August 9, 2002

Minebea Co., Ltd

Questions & Answers
(Results presentation for the first quarter of fiscal year ending March 31, 2003)

Some parts have been added and modified for a clearer understanding.

Q : There is a view that inventory adjustment in 3.5-inch type HDDs, which was evident in June, came to an end in July. What is your view?

A : Because our spindle motor business mostly consists of 3.5-inch HDD motors, sales of spindle motors fell sharply from mid-June as they were affected by production adjustment in the HDD industry. We estimate a 15% decline in sales in July to September quarter, due to stagnation in end demand and prolonged production adjustment in the industry. Based on order outlook from our users, we believe sales recovery will be from September or October onward.

Q : What was production volume of ball bearings in April to June quarter and what is planned for July to September quarter?

A : Production volume of ball bearings in April to June quarter was 132 million per month while sales volume was 142 million per month. In July to September quarter, production volume is scheduled to be between 135 to 140 million per month while sales plan is 132 million per month. In this situation, production is likely to reach the capacity of 150 million soon. We are planning to raise monthly production capacity from 150 million to 180 million, in anticipation of growth in demand in the future. We plan to accomplish this without construction of a new factory building but just by installation of new equipment and machinery. However, as for exact timing of expansion, we plan to make a decision by monitoring demand outlook over the next several months.

Q : Does the sales estimate for FDB type spindle motors in July to September quarter include sales to customers other than Seagate Technology?

A : Almost none is included. We look for production to begin in earnest from October to December quarter.

Q : What is production volume of spindle motors in April to June quarter and in July to September quarter?

A : Production of spindle motors in April to June quarter was 4 million per month, and planned volume is 3.2 million per month in July to September quarter. Of this, FDB type spindle motors volume was 1.1 million in April to June quarter and is expected to be 1.4 million in July to September quarter. The remainder is ball bearing type, which includes RO ball bearing type.

Q : When do you predict the shift from ball bearing type to FDB type to occur for HDD spindle motors?

A : It is extremely difficult to predict the timing of the shift as it depends on both supply side, which is still in the middle of making a shift to new technologies, and demand side, such as PC manufacturers, which are still in the process of determining the capacity of new technologies. We plan to raise production volume of FDB type spindle motors to 3 million per month in early 2003, which does not include volume of 2.5-inch FDB type spindle motors to be supplied to Motor Company division of Matsushita Electric Industrial. At that time, we plan total spindle motor production volume to be 5 million per month.

Q : Please explain why there is a disparity between sales and operating profit trends for electronic devices and components segment, and please explain outlook.

A : During last fiscal year, within electronic devices and components segment, profit of fan motors business fell sharply, in addition to low profitability by switching power supplies business and electro-devices business, such as FDDs and magnetic heads for FDDs. In the first quarter of the last fiscal year, sluggish sales and production of keyboards was another factor to push the electronic devices and components segment into red. A loss in the fourth quarter was due to frontloaded investment for capacity expansion of HDD spindle motors and large decline in price of FDB spindle motors. For this fiscal year, profitability of fan motors is on a recovery from the first quarter and we plan to make an improvement in switching power supplies business having executed restructuring last year. FDDs are expected to fall in volume in the medium-term but this is already assumed in our plans. As for lighting device business, there is a shift from front light type to back light type as brightness is being preferred over low power consumption for all applications from mobile telephones, game devices to digital cameras. Converting front-light technologies to back-light type is an easy process and we are making conversion in some product areas. Our new products have received high evaluation and we are receiving order inquiries from large potential customers. We believe this business will contribute to profit in the future.

Q : Does the decision to begin production of keyboards in China jointly with Huan Hsin Group mark a change to a new management strategy?

A : There is no change in our strategy to expand operations of ball bearings and small precision motors as the core businesses by utilizing our ultra precision machining technologies under vertically integrated production method. However, unlike such ultra precision machining components, we can enhance competitiveness of some electronic devices and components business by taking full advantage of manufacturing costs in China. For such products, we intend to consider production in China. Through this, we aim not only to increase sales but to improve product mix, expand market share and ultimately build a strong corporate structure that is not swayed by market environment.