

## Outline

**Outline of Operations** Minebea's operations are divided into two business segments: Machined Components and Electronic Devices and Components. The Machined Components segment focuses on miniature and small-sized ball bearings, rod-end and spherical bearings, and pivot assemblies. In fiscal 2007, this segment accounted for 41.6% of consolidated net sales. The Electronic Devices and Components segment encompasses precision small motors, notably HDD spindle motors and fan motors; PC keyboards and other electronic devices; lighting devices, including LED backlight assemblies; and measuring components. This segment represented 58.4% of consolidated net sales in fiscal 2007.

Our product development efforts are centered in Japan, Germany, Thailand and the United States. The Engineering Headquarters is charged with basic technology and product development with a medium- to long-term perspective. Technology development divisions affiliated with business units emphasize development of commercially viable products. Cooperation among these divisions facilitates the supplementing and sharing of technologies, thereby contributing to effective product development. Our manufacturing network encompasses bases in Thailand, China, Singapore, Malaysia, Japan and the United States. Our largest manufacturing base, in Thailand, accounted for 49.6% of total consolidated production in fiscal 2007, while our manufacturing base in China accounted for 23.5%. Combined production at all our bases in Asia (excluding Japan) represented 80.9% of total production. Production outside of Japan accounted for 91.5% of total production.

We supply products to a number of key markets. Notable among these are the PC and peripheral equipment, OA and telecommunications equipment, household electrical appliances, automotive and aerospace markets, which accounted for 36.5%, 15.0%, 9.3%, 9.9% and 10.2%, respectively, of fiscal 2007 consolidated net sales. Reflecting the steady shift by customers in Japan, Europe, and North and South America to production in China and other parts of Asia, sales to Asia (excluding Japan) represented 50.2% of consolidated net sales. Our second-largest geographic market is Japan, which currently accounts for 25.6% of consolidated net sales. Remaining sales are to North America and Europe.

With the aim of ensuring our organization runs smoothly and effectively, we have established an operating structure comprising 14 business units and five headquarters that report directly to the president and CEO. Under this structure, manufacturing and sales groups are assigned and report directly to each business unit. The function-based headquarters are charged with providing support for business units.

## Principal Strategy

Our principal goal is to evolve and grow as "the leading company through manufacturing and technological excellence." We believe that the key to achieving this objective is to accelerate efforts to improve profitability. Accordingly, we have continued to address three priority tasks: take decisive actions to implement structural reforms, reinforce R&D and manage the Company with a clear vision.

To these ends, we have:

- implemented organizational reforms, namely, the introduction of a business unit system and the establishment of headquarters
- shifted our policy from volume to quality, and our focus from sales to profits
- reinforced R&D by assigning management of R&D efforts to the Engineering Headquarters and by creating a department dedicated to basic technology development
- implemented measures to restore the profitability of loss-making businesses and strengthen growth businesses.

These efforts have yielded concrete results. Thanks to organizational reforms, we have made progress in eliminating organizational barriers and promoting the more effective use of Group resources. This has enabled individual businesses to align their growth tracks. We clarified our shift in policy toward quality, rather than volume—a move that marks a return to the basics of manufacturing and the concept of workmanship. With the aim of reinforcing R&D, we laid a new foundation for future R&D activities under the direction of the Engineering Headquarters. We have also placed a priority on strengthening core technologies, which are essential to the development of new products and businesses, as well as next-generation products, and are striving to develop new businesses through the integration of multiple core technologies.

Our key concern has been the restoration of profitability Companywide by eliminating loss-making businesses. With a few minor exceptions, we achieved this objective in the period under review. We also implemented organizational changes necessary to support growth and expansion in the years ahead.

We have positioned fiscal 2008 as a year for surging forward. Accordingly, our efforts during the period will focus on expanding businesses and raising income. Recognizing the importance of launching Minebea on a new and sustainable growth trajectory and the need to set forth clear medium-term growth indicators, we formulated a new medium-term management plan to guide our efforts for three years beginning in fiscal 2008. We are confident that achieving the numerical targets of this plan will ready us for our next major leap forward.

### Numerical Targets of Minebea's New Medium-Term Management Plan

(As of May 31, 2007)

Years ending March 31	Billions of yen		
	2008	2009	2010
Net sales	¥335.0	¥350.0	¥370.0
Operating income	30.0	34.0	38.0
Income before income taxes and minority interests	23.5	26.0	30.0

We have also set a long-term goal for net sales of ¥500.0 billion in fiscal 2012.