May 13, 2005

Minebea Co., Ltd

Questions & Answers
(Results presentation for fiscal year ended March 31, 2005)

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

Q : What was the reason that operating income of machined components segment declined by 13% in the fourth quarter compared from the third quarter.

A : There were two reasons. First, production and shipments of ball bearings did not increase as we had expected. Especially, business in January and February was not particularly strong. In March, production exceeded 180 million units and shipments increased, resulting in significant improvement, however, overall volume in the fourth quarter did not reach our planned volume.

Second reason is that pivot assemblies for 1.8 inch or smaller HDDs did not improve as planned despite the volume increase.

Q : Does the increased production of bearings in March reflect the market situation?

A : Production and shipment volume in January and February were not high and unit cost rose. We believe the lower volume in January and February is partly due to seasonal adjustment in demand.

Q : Lower volume of bearings in January and February, that you mentioned, how was business for air conditioners?

A : It seemed that demand for air conditioners began to pick up slightly later than usual. The volume started to increase from March.

Q : Will the new ROF motors for 3.5 inch HDDs be replacement of existing FDB motors that are currently shipped for 3.5 inch HDDs or be an addition as new products?

A : We expect the existing models to be gradually replaced. (New ROF motors will be used for customers' new models.)

Q : In the new management policy, you mentioned that structural reform will be carried out in order to accelerate the pace of improvement of the three underperforming businesses. By implementing reorganization of manufacturing and sales, and reinforcement of development of basic technologies, will there be direct and short term effect on the loss making businesses resulting in accelerated improvement of earnings?

A : I used the word accelerate to mean hasten no matter what.

As for the reorganization, our manufacturing and sales have formed separate organizations until now and we cannot deny that there has been walls between the two. I intend to remove the wall and build an organization in which all teams can come together and make utmost efforts.

Regarding integrating basic technologies, I aim to aggregate R&D works which are currently carried out at many number of locations, and reorganize R&D that are conducted at two locations into one location, for example. This should shorten the time required for R&D and product development. This is what I mean by accelerate.

Q : Display peripheral component business is one of the focused business areas. Explain the approach and your confidence in this business for which mobile telephone market in particular is competitive.

A : Back light assembly that use LEDs are currently used in mobile telephones. We try to place our focus of R&D in high performance or high value added area by taking the market lead in R&D in the area of highest performance. We have developed new, high luminance LED jointly with an LED manufacturer and we are currently intorducing the product to customers. We hope to launch the product to the market from the fall of this year.

Moreover, we have started to introduce mid-sized (around 5-inch to 10-inch) back light to the market and have begun shipments for some applications. Currently, car navigation systems use CCFL. However, there is a movement to switch to LED type on the back of energy conservation and environmental protection. We believe 2007 model cars will be the first to switch and we expect our mass production for this application to begin from the latter half of the next year. Until now, our business has been mainly for size 2-inch and around but by adding mid-sized line, we aim to expand our business.

One of applications for back light inverter is LCD TVs, for which the market is expanding rapidly. The key is development of circuits with new concept and we are developing circuits in Hamamatsu of Japan and Germany. We have been introducing our new circuit products to customers from the beginning of the year and we are about to start shipment of this new back light inverter for LCD with size 32-inch and around. We will strive to continue to develop circuits for the expanding LCD TV market and expand our business.

With both of these products, we firmly believe we can build a business that will form our third mainstay business.

Q : Mr. Yamagishi, you will soon be 67 years old and you mentioned your policy to manage the company with clear vision. Is your mission to return the company into a neutral state or have you been appointed as the next president because you have a vision to transform the company

into a certain way.

A : I thought I would receive comments regarding my age. What is important is not the age itself but how to approach one's work, and how to maintain own intellectual power and physical strength. Therefore, I wish to proceed without thinking my own age. I cannot answer about my expected terms as the president. I plan to set clear direction and steps, and if I judge it is time to hand over to the next, I will do as such. About when will this happen? - I want to assess from now on.

What I mean by managing the company with clear vision is that to date we have emphasized mechanical component area such as ball bearings but I would like to create wider range of new business by combining a variety of technologies that we have. New products are not necessary new, but they can also be products that we already have and developed for new market applications. I aim to build an organization which can develop such products in a timely manner. As for R&D, I aim to emphasize not just development but also research.

Q : What are sales forecast for ball bearings, rod-end and spherical bearings and pivot assemblies for this fiscal year? Why are keyboards and Minebea-Matsushita Motor joint venture sales assumed to be flat?

A : Our sales forecast is 295 billion yen, flat from the previous fiscal year. We have assumed yen appreciation and calculated using 103 yen / US$. Compared to the exchange rate of the previous fiscal year, it is a 4% appreciation for yen, which implies 300 billion yen multiplied by 4%, put it simply, a decline of 12 billion yen.

We look for monthly sales volume of 180 million for ball bearings, around 10% increase from the previous fiscal year. We have forecast monthly shipments of over 20 million for pivot assemblies, an over 10% increase year on year. We believe sales of spindle motors will increase in the second half resulting in 10% growth year on year for the full year. Sales of fan motors are estimated to grow several percent. As for other products, we expect several percent to 10% growth.

Q : What are sales forecast for each product?

A : Sales forecast for bearing and related products is 101.6 billion yen. Of this, ball bearings are 66.5 billion yen, rod-end and spherical bearings are 13.9 billion yen, pivot assemblies are 21.2 billion yen. Sales forecast for electronic devices and components is 175.1 billion yen. Of this, spindle motors are 34.1 billion yen, keyboards are 27.9 billion yen, electronic devices are 23.6 billion yen, Minebea-Matsushita Motor joint venture is 69.5 billion yen.

Q : What were sales for back light for the last fiscal year and estimate for this fiscal year? Did the sales undershoot plan last fiscal year due to adjustment in mobile telephone market? What is price estimate?

A : We had originally planned sales of back light to be 13.5 billion yen for the last fiscal year but came in at 11.3 billion yen. We estimate 15 billion yen for this fiscal year; the first half 6.7 billion yen, the second half 8.3 billion yen. The reason that sales missed our plan is production adjustment in the mobile telephone market. We hoped the second half would grow at a pace exceeding that of the first half, but did not. We look for sales of 15 billion yen for this fiscal year given sharp increase in sales in March and April. We expect the prices would naturally decline, however, we expect to reduce costs along with volume increase.

Q : Is there any specific plan regarding the intention to combine two locations for development of basic technologies into one location?

A : Currently, we conduct development of basic technologies at Karuizawa, Hamamatsu and Germany, and in addition to this, many manufacturing units conduct their own R&D. There are also cases where similar R&D is conducted at two locations. I want to aggregate these works to Karuizawa, Hamamatsu and Germany as much as possible. (this does not mean closure of existing R&D bases).

Q : You mentioned nursing care and welfare businesses are potential future market for 6-axis force sensor. What specific applications and products are there?

A : At this moment, we do not know the exact kind of nursing care and welfare products that will form markets. However, some examples include development of wheel chairs so that wheel chairs do not topple over on snow-covered roads by examining the forces exerted on wheel chairs in various conditions and control required by motors. There is also a R&D work by some on beds. To reduce likelihood of developing pressure sore for bedridden people, sensors are used to detect sleeping positions so to develop best ways to incline the beds.

The 6-axis force sensor that we developed has a size of 50 mm. We are working to reduce the size to around 20 mm which should enable us to apply the product to various markets as I mentioned.