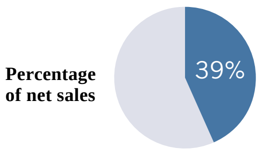
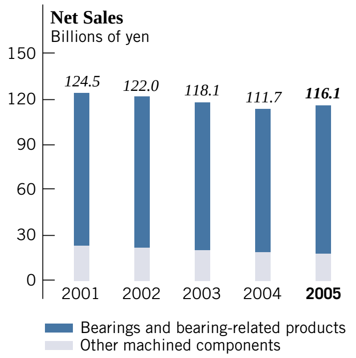
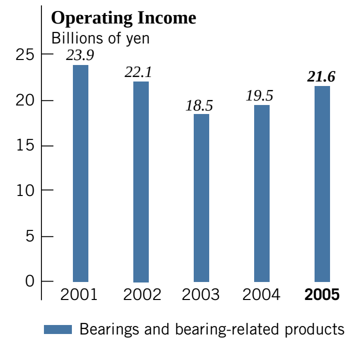
Segment Results

Performance by Business Segment

Machined Components







The Machined Components segment, which accounted for 39% of consolidated net sales in fiscal 2005, encompasses bearings, namely ball bearings, rod-end and spherical bearings; pivot assemblies and other bearing-related products; and other machined components, including special machined components and fasteners.

Principal Products and Applications and Minebea's Global Ranking

Principal Products	*Principal Applications*	*Global Ranking**
Bearings and bearing-related products		
Ball bearings	Small motors, household electrical appliances, information and telecommunications equipment, automobiles	No. 1 (global market share: approx. 60%)
Rod-end and spherical bearings	Aircraft	No. 1 (global market share: approx. 50%)
Pivot assemblies	HDDs	No. 1 (global market share: approx. 65%)
Other machined components		
Special machined components, fasteners	Aircraft, automobiles, industrial machinery	

*Global market shares and global rankings are in terms of units shipped. Market shares are Minebea estimates based on information collected by the Company and by market research firms.

Highlights of Fiscal 2005

- Sales of all core segment products rose. Brisk sales of mainstay products and a decline in costs supported increases in operating income and the operating margin.
- We continued to implement a program of measures aimed at increasing monthly global production and sales of miniature and small-sized ball bearings to 180 million pieces, as well as promoted efforts to expand segment sales and lower costs.
- Shipments of pivot assemblies for small HDDs rose sharply.
- Efforts to respond to the launch of new aircraft models enabled us to cultivate orders for rod-end and spherical bearings in new areas of the aerospace market.

Business Environment

- Global economic conditions remained comparatively firm.
- The increasingly broad acceptance of digital household electrical appliances supported expansion of the market for HDDs.
- Demand from private-sector aerospace firms picked up in the second half.
- Prices for steel materials were high.

Issues and Strategies

- In addition to continuing to pursue our policy of business expansion in the area of miniature and small-sized ball bearings, we will seek to establish production in locations that are most appropriate from a marketing perspective.
- We will step up efforts to lower costs for pivot assemblies.

Results in Fiscal 2005

Net sales in the Machined Components segment rose 4.0%, or ¥4,412 million, to ¥116,105 million. Operating income advanced 10.6%, or ¥2,067 million, to ¥21,572 million, equivalent to 18.6% of segment sales, up 1.1 percentage points from fiscal 2004.

Principal Products

- **Bearings and Bearing-Related Products**
  - Miniature ball bearings
  - Small-sized ball bearings
  - Integrated-shaft ball bearings
  - Rod-end bearings
  - Spherical bearings
  - Roller bearings
  - Journal bearings
  - Pivot assemblies
  - Tape guides
- **Other Machined Components**
  - Aerospace/automotive fasteners
  - Special machined components
  - Magnetic clutches and brakes

Bearings and Bearing-Related Products

Sales of bearings and bearing-related products amounted to ¥98,218 million, an increase of 3.8%, or ¥3,614 million.

Ball Bearings

We continued to implement a program of measures aimed at increasing monthly global production and sales of miniature and small-sized ball bearings to 180 million pieces, part of an aggressive strategy to expand the scale of this business and sharpen our competitive edge in terms of production costs. Against a backdrop of rising demand, shipments rose nearly 10%, including bearings for internal use. This and comparatively stable unit prices pushed sales of ball bearings above the fiscal 2004 level. Efforts to slash costs throughout the period supported strong increases in operating income and the operating margin.

Global demand for ball bearings is expected to continue growing at a rate of 10% or more annually for the foreseeable future. The market is forecast to expand rapidly, spurred by rising demand for household electrical appliances made in China, while the rising popularity of digital household appliances and the increasingly high performance of information and telecommunications equipment, household electrical appliances and automobiles, among others is expected to create new demand. Increased demand is also expected to provoke intensified competition.

In fiscal 2006, we will endeavor to continue to pursue a policy of business expansion that aims to ensure a balance between volume and profitability. In addition, we will seek to establish production in locations that are the most appropriate from a marketing perspective.

Rod-End and Spherical Bearings

A recovery in the market for rod-end bearings from the aerospace industry in the second half supported a dramatic upturn in sales. We also made progress in our effort to cultivate orders for use in new aircraft models. In fiscal 2006, we will expand production capacity, thereby positioning us to respond to increased demand.

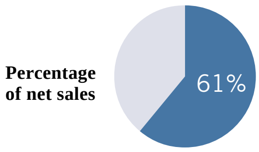
Pivot Assemblies

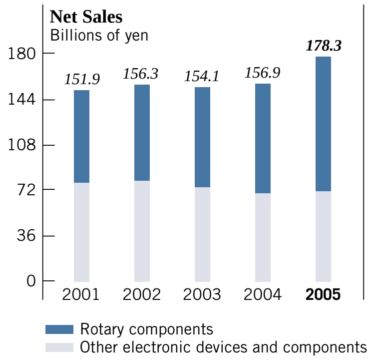
Efforts to capitalize on rising demand from manufacturers of small HDDs of 1.8 inches or less by launching compatible small pivot assemblies and enhancing our cost competitiveness supported increases in sales and income. In fiscal 2006, we will endeavor to enhance profitability by increasing our production capacity for small pivot assemblies and their principal components, that is ultrasmall ball bearings, and adding an automated assembly line, thereby further improving our ability to respond to demand.

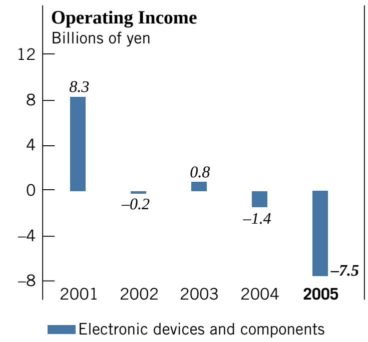
Other Machined Components

Sales of other machined components rose 4.7%, or ¥798 million, to ¥17,887 million. This increase reflected higher sales of special machined components.

Electronic Devices and Components







The Electronic Devices and Components segment, which represented 61% of consolidated net sales in fiscal 2005, comprises rotary components, primarily HDD spindle motors and the information motors business of joint venture Minebea–Matsushita Motor, and other electronic devices and components, including PC keyboards, lighting devices and speakers.

Principal Products and Applications and Minebea's Global Ranking

Principal Products	*Principal Applications*	*Global Ranking**
Rotary components		
HDD spindle motors	HDDs	No. 2 (global market share: between 15% and 20%)
Information motors of joint venture Minebea–Matsushita Motor	PCs, OA equipment, other information and telecommunications equipment, game machines, household electrical appliances	No. 2 (global market share: between 15% and 20%)
Other electronic devices and components		
PC keyboards	PCs	No. 2 (global market share: between 15% and 20%)
Lighting devices for LCDs	Cellular phones, digital cameras	(global market share: between 5% and 10%)
Speakers	PCs, household electrical appliances, automobiles	—

*Global market shares and global rankings are in terms of units shipped. Market shares are Minebea estimates based on information collected by the Company and by market research firms.

Highlights of Fiscal 2005

- Sales increased, reflecting the establishment of joint venture Minebea–Matsushita Motor, increased intake of orders for PC keyboards and the expansion of our business in the area of LED backlight assemblies for LCDs.
- The segment's operating loss worsened as a consequence of poor income results in its three businesses: HDD spindle motors, Minebea–Matsushita Motor and PC keyboards

Business Environment

- The PC market expanded.
- Demand for small HDDs rose sharply.
- Digital household electrical appliances began to penetrate the market.

Issues and Strategies

- Take steps to improve profits in the HDD spindle motors, Minebea–Matsushita Motor and PC keyboards business.
- Expand display peripheral components business.

Results in Fiscal 2005

Net sales in the Electronic Devices and Components segment rose 13.7%, or ¥21,436 million, to ¥178,317 million. The segment's operating loss worsened, increasing ¥6,088 million, to ¥7,489 million, giving the segment a negative operating margin of 4.2%, down 3.3 percentage points.

Principal Products

- **Rotary Components**
  - HDD spindle motors
  - Fan motors
  - Hybrid-type stepping motors
  - PM-type stepping motors
  - Brush DC motors
  - Vibration motors
  - Brushless DC motors
  - VR resolvers
- **Other Electronic Devices and Components**
  - PC keyboards
  - Speakers
  - Electronic devices
    - MOD drive subassemblies
    - Lighting devices for LCDs
    - Magnetic heads for FDDs
    - Backlight inverters
  - Measuring components
    - Strain gauges
    - Load cells

Rotary Components

Sales of rotary components advanced 23.1%, or ¥20,009 million, to ¥106,750 million.

HDD Spindle Motors

Results in the HDD spindle motors business declined substantially in fiscal 2005. We introduced and began sample shipments of highly cost-competitive new fluid dynamic bearing spindle motors early in the period, but did not succeed in commencing mass production and shipment. As a consequence, our share of the global market for spindle motors for 3.5-inch HDDs—which currently account for the bulk of our HDD spindle motor sales—fell. Despite rapidly rising demand for spindle motors for 2.5-inch HDDs or small HDDs of 1.8 inches or less, we have yet to introduce fluid dynamic bearing spindle motors for this market. Owing to an unfavorable product mix and falling shipments, sales of HDD spindle motors in fiscal 2005 declined. With sales insufficient to cover fixed costs, the category's operating loss deepened. In fiscal 2006, our priority will be to implement stringent measures aimed at reducing costs for all components and production processes.

Minebea–Matsushita Motor

Joint venture Minebea–Matsushita Motor, the product range of which encompasses information motors, that is, fan, stepping, brush DC and vibration motors, began operations on April 1, 2004. Owing to falling unit prices and a decline in demand for products transferred to the new company, as well as an increase in overall costs, the company's results in its first year in operation fell considerably short of initial expectations. We responded promptly by launching a program of structural reform measures early in the second half of the period. These included promoting the shift of manufacturing of these motors to Minebea–Matsushita Motor, revamping the functions of the company's manufacturing facilities, reviewing systems for production of key parts and subcontracting, and implementing extensive rationalization measures aimed primarily at increasing productivity. We also reviewed royalty arrangements with MEI and related payment schemes. In fiscal 2006, we will complete structural reforms aimed at integrating the relevant manufacturing activities of the two joint venture partners and will shift our focus to efforts aimed at reinforcing cost competitiveness and realizing originally envisioned product development and sales synergies.

Other Electronic Devices and Components

Sales of other electronic devices and components rose 2.0%,or ¥1,425 million, to ¥71,566 million.

PC Keyboards

Efforts to secure new customers contributed to record-high sales of PC keyboards in fiscal 2005. Since the startup of subsidiary Shanghai Shunding Technologies Ltd. in August 2003, we have gradually shifted PC keyboard production from Thailand to China. In the period under review, an increase in costs related to this shift, a delay in the establishment of an effective manufacturing system at the Chinese company and rising prices for resin, the key raw material for plastics, further swelled this business' operating loss. As of the end of fiscal 2005, we had almost completed the shift of production of keyboards for desktop PCs, and in fiscal 2006 will shift production of keyboards for notebook PCs. The early completion of this move will eliminate the duplication of fixed costs. We will also review costs, including those for raw materials, in an effort to improve profitability.

Lighting Devices

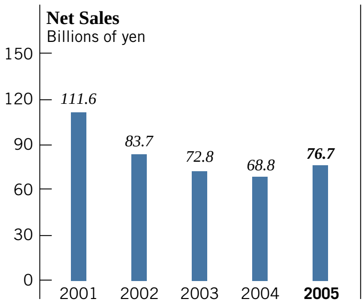
This category focuses on LED backlight assemblies for LCDs. Despite a demand adjustment in the cellular phone market in the second half, our focus on the timely development of high-value-added products supported increases in our customer base and the number of cellular phone models using our LED backlight assemblies. In fiscal 2006, we will endeavor to further expand this business by introducing high-brightness LED backlight assemblies, as well as medium-sized LED backlight assemblies, which are expected to see application in automobiles in the future.

Speakers

This category registered firm gains in the period under review, led by higher sales to manufacturers of audio equipment and PCs. In fiscal 2006, we expect demand from audio equipment manufacturers to decline, resulting in a decline in income.

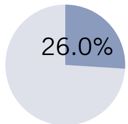
Performance by Geographic Segment

Japan

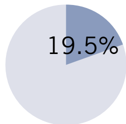


Owing to the establishment of Minebea–Matsushita Motor, resulting in the addition of information motors, including vibration and brush DC motors, sales to external customers in Japan in fiscal 2005 increased 11.5%, or ¥7,900 million, to ¥76,660 million. Owing to an increase in operating expenses, however, operating income declined 43.6%, or ¥2,131 million, to ¥2,752 million.

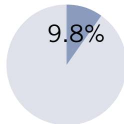
Percentage of net sales



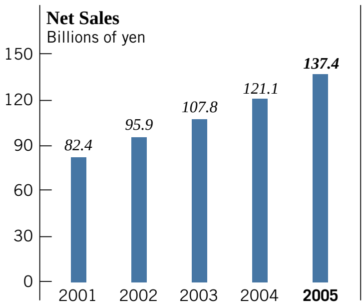
Percentage of operating income



Percentage of total production

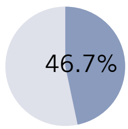


Asia (Excluding Japan)

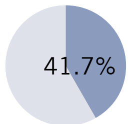


A crucial manufacturing base for manufacturers in Japan, Europe and North and South America, Asia is a particularly important market for Minebea. Despite inventory adjustments in HDD-related industries, a recovery in demand from the information and telecommunications industry and firm demand from the household electrical appliances industry supported steady sales in the period under review. In contrast, income was hampered, reflecting declining production levels for HDD spindle motors, which prompted an increase in the fixed cost burden, as well as expenses associated with structural reforms in the information equipment motors business and the shift of our PC keyboard production base. As a consequence, sales to external customers in Asia rose 13.5%, or ¥16,352 million, to ¥137,424 million, while operating income fell 45.5%, or ¥4,893 million, to ¥5,870 million.

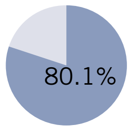
Percentage of net sales



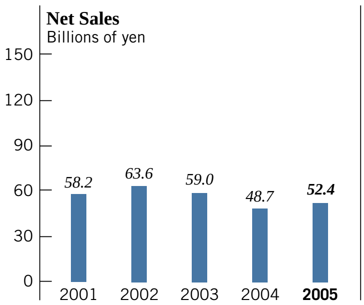
Percentage of operating income



Percentage of total production

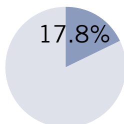


North and South America

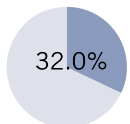


Despite a steady shift toward production in Asia by key customers in the information and telecommunications industry, sales of PC keyboards and other electronic devices and components were firm. We also saw firm demand for and sales of ball bearings manufactured in the United States, as well as for rod-end and spherical bearings to the aerospace industry. Owing to these and other factors, sales to external customers in this region advanced 7.5%, or ¥3,664 million, to ¥52,390 million, and operating income climbed 116.4%, or ¥2,426 million, to ¥4,510 million.

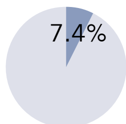
Percentage of net sales



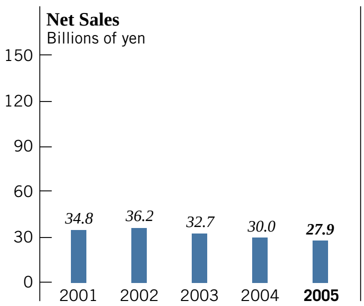
Percentage of operating income



Percentage of total production

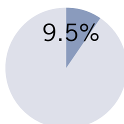


Europe

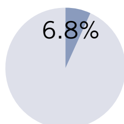


Moderate economic growth in Europe supported firm sales of ball bearings, rod-end and spherical bearings and other products. Due to flagging sales of PC keyboards and other electronics devices, however, sales to external customers decreased 6.9%, or ¥2,068 million, to ¥27,948 million, although operating income jumped 154.3%, or ¥577 million, to ¥951 million.

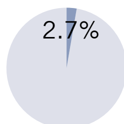
Percentage of net sales



Percentage of operating income



Percentage of total production



Note: Net sales figures represent sales to external customers.