority on strategies for our operations in China. In line with the plan, we will focus on reinforcing both manufacturing and sales capabilities. We will step up sales activities through our new sales headquarters in Hong Kong, which was established in the fiscal year ended March 31, 2002, to oversee sales in China, the Taiwan area and Korea.

**Q How successful have your efforts been to eliminate unprofitable businesses?**

**A** In the fiscal year ended March 31, 2001, we announced that we would target the elimination of four unprofitable businesses. These efforts are proceeding on schedule.

First, in November 2001 we completed our withdrawal from the wheel business with the closure of our wheel plant.

Second, we are terminating production of loss-making products and introducing new, high-value-added products in the fastener business, which we expect to report significantly improved results by the end of the fiscal year ending March 31, 2004.

Third, brisk sales to PC and car stereo manufacturers in the United States and efforts to streamline development and production bases contributed to a significant improvement in the profitability of our speaker business in the fiscal year ended March 31, 2002.

Finally, in the switching power supply business we are shifting toward high-value-added products, a strategy that is contributing to a substantial improvement, although the business has not yet returned to profitability.

**Q What steps have you taken to improve disclosure to shareholders?**

**A** Ensuring effective disclosure and highly transparent management has always been a key priority of our management plans. Accordingly, we continue to strive to ensure fair and open disclosure.

An important source of information is our Web site <<http://www.minebea.co.jp/>>, which features an extensive section devoted exclusively to investor information. We post press releases, information meeting materials and other information—in Japanese and English—as quickly as possible to ensure fair access to information. In July 2002, we revamped the Web site completely, making it easier and more convenient to use.

In another move aimed at enhancing disclosure, we will begin publishing quarterly results information in the fiscal year ending March 31, 2003.

**Q How does Minebea measure corporate value?**

**A** As a company, our ongoing goal is to ensure high growth and high profitability. To this end, we continue to focus on maximizing our competitive advantages in production—namely, our ultraprecision machining and mass-production technologies—and reinforcing sales and development, that is, our ability to respond swiftly to market changes. In recent years, we have taken decisive steps to strengthen Minebea as a company, including significantly improving our financial soundness and withdrawing from all nonmanufacturing businesses. These efforts have enabled us to set clear business strategies for the future. As we strive to expand and reinforce our operations in the years ahead, the most important yardstick for measuring corporate value will be operating margin. If we can ensure solid operating income, I am confident we will earn the trust and support of our shareholders.

**Q What leadership qualities will be demanded of you to ensure success in an era of intense, borderless competition?**

**A** During its 50-year history, Minebea has implemented numerous management plans and strategies. While these plans and strategies have varied with the times, all have sought to build on Minebea's outstanding manufacturing capabilities. We have also taken advantage of both upturns and downturns to expand the scale of our operations. Today, however, we face a major turning point, and one we must navigate effectively to ensure future growth.

In this era of rapid and profound change, corporate leaders must be able to formulate clear and decisive management strategies and goals and determine the best path for their company to take going forward. For this reason, I believe it is most important for a leader to be able to build and maintain strong, comprehensive management, manufacturing, sales, development and administrative capabilities.