



Business Results

First Quarter of Fiscal Year ending March 31, 2006

**July 28, 2005
Minebea Co., Ltd.**

- 1. Financial Results**
- 2. Policy and Strategy**

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Financial Results

Hiroharu Katogi
Director, Managing Executive Officer

July 28, 2005



All explanation are given on a consolidated basis.

Summary of Consolidated Business Results

(Millions of yen)	Year ended Mar 05		Year ending Mar 06	Change yoy
	Q1	Q4	Q1	
Net Sales	71,324	72,491	75,690	+6.1%
Operating Income	2,802	4,450	3,010	+7.4%
Ordinary Income	1,982	3,371	2,163	+9.1%
Income before Income Taxes	1,937	1,942	830	-57.1%
Net Income	208	2,911	980	4.7X

Effect of FX Fluctuations

Q1 of FY Mar 05 → Q1 of FY Mar 06
 US\$ ¥108.71 → ¥107.28
 Thai Baht ¥2.71 → ¥2.70
 Net sales minus ¥80 million
 Operating income ¥ 0.00 billion

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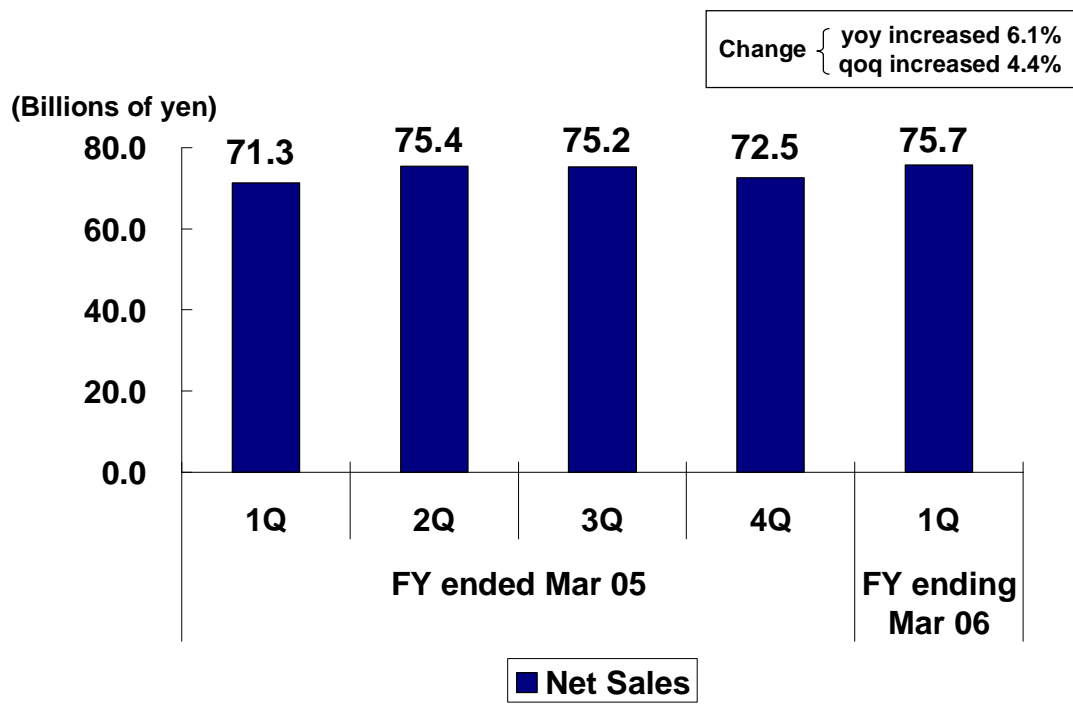
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In the first quarter, our principal markets such as PC and HDD continued to be strong and the economy remained firm world-wide. In this demand environment, sales reached 75.7 billion yen, exceeding plan, lifted by increased sales of mainstay products and relatively stable sales prices. Operating income was 3 billion yen, although remaining at a low level, it was a slight improvement from the first quarter of the last fiscal year. Net income increased from the same period of the last fiscal year to 1 billion yen, owing to negative adjustment of income taxes despite extraordinary losses of 803 million yen in impairment losses on idle fixed assets in conformity with asset-impairment accounting, which we introduced from this fiscal year, and 458 million yen in retirement benefits to directors and corporate auditors.

In comparison with the previous quarter, the fourth quarter of the last fiscal year, sales increased but operating income fell, due to one time income of reversion of royalty payment in the previous quarter and lack of improvement at the three loss making businesses.

Net Sales



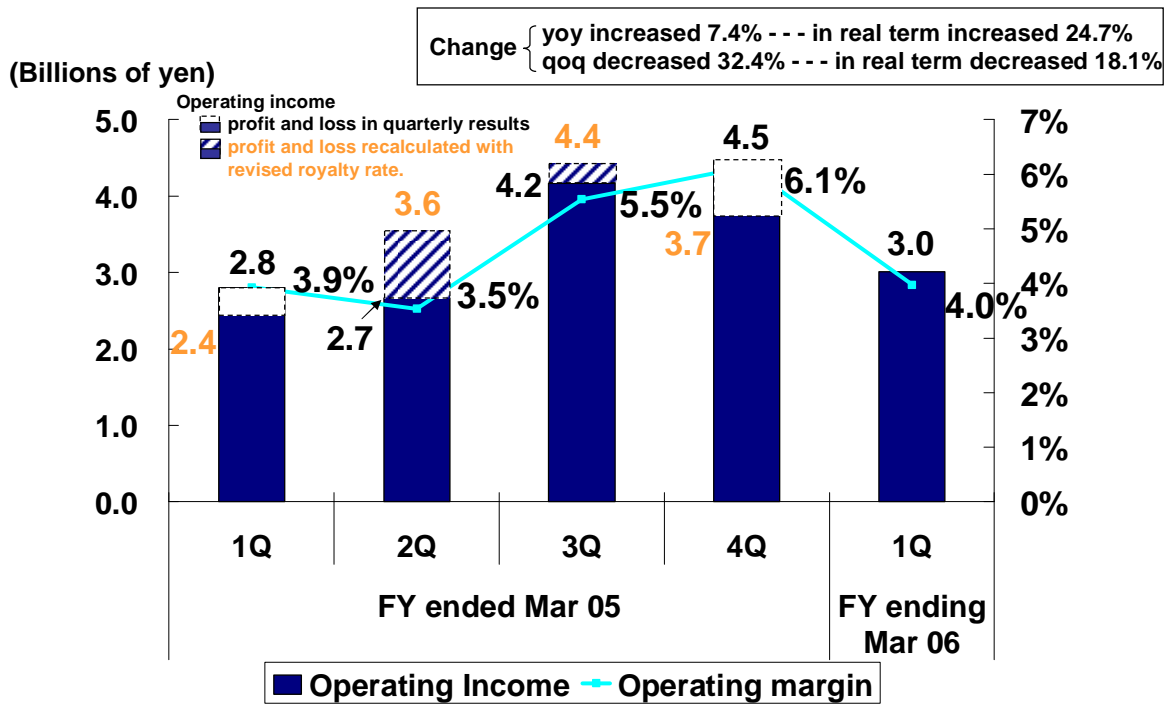
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Sales increased compared to the first quarter of the last fiscal year, as pivot assemblies for HDDs, rod-end & spherical bearings for aircraft, keyboards and fan motors for PCs, lighting devices for mobile telephones all increased in sales.

Operating Income



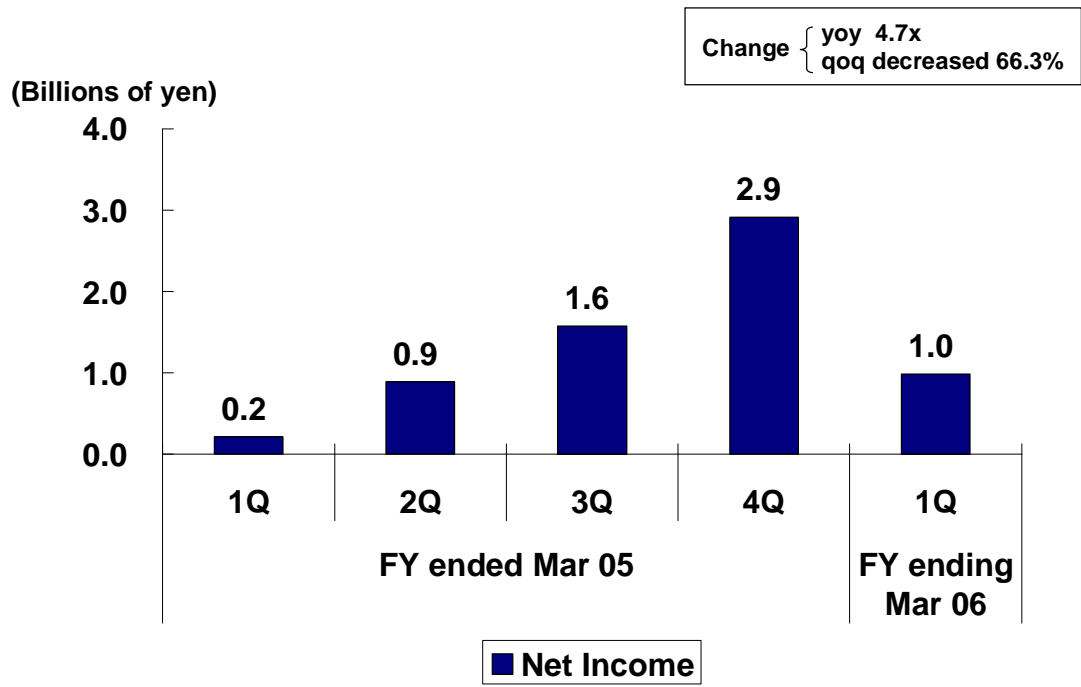
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The graph shows last fiscal year's operating income adjusted for revised royalty rate. Operating income in the first quarter was in line with plan made at the beginning of the fiscal year. Compared with the first quarter of the last fiscal year, losses of Minebea-Matsushita Motor joint venture and keyboard business widened, but profitability improved at spindle motor business, lighting device business and rod-end & spherical bearings.

Net Income



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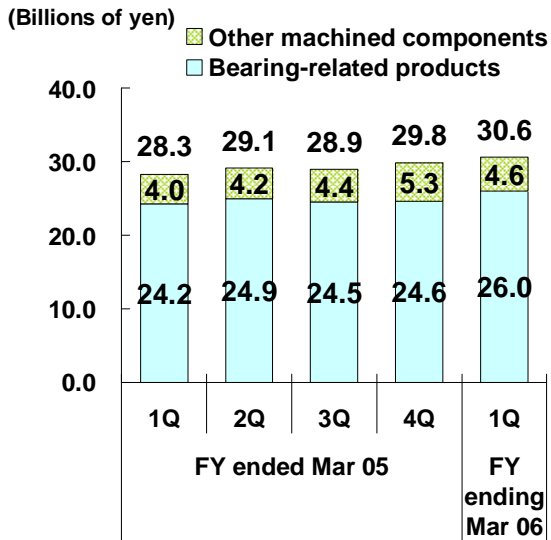
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Net income improved significantly from the first quarter of the last fiscal year. There were extraordinary losses as mentioned in a previous slide.

Sales of Machined Components Business

Bearing-related products
yoy increased 7.2%
qoq increased 5.7%



◆ Large increase in sales of pivot assemblies for HDD.
Increased sales for 3.5 and 2.5 inch HDD.

◆ Favorable sales in bearings for aircrafts.
Started shipment for A380 of Airbus.

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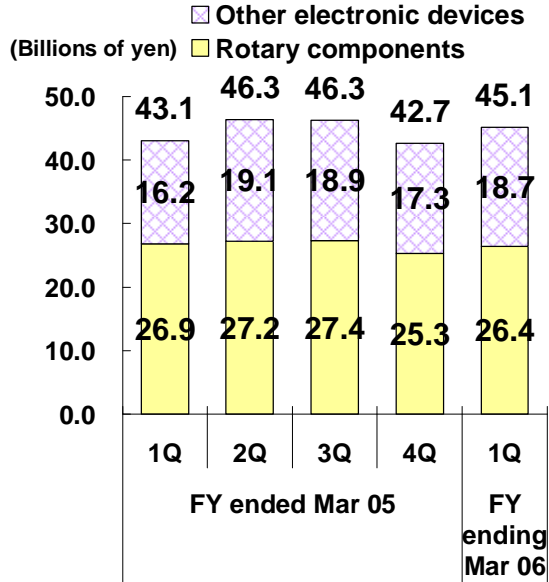
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Of machined components business segment, bearing related products had a strong quarter and sales reached 26 billion yen in the first quarter. In particular, pivot assembly business continued to be strong. In the first quarter, demand recovered for 2.5-inch and increased for 3.5-inch. Demand for small sizes were affected by slight adjustment but remained at a high level. Recovery of demand for rod-end & spherical bearings for aircraft application is evident at a faster pace than expected. Internal shipments of ball bearings expanded in response to increased production of pivot assemblies and fan motors, lifting total shipments, but external shipments remained almost flat.

Sales of Electronic devices and Components Business

Rotary components
 Change yoy decreased 1.5%, qoq increased 4.4%
 Other electronic devices
 Change yoy increased 15.2%, qoq increased 7.8%



- ◆ Expanded sales of fan motors for PC.
- ◆ Increased sales of backlights due to recovery of demand for mobile phones and start of new model.
- ◆ Due to decline of market share, shipment of HDD spindle motors remained low.

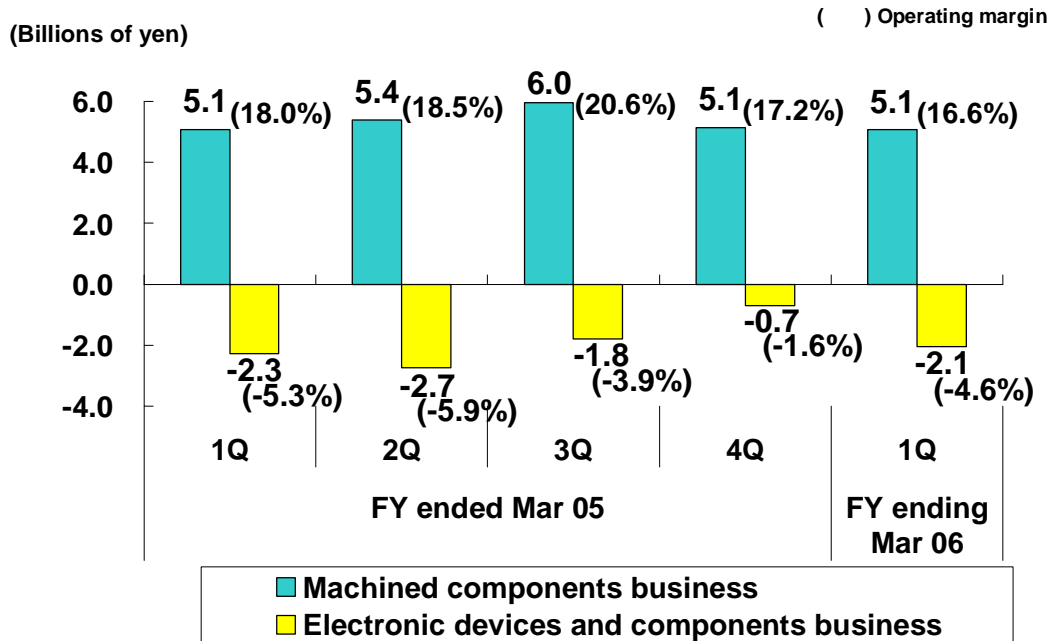
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Of electronic devices and components business, first quarter sales of rotary components were 26.4 billion yen, almost no change from previous quarters. Sales of fan motors for PC jumped but sales of HDD spindle motors decreased due to lower market share. Sales of other electronic devices and components grew to 18.7 billion yen, owing to higher sales of keyboards and back lights.

Operating Income



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Operating income of machined components segment was 5.1 billion yen in the first quarter, flat from the same quarter of the previous fiscal year. Operating loss of electronic devices and components segment was 2.1 billion yen.

Operating Income of 3 Businesses

(Billions of yen)



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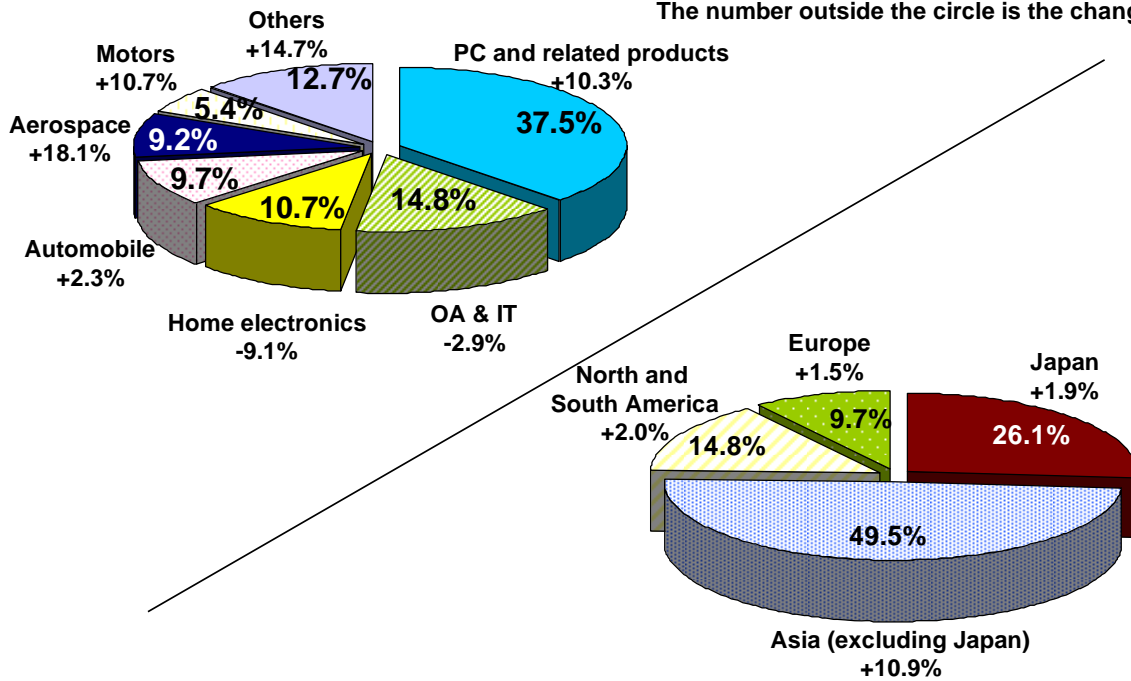


Of electronic devices and components segment, total of the businesses except the three businesses declined in profit slightly from the fourth quarter of the last fiscal year. Back light business expanded but sales and income declined for speaker business.

The loss of the three businesses widened. Depressed sales volume is the reason for spindle motor business. Structural reform measures and production integration are still underway at Minebea-Matsushita Motor joint venture and keyboard businesses.

Sales by User Industry and by Region

The number inside the circle is sales %.
The number outside the circle is the change yoy.



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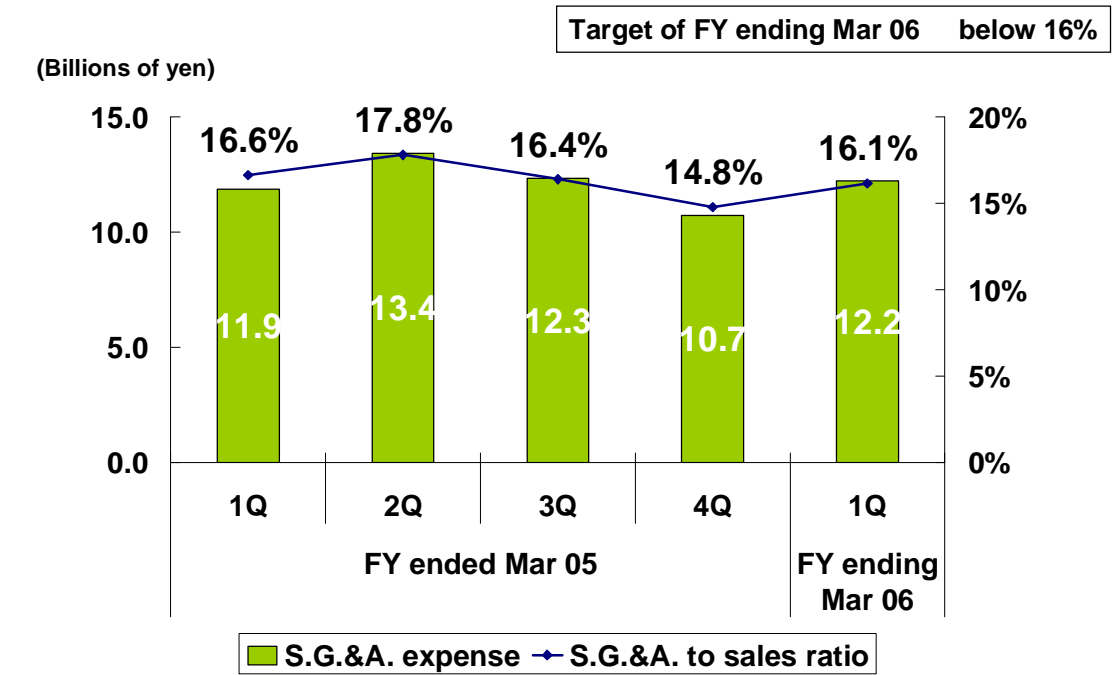
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By application, fan motors, keyboards and pivot assemblies for PCs and HDDs had brisk sales. Bearings for aircraft application also recorded high growth in sales.

By region, sales in Greater China area continued its high pace of growth.

S.G. & A. Expenses



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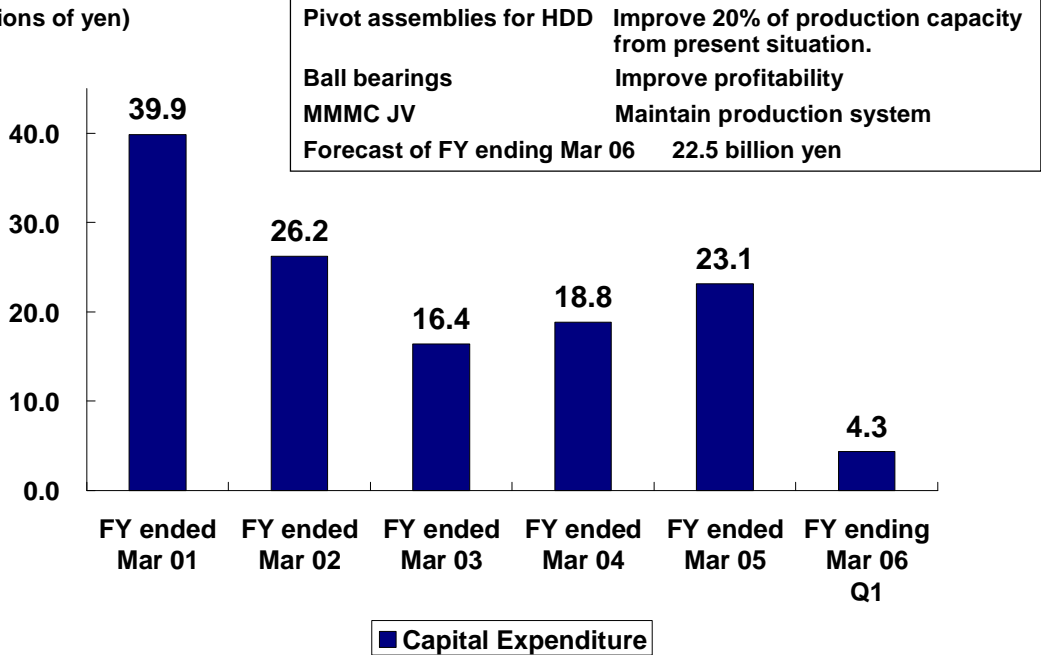
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Expenses in the first quarter increased in line with sales growth despite efforts to reduce expenses. We target to reduce SG&A to below 16% as % of sales.

Capital Expenditure

(Billions of yen)



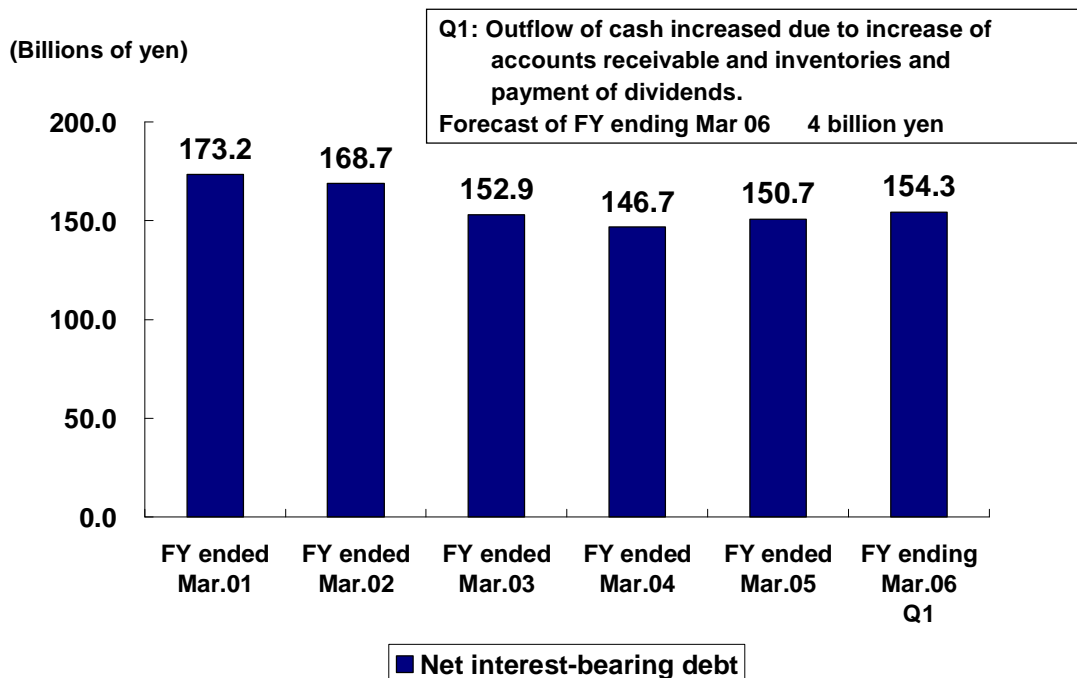
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Capital expenditure in the first quarter was 4.3 billion yen. The main areas of investment are additional installation of automated assembly lines for small-sized pivot assemblies, capacity expansion and productivity advancement of ball bearings, and production transfer, measures to bring parts manufacturing in-house and productivity improvement at Minebea-Matsushita Motor joint venture.

Interest-Bearing Debt



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Outflow of cash increased due to items such as payment of dividends in the first quarter. As a result, interest bearing debt increased from the end of March 2005. On a net basis, after subtracting cash and equivalent, interest bearing debt increased by 3.6 billion yen to 154.3 billion yen. We target a reduction of 4 billion yen during this fiscal year.

Outlook

Forecast of H1 of FY ending March 31, 2006 (Announced in May)

(Millions of yen)	FY ending Mar 06
	1H
Net Sales	142,000
Operating Income	7,500
Net Income	3,000

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There are no changes to the forecasts for the first half. 4.5 billion yen is required in the second quarter to achieve the forecast. We aim to do this by improving profitability of pivot assemblies, spindle motors and keyboards.

Policy and Strategy

Takayuki Yamagishi
Representative Director,
President and Chief Executive Officer

July 28, 2005



Management Policy

1. Take decisive actions for structural reform.

Reorganize manufacturing and sales divisions.

Build cross-sectional manufacturing organization.

Strengthen the Group's cross-sectional functions.

2. Reinforce R&D.

Reinforce development of basic technologies.

Set up a structure that can aggregate and reorganize the Group's technologies.

3. Manage with clear vision.

Reinforce manufacturing technology which brings advantage in the market.

Build product line with future technologies that capture the market's needs.

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The management policies are as I explained in May. I am committed to implement these policies - decisive implementation of structural reform, reinforcement of R&D, management with a clear vision.

I first launched on structural reform. An organization that enables implementation of structural reform has been set up and we are now entering the stage of actual implementation. I also plan to change engineering organizations. Together with overall structural reform, this should lead to reinforcement of engineering capabilities. As for managing with vision, this is yet to be implemented.

Purpose of Management Policy

1. Reduce deficit.

Concentrate Group's resources on improving profitability of the three loss making business.

2. Increase profit.

Increase sales and profit of bearing and related business.

3. Secure future profit.

(Reinforce rotary components business.)

Focus on high-value added products.

Expand display-peripheral component business.

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The three short term goals of the policies are as show on this slide. In particular, reduction of losses is a task which is addressed by every organization of the company.

Structural Reorganization for Realization of Management Policy

Enforced on June 29 and July 1.

- **Inaugurated New Management Structure.**
- **Introduced Business Units System 14 Business Units.**
 - Disestablished plant system : breakaway from region.
 - Integrated production and sales divisions.
- **Introduced Division System 5 Divisions**
 - Enforced Group's lateral support function.
 - Organized Group's "specialists' technology" team.

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In order to realize the policies mentioned before, I implemented organizational changes. On June 29, the new management structure was inaugurated. On July 1, systems of Business Units and Headquarters were introduced. Objectives are management of businesses with sales and manufacturing as a single entity, clarification of authority and responsibility and creation of an organization with good communication and transparency. The roles of Headquarters are to provide functional and cross-sectional support to Business Units.

Measures for Profit Improvement of 3 businesses (Reduce Deficit)

◆ HDD Spindle Motors

Set benchmark of each parts' cost.

Seek cost cutting

Parts	Utilize Group's ultra-precision machining technologies.
Assembly	Staff reduction – review work flow.

◆ Keyboards

Cut costs of materials with the initiative of headquarters.

Terminate double-cost structure.

Reconsider the order-gaining strategy of high material rate models.

◆ Minebea-Matsushita Motor JV

Increase efficiency with Minebea and Matsushita's design consolidation.

Shift from volume to quality.

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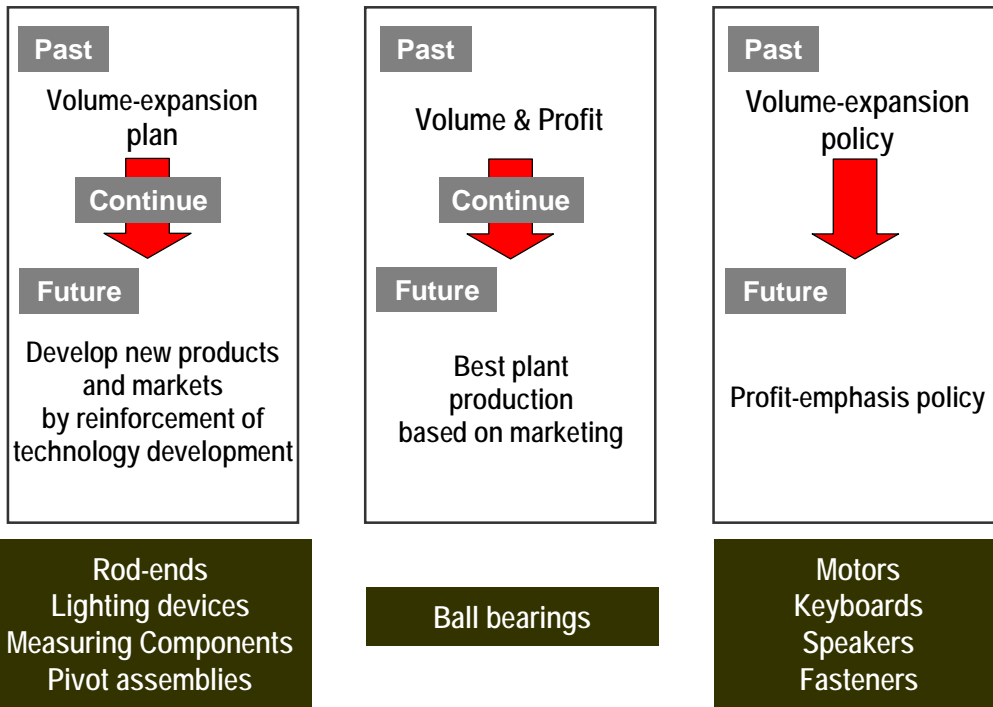


Cost reduction is aggressively pursued at spindle motor business through increase of in-house production of machined components, and through cost reduction at every stage of manufacturing process. We launched measures at Thai plant in early July.

Proportion of keyboard products with high percentage of raw material costs has increased, partly on the back of rise in prices for raw materials last year. In addition to completing transfer of Thai products, review of procurement prices of materials and order intake strategy will be implemented to improve profitability.

Full efforts are made to complete integration of production by end of September at Minebea-Matsushita Motor joint venture. At the same time, productivity improvement is pursued by standardizing designing methods of fan motors and stepping motors, for which Minebea has taken initiatives in expanding the businesses.

Business Strategy by Categories (Increase Profit)



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There was a tendency to emphasize volume expansion at Minebea, partly due to the manufacturing philosophy of vertically integrated manufacturing. We will review this idea. The businesses with a greatest change in direction are motors and keyboards. We will first seek to build business models that can generate profit.

As for rod-end bearings, lighting devices and measuring components, these businesses are succeeding to capture new areas of market and applications by utilizing technological strengths and production capabilities. We will continue to aim to expand the businesses by further reinforcement of engineering.

In ball bearing business, we will continue to emphasize the balance between volume and profitability. At the same time, under the new Business Unit, with sales and manufacturing unified, we will build a production system that takes advantage of different strengths of plants world-wide and we will cultivate new markets and develop new products by utilizing our global network.

Topics

■ Ball Bearings

- Achieved 180 million units production and sales in June.

■ Rod-End bearings

- Started production of bearings for A380 of Airbus.
- Promoted gaining orders of bearings for B787 of Boeing.
- Gained profit under the influence of aircraft industry's favorable condition.

■ Lighting Devices

- Increased orders of high intensity LED new backlights.

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The slide shows some topical highlights. In June, sales and production of 180 million units of ball bearings were achieved, a goal we have been aiming. The business of rod-end bearings is brisk including for orders and inquiries for applications in new aircraft. For back lights, we are receiving inquiries for new high-intensity LED back lights. Mass production and shipments should start from autumn.

Minebea Co., Ltd.

Business Results

<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.

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