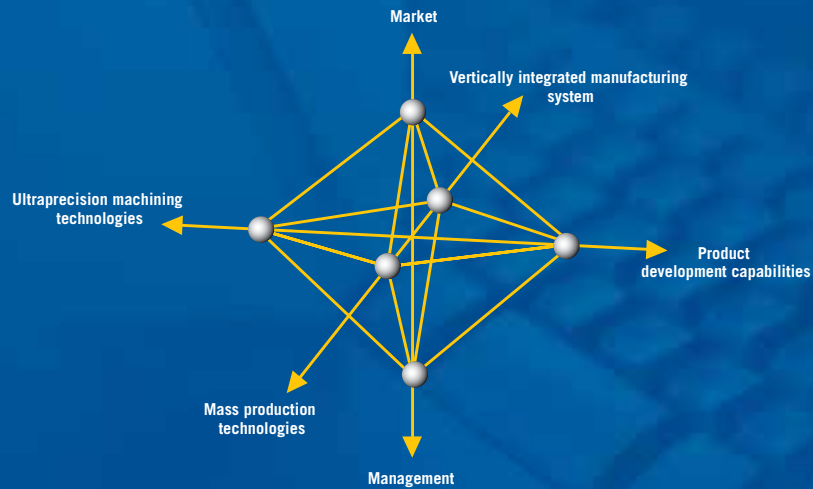


How is Minebea Charting a New Course?



A Competitive Edge and Excellent Potential

Minebea has worked earnestly and tirelessly to ensure its place as the world's leading comprehensive manufacturer of miniature ball bearings and high-precision components.

In the following pages, President Yamamoto responds to questions about the source of Minebea's competitive edge and its excellent potential for future growth.





Enhancing Investor Relations

Minebea has identified responding to the expectations of its shareholders as a key management policy. Our commitment here is twofold, namely, we pledge to enhance corporate value by improving our financial results, as well as to facilitate accurate evaluation of investment value by ensuring fair and open disclosure.

Our medium-term management plan incorporates performance forecasts based on management's assumptions regarding the Company's operating environment at the time the plan was formulated. While we recognize that such forecasts qualify as "future projections," we have nonetheless continued to disclose them in the belief that they are essential information for investors. Going forward, we will step up disclosure of information that responds to the expectations of shareholders.

Kenji Senoue

Director, Senior Managing Executive Officer
Member of the Tokyo Head Office Administration Executive Council, in charge of Strategy Planning



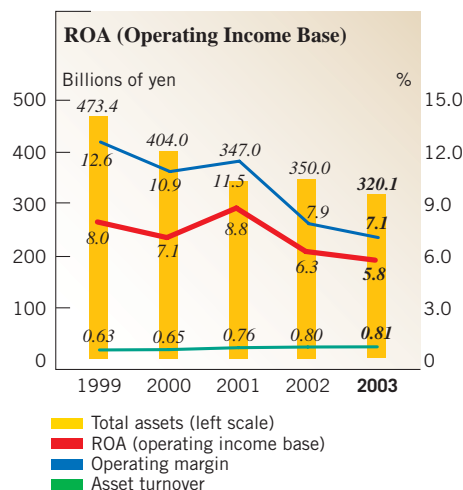
Q: To date, Minebea has always targeted increases in net sales and net income. In today's severe operating environment, do you not feel that strategies aimed exclusively at boosting sales and income are of limited use?

A: We believe that Minebea should be able to achieve growth in sales and income in any operating environment. But strategies aimed exclusively at boosting sales and income are not the way to go, especially in a harsh operating environment, as they are likely to encourage a company to add businesses that generate sales, even if they are not particularly profitable. A portfolio of low-profitability businesses will certainly not support growth or increase corporate value.

In a difficult market, we recognize that many of our businesses will be unable to avoid declines in sales and profitability. Management's task at such a time is to ensure this does not pull down corporate value. In other words, we must prevent a weakening of overall asset profitability. Our key indicator here is ROA, calculated using operating income. If our operating margin exceeds 10%, we will know it is time to reduce assets to optimize asset efficiency, as measured by the asset turnover ratio, believing this would enable us to minimize the impact of market conditions on asset profitability.

Q: Is that why Minebea's ROA, calculated using operating income, has not declined as sharply as its operating margin?

A: Exactly. It is my opinion, however, that we should maintain a stable ROA, calculated using operating income, above 10%, so I am not satisfied with the current level. At the very least, it should not be allowed to fall below 6%, no matter what the circumstances.



Q: Would it not make sense for Minebea to withdraw from remaining unprofitable or low-profitability businesses?

A: No. A company's management is responsible for ensuring corporate value now and in the future. ROA, calculated using operating income, is a useful measure of profitability, but it does not represent absolute corporate value. Accordingly, if we focus too much on raising this percentage we risk squandering potential.



Starting a new business is never easy. It always requires significant investments of time and money before customer credibility and market reputation are achieved.

Rebuilding an existing business is far more pragmatic.

All of our businesses were established for well-founded reasons. It is up to management to maintain a firm grip on the potential of each business at all times. Over the past five years, we have reduced Minebea's total assets by a third. This represents our withdrawal from businesses we determined offered no potential. In the case of our switching power supplies and related businesses, for example, our decision to withdraw came only after intensive efforts to uncover latent potential before an internally imposed deadline.

Q: Minebea has repeatedly revised the targets of its medium-term management plan down since the plan's launch. Do you think this has damaged investor confidence?

A: This is an episode I regret deeply. When we initially published numerical targets and subsequently revised

them, we explained only how we had formulated the targets and failed to provide a sufficient explanation of our basic motive—namely, to ensure future growth. It is not surprising that investors found it all difficult to comprehend. To prevent this from happening again and to restore investor confidence, we will work to ensure adequate disclosure and enhance our investor relations activities.

Q: What is the philosophy behind Minebea's medium-term management plan?

A: Our results will always be swayed by our operating environment; in fact, the components industry is one of the areas most affected by market forces. To achieve steady growth in corporate value, therefore, it is crucial that we minimize the influence of environmental factors and maximize our ability to increase results independent of operating conditions. Minebea has the potential to do this. Accordingly, we must approach strategic planning from the understanding that we belong to an industry that is highly vulnerable to cyclical fluctuations that vary in intensity and length.

Our task here is the same as it has been to date, namely, to improve our basic profitability, thereby raising overall profits levels and transforming us into a company capable of securing sufficient profits even when demand turns down—a Company capable of ensuring each of its profit troughs is higher than the trough before it. To maximize corporate value, we must



Reinforcing the Parent Plant
 Minebea is building on its core competencies—ultraprecision machining technologies, a vertically integrated manufacturing system and mass production technologies—to ensure its place as the world's leading comprehensive manufacturer of miniature ball bearings and high-precision components.

To achieve this goal, the Company must outperform its competitors in terms of quality, cost, speed, supply capabilities and customer service. To these ends, the Company—led by the Karuizawa Manufacturing Unit, which serves as the parent plant for 31 Minebea Group production facilities in 14 countries—is taking decisive steps to further reinforce its core competencies.

Rikuro Obara

Director, Senior Managing Executive Officer
 General Manager of Manufacturing
 Headquarters and Karuizawa
 Manufacturing Unit

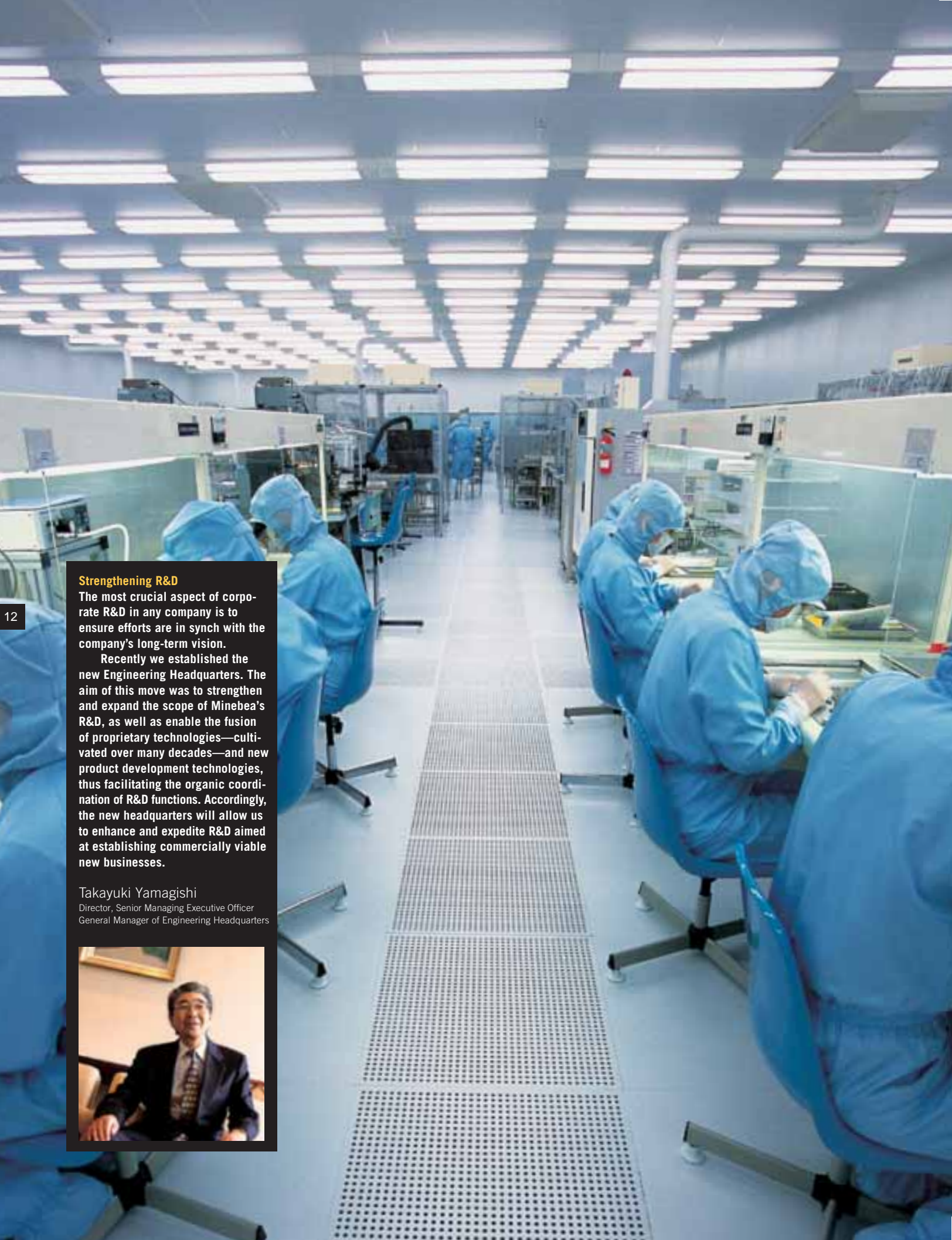


Strengthening R&D

The most crucial aspect of corporate R&D in any company is to ensure efforts are in synch with the company's long-term vision.

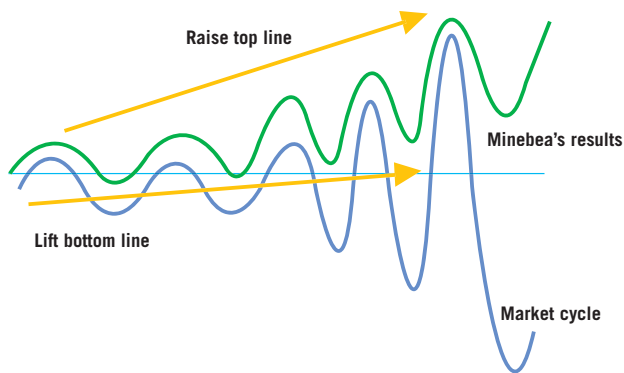
Recently we established the new Engineering Headquarters. The aim of this move was to strengthen and expand the scope of Minebea's R&D, as well as enable the fusion of proprietary technologies—cultivated over many decades—and new product development technologies, thus facilitating the organic coordination of R&D functions. Accordingly, the new headquarters will allow us to enhance and expedite R&D aimed at establishing commercially viable new businesses.

Takayuki Yamagishi
Director, Senior Managing Executive Officer
General Manager of Engineering Headquarters



also raise our top line, that is, ensure that each of our profit peaks exceeds the peak preceding it.

Improvements in basic profitability will be achieved through qualitative improvements to our product portfolio. We will raise our top line by increasing our shares in existing markets, introducing new products and expanding into new markets. The new course Minebea is charting thus comprises two essential objectives, the first being to improve basic profitability and lift our bottom line, and the second to raise our top line.

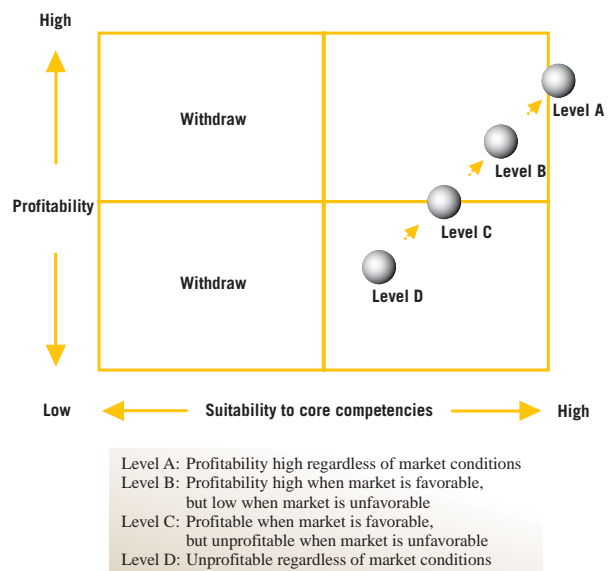


Q: What do you mean by a “qualitative improvement” in your product portfolio?

A: We have pursued a strategy of selectively focusing resources in businesses that befit our core competencies. As a consequence, we have identified miniature ball bearings and high-precision components as core businesses and withdrawn from other businesses. But we have not done enough. We must conduct

a qualitative review of our product portfolio. To this end, we must apply more rigorous criteria in evaluating businesses for suitability to our core competencies.

As the illustration below shows, products in our current product portfolio are categorized into four levels in terms of profitability. Level A comprises miniature and small-sized ball bearings. Level B encompasses rod-end and spherical bearings, fan motors, stepping motors and measuring components. It is important here to note that those products that benefit most from our three core competencies are also the most profitable products in our portfolio. We will endeavor to bolster the profitability of level B, C and D products by promoting closer affinity between products and our core competencies. First, we are endeavoring to raise basic profitability by promoting level C and D products up at least one rank.



Products identified as unprofitable in 2002—namely, fasteners, speakers and switching power supplies—are or were in level D. The immediate task now is to ascertain whether we can pull fasteners and speakers up to level B. A two-year evaluation led us to conclude there was no chance of pulling switching power supplies up to level B in the near future, hence our decision to withdraw from this business.

Q: Can you tell us more about Minebea's three core competencies?

A: Our three core competencies are our ultraprecision machining technologies, our vertically integrated manufacturing system and our mass production technologies. In terms of importance to our technological edge, ultraprecision machining technologies are foremost, but all three are equally crucial elements of our profitability. No matter how superior or how capable of overcoming fierce competition, none of these core competencies is sufficient on its own to ensure high profitability. Our miniature and small-sized ball bearings, for example, effectively reflect all three core competencies, hence the classification of this business as level A. Our ongoing efforts to boost profitability by lowering costs and promoting higher added value also reflect these three core competencies.

Q: How will you realize growth for Minebea going forward?

A: To ensure Minebea's continued growth as a highly competitive enterprise, we continue to pursue strategies based on these core competencies. They also form the basis of our three basic management directions, which are to:

- further reinforce our mainstay bearings and bearing-related products,
- build our operations in the area of precision small motors and other rotary components into a second pillar of our operations after bearings and bearing-related products, and
- increase the ratio of high-value-added products in mainstay product categories and diversify offerings to serve a broader market.

We will work to strengthen existing core competencies. We will also cultivate new core competencies in key areas where we believe we are lacking, enabling us to realize growth by expanding market share and





Introducing an EVA® Management System

Our objective in introducing an EVA® management system was to improve our ability to evaluate investments, monitor financial performance, selectively cultivate businesses and appropriately allocate management resources, thereby facilitating greater corporate value.

We began a step-by-step introduction of this system in April 2003. Our first step was to commence EVA®-based assessment of consolidated management and capital investment plans. In October 2003, we will begin using EVA® to evaluate our production and sales groups. In April 2004, we will expand this to include EVA®-based assessment of individual products.

Ryusuke Mizukami

Director, Senior Managing Executive Officer
Member of the Tokyo Head Office Administration Executive Council, in charge of Corporate Planning, Information Systems and Environmental Preservation



Enhancing Corporate Governance

Building a harmonious relationship with society at the highest level is essential to increasing corporate value. The Minebea Group works tirelessly to be a responsible corporate citizen, prioritizing environmental concerns and maintaining accountability to the communities in which it operates, as well as to its customers.

Creating a management system that facilitates swift decision making and execution, as well as compliance with legal requirements, is also imperative to ensuring sound growth in corporate value. To this end, Minebea has not only introduced a new executive officer system, which separates decision making and execution, but also adopted EVA®-based bonus assessment programs, thereby improving the efficiency of management.

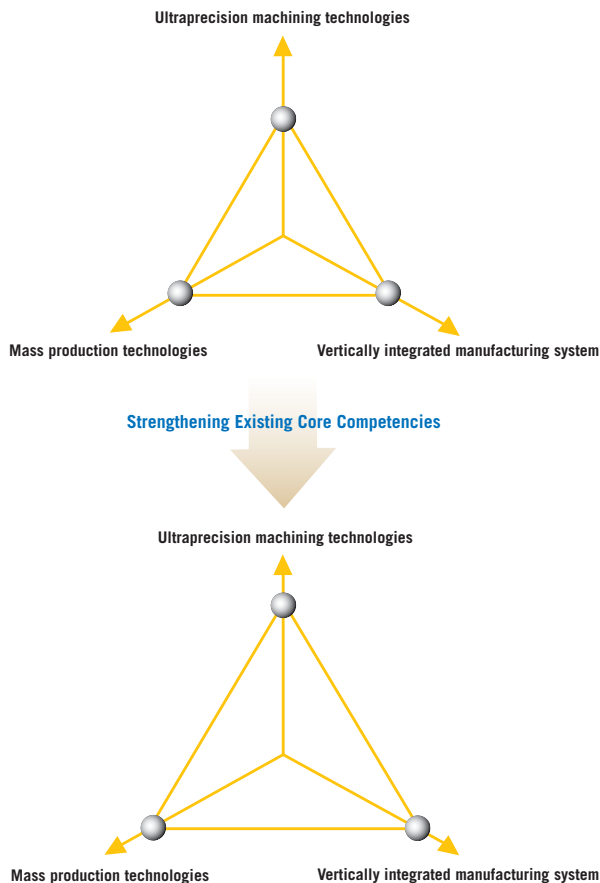
Yoshihisa Kainuma
Director, Senior Managing Executive Officer
Member of the Tokyo Head Office Administration Executive Council, in charge of Personnel & General Affairs, Logistics and Procurement



reinforcing profitability for existing products. At the same time, we will continue to broaden applications for both existing and new core competencies.

Q: What do you mean by “strengthen existing core competencies?”

A: Our focus will be not only on ensuring future competitiveness, but also on increasing market shares and expanding into related markets. To use miniature and small-sized ball bearings as an example again, we will endeavor to reinforce application of our three core competencies to maintain level-A profitability, as well



as to increase market share. In line with this goal, we plan to boost monthly global production 20%, to 180 million pieces, from 150 million pieces at present. Until now, a 30 million-piece increase in monthly bearing production would have required an investment of approximately ¥30.0 billion. By reinforcing our mass production technologies and our vertically integrated management system, however, we will accomplish this for about 1/6 of that, or about ¥5.0 billion. Specific measures to achieve this increase will focus on minimizing installation of new equipment, maximizing use of existing plant space and maintaining or perhaps even reducing related staff. As part of this effort, we broadened the parent plant functions of the Karuizawa Manufacturing Unit.

Q: What will you do to cultivate new core competencies?

A: The most important new core competency we are cultivating is product development capabilities. Accordingly, we have established the new Engineering Headquarters to facilitate the cultivation of new core competencies and the sharing and effective use of existing intellectual assets. To ensure efforts are closely tailored to business considerations, we appointed the former general manager of the 2nd Manufacturing Headquarters, an individual with extensive experience in production, to head the new organization. To reinforce our already outstanding motor development capabilities,

as well as enhance the competitiveness of our rotary components business—thereby facilitating the development of level B and level A products—we will also step up use of the German subsidiary Precision Motors Deutsche Minebea GmbH (PMDM), substantially reinforcing product development capabilities Groupwide.

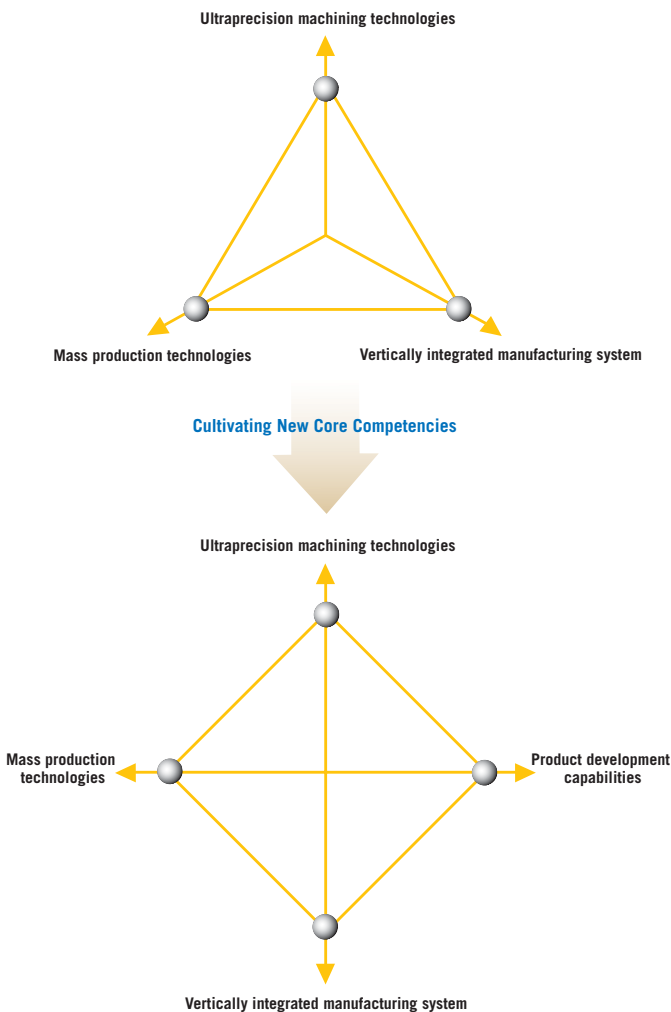
In the area of HDD spindle motors and fan motors, we reinforced our development capabilities by concluding a strategic alliance with the Motor Company Division of Matsushita Electric Industrial Co., Ltd. To

promote such agreements, as well as mergers and acquisitions, we will reinforce the role of our strategy planning department, thereby permitting the development and execution of bold new business strategies.

Q: Has Minebea avoided alliances with other companies to date because it felt that such alliances would slow decision making?

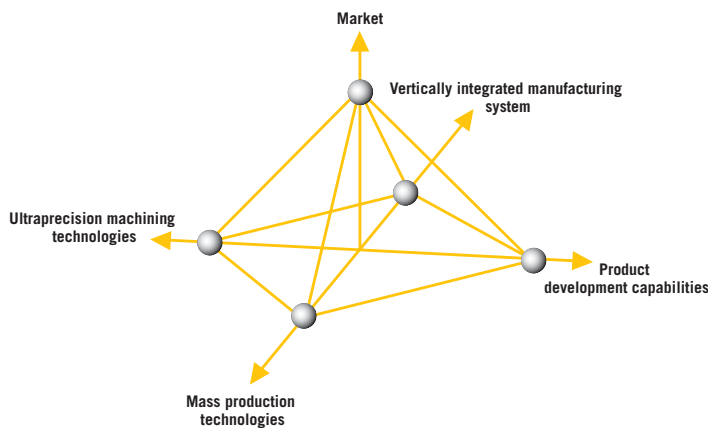
A: The key to strategic planning is the ability to accurately appraise both the immediate and future compatibility of markets and resources. Based on an assessment of opportunities and risks in a market, we must devise an investment method that will enable us to establish a competitive edge. We must also determine the best way to augment management resources in the future so that we can maintain or sharpen that edge. The market imperative thus demands that we reevaluate both our resources and the way the Group is managed.

Minebea has always placed a high priority on prompt and responsive decision making, and has tended to avoid going outside the Group for this reason. If we can be sure our decision-making speed will not be impaired, however, there is no reason we shouldn't consider such alliances, especially those that will enhance management resources. The market imperative also demands a change in perspective and a willingness to procure resources we lack from outside the Group. We should welcome opportunities to form beneficial



strategic ties with external firms having core competencies that we need. This conviction is reflected in our aforementioned alliance with the Motor Company Division of Matsushita Electric Industrial Co., Ltd., in the area of HDD spindle motors and fan motors, as well as in an alliance in the area of PC keyboards with the Singapore-based Huan Hsin Group. I expect to see an increase in such alliances in both production and management.

Q: What do you mean when you say you will “broaden applications for existing core competencies?”



A: Basically, this means that we will not hesitate to enter attractive new markets that are highly compatible with our core competencies. A good example here is HDD spindle motors.

The global market for HDD spindle motors is dominated by a number of key major manufacturers. Our decision to enter this intensely competitive market

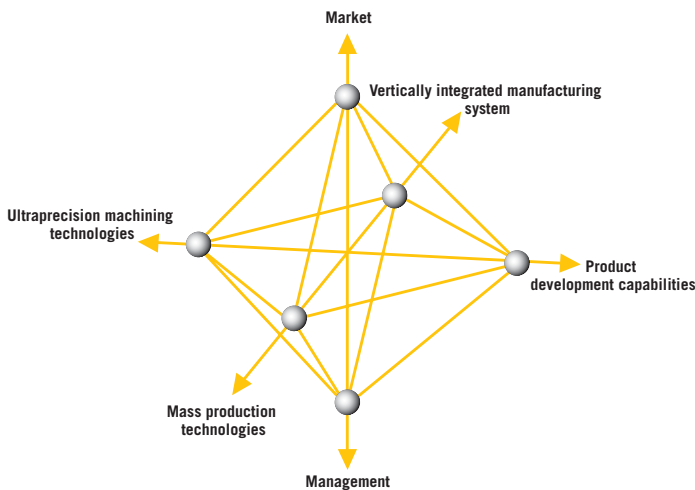
reflected its outstanding compatibility with our three existing core competencies. Today, we enjoy a global market share of nearly 30%. We are currently broadening applications for our most important new core competency—product development capabilities—in the HDD spindle motor market, primarily through German subsidiary PMDM. Given the size and outstanding growth potential of the HDD spindle motor market, we are convinced that it is highly worthwhile for us to establish a stronger presence.

Q: Will these efforts enable Minebea to chart a new course?

A: One task remains, and that is to enhance the capacity of Minebea’s management team to drive the Company forward—a task that demands structural and qualitative improvements. This is a particularly crucial factor in the precision components industry where, as I said earlier, the key to strategic planning is the ability to accurately appraise both the immediate and future compatibility of markets and resources. The implementation of strategies depends on management’s ability to boldly address market challenges and take the appropriate steps to ensure sufficient resources.

Unless we can systematize our marketing efforts, thereby ensuring our ability to grasp market needs and respond appropriately, we will find it impossible to truly maximize our core competencies. Without a superior, organized support system, our manufacturing

and sales groups will be unable to exercise their full capabilities. The capacity of management to drive the Company also affects the Company's ability to accurately measure corporate value, evaluate its employees, revitalize its organization and effectively allocate funds to ensure effective corporate governance—essential to raising corporate value.



of an EVA® management system with a view to eventually using EVA® to evaluate not only business units but also individual products. Initially, we have adopted EVA®-based bonus assessment programs for executive officers and management-level employees. We will monitor the progress of this effort and gradually expand application of the system to regular employees. At the same time, we also plan to introduce a business unit- and product-based bonus assessment program. Through these and other efforts, we will work to achieve structural and qualitative improvements in management, ensuring our ability to implement strategies swiftly and effectively and achieve substantial increases in corporate value.

Q: Were structural and qualitative improvements in management your primary objective introducing EVA®?

A: Yes, that is exactly right. As I said earlier, ROA, calculated using operating income, is a crucial management measure, but it is an index, and its usefulness in evaluating asset efficiency and corporate value is thus limited.

In April 2003, we began a step-by-step introduction

