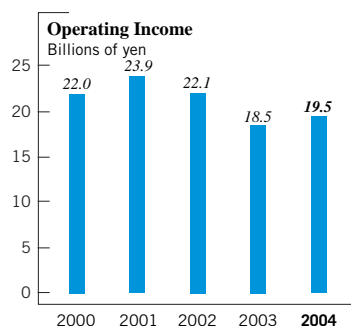
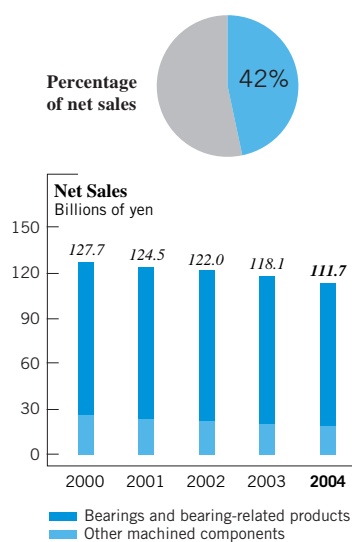


## Segment Results

### Performance by Business Segment

#### Machined Components



The Machined Components segment, which accounted for 42% of consolidated net sales in fiscal 2004, encompasses bearings, namely, ball bearings and rod-end and spherical bearings; pivot assemblies and other bearing-related products; and other machined components, including special machined components and fasteners.

#### Principal Products and Applications and Minebea's Global Ranking

Principal Products	Principal Applications	Global Ranking*
<b>Bearings and bearing-related products</b>		
Ball bearings	Small motors, household electrical equipment, information and telecommunications equipment, automobiles	No. 1 (global market share of small and medium-sized ball bearings: approx. 60%)
Rod-end and spherical bearings	Aircraft, industrial machinery	No. 1 (global market share: between 50% and 60%)
Pivot assemblies	HDDs	No. 1 (global market share: approx. 70%)
<b>Other machined components</b>		
Special machined components, fasteners	Aircraft, automobiles, industrial machinery	

\*Market shares are Minebea estimates and are in terms of units shipped.

#### Highlights of Fiscal 2004

- We implemented a program of measures aimed at increasing monthly global production and sales of ball bearings to 180 million pieces, the central objective of an aggressive strategy for expanding the scale of this business and sharpening our competitive edge.
- The timely launch of new products enabled us to maintain our global market share of approximately 70% for pivot assemblies.

#### Business Environment

- A recovery in corporate capital investment supported economic recovery worldwide.
- Demand from manufacturers of PCs, HDDs, household electrical appliances and information and telecommunications equipment exhibited steady growth.
- Persistent price-cutting pressure from customers resulted in a decline in product prices.
- Demand from the aircraft industry remained sluggish.

#### Issues and Strategies

- We will accelerate efforts to cope with increasingly harsh competition in the market for ball bearings by responding to the needs of customers in new market areas.

## Principal Products

### ● Bearings and

#### Bearing-Related Products

Miniature ball bearings  
Small-sized ball bearings  
Integrated-shaft ball bearings  
Rod-end bearings  
Spherical bearings  
Roller bearings  
Journal bearings  
Pivot assemblies  
Tape guides

### ● Other Machined Components

Aerospace/automotive fasteners  
Special machined components  
Magnetic clutches and brakes

## Results in Fiscal 2004

Sales of machined components declined 5.4%, or ¥6,425 million, to ¥111,693 million, while operating income rose 5.3%, or ¥985 million, to ¥19,505 million, equivalent to 17.5% of segment net sales, up 1.8 percentage points from fiscal 2003.

### Bearings and Bearing-Related Products

Sales of bearings and bearing-related products amounted to ¥94,604 million, a decrease of 3.4%, or ¥3,334 million.

#### Ball Bearings

We implemented a program aimed at increasing monthly global production and sales of ball bearings to 180 million pieces, part of an aggressive strategy to expand the scale of this business and sharpen our competitive edge in terms of production costs. Thanks to these measures, we succeeded in boosting monthly global production and sales (including internal consumption) well above 170 million pieces. We also took decisive steps to slash costs. As a consequence, this category registered solid improvements in operating income and operating margin, contributing substantially to operating income growth in the Machined Components segment.

The market for ball bearings is expected to expand as growth in demand accelerates, spurred by the shift toward digital color copiers, the increasing prevalence of digital information and telecommunications equipment—owing to the advent of broadband—and the increased presence of household electrical appliances from China in the global market. Rising demand also reflects the soaring popularity of digital and high-performance household electrical appliances in recent years. Increased demand is also expected to provoke intensified competition.

In fiscal 2005, we will endeavor to respond to rising demand in the market for ball bearings by launching products in new market areas, thereby enhancing our competitiveness. We will also push forward toward our goal of stable monthly global production and sales of 180 million pieces. To enhance our overall capabilities in this area, we will also take steps to reinforce development and sales, expand sales in China and surrounding areas and reinforce our competitive edge in terms of cost.

#### Rod-End and Spherical Bearings

Flagging conditions in the airline market continued to hinder demand from the aerospace industry, the principal customer for these products. With Boeing and Airbus, the world's two largest private-sector aircraft manufacturers, scheduled to expand production in fiscal 2005, however, we expect demand in this category to bottom out in the second half of the period. Efforts to develop and secure orders for bearings for the new Airbus A380, scheduled for its maiden flight in February 2005, enabled us to win a significant share of orders from Airbus for these products.

#### Pivot Assemblies

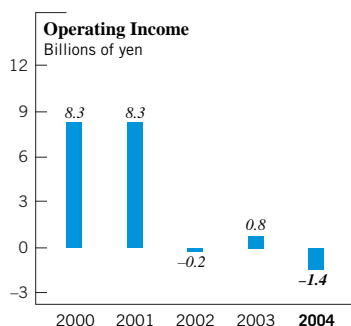
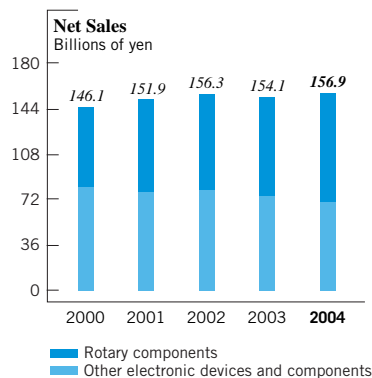
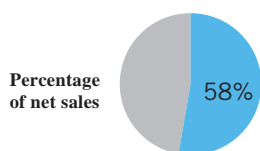
To take advantage of soaring demand for HDDs, we introduced new products and reinforced our cost competitiveness. As a consequence, we succeeded in maintaining a stable global market share of approximately 70% and boosting shipments by more than 20%. Having identified profitability of pivot assemblies a key task in the period under review, we succeeded in maximizing synergies between these products and ball bearings. In fiscal 2005, we will step up production of pivot assemblies for 2.5-, 1.8- and 1.0-inch HDDs, for which demand is increasing.

#### Other Machined Components

Sales of other machined components amounted to ¥17,089 million, down 15.3%, or ¥3,091 million from the previous period. Of this total, approximately ¥1,000 million was attributable to a divestiture in the United States in July 2003. The decrease in category sales also reflected a decline in sales of special machined components, a consequence of falling demand.

## Electronic Devices and Components

The Electronic Devices and Components segment, which represented 58% of consolidated net sales in fiscal 2004, comprises rotary components, primarily HDD spindle motors, fan motors and stepping motors, and other electronic devices and components, which includes PC keyboards, speakers and lighting devices.



### Principal Products and Applications and Minebea's Global Ranking

Principal Products	Principal Applications	Global Ranking*
<b>Rotary components</b>		
HDD spindle motors	HDDs	No. 2 (global market share: between 20% and 25%)
Fan motors	PCs, OA equipment, other information and telecommunications equipment, game machines, household electrical appliances	No. 2 (global market share: between 15% and 20%)
Stepping motors	OA equipment, optical disc drives	No. 2 (global market share: between 15% and 20%)
<b>Other electronic devices and components</b>		
PC keyboards	PCs	No. 3 (global market share: approx. 20%)
Electronic devices	PCs (FDD heads and MODs), cellular phones (lighting devices)	
Power electronic components	Power supplies (withdrew from business in fiscal 2004)	
Speakers	PCs, household electrical appliances, automobiles	
Measuring components	Industrial machinery, automobiles	

\*Market shares are Minebea estimates and are in terms of units shipped.

### Highlights of Fiscal 2004

- We established a joint venture with MEI to manufacture motors for information equipment.
- We increased our share of the global market for HDD spindle motors and registered higher sales.
- A new PC keyboard production facility in China commenced operations in August 2003.
- Our lighting devices business gathered momentum.

### Business Environment

- Private-sector capital investment spurred global economic recovery.
- Demand from manufacturers of PCs, HDDs, information and telecommunications equipment and household electrical appliances rose favorably.
- Persistent price-cutting pressure from customers and the expansion of production in other parts of Asia, particularly China, intensified competition.

### Issues and Strategies

- Ensure joint venture Minebea–Matsushita Motor is on track.
- In the HDD spindle motors category, strive for the timely launch of new products and improved profitability.
- Take steps aimed at achieving a dramatic improvement in the profitability of electronic devices and components.
- Expand display-related components business.

## Principal Products

### ● Rotary Components

- HDD spindle motors
- Fan motors
- Hybrid-type stepping motors
- PM-type stepping motors
- DC brushless motors
- DC brushless motors for electric power steering systems
- VR resolvers

### ● Other Electronic Devices and Components

- PC keyboards
- Speakers
- Electronic devices
  - Magnetic heads for FDDs
  - MOD drive subassemblies
  - Lighting devices for LCDs
- Power electronic components
  - Backlight inverters
- Measuring components
  - Strain gauges
  - Load cells

## Results in Fiscal 2004

Net sales of electronic devices and components rose 1.8%, or ¥2,797 million, to ¥156,881 million. Notwithstanding sales gains, this segment recorded an operating loss of ¥1,401 million, compared with operating income of ¥832 million in fiscal 2003.

### Rotary Components

Sales of rotary components advanced 9.5%, or ¥7,553 million, to ¥86,741 million.

#### HDD Spindle Motors

Sales of HDD spindle motors climbed sharply, reflecting rising demand for HDDs and an increase in our global market share. Demand rose for spindle motors for 3.5-inch HDDs—which currently account for approximately 90% of our HDD spindle motor sales—for desktop PCs and digital household electrical appliances. Demand for these motors is expected to continue expanding for applications requiring HDDs with large capacities, notably desktop PCs, digital household electrical appliances and AV equipment. At the same time, we recognize that the future of this business also depends on establishing a presence in the soaring market for FDB spindle motors for 2.5-inch or smaller HDDs. To this end, we continued to pursue R&D in this area and in April 2004 introduced a number of new products, positioning us to enter this market with products suited to a variety of needs.

Improving profitability remains the principal challenge facing us in this category as harsh competition continues to drive down prices for spindle motors for 3.5-inch HDDs, countering efforts to lower production costs. Accordingly, we will implement a drastic reassessment of costs while at the same time step up efforts to sell cost-competitive products, with the aim of achieving a marked improvement in profitability in fiscal 2005.

#### Fan Motors

Despite an increase in shipments, sales of fan motors remained flat, reflecting the appreciation of the yen and falling product prices. Expanded sales efforts boosted sales to manufacturers of PCs and servers, but sales to customers in the game and other industries remained slow as demand fell off in the second half.

The establishment of joint venture Minebea–Matsushita Motor has greatly expanded our lineup in this category, which to date has centered on ball bearing-type fan motors, to include sleeve bearing-type fan motors. The new company has also given us increased access to the household electrical appliances market, until now not a core customer industry. Going forward, we will continue to build on the diversification of our capabilities to expand this key business.

#### Stepping Motors

Sales of stepping motors edged down as the strong yen and falling product prices offset higher shipments. Efforts to expand sales of new products for use in OA equipment and industrial machinery yielded favorable results in the category of hybrid-type stepping motors. In contrast, efforts to boost sales of PM-type stepping motors for optical disc drives were countered by intense pricing competition as the increasing presence of manufacturers from other parts of Asia continued to exert downward pressure on product prices.

The establishment of Minebea–Matsushita Motor has also expanded our lineup in this category to include compact PM-type stepping motors. As with fan motors, we will continue to maximize our new capabilities to further expand this business.

#### Other Electronic Devices and Components

Sales in the other electronic devices and components category declined 6.4%, or ¥4,756 million, to ¥70,141 million. Discounting the impact of our withdrawal from the FDD sub-assembly business in November 2002 and the switching power supplies and related businesses in March 2004, segment sales would have been ¥61,000 million in fiscal 2003 and ¥621 million in fiscal 2004.

#### PC Keyboards

Production of PC keyboards at our new PC keyboard production facility in China has progressed favorably since the facility commenced operations in August 2003. Nonetheless, a delay in the facility's startup and inventory adjustments by principal customers resulted in a sharp decline in sales in the period under review. The burden of initial investments in the new facility further hampered income. In fiscal 2005, we will proceed with the shift of all PC keyboard production from Thailand to China with the aim of completing this move as early as possible, and expect to return to profitability in the second half of the period.

#### Electronic Devices

This category comprises frontlight and backlight assemblies for color LCDs. This business gathered considerable momentum during the period under review as expanded sales to major customers boosted category sales 3.5 times, to approximately ¥9,000 million.

With the cellular phone market shifting toward LCDs capable of handling motion pictures, demand is focusing on devices with larger screens and improved brightness and resolution. We continue to leverage our ultraprecision machining technologies to develop and offer lighting devices that are one step ahead of demand in terms of performance.

Our LCD backlight assemblies capitalize on our extensive optical-related technologies, accumulated over many years in MOD drive subassemblies and other areas. We continue to conduct R&D aimed at maximizing these and our electronic circuit technologies in the area of display-related components. Going forward, we anticipate our backlight inverter business emerging as a key pillar of our display-related components category. While to date sales efforts have centered on manufacturers of LCDs for PCs, scanners and copiers, we also plan to enter the large-screen television LCD market.

Demand for magnetic heads for FDDs and MOD drive subassemblies shrank during the period under review. This trend is expected to persist in fiscal 2005.

#### Power Electronic Components

In fiscal 2004, we withdrew from the switching power supplies and related businesses, the core of this product category.

#### Speakers

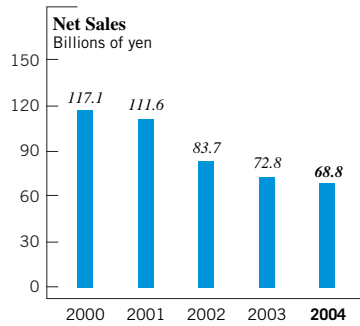
Sales were held to a slight increase despite expanded sales efforts to manufacturers of PCs, audio equipment and automobiles.

#### Measuring Components

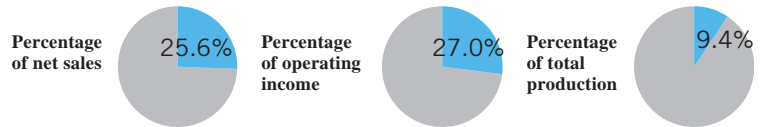
Firm demand from manufacturers of industrial machinery, primarily injection molding equipment, contributed to a substantial increase in sales of measuring components. Given the promising long-term outlook for this business, we continue to take decisive steps to strengthen this business, including introducing new products and expanding sales in China.

## Performance by Geographic Segment

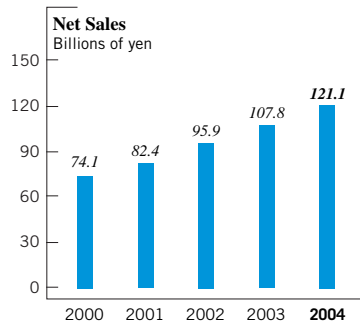
### Japan



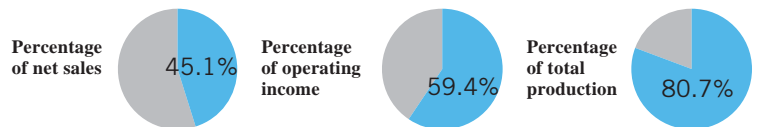
Although business conditions in Japan exhibited steady improvement, efforts to boost sales were ineffective as key customers moved to transfer production of certain items to offshore subsidiaries. These factors pushed sales to external customers in Japan down 5.5%, or ¥3,995 million, to ¥68,760 million. Nonetheless, the strong yen pushed down import prices, boosting operating income 55.9%, or ¥1,750 million, to ¥4,883 million.



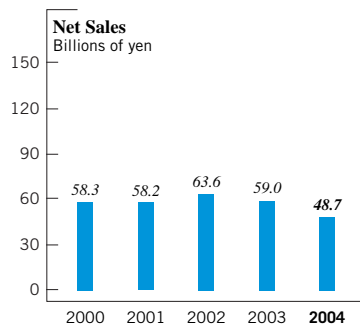
### Asia (Excluding Japan)



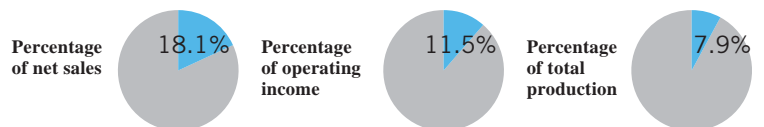
A crucial base for Japanese, American and European manufacturers of PCs and other electrical devices, Asia is a particularly important market for us. While a recovery in demand from manufacturers of information and telecommunications equipment supported firm sales in the period under review, price competition intensified, owing to expanded manufacturing in the region. Reflecting these and other factors, sales to external customers in this region increased 12.3%, or ¥13,283 million, to ¥121,072 million, while operating income decreased 13.3%, or ¥1,655 million, to ¥10,763 million.



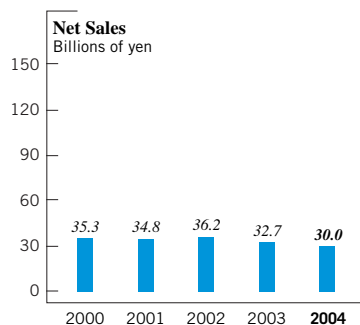
### North and South America



A steady shift toward production in Asia by key customers in North and South America resulted in flagging sales of PC keyboards and speakers, as well as fasteners and other machined components. The situation was exacerbated by a delayed recovery in demand from private-sector aircraft manufacturers, our principal customers in this region. As a consequence, sales to external customers in this region declined 17.4%, or ¥10,272 million, to ¥48,726 million, while operating income increased 12.1%, or ¥225 million, to ¥2,084 million.



### Europe



While signs of gradual economic improvement in Europe supported firm sales of ball bearings and rod-end bearings, sluggish sales of PC keyboards and other electronic devices and components, while partially offset by the strength of the euro, prompted a decline in sales to external customers in the region of 8.1%, or ¥2,644 million, to ¥30,016 million. Operating income fell 80.7%, or ¥1,568 million, to ¥374 million.

