

February 4, 2005

Minebea Co., Ltd

Questions & Answers

(Results presentation for the third quarter of fiscal year ended March 31, 2005)

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

Q : How much is Minebea-Matsushita Motor joint venture's royalty in third quarter and fourth quarter?

A : Approximately 0.6 billion yen in each of third quarter and fourth quarter. The total operating loss of the three businesses (HDD spindle motor, Minebea-Matsushita Motor joint venture and keyboard) of 2.5 billion yen in third quarter reflect the payment.

Q : Explain the fourth quarter outlook of the three businesses|| Eoperating income by business.

A : For the keyboard business, reduced burden associated with double cost structure and higher in-house production ratio of mold parts following the completion of installation of plastic injection mold machines are expected to lead to lower costs in fourth quarter. In the HDD spindle motor business, sales volume is expected to decline in fourth quarter, however, we expect positive impact of reduced R&D expenses of ROF type FDB spindle motors and FDB motors for 2.5-inch HDD, and reduced part production costs as a result of improvement in yield and improvement in man-hour. Various restructuring measures are in progress at Minebea-Matsushita Motor joint venture. We expect positive results from these. With these, we look for operating loss of electronic devices and components segment of 1.2 billion yen in fourth quarter, 0.6 billion yen improvement from third quarter.

As for machined components segment, operating income in fourth quarter is expected to be 5.5 billion yen, compared to third quarter's 6 billion yen. However, operating income may not fall as low as this.

Altogether, we expect to achieve 4.3 billion yen in fourth quarter compared to 4.2 billion yen in third quarter.

Q : How certain are you of starting mass production and shipments of ROF motors and 2.5-inch FDB motors during the next April to June quarter?

A : We expect to start mass production of both ROF motors and 2.5-inch FDB motors in first quarter of the next fiscal year. As for HMF type, evaluation process is behind schedule but when one remaining technical issue is solved, approval process should make progress.

Q : How many customers will begin to use ROF motors and 2.5-inch FDB motors from first quarter?

Do users of ROF motors include HDD producers with whom the company has not had business before, or are they Minebea's current large customers?

A : We expect to begin mass production and shipments of ROF motors to 2 customers and 2.5-inch FDB motors to 1 customer. The expected users of ROF motors are HDD producers we currently have business with.

Q : When will you conclude the negotiation regarding Minebea-Matsushita Motor joint venture's royalty payment? How much is the expected reduction and what is the impact on next fiscal year's sales and income?

A : Negotiation has been taking place since June last year. Agreement should be finalized this quarter. We expect substantial improvement but we do not expect next fiscal year's royalty payment to be zero.

Q : Is outlook for ball bearing business not good?

A : fourth quarter is affected by seasonality. The start of new cycle for air conditioners is delayed from regular year by 1 to 2 months, probably due to inventory build up. In Chinese market, we are seeing local competitors entering low end market, but we are taking measures and this should not be a large problem.

Q : Income of machined components segment increased in third quarter. Was there any effect of rise in raw material prices? Is there any time lag so that effect will be evident from fourth quarter?

A : Of course there has been negative impact of appreciation of raw material prices. However, raw material cost ratio is not very high for miniature and small-sized ball bearings. We also overcome negative impact through productivity improvement and volume increase.

Q : What was production volume of pivot assembly in third quarter?

A : 19 million per month.

Q : Sales volume of pivot assembly increased approximately 10% in third quarter from second quarter but sales increased 7%. Is sales price falling?

A : There was impact of yen appreciation. Selling price rises when small size volume increases.

Q : Has installation process of new injection molding machines finished at SST? Are they now in full operation?

A : Yes.

Q : The rise of raw material prices is how much per quarter? Has the increasing trend come to an end? Does the operating environment make easier to raise sales price?

A : Raising sales price is an immediate task. The pace of rise of raw material cost has slowed down

but the price is still at the high range.

Q : Is higher plastic resin cost the principal factor for greater loss amid higher sales?

A : Cost of resin has increased by 50% from April to December last year. The price peaked in December and has fallen slightly in January and February.

Q : What is behind the stop in falling sales price of spindle motors? Will the situation continue in fourth quarter?

A : We believe that the slowdown is not temporary. There had been abnormal price fall especially for 3.5-inch desktop HDD in the past. We expect price to be flat at the current low range.

Q : I had an impression that inventory of air-conditioners at the end of the last year's season was less than regular year. Is there an inventory in air-conditioner market?

A : We are guessing that the delay in start of air conditioner cycle this year is due to final product inventory in China.

Q : Where do you see the profitability of electronic devices and component business, especially motor business, after completion of current turn around measures?

A : Currently, machined component business is supporting the overall profit. We are running electronic devices and component businesses with respective long term directions, however, the greatest contribution to the company would be elimination of loss. After completion of the current measures, we intend to include high value added products into product range, rather than focusing only on mass volume products, and build business with profitable structure.

Q : If improvement in profitability is not evident after implementation of turn-around measures, will you consider reorganization of business?

A : Of the businesses with losses, sign of improvement is evident for keyboard. The success of HDD spindle motor business hinges on ROF motors. We are running vibration and DC brush motor businesses while examining long term directions. Our policy to withdraw from unprofitable business has not changed, however, we are not running business with that thinking in mind.

Q : With bonds and other debts maturing within a year, what is method of refinancing? Do you plan any financing with dilution?

A : We believe we can fully refinance either through direct or indirect financing. We are not considering convertible bonds or similar structure.

Q : Is settlement with a competitor the reason behind the slow down in fall of sales price?

A : It is not as a result of movement of individual supplier. It is slow down after previous large

decline.

Q : What is starting volume for 2.5-inch FDB motors?

A : Regardless of starting volume, we are determined to make it successful.

Q : Will the start of shipments of ROF motors be an addition to the current spindle motor business or switch of existing business?

A : At the beginning, it will be switch of existing business. After that we expect volume to increase as the recognition of ROF goes up among users.

Q : Is there a plan to enter 1-inch spindle motors? When will the breakeven be reached for spindle motor business?

A : We first aim to enter 2.5-inch FDB motors, so 1-inch spindle motors will be a project after. We want to turn spindle motor business profitable during next fiscal year.