

Outlook for the Next Fiscal Year and Risk Management

Outlook for the Next Fiscal Year (Fiscal Year Ending March 2012)
(as of May 2011)

In the aftermath of the Tohoku Earthquake in March we expect the Japanese economy to stay low while the impact of delays in component procurement and halted production of the automobile and other industries will continue to be felt throughout global economy.

The outlook for the future remains uncertain as materials and components shortages cast doubt over the markets we supply. Since these circumstances make it extremely difficult to accurately predict future performance, we have calculated our forecast figures within ranges as follows:

Net sales	¥260,000 million – ¥285,000 million
Operating income	¥ 21,000 million – ¥ 24,500 million
Net income	¥ 11,000 million – ¥ 13,000 million

We will revise these figures when the outlook for the future becomes clearer.

Outlook by segment for the full year is as follows:

Machined Components

We expect demand for ball bearings, our primary product line, to increase in major markets during the latter half of the fiscal year despite the negative impact of the earthquake during the first half. We will continue to aggressively expand sales of ball bearings to the automobile, information and telecommunications equipment industries as we enhance production capacity with our new production facility in Thailand. Expanding sales and cutting costs will give us the economies of scale in manufacturing needed to boost performance even further.

Rotary Components

We will work to tap into new markets for information motors and continue to increase production efficiency, improve product mix, and start mass production at the newly launched Cambodian plant with an eye to boosting sales. While the HDD spindle motors business currently has only a small share of the market, we intend to improve performance through cost reductions. Although the outlook for our major customers in the hard disk industry is clouded by murky market waters we will do our best to chart a course forward. We look forward to turning the rotary component segment around as these business operations rebound during the second half of the fiscal year.

Electronic Devices and Components

We will work to quickly launch the Suzhou plant in China for producing LCD backlights and boost production and sales with an eye to garnering the top share of the market.

Other

Both the special devices and keyboard business operations are expected to be steady. We will now concentrate on improving the ailing speaker business to boost our bottom line.

Risk Management

Minebea recognizes a variety of risks and uncertainties that have the potential to affect its operating results and/or financial position. Like all publicly traded companies in Japan, Minebea is required to file an annual securities report (*Yuka Shoken Hokokusho*). In this report, filed on June 29, 2011, we recognized the following risks:

1. Market risk

Principal markets for Minebea products, including those for PCs and peripheral equipment, information and telecommunications equipment and household electrical appliances, are intensely competitive and subject to significant fluctuations in demand. Our operating results and financial position are vulnerable to these fluctuations.

2. Foreign exchange risk

A significant portion of our consolidated net sales and production are outside of Japan. Our business is thus vulnerable to risks associated with fluctuations in foreign currency exchange rates. We have entered into various currency exchange contracts and other derivative transactions to hedge these risks but fluctuations in foreign currency exchange rates may affect our operating results and/or financial position over the long term.

3. Research and development risk

While we focus on R&D to introduce a constant stream of new, high-quality products, there is the risk that significant R&D investments may not pay off. There are simply no guarantees that R&D efforts will come to fruition.

4. Legal risk

The Legal Department is responsible for managing risk related to lawsuits and other legal actions brought against Minebea Group operations in Japan and/or overseas. We are subject to the risk that lawsuits or other actions with the potential to affect our operating results and/or financial position may be brought against us in the future.

5. Risk related to price negotiations

We continue to face intense competition from lower-priced products made overseas. We are subject to the risk that we will be unable to maintain or increase our share should market needs shift to low-quality, low-priced products.

6. Risk related to raw materials and logistics costs

We purchase a variety of materials from external suppliers and strive to ensure optimal purchase inventory volumes for such materials as well as access to steady supplies of materials with stable prices. This leaves us open to the risk of rising prices for such materials that could potentially affect our operating results and/or financial position in the future.

7. Latent risk related to operations overseas

The Minebea Group's manufacturing activities are conducted overseas such as Thailand, China, and Singapore. While considerable time has passed since we established our operations in these countries, overseas operations are always subject to the following risks (any of which could have a negative impact on our operating results and/or financial position): (a) unexpected changes to laws or regulations, (b) difficulty in attracting and securing qualified human resources, (c) acts of terrorism or war, or other acts that may disrupt social order.