



# **Business Results**

**Fiscal Year Ended March 31, 2009**

**May 8, 2009**  
**Minebea Co., Ltd.**



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

# Financial Results

**Hiroharu Katogi**  
**Director,**  
**Senior Managing Executive Officer**

May 8, 2009

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# Summary of Consolidated Business Results

Net Sales and Income decreased significantly due to currency impacts, higher raw material costs and global recession

(Millions of yen)	Year ended Mar. '08	Year ended Mar. '09	Change YoY	Forecast announced in January 2009	
	Full year	Full year		Full year	vs. forecast
Net sales	334,431	256,163	-23.4%	260,000	98.5%
Operating income	30,762	13,406	-56.4%	17,500	76.6%
Ordinary income	27,691	11,555	-58.3%	15,500	74.5%
Income before income taxes	25,254	6,834	-72.9%	11,500	59.4%
Net income	16,303	2,441	-85.0%	6,500	37.6%
Net income per share (yen)	40.86	6.18	-84.9%	16.46	37.5%

Foreign exchange rates	Mar. '08 Full year	Mar. '09 Full year	Remarks
US\$	¥115.29	¥100.83	() is on-shore rate reported by the Bank of Thailand. The large difference between the on-shore and off-shore Thai Baht rates disappeared in March, 2008 when Thailand lifted its restrictions on short-term capital inflows.
Euro	¥162.18	¥145.65	
Thai Baht	¥3.70 (¥3.39)	¥2.98	
Chinese RMB	¥15.40	¥14.64	

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Looking at consolidated business results for the fiscal year ended March 31, 2009, net sales fell significantly by 23.4% to 256.2 billion yen on a year-on-year basis, as demand diminished due to the sluggish global economy. Foreign exchange fluctuations, most notably the appreciation of the yen, brought net sales down 31.1 billion yen.

Operating income reached 13.4 billion yen, down 56.4% compared to last fiscal year. This huge drop was due mainly to the negative impact of the foreign exchange fluctuations and higher raw material prices during the first half, and a sharp sales drop amid the global economic downturn during the second half. The impact of foreign exchange on operating income for this fiscal year resulted in an increase of about 0.4 billion yen, while the impact of the hike in raw material prices resulted in a decline of about 1.5 billion yen.

Net income was 2.4 billion yen, suffering a large year-on-year drop of 85.0%.

# Quarterly Summary of Consolidated Business Results for 4Q

## A significant decline in net sales caused losses

(Millions of yen)	FY ended Mar. '08 4Q	FY ended Mar. '09		Change	
		3Q	4Q	YoY	QoQ
Net sales	81,042	59,166	46,384	-42.8%	-21.6%
Operating income	7,286	4,532	-2,824	N.A.	N.A.
Ordinary income	6,999	4,094	-3,430	N.A.	N.A.
Income before income taxes	6,055	2,920	-6,187	N.A.	N.A.
Net income	3,775	2,447	-6,211	N.A.	N.A.
Net income per share (yen)	9.46	6.24	-15.61	N.A.	N.A.

Foreign exchange rates	4Q of FY Mar. '08	3Q of FY Mar. '09	4Q of FY Mar. '09	Remarks
US\$	¥108.44	¥99.17	¥92.80	() is on-shore rate reported by the Bank of Thailand. The large difference between the on-shore and off-shore Thai Baht rates disappeared in March, 2008 when Thailand lifted its restrictions on short-term capital inflows.
Euro	¥161.16	¥132.72	¥122.57	
Thai Baht	¥3.60 (¥3.29)	¥2.85	¥2.63	
Chinese RMB	¥15.06	¥14.51	¥13.54	

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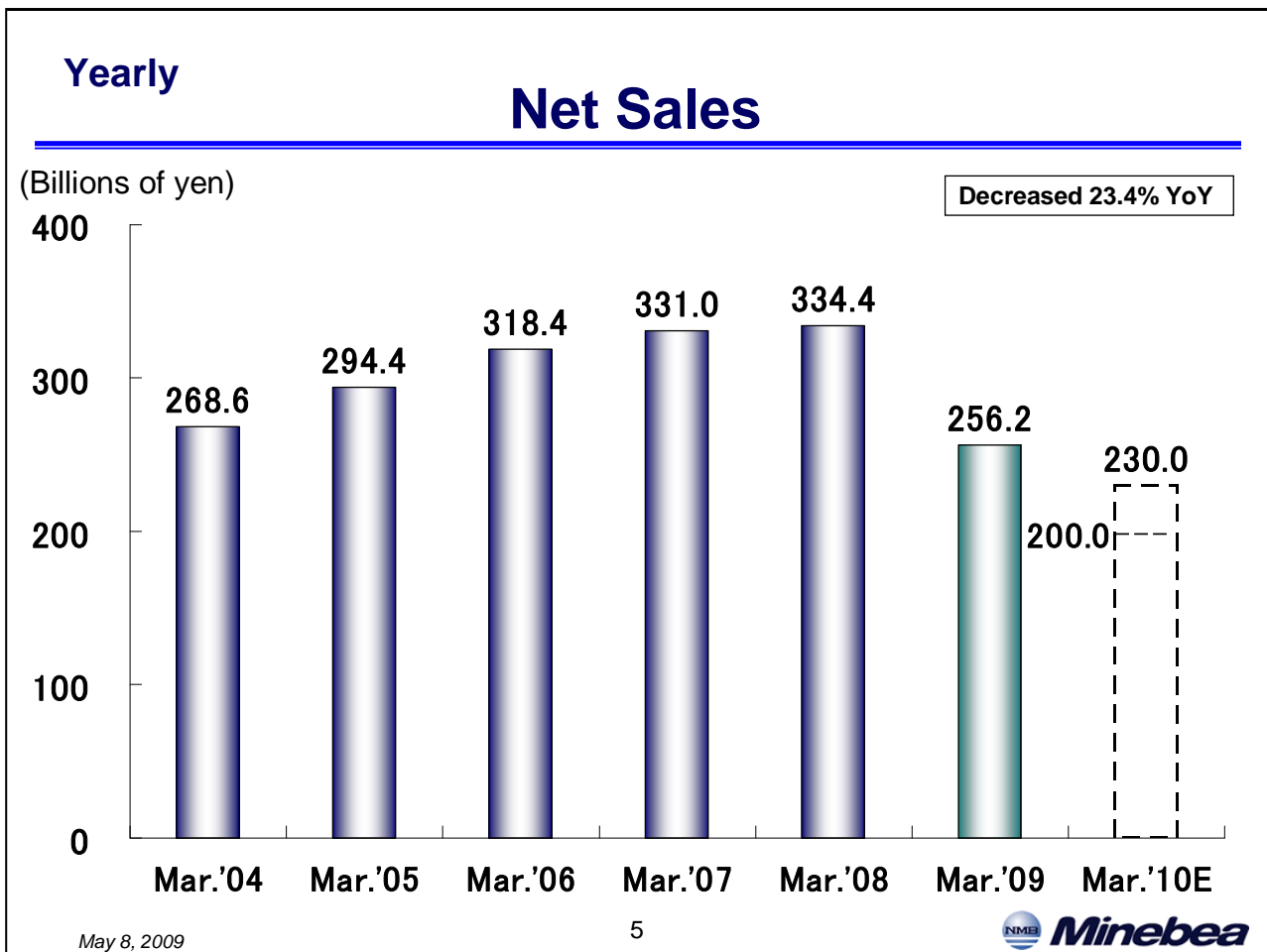
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Here are the fourth quarter consolidated business results.

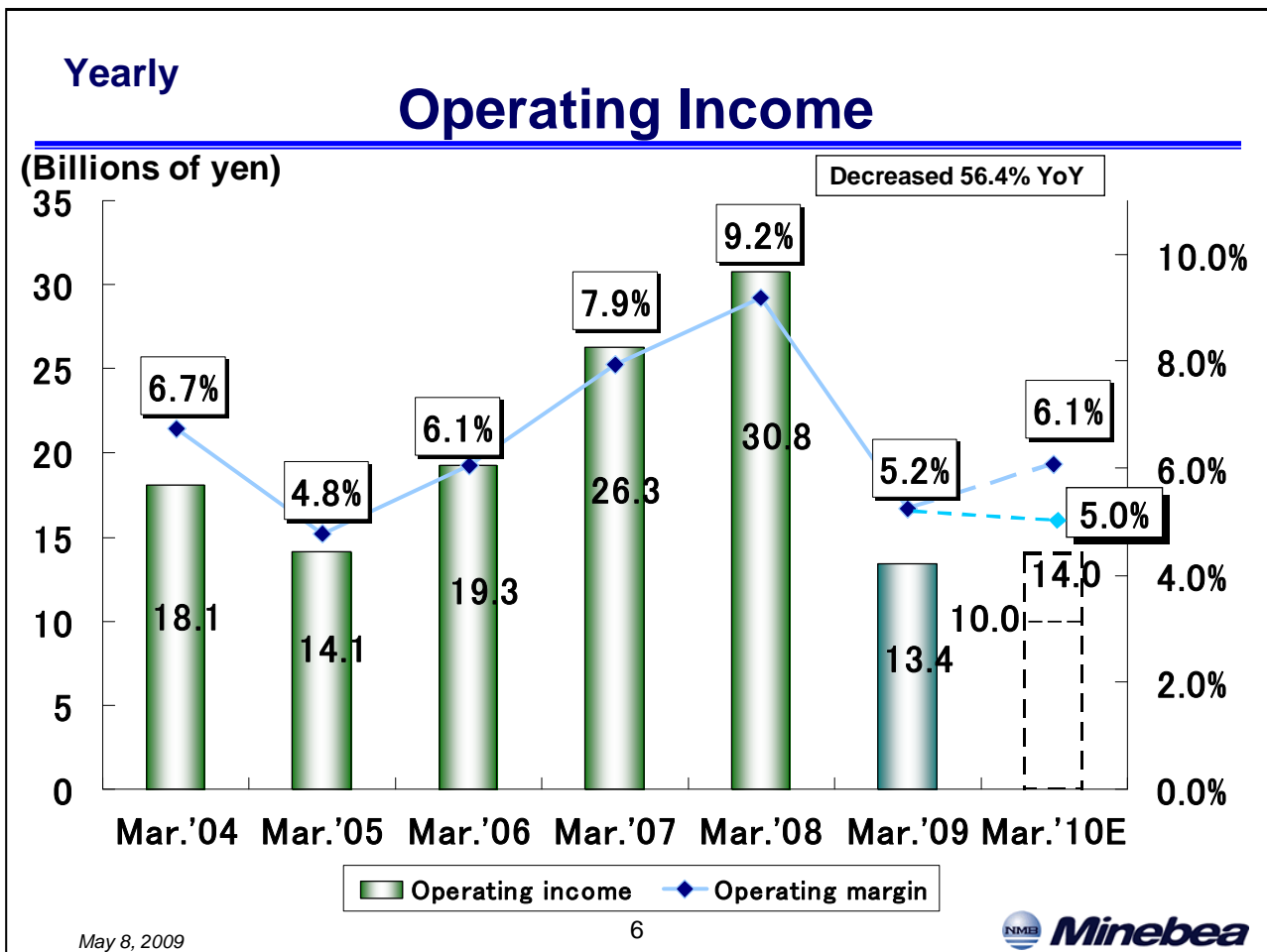
Net sales, which totaled 46,384 million yen, suffered a large 21.6% decline from the previous quarter due to sluggish sales brought on by the global recession. This resulted in an operating loss of 2,824 million yen and a net loss of 6,211 million yen for the fourth quarter. It was the first time we experienced a quarterly operating loss since we implemented quarterly reporting in the fiscal year ended March 31, 2002. The impact of foreign exchange can be seen in the approximately 2.7 billion yen decline in sales and an increase of approximately 0.7 billion yen in operating income compared with the previous quarter.

As the world economy continued to spiral downward during the third quarter, there were increasing inventory adjustments by finished product manufacturers and distributors. This resulted in a further decline in the demand for our products in the fourth quarter. Sales fell by more than 20% quarter on quarter for two consecutive quarters. During the fourth quarter, in order to respond to this economic situation, we significantly cut production of most of our products much below our sales volume level. Thus, production cost per unit increased, which worsened our profitability. However, the decline in demand now seems to have hit bottom thanks to progress in inventory adjustments.



The graph shows net sales each year. In the fiscal year ended March 31, 2009, we experienced a huge negative impact from a strong yen which resulted in a loss of 31.1 billion yen on top of an abrupt downturn in the automobile, office automation equipment, consumer electronics, PC, hard disk drive, and mobile phone markets due to the global recession. Our net sales for this fiscal year declined drastically from the previous year's record high and were the lowest in the 14 years since the fiscal year ended March 31, 1995.

We expect sales for the fiscal year ending March 31, 2010 will decline to between 230 and 200 billion yen. Although progress with inventory adjustments in various product markets will lead to a slow recovery in demand, we don't expect to see demand return to its former peak level for some time to come.



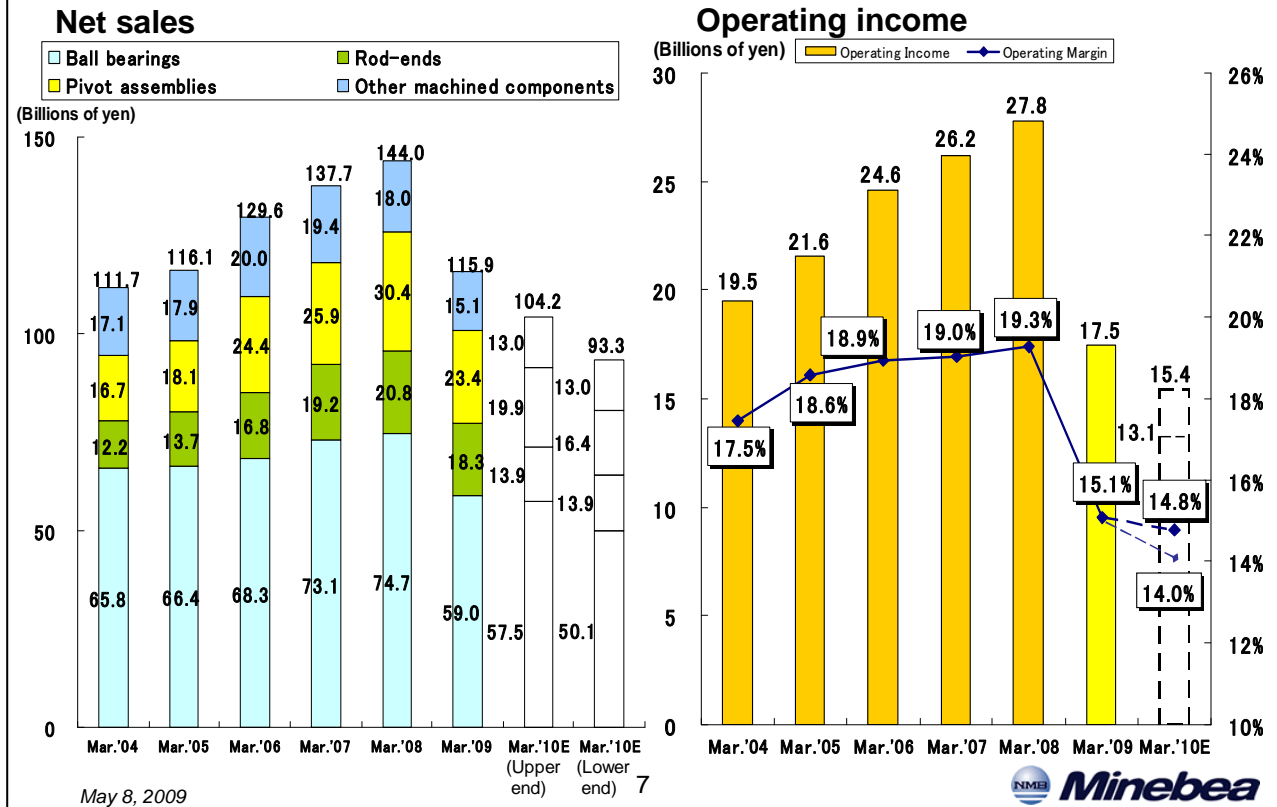
The graph shows operating income and operating margin each year.

During the first half of the last fiscal year we were affected by higher raw material prices as well as a negative impact from foreign exchange due to the strong Thai Baht against the yen since Thailand is our main production base. Although the yen regained its strength against the Baht in the second half, the global economic downturn brought a large decline in sales. As a result, operating income dropped sharply to 13.4 billion yen. This was the lowest in the 22 years since fiscal year ended September 30, 1987, except for the year when we changed the end of our fiscal year. The operating margin also fell to 5.2%. According to our estimate under certain assumptions, the impact of the foreign exchange on operating income was a year-on-year increase of about 0.4 billion yen during the fiscal year, while higher raw material prices had a negative effect of about 1.5 billion yen.

For the fiscal year ending March 31, 2010, operating income is projected between 14 billion yen and 10 billion yen due to the slow recovery in sales, although we expect lower raw material prices as well as positive results from efforts to reduce fixed costs and other expenses.

## Business Segments

# Machined Components Business



The graphs show net sales and operating income for the machined components business segment each year.

Net sales for the fiscal year ended March 31, 2009 totaled 115.9 billion yen, down 19.6% from the previous fiscal year. Sales were down in all areas including ball bearings, rod-end bearings, pivot assemblies and other machined components. Operating income was also down 37.1% to 17.5 billion yen due mainly to the deficit in pivot assemblies as well as significant decreases in profit for ball bearings, rod-end bearings, and other machined components.

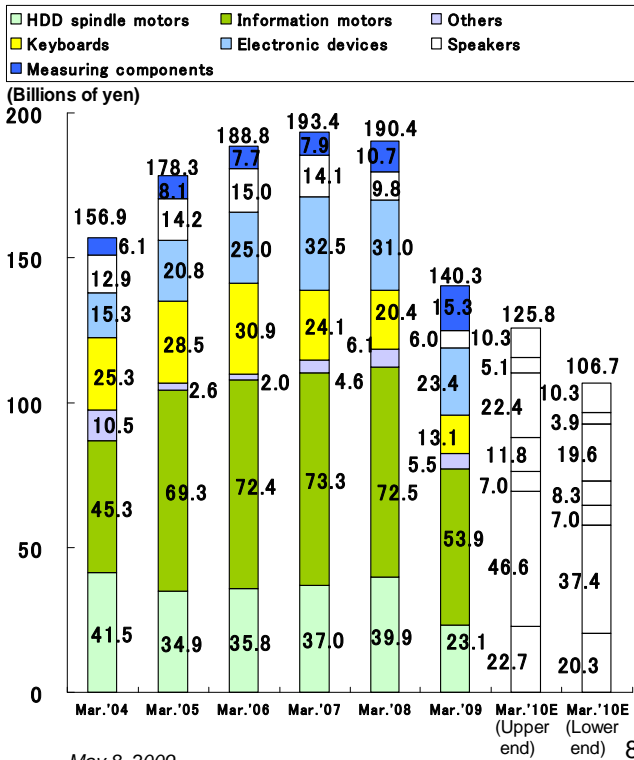
Sales for the fiscal year ending March 31, 2010 are projected to decline from the previous year in all areas, reaching between 104.2 billion yen and 93.3 billion yen. Since we expect only a slow recovery in sales, operating income is likely to decrease for ball bearings and rod-end bearings and remain flat for other machined components, while operating income will be back in the black for pivot assemblies.



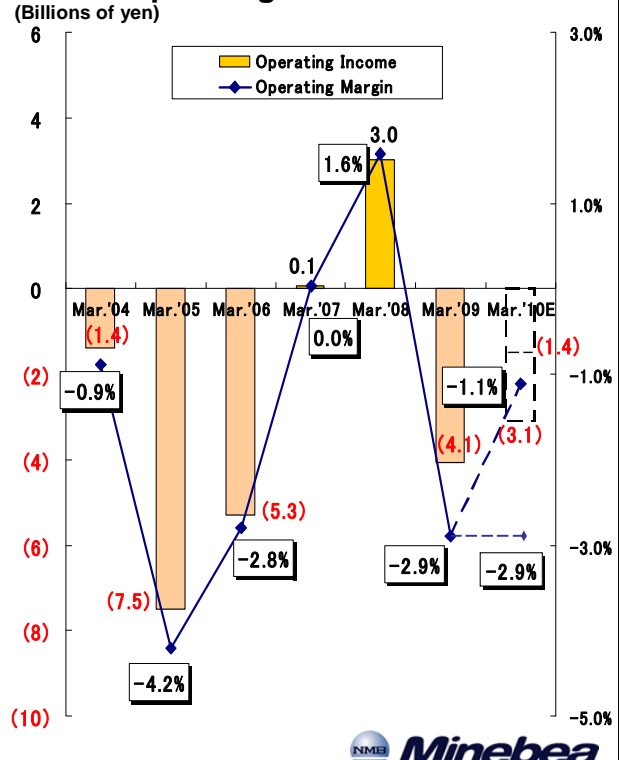
## Business Segments

# Electronic Devices & Components Business

### Net sales

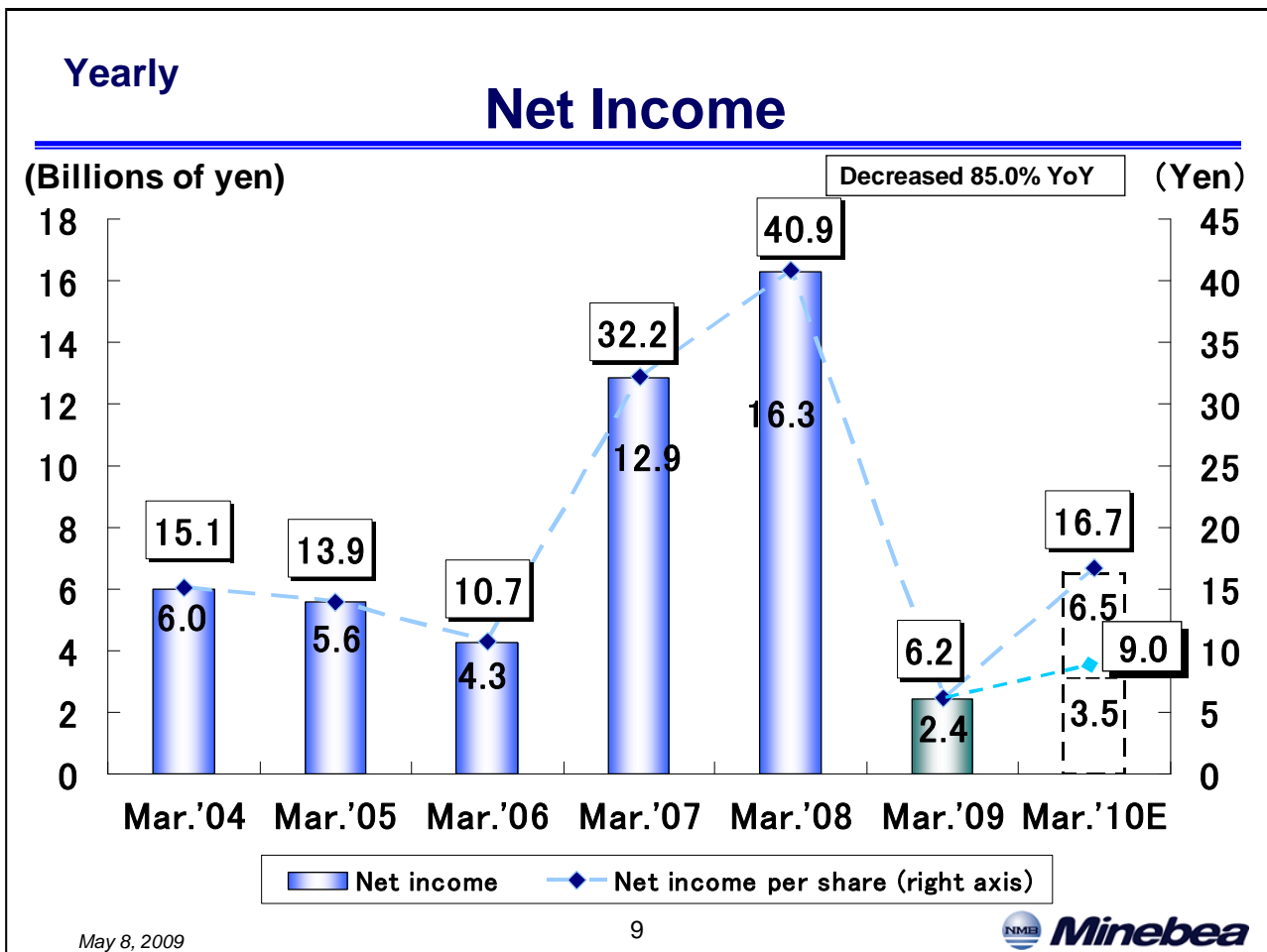


### Operating income



Let's look at the electronic devices and components business segment. Sales for this fiscal year fell by 26.3% or 50.1 billion yen from the previous year to 140.3 billion yen. Sales were down in all areas with the exception of measuring components for which we enjoyed good sales in game console applications. Operating loss totaled 4.1 billion yen. Profit increased for measuring components, but losses increased in HDD spindle motors and speakers, while information motors, keyboards and electronic devices slipped into the red.

Net sales for the fiscal year ending March 31, 2010 are projected to decline year-on-year in all areas excluding the positive effect of the corporate acquisition, and will reach between 125.8 billion yen and 106.7 billion. Despite a slow recovery in sales, we expect to see a much smaller operating loss in HDD spindle motors as well as a decrease in the operating loss in information motors, while profitability in electronic devices will be restored, due to various measures taken to improve profitability. For measuring components, we expect to see a decrease in operating income.

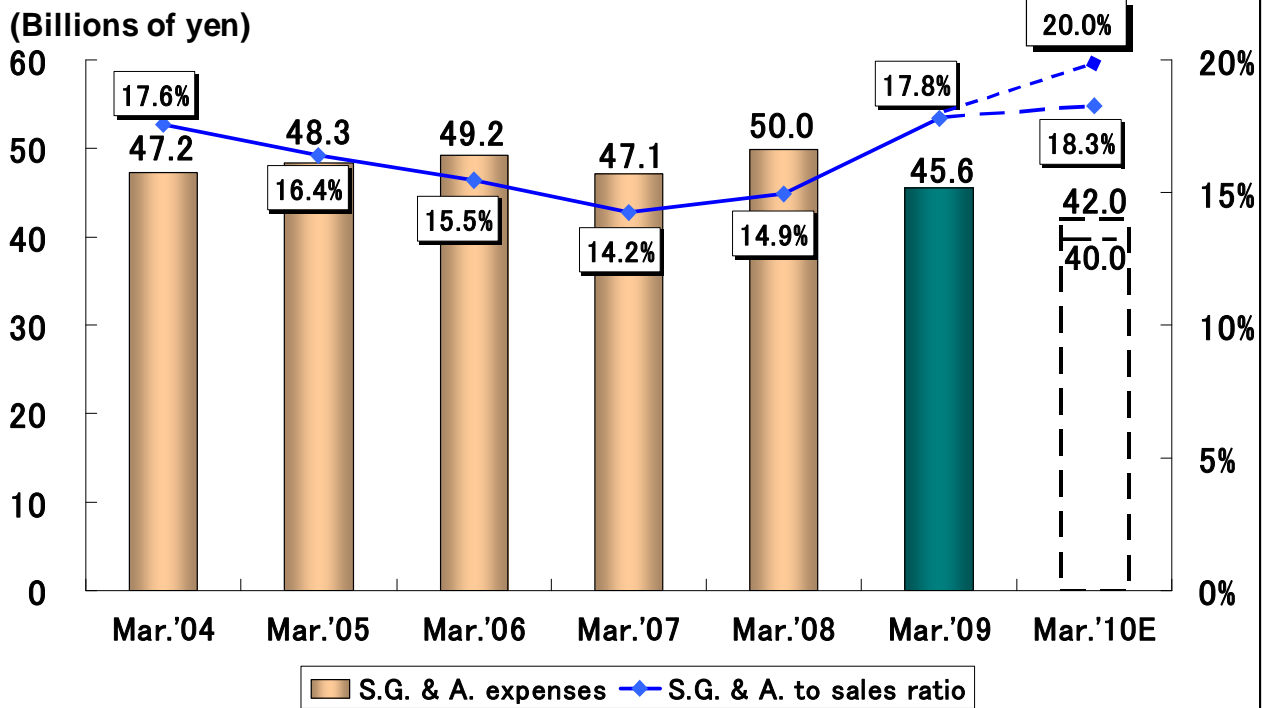


Net income dramatically decreased from the previous fiscal year's record high of 16.3 billion yen to hit 2.4 billion yen. This was due to the substantial decline in operating income as well as extraordinary losses of 5.1 billion yen. Specifically, these extraordinary losses included a loss of 1.8 billion yen as a result of the business restructuring related to the closure of the Skegness Plant in the UK, special severance payments of 1.0 billion yen for the early retirement implemented in Thailand, an allowance for environmental remediation expenses of 0.7 billion yen incurred in the U.S., and a loss on disposal of obsolete inventories totaling 0.6 billion yen. The effective tax rate increased over the previous year to 61.8%, due to the increase in dividends received from overseas subsidiaries.

Net income is projected to increase for the fiscal year ending March 31, 2010, since we expect no significant extraordinary losses.

Yearly

## S.G. & A. Expenses



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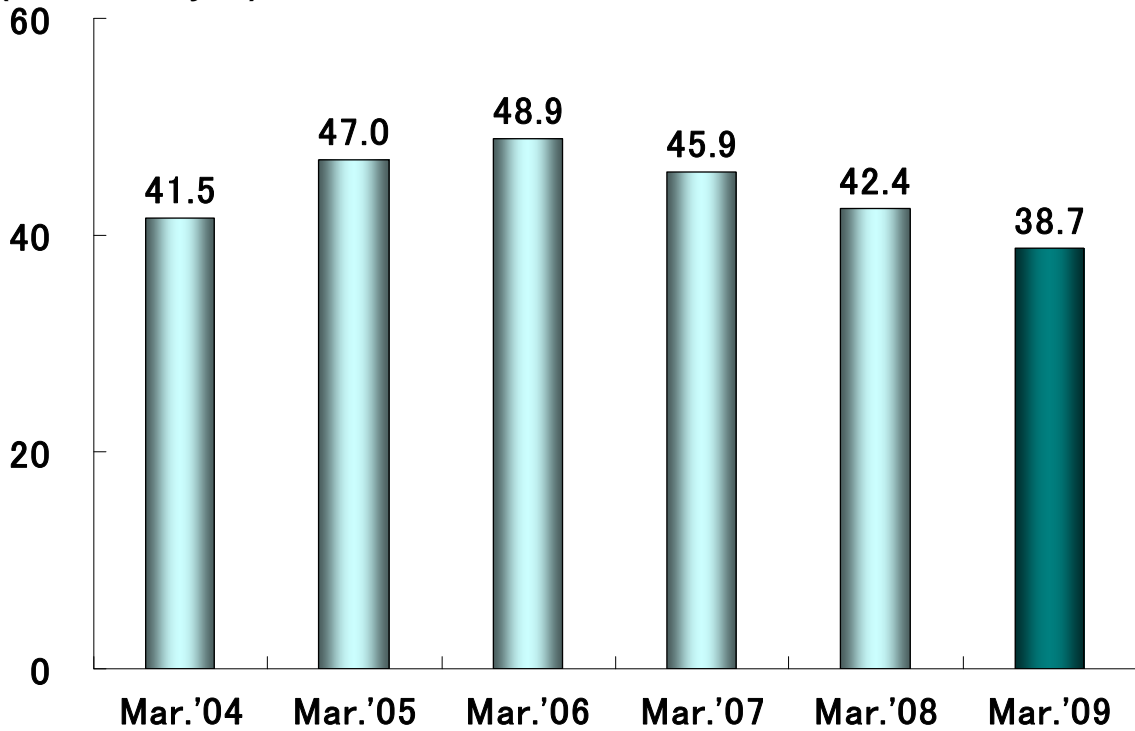
We have steadily decreased the SG&A expenses to sales ratio, and have maintained its level in recent years through various cost reduction measures. In the fiscal year ended March 2009, however, the SG&A expenses to sales ratio rose to 17.8% due to a drastic decline in sales, despite a 4.4 billion yen reduction in SG&A expenses.

For the fiscal year ending March 31, 2010, we expect an 8 to 12% reduction in the SG&A expenses, through reduction in sales related costs as well as extreme cost reduction measures.

Yearly

## Inventories

(Billions of yen)



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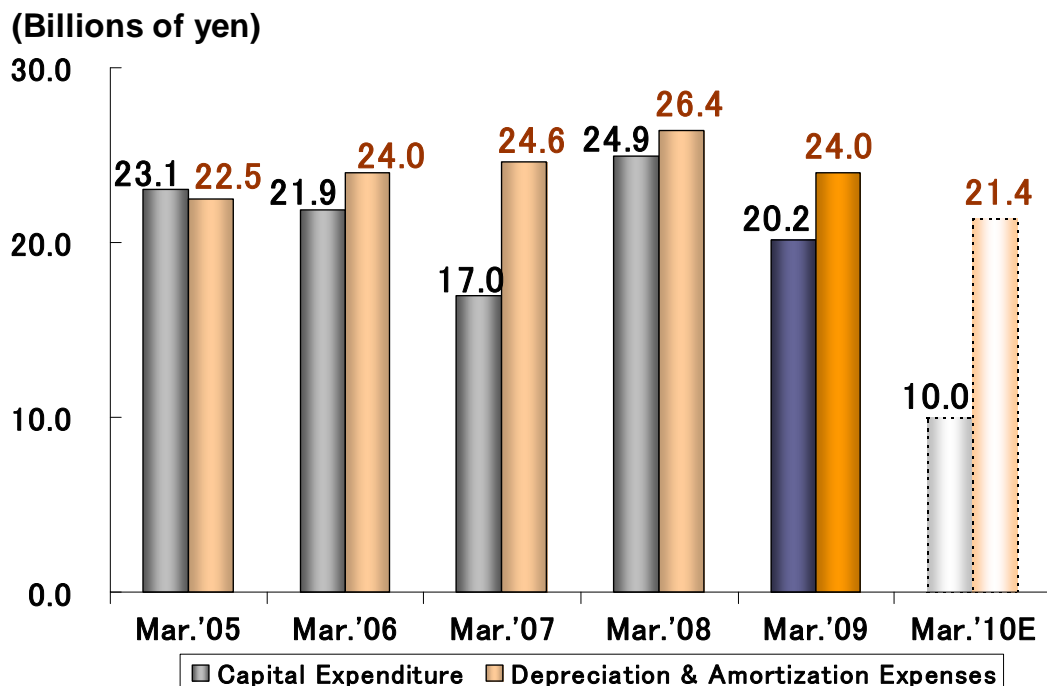
 Minebea

The graph shows inventories each year.

Inventories decreased by 3.7 billion yen from the previous year, due to inventory reduction measures taken in response to the sudden drop in demand. Although the overall sales decline seems to have bottomed out in March, we will continue to keep inventories low in light of the uncertain economic conditions.

Yearly

## Capital Expenditure & Depreciation



\*From FY 3/09, due to change in lease accounting, assets of finance leases are included.

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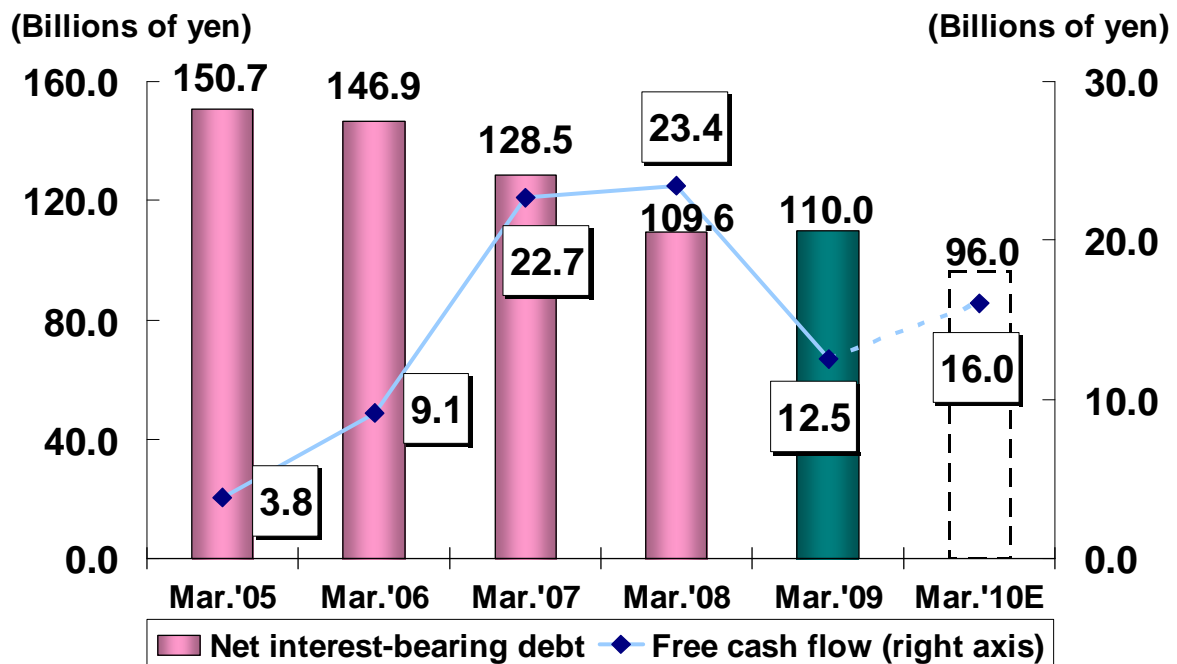


Capital expenditures for the fiscal year ended March 31, 2009 totaled 20.2 billion yen, down 4.7 billion yen from the previous year. While we built a new rod-end bearing factory in Karuizawa, we scaled down our original plan significantly in light of the changing market environment with abrupt fall in demand during the fiscal year.

For the fiscal year ending March 31, 2010, with the exception of the planned construction of a new surface treatment facility at the Fujisawa Plant, we plan to restrict capital expenditures since we do not see a need for additional capacity in light of the current demand situation, and also because of the global economic uncertainty.

Yearly

## Net Interest-Bearing Debt



Net Interest-bearing debt = Interest-bearing debt – Cash and cash equivalents  
Free Cash Flow = CF from operating activities + CF from investing activities

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This graph shows net interest-bearing debts each year, which is total interest-bearing debts minus cash and cash equivalents.

Net interest-bearing debts increased 0.4 billion yen over the previous year to 110.0 billion yen at the end of the fiscal year. We were unfortunately unable to reduce the balance of net interest-bearing debts to our medium-term target of 100 billion yen. Factors for this included an increase in dividend payments due to the implementation of interim dividends, stock repurchases, two M&A's during the fiscal year, and a drastic decline in profits.

We expect that we will continue to face a tough earnings environment in the fiscal year ending March 31, 2010. We will step up our efforts in creating cash flows in order to increase free cash flow. We will also consider new investment opportunities and returns to shareholders in light of the overall operating environment.

# Cost Reduction Measures

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## Cuts in executive pay

- Executive pay cut by 5% to 30%. No executive bonuses this year.

## Closure of UK Skegness factory

- Closed in April, about 2 billion yen per year cost reduction expected.

## Early retirement program in Thailand

- 2,750 employees (about 10% of total) in Thailand applied and retired in March.
- About 2 billion yen per year cost reduction expected.

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We have been implementing various measures to cut fixed costs since the last fiscal year due to our weak performance as a result of the worse economic situation.

First of all, to set an example we will cut remunerations for directors and executive officers by 5% to 30% depending on their positions for the time being, and give them no bonus this June. Also, corporate auditors voluntarily cut their own pay by 5%.

After having reached an agreement with the labor union, we closed the ball bearing factory in Skegness, UK as of the end of April with an extraordinary loss of 1.8 billion yen for the fiscal year ended March 31, 2009. This will result in a projected annual cost reduction of about 2 billion yen.

In Thailand, where we manufacture about 50% of Minebea Group's product, we had a workforce surplus due to the sharp decline in production volume and solicited voluntary early retirement. 2,750 people, about 10% of full-time employees in Thailand, accepted the offer and retired as of the end of March. The personnel cost reduction as a result of this measure is estimated to be about 2 billion yen per year.

We also implemented structural reforms in the U.S.

We are making a companywide effort to cut not only fixed costs but also operating expenses, by going all out to cut costs across the board.

# Forecast for Fiscal Year Ending March 31, 2010

A clear forecast is difficult, but we assume only limited and gradual global economic recovery this fiscal year

(Millions of yen)	FY ended Mar. '09  Full year	Fiscal Year ending Mar. '10					
		1st Half Range		2nd Half Range		Full year Range	
		Upper end	Lower end	Upper end	Lower end	Upper end	Lower end
Net sales	256,163	105,500	96,000	124,500	104,000	230,000	200,000
Operating income	13,406	3,500	1,800	10,500	8,200	14,000	10,000
Ordinary income	11,555	2,200	600	9,100	7,000	11,300	7,600
Income before income taxes	6,834	2,200	600	8,900	6,800	11,100	7,400
Net income	2,441	800	-700	5,700	4,200	6,500	3,500
Net income per share (yen)	6.18	2.06	-1.80	14.65	10.80	16.71	9.00

Foreign exchange rates	FY ended Mar. '09	FY ending Mar. '10 Assumption
US\$	¥100.83	¥91.00
Euro	¥145.65	¥128.00
Thai Baht	¥2.98	¥2.60
Chinese RMB	¥14.64	¥13.00

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This is a summary of our forecast for this fiscal year ending March 31, 2010.

With the dark clouds of the second half of the last fiscal year continuing to loom over the market environment, we would like to show our forecast figures for this period in the range. Although demand has been rebounding for some product markets since March due to progress in inventory adjustments, we are still not optimistic about the outlook for the global economy and our operating environment. At this stage, we expect to see a 10 to 22% drop in net sales partly as a result of foreign exchange. Our operating income is expected to remain flat or decline slightly as a result of measures taken to reduce fixed costs and our extreme cost reduction efforts as well as lower raw material prices and transportation costs. Net income is expected to increase since we do not foresee large extraordinary losses.



# Policy and Strategy

**Yoshihisa Kainuma**

**Representative Director,  
President and Chief Executive Officer**

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My name is Yoshihisa Kainuma. I became the president and CEO of Minebea on April 1. I'm pleased to have this opportunity to be with you today.

# My Mission as CEO

**Increase earnings per share**

**Maximize earnings per share and increase shareholders' value**

**Increase shareholders' value**

**Lay foundation for Minebea's 100<sup>th</sup> anniversary**

**Enhance corporate resources and be clear about exactly where we are heading**

**Enhance corporate resources**

I believe my mission as CEO is to enhance shareholder value. This can be made possible by increasing earnings per share. Since the key here lies in the share price, I intend to continue managing the company with a keen focus on share price.

My other mission is to lay the foundation for Minebea's 100th anniversary. We will be celebrating our 60th anniversary next year. I will focus on a long-term vision that looks at the next 40 years to come in an effort to educate a generation of leaders who will lead Minebea into the future.

We have been investing our corporate resources with an aim to expanding our business operations from ball bearings to a wider range of areas that include rotary components as well as electronic devices and components. We will also look closely at our operations and determine key areas we should focus on in order to achieve growth in the future.

## In Order to Increase Earnings Per Share



We will maximize the efficiency of our corporate resources, i.e., people, products, funds and time, with an eye to boosting earnings per share.

# How Can We Maximize Corporate Resource Efficiency?

Our previous basic management policy

Produce better products faster and cheaper in larger quantities than anyone else

Win the competition with manufacturing excellence and technological competency



What is our Strategy?

**Must identify our competitive advantages**

What is our core competency?

Our basic management policy under former company president, Goro Ogino, was to produce better products faster and cheaper in larger quantities than anyone else. Then under Minebea's last president, Takayuki Yamagishi, we focused on winning the competition with manufacturing excellence and technological competency. I will take a hard look at exactly where our core competencies lie and develop strategies that will leverage them to our advantage.

# What Is Our Competitive Advantage?

## Our unique characteristics

**Vertically integrated production system from parts to finished products**

**Extensive product lines including Machined components, Rotary components, Electronic devices and components, and Special device**



**Integrate these inherent corporate resources to gain competitive edge**

**Utilize our integrated strengths**

How?

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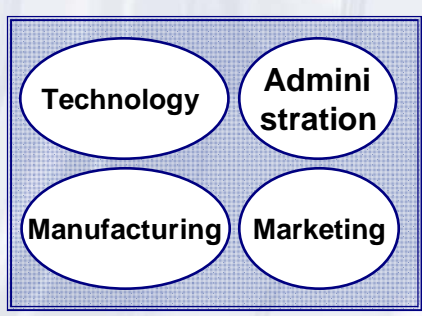
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During my first ten years with Minebea that I worked in sales, our core competencies fell within three areas. The first was our ability to begin overseas production before anyone else could. The second was a unique mass production method. The third was a vertically integrated production system. While overseas production and mass production is no longer anything new today, over the past 20 years we have been focusing on vertically integrated production from components to finished products. This should give us a big competitive edge in today's market.

We also have extensive product lines including machined components, rotary components, electronic devices and components, and special device. No other component manufacturer offers the wide variety of products we do. While strengths can be weaknesses and weaknesses can be strengths, I believe that our core competence today lies in these four product lines. We will focus our corporate resources in these areas and leverage our integrated strengths in order to gain a competitive edge.

# How Can We Integrate Our Strengths?

**Must boost integration of our vertical and horizontal strengths**



**Boost Vertical Strength**



Enhance ability to meet demand for flexible pricing

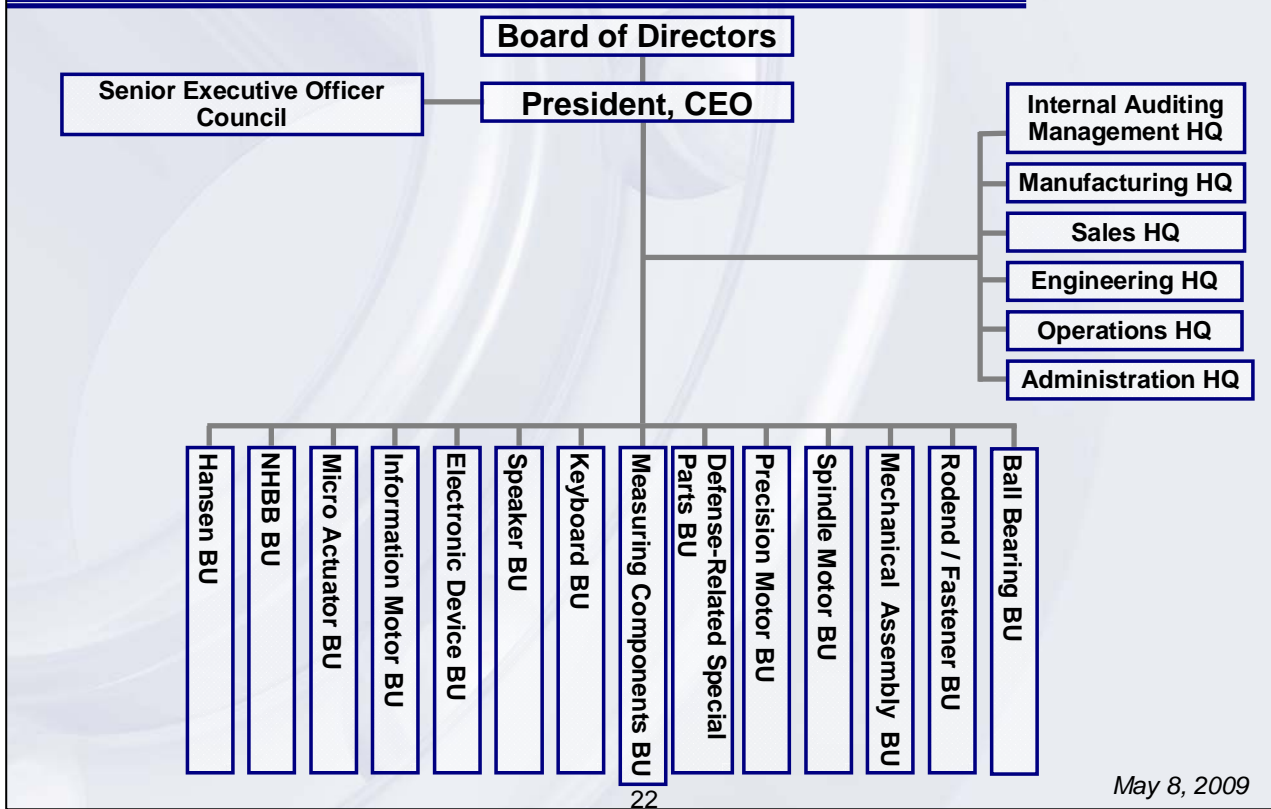
**Boost Horizontal Strength**



Enhance ability to meet customer requirements

I mentioned earlier about the vertically integrated production system. We will work to boost this vertically integrated strength as well as horizontally integrated strength in each product category to build up our overall integrated strength.

# Previous Organization Chart



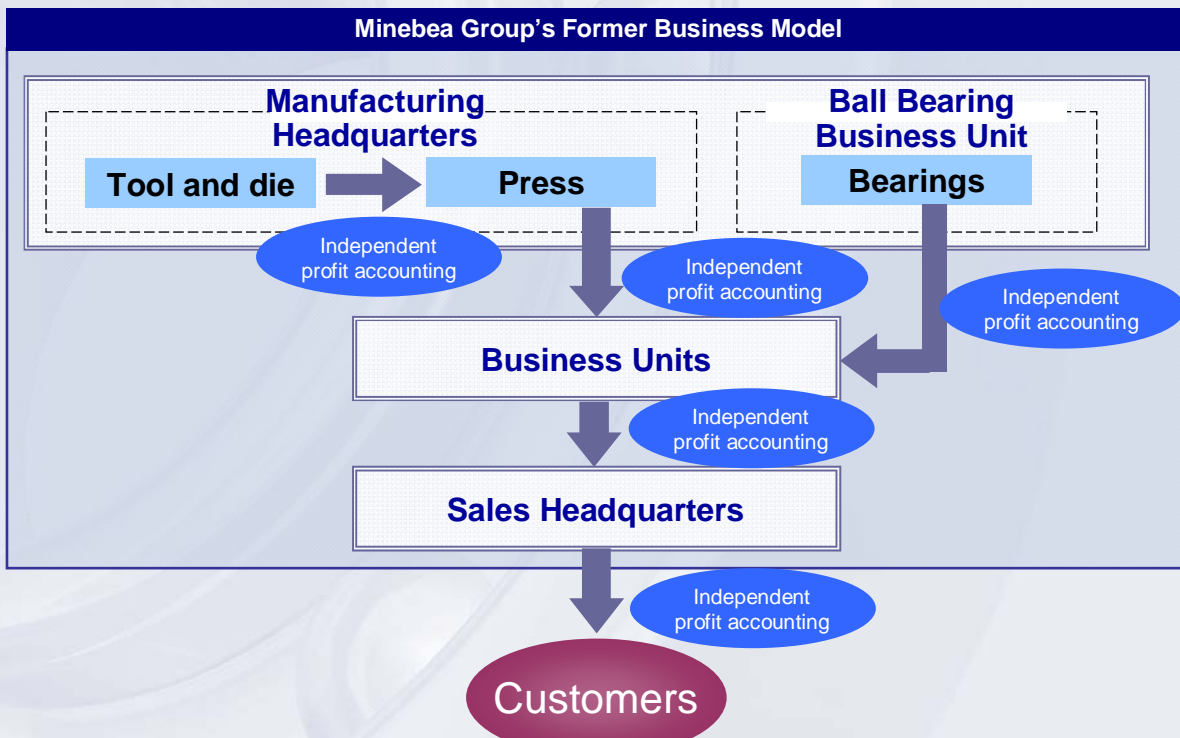
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This shows the organizational structure we implemented four years ago. We underwent an organizational change after having reviewed the previous manufacturing plant-based organization, which had enabled us to maximize the strength of each manufacturing plant but not our integrated strength. Under this organizational structure 14 business units were placed directly under the president with the support of the operational headquarters shown on the right side of the slide.

This organizational change enabled us to achieve our goals as planned. This type of organizational structure in which business units report directly to the president is suitable for operations aimed at enhanced agility since authority is centralized under the president. I want to change directions with a view to maximizing the integrated strength of our employees and managers. This is why I've decided to reorganize our business portfolio further.

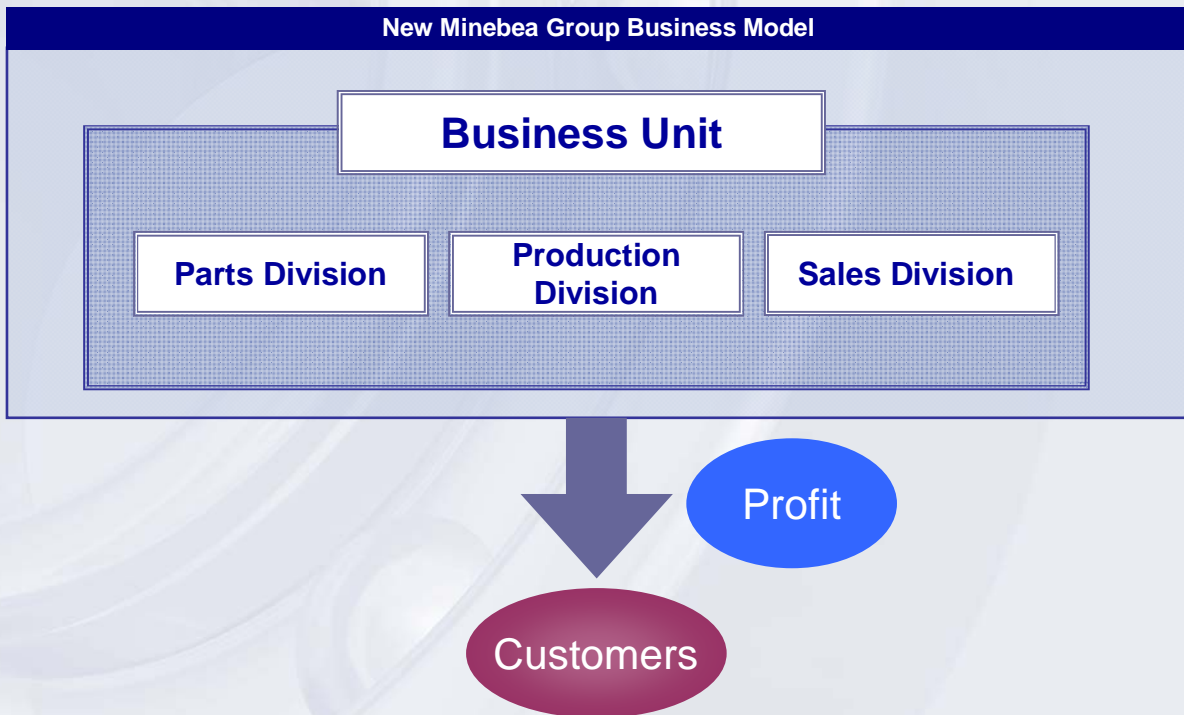
# Current System from Manufacturing to Delivery



This is our current business model, using the motor business as an example. We have a division for making tools and dies, which is a self-supporting operation. The tools and dies are passed onto the press division, which is also entirely self-supporting. They then go to a business unit that assembles in the case of motors, which also operates on a self-supporting basis. The business unit then sends the finished products to the Sales Headquarters, which again operates on a self-supporting basis. This business model was designed to focus on maximizing the profitability of each unit and worked very well.



# After Organizational Change: To Enhance Price Competitiveness

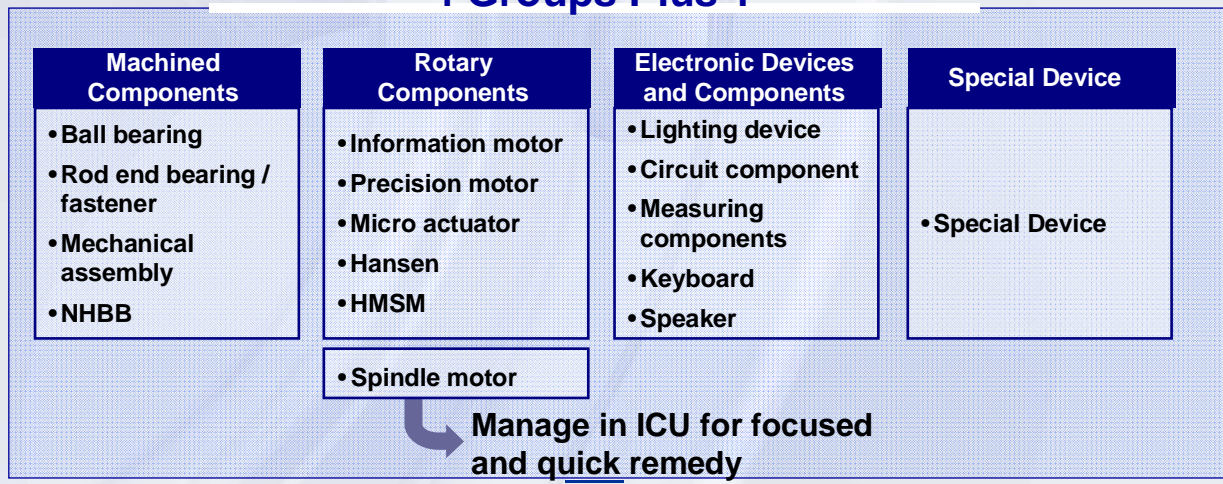


However, we started to see pricing systems begin to collapse a few years ago. We found ourselves no longer competing against Japanese manufactures alone. We are now up against companies from China as well as Taiwan, and soon Indian companies will get into the game. In order to consolidate Minebea's strengths and survive in this competitive arena, we will incorporate the parts, production and sales divisions all into one business unit under the new organizational structure. We will aim to increase sales by leveraging the profits from the overall operations of the business unit. We will also continue to pursue high-value-added products as we have done in the past.

While our previous organizational structure limited us from reaching out to lower-price markets, the new organizational structure will allow us to more readily meet demand for flexible pricing and expand into these markets.

# Boost Horizontal Integrated Strength (1) Reorganize Business Portfolio

## 4 Groups Plus 1

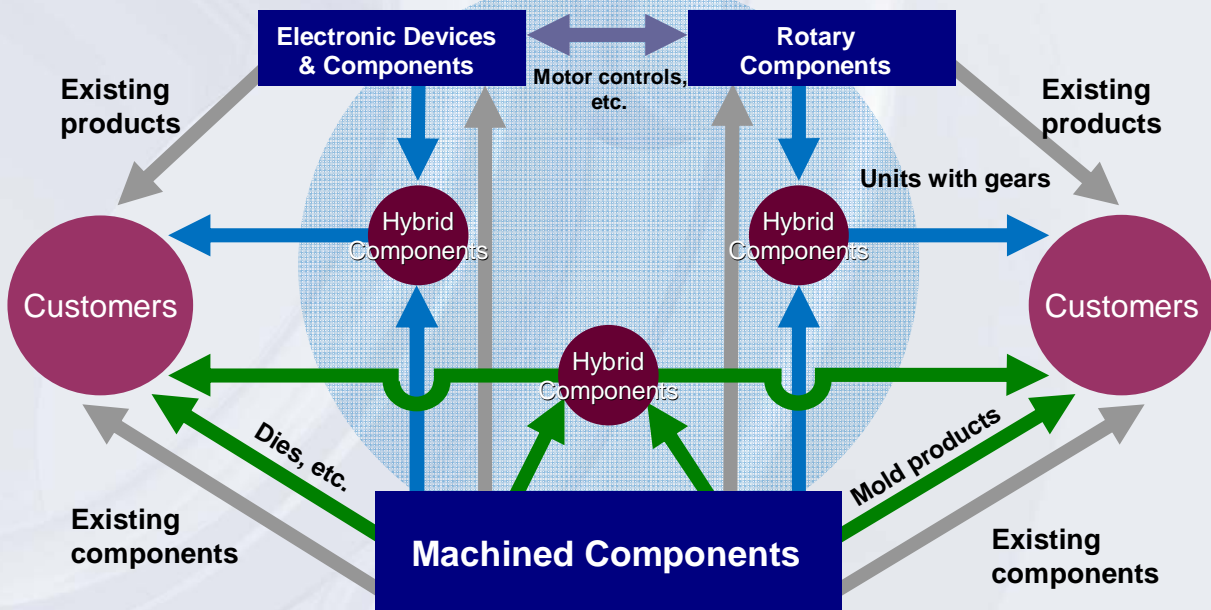


**Boost integrated strength through cross-organizational R&D/sales activities and technology/information sharing**

To enhance our horizontal integrated strength, we will divide our operations into four areas, i.e. machined components, rotary components, electronic devices and components, and special device. Although HDD spindle motors should be included in the rotary components business, we decided to separate the HDD spindle motor business from the rotary components business and put it under intensive care. We are putting our best people to work on the job of bringing back the HDD spindle motor business.

Dividing our operations into four groups will enable us to optimally allocate our fundamental technologies and human resources to each group. We will create synergy within each of the four groups while also creating synergy between the groups, enhancing our horizontal integrated strength in two ways.

# Create New Business Model (Sales of Hybrid Components)



**Sales of hybrid components will also enable us to quickly meet customer requirements**

The gray lines show our current business model. With the vertically integrated production system, machined components such as dies and pressed parts are supplied to the electronic component or rotary component business for assembly and then sold to customers, or as indicated by the gray lines on the bottom, lines of machined components such as ball bearings and rod end bearings are sold directly to customers.

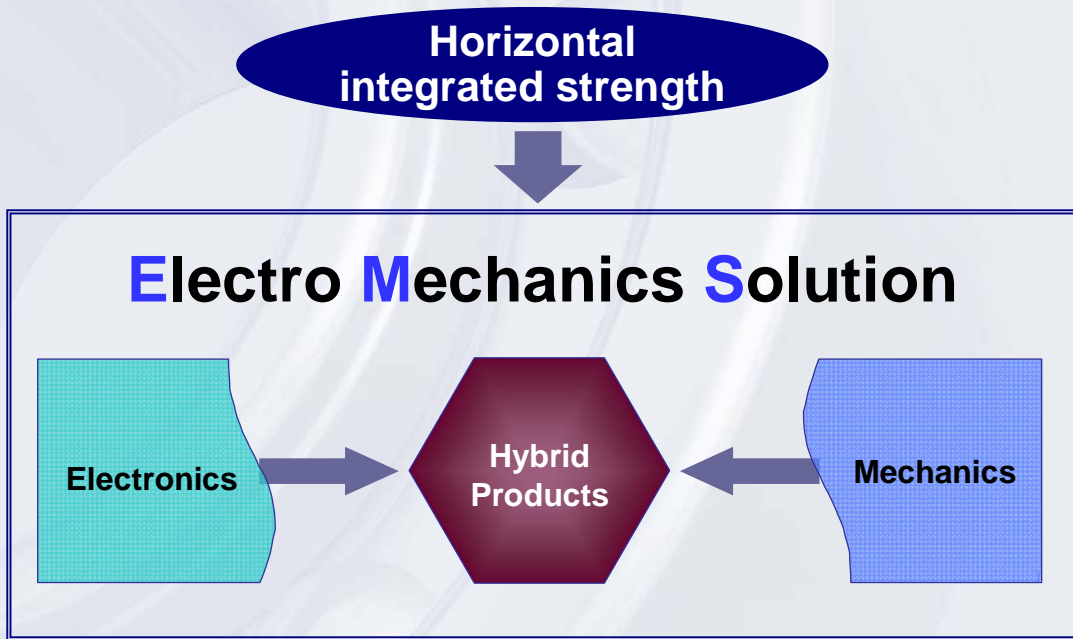
The green and blue arrows indicate what we can do by enhancing our vertical and horizontal integrated strength. Traditionally we wouldn't sell our machined components such as molded parts and dies to customers. However, Thailand where we produce most of our products has achieved such remarkable growth that it is now called the Detroit of Asia. Although the automobile industry is currently facing difficult times, I believe that the Thai automobile industry still has excellent growth potential. We plan to tap into these kinds of markets.

We also plan to produce and sell hybrid components that combine our machined components. At our new rod end bearing factory for example, we will not only produce our existing product lines but also combine them with mechanical components like arms, hinges and shafts to make high-value-added aircraft components and aggressively market these components.

Let's look at hybrid components which are indicated by the blue lines. Various electronic devices are made of various machined components. Since machined components is the area we are most specialized in, we will look into business models that incorporate as many machined components as possible.

This may be our first step toward laying the foundation for Minebea's 100th anniversary. It's not that we can start selling these products right way, but we will quickly establish a department dedicated to this area of business that will be ready to launch product sales.

# New Hybrid Components Concept



**Strengthen development and marketing of high-value-added hybrid products**

We will focus on hybrid components that combine machined and electronic components, which we call EMS, or electro mechanics solutions. Our product line also includes some special devices and we have special people who can design gears and mechanical components as well as motor drives. We will assign these engineers to a separate department and work on developing and marketing EMS's.



# Electro Mechanics Solutions: Product examples

## Fan Motor + Mechanical Component + Electronic Circuits + Software

**HMSM: Heat Management System Module**  
(Cooling system for data communications/processing equipment)



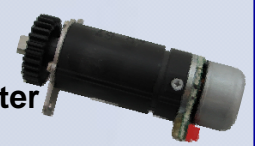
## Stepping Motor + Gear

**Stepping motor for HVAC**



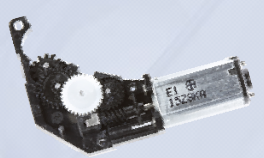
## BLDC Motor + Gear Box

**Motor for driving mobile phone repeater antenna**

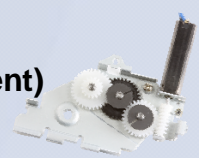


## DC Motor + Gear + Plate

**Digital camera zoom drive unit**

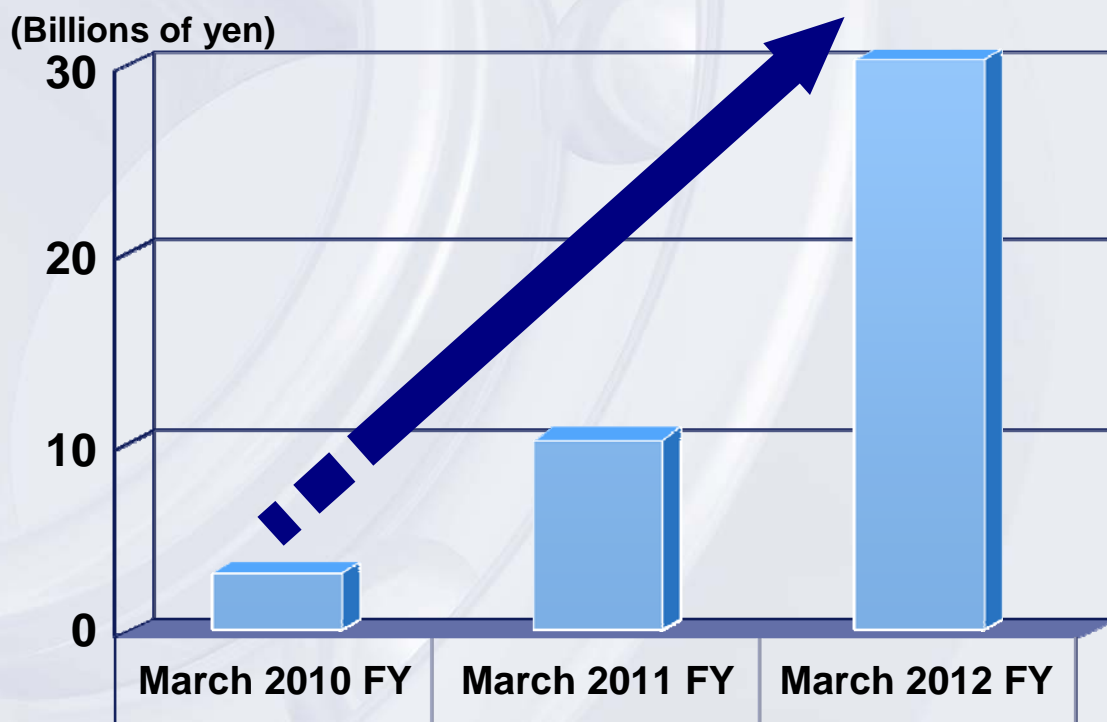


**Drive unit (under development)**



Among some of the EMS's shown here, I would like to spotlight the drive unit shown on the bottom right. We have received customer approval and will start mass production in two months. I believe that making products like this is a step in the right direction.

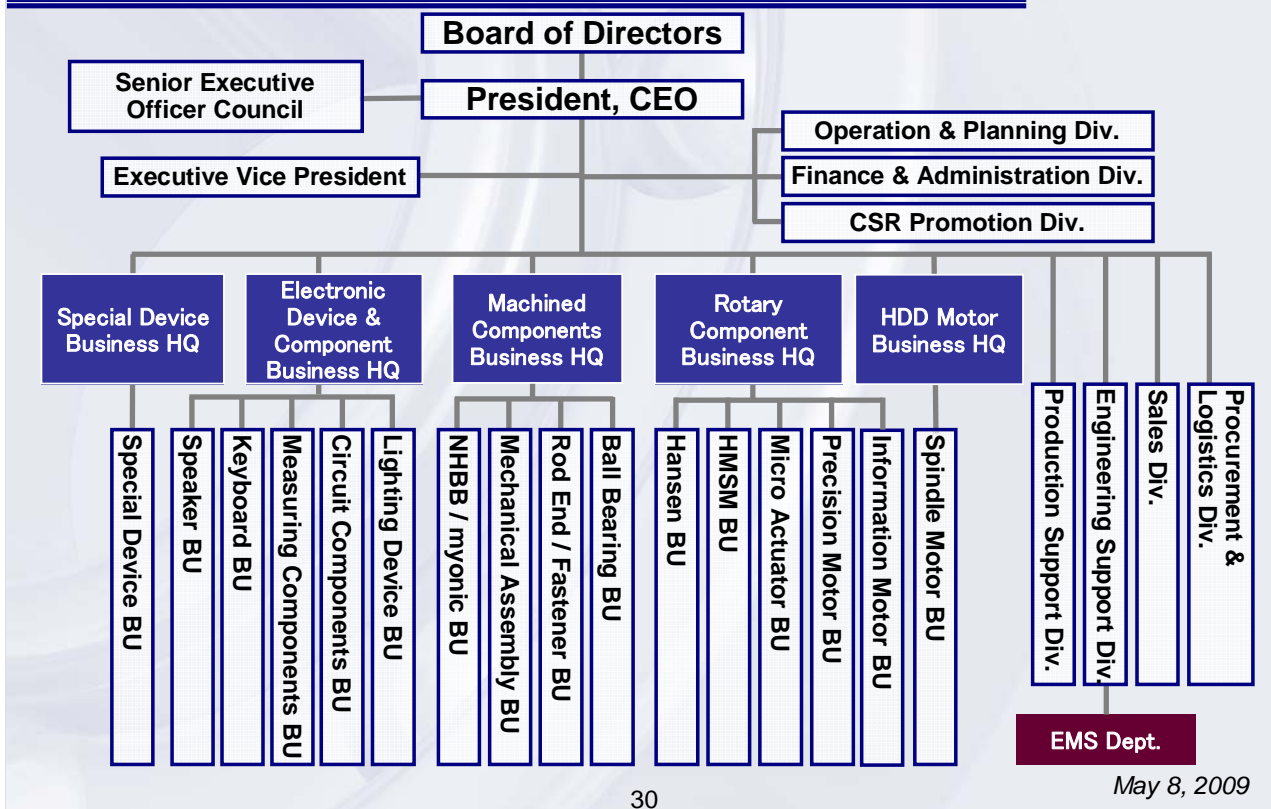
## Image of Expanding Hybrid Components Sales



This graph shows how sales of hybrid components are expected to increase.

By boosting our vertical integrated strength to enhance our price competitiveness, we aim for about 10% increase in sales including sales of EMS's and other hybrid components after two years.

# New Organization Chart



This is an overview of our new organizational structure.

We will establish five business headquarters based on the categories I mentioned earlier. The EMS Department will be established under the Engineering Support Division. We will also establish an office focusing on EMS's within the Sales Division to identify and communicate customer needs to the EMS Department. The EMS Department will assess cost requirements, decide on the business unit responsible for manufacturing, develop design drawings, and feed back all this information to the relevant business headquarters. This is how we will make a companywide effort to enhance our horizontal integrated strength.

# Maximize Earnings Per Share

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## Need to take action beyond manufacturing

**Establish new Cost Reduction Promotion Office**

**Review policy of repurchasing own shares**

**Consider various equity measures**

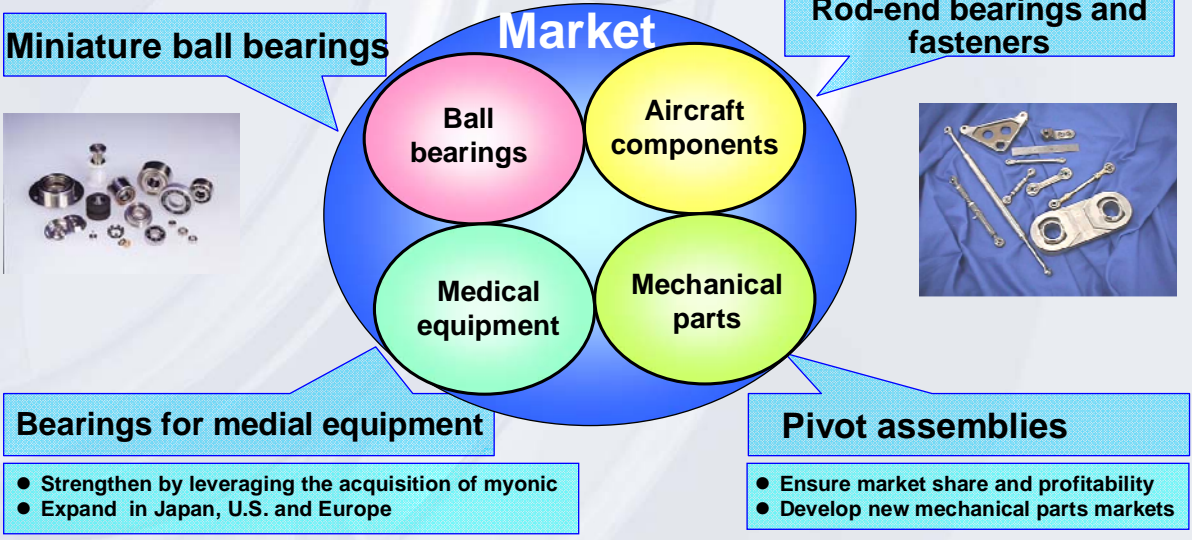
To be honest, I personally don't think we will be able to maximize profit per share through manufacturing alone. We will have to employ various other measures as well. I have listed three measures here. First, we are going to implement extreme cost reduction measures. While we bought back our own shares last year, we will review our current policy on share repurchasing. We will also consider various equity measures. We recognize that the percentage of shares held by long-term shareholders is extremely low. We will have to consider measures to rectify this matter soon.



# Machined Components

Strengthen and expand this business area, which is our profit base

- Abrupt market slowdown → efforts to maintain profitability
- Enhanced operational and energy efficiency at the new ball bearing factory specializing in machining
- Closure of Skegness Plant in UK
- Expand product lines (hybrid products)
- Completion of new rod end factory
- Build new surface treatment factory in Fujisawa



Now let's look into the specifics.

First, let's look at the machined components business, which is our core area.

We shut down the Skegness Plant in the U.K.

We also recently took over myonic, which will be described in further detail later on.

In the area of rod end bearings we started to see a slowdown in the aerospace industry. We are also facing other problems such as a delay in the development of the Boeing 787. I believe that we should just stay focused on preparing ourselves for future developments in this business segment, so we will make investments in promising aircraft components as initially planned.

As for pivot assemblies, the hard disk drive market has been undergoing a gradual recovery and we started to see robust sales in April. This product category is expected to contribute to increasing profitability.

# Acquisition of myonic

## 1. About myonic

- (1) Founded: 1936 (as RMB SA)
- (2) Locations: Germany and Czech Republic (production), U.S. and Europe (sales)
- (3) Sales: 33 million euro (Year ending December 2008)

## 2. myonic product features

- (1) Large share in European market of bearing products for dental and medical equipment
- (2) Complex Assemblies: Ability to develop and manufacture high value added products (i.e. ball bearing assemblies for computer tomography and mammography devices)

## 3. Acquisition goals

- (1) Dental/medical equipment market: Japan (Minebea), US (NHBB) + Europe (myonic)

Establish tri-polar structure with 3 brands ...  
Increase global share further

- (2) Provide more extensive product line: High precision and quality
- (3) Expand in aerospace market

Please take a look at this slide about myonic.

# Acquisition of myonic

## Products for medical/dental industry (63% of sales)

=> Expanding market

- Ball bearings for dental handpieces

- Features: 1. Handle ultra high speed: 500,000 rpm  
2. Superior retainer technology



- Ball bearing assemblies for computer tomography (CT) and mammography devices

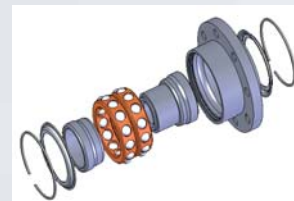
- Features: 1. Used in a vacuum at high temperature (about 540°C) to keep clean.  
→ Grease cannot be used, so special coatings are employed for lubrication.  
2. Advanced processing and assembly techniques are required.



## Products for aerospace industry (20% of sales)

- Ball bearing assemblies for satellites

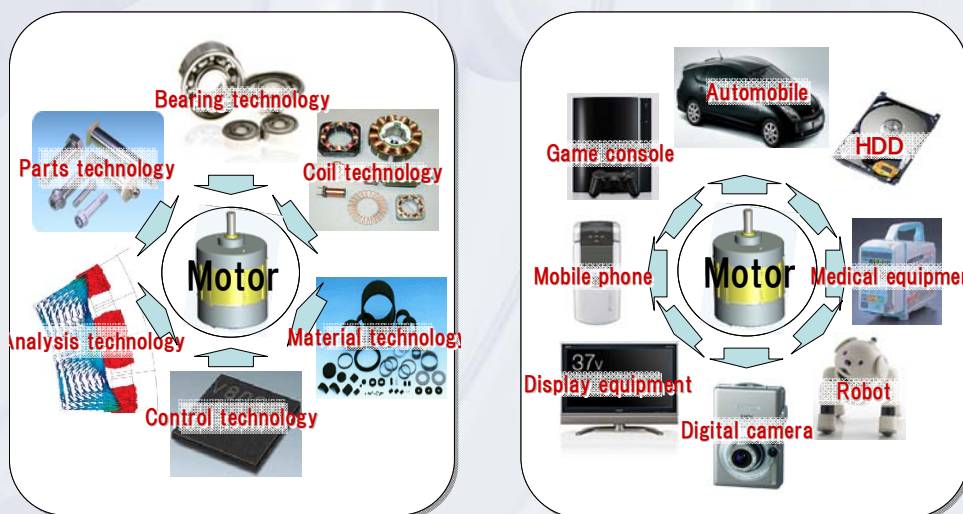
- Features: 1. Used in outer space environment (vacuum, extremely high/low temperatures).  
→ Grease cannot be used, so special coatings are employed for lubrication.  
2. Advanced processing and assembly techniques are required.



Minebea offers ultra high-speed ball bearings and superior thermal technology. We are very excited about the acquisition of myonic and plan to leverage its superior know-how and technologies across the Minebea Group. The acquisition will give us a leg up in the European market for medical equipment such as ball bearings for dental handpieces. This will enable us to establish a tri-polar network that includes Japan, the U.S. and Europe as well as create synergy within the entire group.

# Rotary Components

**Create synergies by consolidating motor related businesses**



**Structural reform to make Information Motor business profitable has been completed**

The rotary components business was unfortunately in the red last fiscal year. The information motor business, however, is sure to rebound once the economy recovers. Until we experienced a sharp decline in demand around December last year due to the global economic recession, we had been able to improve overall per-capita productivity by more than 30%. The structural reforms needed to make the information motor business profitable have actually already been completed.

# Launch of Micro Actuator Business Unit

## Growth and synergies resulting from acquisition of FDK's stepping motor business

Advantages in design and processing of certain parts  
=> Urgently implementing across the organization

### Micro Actuator Business Unit

- (1) Product lines focusing on small size products measuring 10 mm or less in diameter
- (2) Currently working to bring more parts production in-house
- (3) Applications include auto focus of digital cameras, automobile HVAC, etc.

## Synergy Effects

- Completion of product line ..... Expand target market & enhance marketing capability
- Technological fusion and synergy ..... Synergy between product technologies  
Minebea's in-house production technology

### New Products (See press release for more details)

- (1) Commercialization of the world's smallest stepping motor  
3.3 mm diameter (20 steps). Mass production scheduled for end of 2009.
- (2) Mass production of 6 mm diameter stepping motor (40 steps)  
**First in the world to achieve 40 steps with this size**  
(For lens units. Working to expand to other areas of application.)



Our micro actuator business, which was formerly FDK's stepping motor business, has unique advantages when it comes to the designing and processing of certain parts. We boast a superior capability that enables us to very easily manufacture small parts. In fact, we are slated to mass produce the world's smallest stepping motor with a diameter of 3.3 mm. Demand in the digital camera market has finally started to recover. I'm looking forward to seeing all these factors produce a synergetic effect.



# New DC Brush Motors (S Series)

## Product Features

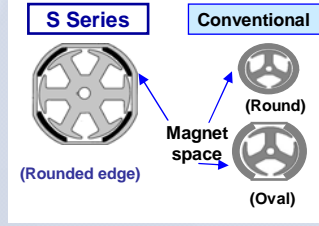
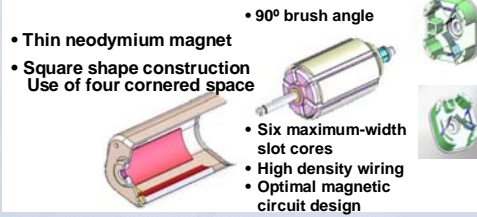
- (1) Small, lightweight, high torque  
(same torque but half the volume of predecessors, or twice the torque but same volume as predecessors)
- (2) New rounded edge design for increased freedom of installation in equipment
- (3) Low noise (2-pole 3-slot => 4-pole 6-slot), low cogging, long life
- (4) Extensive product line from 5x5 mm to 30x30 mm

## Major Applications

Electrical components, consumer electronics (DSC, optical drives, home appliances, etc.), industrial applications

## Major Patents Obtained

US patent obtained for square shape with magnets placed in four corners  
Others



## Application in Vibration Motors (LEGO Series)

1. Major applications: mobile phones, PDAs, handheld game consoles, etc.
2. Compact and high vibration, ideal for small devices
3. Can be used for both haptics and vibration functions thanks to enhanced start-up characteristics



Please have a look at this slide.

# Electronic Device & Component

– Optical Devices – Sensors – Electronics –

## LED Backlights

- Moving towards mass production of LED backlights for notebook PCs
- Working to expand customer base in the automobile industry
- Now expanding with aim to achieve largest market share in LED backlights for mobile and automobile applications
- Aiming at on TV applications

## Measuring Components

- Expansion in the sensor business
- Develop new markets in addition to passenger seat and game console applications

## Keyboards Speakers

- Improve keyboard business which had worse profitability
- Remaining tasks for improvements in speaker business

In the area of electronic components and devices, we have been seeing a significant recovery in demand for LED backlights in the mobile phone industry. LED backlights and measuring components seem to have turned the corner.

## Final Challenges for HDD Spindle Motor Business

- Remaining tasks for improving profitability of HDD spindle motor business

### Put the spindle motor business into ICU

### Active involvement of relevant senior executive officers

### Some positive developments in profitability improvement efforts in fiscal year ended March 31, 2009.

- Improved product mix: Focus on 2.5-inch products
- Improved yields

### Sales volume target was not achieved due to worsened market conditions

- Actual results were 3.4 million units/month despite production/sales target of 4 million units/month

### Implement thorough cost reductions to balance revenues and expenses this fiscal year

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May 8, 2009

These are areas where we are facing some major hurdles. First is the HDD spindle motor business. We would really like to hold on to this business for the time being.

Our HDD spindle motor business is different from other manufacturers' in that its technical function is located in Germany. We have various internal challenges to overcome including communication problems. I want to focus on boosting our true horizontal integrated strength in order to make us a truly global company. We see restoring the HDD spindle motor business as a test of our ability to realize our goal of becoming a true global company. This is the main reason we are not giving up on this business. We will put some of the best people we have to work on bringing back profitability to the HDD spindle motor business.



# Rebuilding Keyboard Business

- The business was back in the black for the fiscal year ending March, 2008, as a result of restructuring and a policy focusing on product mix. The business fell back into the red in the fiscal year ended March, 2009, due to declining sales on top of increased material costs, etc.

## Key strategies for the fiscal year ending March, 2010

- Develop high-value-added products
  - Gain new customers with LED mounted keyboards, waterproof keyboards, etc.
- Cut costs and improve efficiency
  - Review dies, boost production efficiency, optimize personnel and increase personnel efficiency
- Develop new technologies for new markets
  - Develop new products like pointing sticks using proprietary technology
  - Develop new input devices

Although the keyboard business was once back in the black as a result of structural reforms, it was hit by the abrupt slowdown in the PC market. I'm confident, however, that it will regain its strength as we focus on high-value-added products and put some of our best people to work on optimizing operations.

# Rebuilding Speaker Business

● Launch of fully fabless operations which had been planned at the beginning of the fiscal year ended March, 2009 was postponed to the second half of the fiscal year upon customer request. This as well as declining sales left the business in the red.

## Key strategies for fiscal year ending March, 2010

- Increase sales
  - Increase business with existing customers and win new customers
- Enhance design, technological and development capabilities to increase sales of new next-generation models
- Solve production problems

The speaker business was shifted to a fully outsourced manufacturing operation. After reviewing the speaker business operations, we discovered that the major problem lied in manufacturing. We will make our best efforts to regain profitability.

Going back to keyboards, I do not see input devices like keyboards merely as a product category but rather as a business category that holds great potential for the future. Keyboard technologies may yield innovations that will enable us to create new input devices. Today measuring devices are increasingly used as input devices. A simple weight scale, employed as an input device, can be used for a number of purposes. I believe the survival of the Keyboard Business Unit depends on our ability to think beyond the current keyboard structure and change it. Although I still don't know what the new input devices will look like, having them in our product lines will surely help us boost our integrated strength.

# Basic Financial Strategy

## Maintain sound financial structure and flexible strategy

- Annual dividend of 7 yen (interim 5 yen and year end 2 yen) per share will be proposed due to large decreases in revenue and profit in the fiscal year ended March, 2009
- Net interest-bearing debts did not reach the 100 billion yen target due to abrupt changes in the operating environment as well as M&A, etc.
- Continue focus on maintaining a sound financial structure and creating cash flow with an eye to keeping net interest-bearing debts in 100 billion yen range.

## Dividend Policy

Our basic dividend policy gives priority to enhancing equity efficiency and improving returns to our shareholders, with dividends reflecting performance in light of the overall business environment while maintaining stable and continuous distributions of profits.

## M&A

We will work actively toward realizing M&As that create synergy and accelerate growth.

- We will analyze our current status and work to further enhance our strengths while reinforcing areas where we find weaknesses.
- M&A is one of the tools we will use to enhance our integrated strength.

Finally, shown here is our basic financial strategy. I'm sorry to announce that the year-end dividend of just two yen per share will be proposed. Combined with the interim dividend of five yen per share, we will propose to pay an annual dividend of seven yen per share. Although we had initially forecasted an annual dividend of ten yen per share, we asked ourselves if paying dividends as forecasted would be a sound decision in light of the current economic conditions, often referred to as the worst in the last one hundred years.

We will take that three yen per share difference and use it in ways that will enhance value for our shareholders and investors.

We will also work toward realizing M&As that will enhance our integrated strength.

As the slide shows, our basic dividend policy aims at maintaining a stable and continuous distribution of profits. We will do everything we can to maintain this policy.

# Minebea Co., Ltd.

## Business Results

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

Any statements in the presentation which are not historical fact are future projections made based on certain assumptions and executive 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 conditions or demand trends around Minebea; (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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