



Minebea

**Business Results for
the Third Quarter of Fiscal Year ending March 31, 2003**

Minebea Co., Ltd.

**Tsugio Yamamoto
President and
Representative Director
February 7, 2003**

Results for the Third quarter of Fiscal Year ending March 31, 2003

(Millions of yen)	Year ended	----- Year ending Mar. 2003 -----			Change	
	Mar. 2002	1Q	2Q	3Q	Q/Q	Y/Y
	3Q					
Net Sales	68,536	72,367	64,882	68,723	+0.3%	+5.9%
Operating Income	4,964	6,031	4,145	5,519	+11.2%	+33.1%
Ordinary Income	3,835	4,524	3,143	4,036	+5.2%	+28.4%
Income before Income Taxes	—	4,203	2,614	3,735	—	+42.9%
Net Income	—	1,903	640	1,889	—	+195.2%

**Improvement in business contents
3Q sales and profit increased**

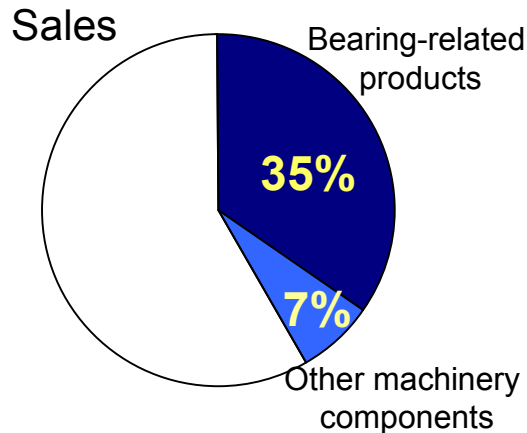
Net Sales and Operating Income by Segment

(Millions of yen)	Year ended Mar. 2002	---- Year ended Mar. 2003 ----			Change	
	3Q	1Q	2Q	3Q	qoq	yoy
[Net Sales]						
Machined components business	28,358	31,668	28,641	28,723	+1.3%	+0.3%
Bearing-related products	23,166	26,420	23,638	23,845	+2.9%	+0.9%
Other machinery components	5,190	5,249	5,002	4,879	-6.0%	-2.5%
Electronic devices and components business	39,879	40,699	36,241	40,000	+0.3%	+10.4%
Rotary components	19,435	20,793	18,140	20,521	+5.6%	+13.1%
Other electronic devices	20,444	19,908	18,097	19,480	-4.7%	+7.6%
Consumer business and others	300	—	—	—	—	—
Total Net Sales	68,536	72,367	64,882	68,723	+0.3%	+5.9%
[Operating Income]						
Machined components business	4,678	5,098	4,065	4,771	+2.0%	+17.4%
Electronic devices and components business	296	933	80	748	+152.7%	+835.0%
Consumer business and others	(9)	—	—	—	—	—
Total Operating Income	4,964	6,031	4,145	5,519	+11.2%	+33.1%

The Third Quarter of Fiscal Year ending March 2003

Figures are 3Q sales compared to 2Q sales

Machined components business



Bearing-related products

Ball bearings: -1% qoq. 140 million pieces sale (incl. internal sales) in Nov. Slight decline in Dec. Profit margin raised.

Rod-end & spherical bearings: -7% qoq. Demand continued to stagnate.

Pivot assemblies: +16% qoq. Expanded market share. Profitability improving

Rotary components:

Spindle motors: +35% qoq. FDB Motor business strong. Turned profitable in Nov.

Fan motors: +6% qoq. Record sales. Profit continued to be high.

Stepping motors: -6% qoq. Drop in sales

Other electronic devices:

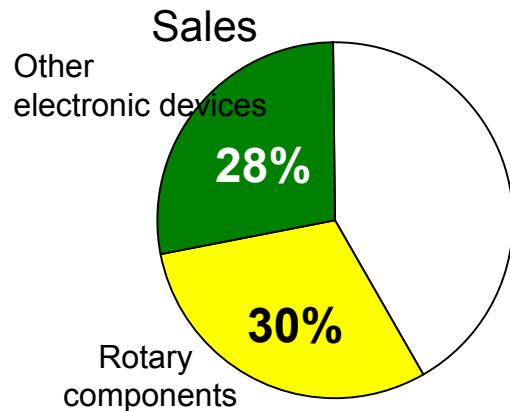
PC keyboards: +24% qoq. Record sales. Profit continued to be high.

Electronic devices: -1% qoq. Flat sales and profit

Switching power supplies: +0% qoq, Flat sales and profit.

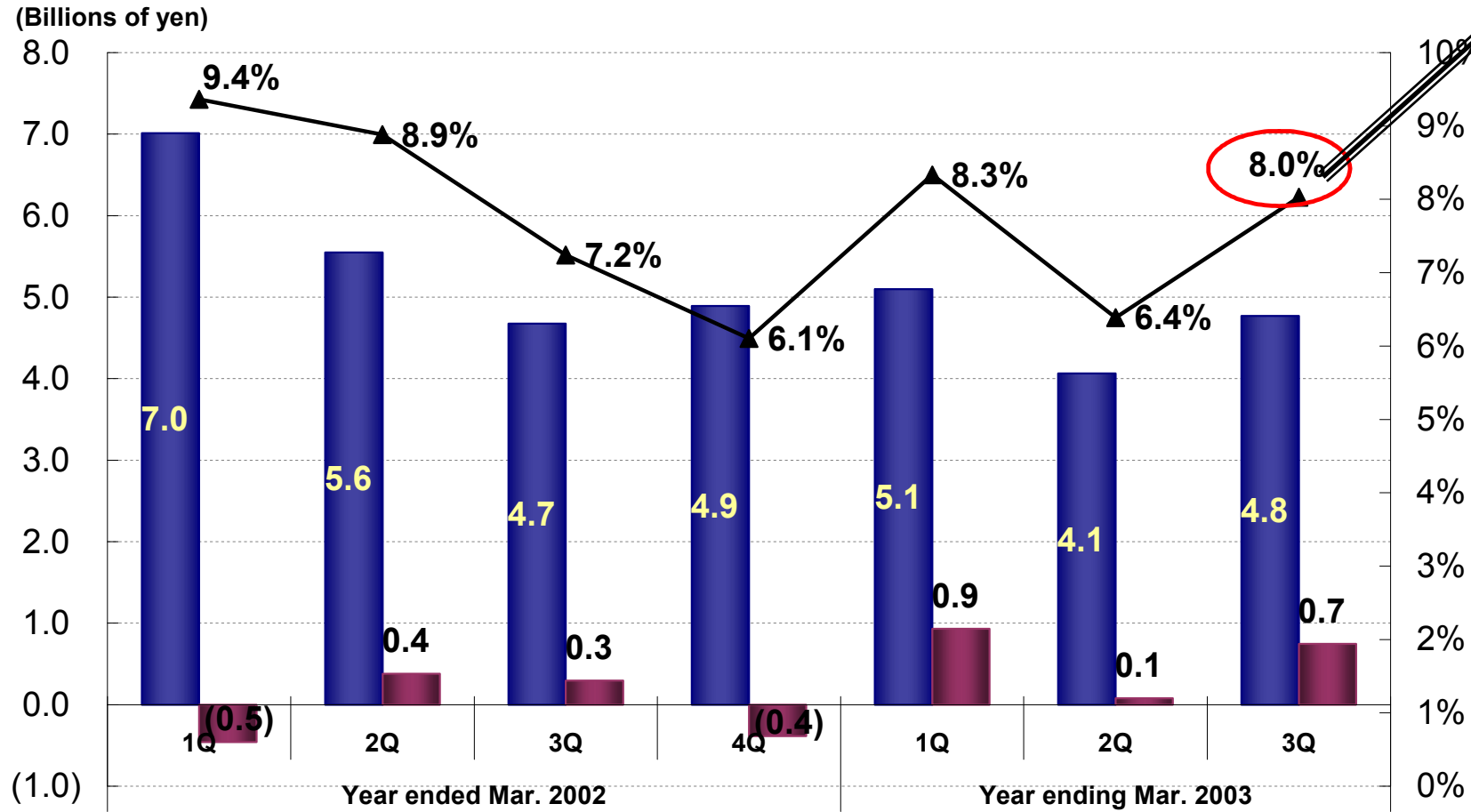
Speakers: -3% qoq, Flat sales and profit.

Electronic devices and components business



Operating Income

Double digit margin in next fiscal year



■ Machined components
 ■ Electronic devices and components
 ▲ Operating income ratio

Machined components segment operating profit improved to 16.6%
Profitability improved for electronic devices and components segment

Sales by User Industry & by Region

3Q sales, compared to 2Q sales

Sales by User Industry

	Automobile	Aerospace	Home electronics	Office automation	PC and PC related equipment	Motor	Others	Total
% of Sales	6.9%	9.2%	9.2%	9.0%	47.5%	5.6%	12.6%	100.0%
Change qoq	-0.3%	+11.3%	-8.3%	-10.1%	+18.6%	+6.7%	-9.3%	+5.9%

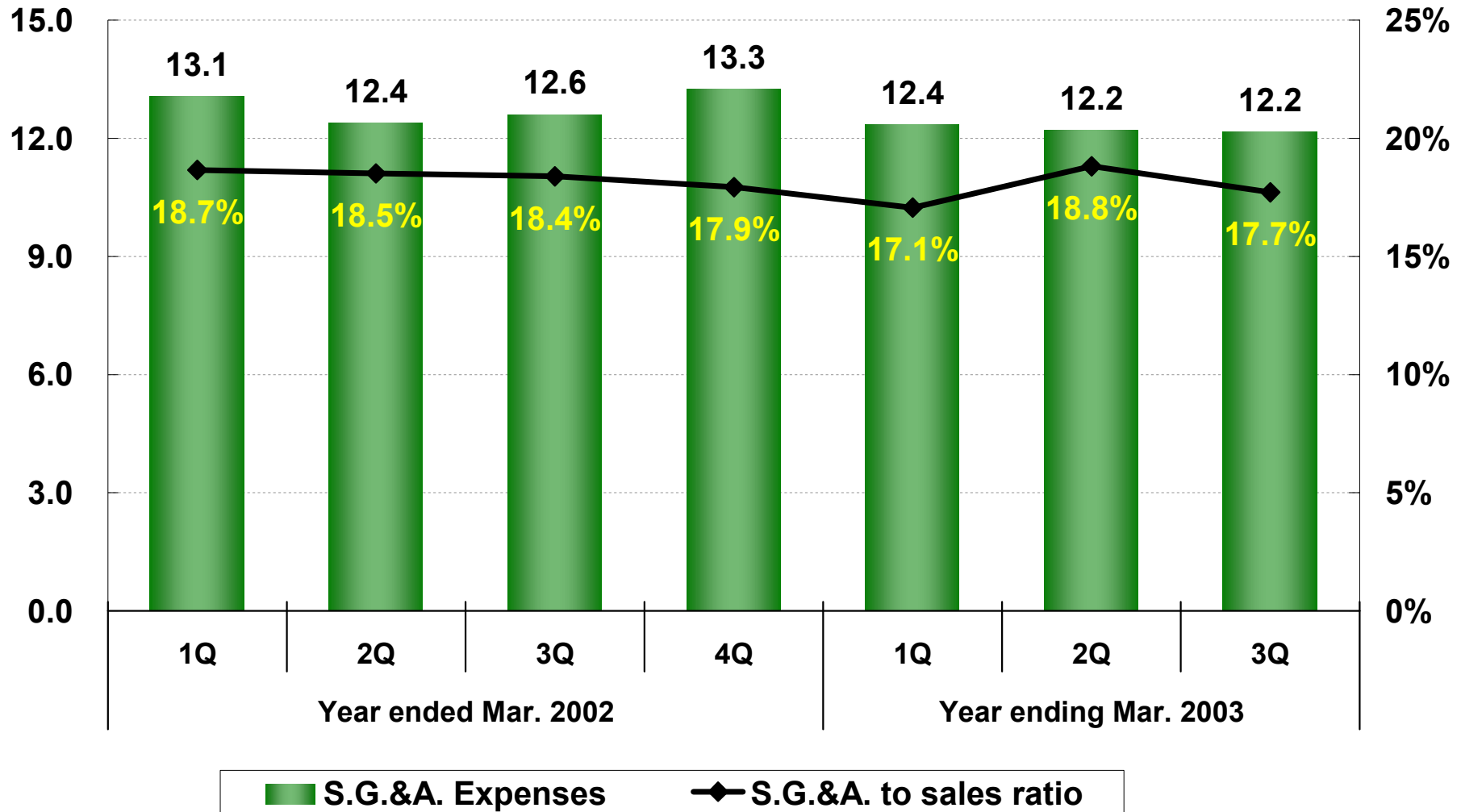
Sales by Region

	Japan	Asia (ex-Japan)	North and South America	Europe	Total
% of Sales	26.0%	40.8%	20.8%	12.4%	100.0%
Change qoq	-6.9%	+17.2%	+1.5%	+10.8%	+5.9%

PC related sales increased
– spindle motors, keyboards, pivot assemblies, fan motors sales strong
Asia sales increased – led by sales in China area

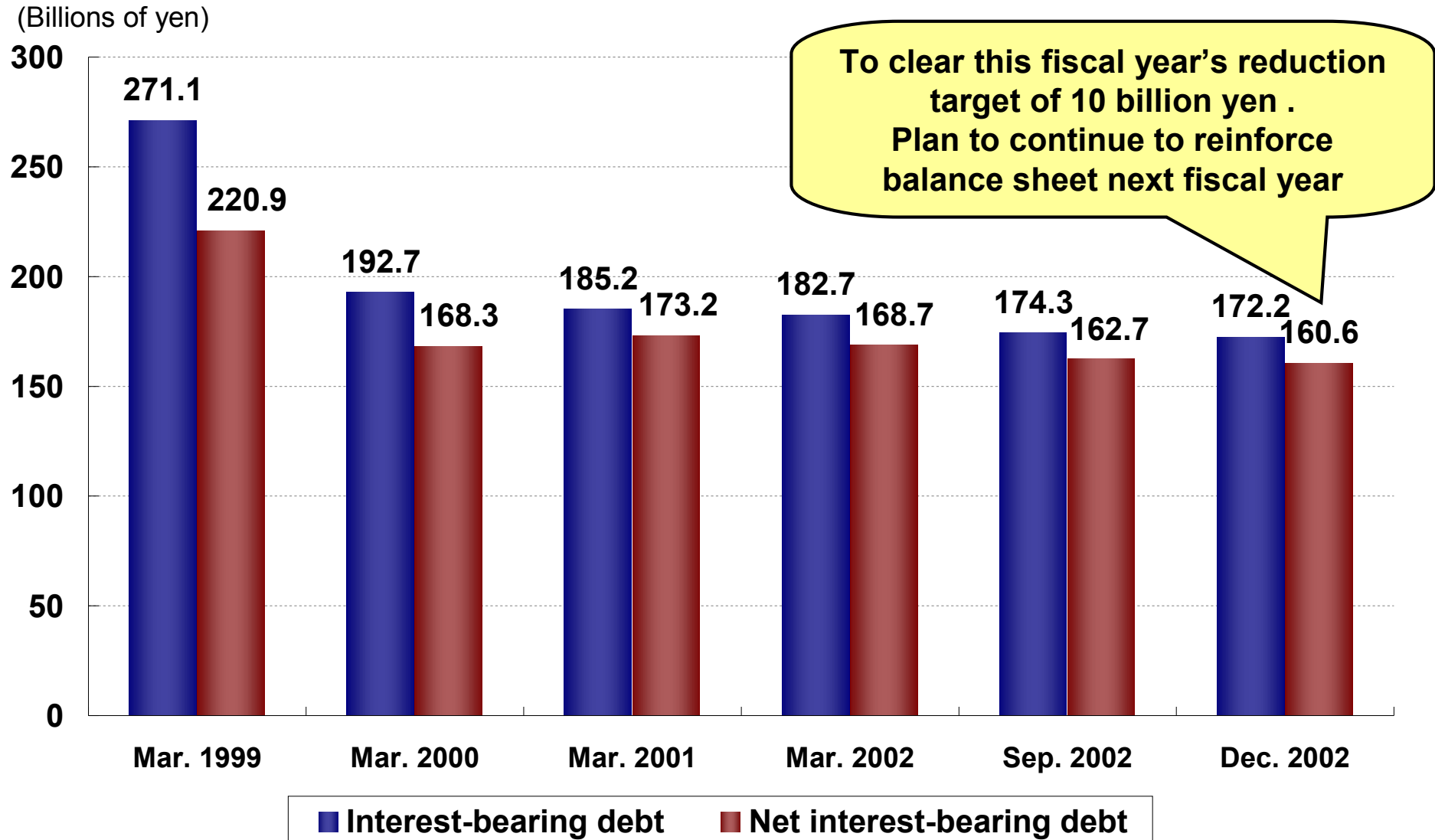
S.G. & A. Expenses

(Billions of yen)



Continues to reduce S.G. & A.

Interest-bearing Debt



The Outlook for the Forth Quarter of Fiscal Year ending March 2003

- **Market condition in the forth quarter**
 - Recovery in demand of ball bearings for air conditioner
 - Post-Christmas weakness seems limited
 - HDD Market relatively firm
 - Concern for economic outlook

- No change in forecasts for the full year

Key divisions are

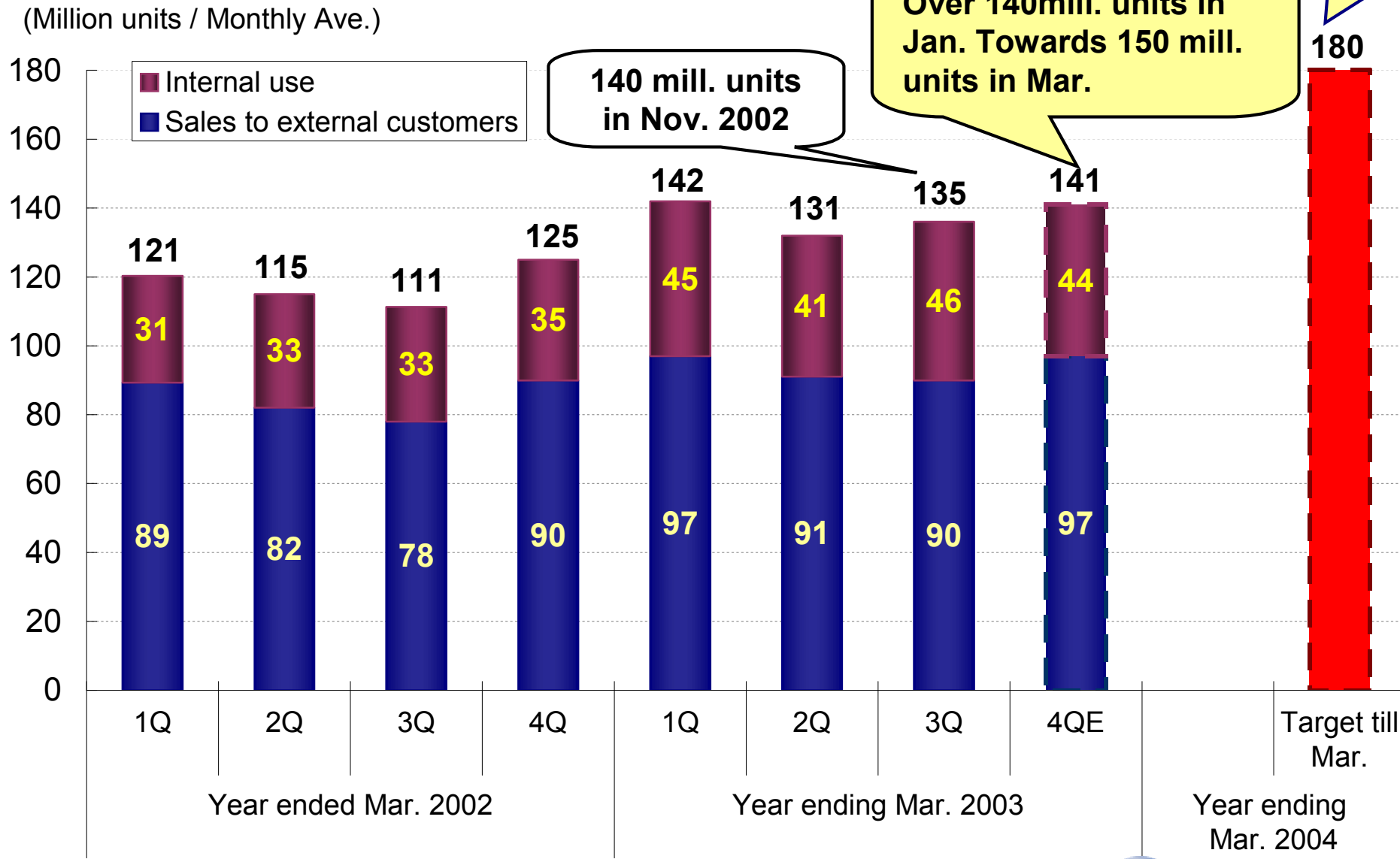
- Ball bearings
- Spindle motors
- Keyboards
- Fan motors

Miniature and Small-sized Ball Bearings Shipments

Target 180 mill. units per month within next FY

Over 140mill. units in Jan. Towards 150 mill. units in Mar.

140 mill. units in Nov. 2002



Ball bearings Production Plan

Realization of 180 mill. units per month by the end of 2003

- Drastic reduction in **investment** from the original plan

⇒ **5 billion yen (1/6 of requirement compared to the past)**

Machinery and equipment minimum new installation

Factory space no increase

Operators and staff no increase, rather seek to reduce further

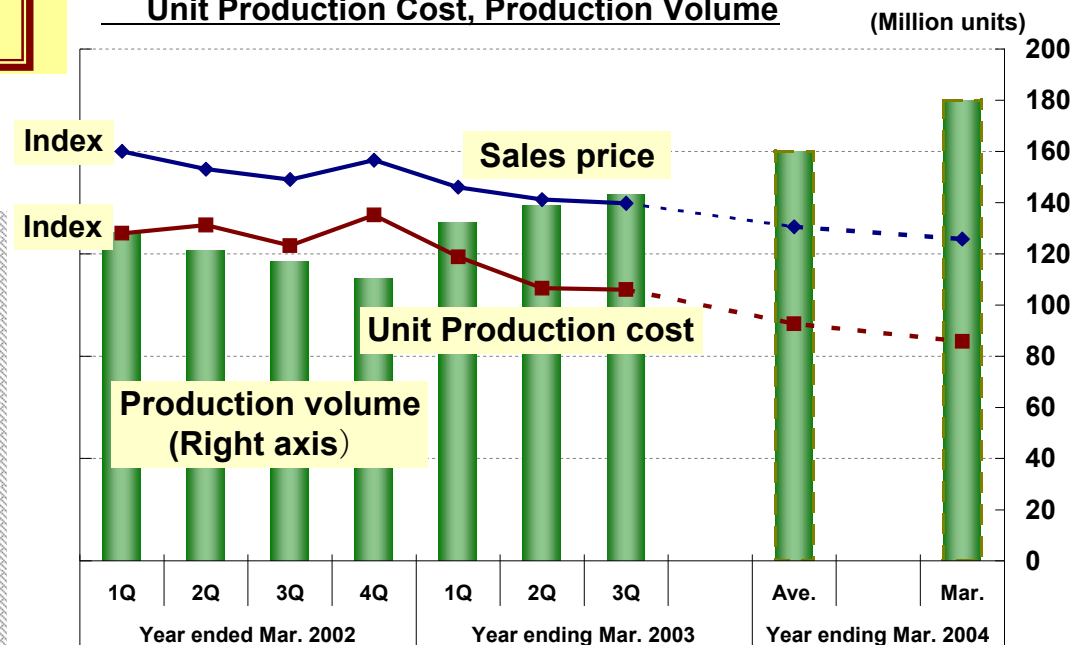
New production system

Productivity enhancement measures

- Improvement of yield
- Cycle time cutdown
- Reduction in the cost of disposable materials
- Reduction in the cost of secondary materials
- Reduction in the cost of and increase local procurement of raw materials and machinery

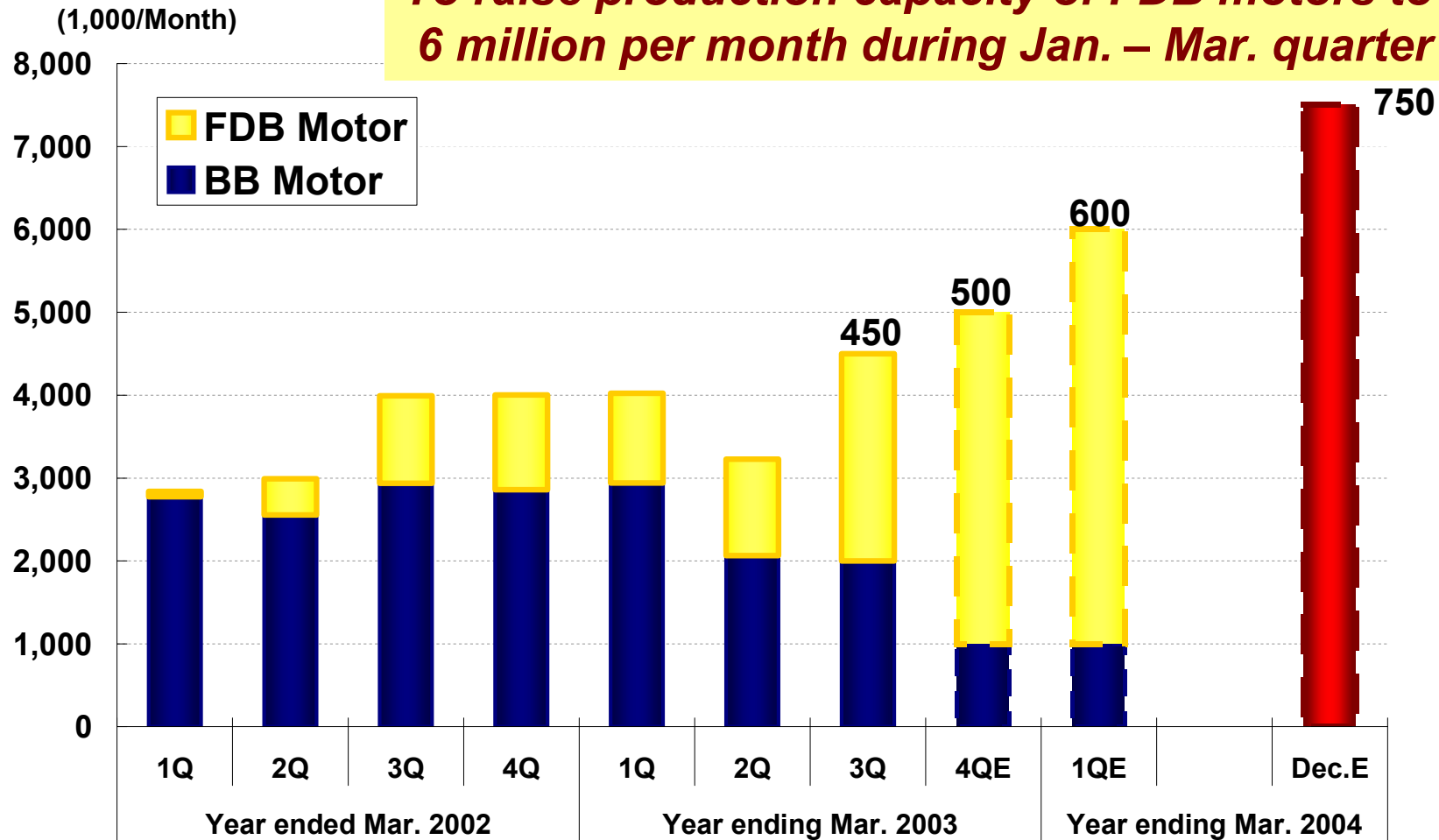
Increasing production volume and improving productivity at the same with the sales expansion should enable drastic reduction in unit production cost leading to a flat or even a rise in margin.

Ball Bearings Sales Price, Unit Production Cost, Production Volume



HDD Spindle Motors Sales Trend

To raise production capacity of FDB motors to 6 million per month during Jan. – Mar. quarter



Ultra precision machining technologies is the key

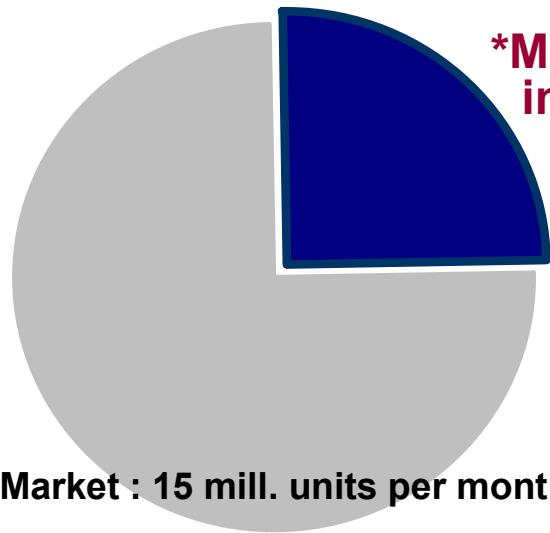
HDD Spindle Motors Business and Strategy

Market share & size : Oct. – Dec. 2002

3.5 inch Desk top

Minebea's current share: 25%

*Minebea's share
in FDB Motors:
Almost 50%

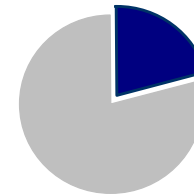


Market : 15 mill. units per month

Next targets

High-end Server

21%

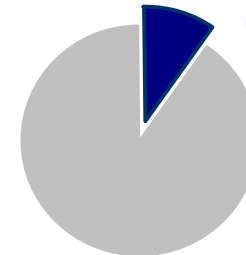


FDB increased

Market : 2 mill. units per month

Under 2.5 inch

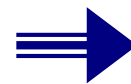
10%



To begin FDB motor
business next fiscal
year

Market : 3 mill. units per month

Built profitable base with 3.5inch low end business only.
Increasing 3.5inch business in line with users' adoption of FDB motors
Next targets are high-end and under 2.5inch
Production of up to 10 million per month is possible in the existing factory space



Expect to turn profitable during Apr to Jun 2003 quarter, towards greater profitability

Outlook for Other Products in the Forth Quarter of Fiscal Year ending March 2003

- **Pivot Assemblies**
 - 15 mill. pcs. per month in Jan. – Mar. 2003 (+50% yoy), to reach 70 – 80% of global market share
 - Profit margin improving
- **Fan Motors**
 - Expand market share for CPU cooling fans, Target over 6 mill. pcs. per month in Jan. – Mar. 2003
 - Started preparation to begin mass production of jointly developed products with Matsushita Motor Company
- **PC keyboards**
 - January shipments exceeded forecasts and reached 2.3 million
 - However, 4Q sales expected to fall slightly due to seasonal effect
- **Electronic devices**
 - Light devices to be the next core business
 - New order intake for backlight products is progressing favorably
 - Target 7 billion yen in sales next fiscal year

Business in China

**China is a market with the greatest growth potential
To be as large manufacturing base as Thailand in the future**

Priority subjects

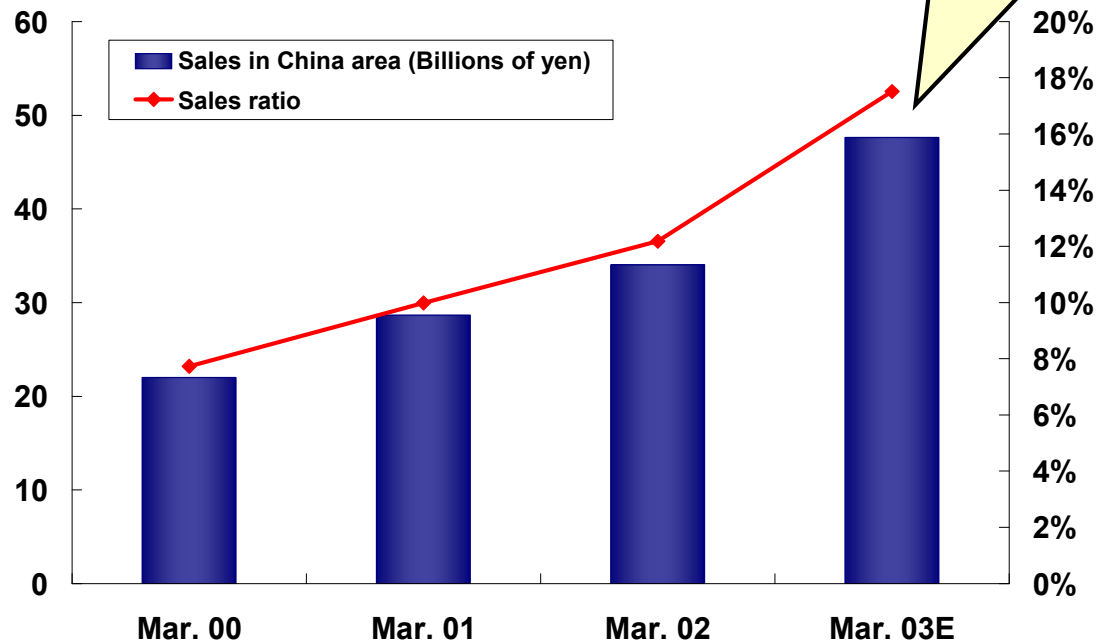
Sales

- Increase sales in Chinese domestic market
 - **New sales organization in force**

Manufacturing

- Further reduction in manufacturing costs
 - **Promote local procurement of raw materials and secondary materials**
- ⇒ **Multiply out successful cases in other regions**
- To effectively use cost competitiveness in China through joint ventures
 - **Keyboards joint venture**

Sales Trend in Chinese Area



Summary

Extensive improvement in business structure during 3Q

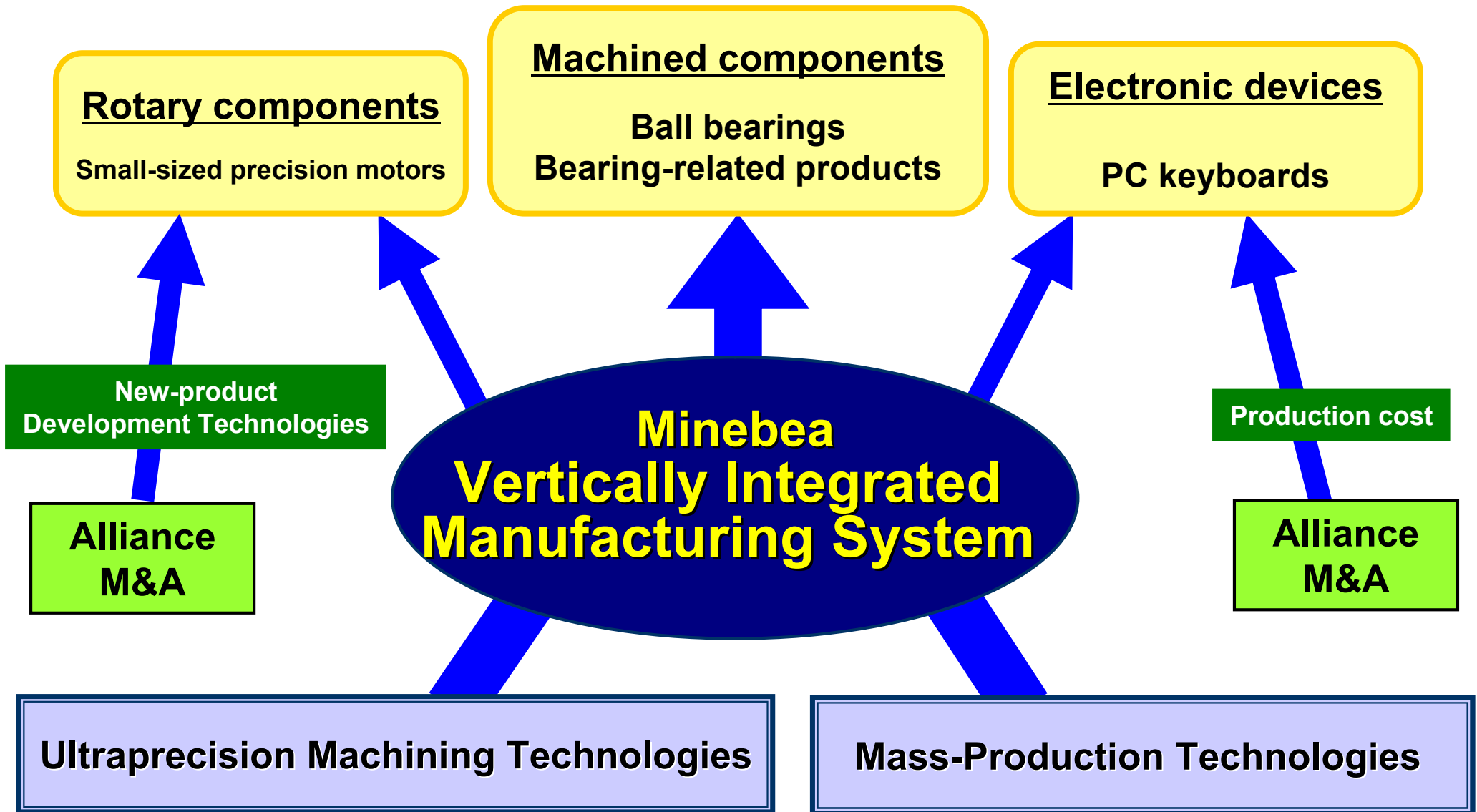
- Record sales or improving profitability for core products
- Improvement in productivity through reinforcement of parts divisions
- Capacity expansion with less investment

⇒ Target to grow profit in next Fiscal Year

Dynamic parts division forms the base for all divisions

**Promote productivity enhancement
in all product divisions as in ball bearings division**

To be No. 1 Precision Component Manufacturer



Business Results for the Third Quarter of Fiscal Year ending March 31, 2003

Minebea Co., Ltd

<http://www.minebea.co.jp/>

Any statements in the presentation which are not an historical fact are future projections made based on certain assumptions and our management's judgment drawn from currently available information.

Please note that actual performance may vary significantly from any particular projection, due to various factors.

Factors affecting our actual performance include: (i) changes in economic indicators surrounding us or demand trends; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing in a timely manner in the electronics business sector, where technological innovations are rapid and new products are launched continuously. However, this is not a complete list of the factors affecting actual performance.