

## 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 2008, this segment accounted for 43.1% 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 backlights; backlight inverters; speakers and measuring components. This segment represented 56.9% of consolidated net sales in fiscal 2008.

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, Japan, the United States, Singapore, Malaysia and the United Kingdom. Our largest manufacturing base, in Thailand, accounted for 52.3% of total consolidated production in fiscal 2008, while our manufacturing base in China accounted for 21.2%. Combined production at all our bases in Asia (excluding Japan) represented 80.5% of total production. Production outside of Japan accounted for 91.6% 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 35.4%, 15.1%, 7.9%, 10.1% and 10.6%, respectively, of fiscal 2008 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 52.2% of consolidated net sales. Our second-largest geographic market is Japan, which currently accounts for 23.1% of consolidated net sales. Remaining sales are to North and South America and to Europe.

To ensure our organization runs smoothly and effectively, we have established an operating structure comprising 13 business units and six 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

With the aim of evolving and growing as "the leading company through manufacturing and technological excellence," we continue to implement initiatives designed to reinforce profitability and increase corporate value by expanding implementation of our vertically integrated manufacturing system, as well as by establishing mass production facilities and well-appointed R&D facilities, in markets around the world.

Recognizing innovation as the key to growth, we are addressing three priority tasks: developing new products, cultivating new markets and revolutionizing production technologies.

- **Ball bearings:** We are taking steps to strengthen our development capabilities and production technologies for high-growth miniature ball bearings, with the aim of reinforcing and expanding production capacity, as well as to cultivate new, high-growth markets and capitalize on untapped demand.
- **Precision components for aircraft applications:** In this highly promising business, we are endeavoring to enhance our existing rod-end bearings, as well as to broaden our lineup of new products that incorporate sophisticated new technologies and expand our production capacity, with the aim of maximizing growth.
- **Fan motors and other precision small motors:** We are stepping up efforts to expand our rotary components business into a second pillar of growth, similar to our core bearings and bearing-related products business.
- **In all product categories,** we are increasing the weight of high-value-added products. At the same time, we are expanding our product lineup, thereby positioning us to respond to a broader range of market requirements.

In our medium-term business plan, we positioned fiscal 2008 as a year for moving forward, and our efforts during the period focused on growing strategic businesses and increasing profits in a drive to launch Minebea on a new and sustainable growth path. In fiscal 2009, which we see as a year of progression, we will emphasize the creation of wealth and technological advancement. By achieving the targets of this plan, we will propel Minebea into a new phase of growth.

**Numerical Targets of Minebea's Medium-Term Business Plan**

(As of May 31, 2007)

Years ended/ending March 31	<i>Billions of yen</i>		
	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

Note: The above targets were announced in May 2007. Accordingly, these figures are not consistent with the actual figures for fiscal 2008 and current forecasts for fiscal 2009. For information on current forecasts for fiscal 2009, as of May 2008, see the section titled "Outlook for Fiscal 2009 and Risk Management," on page 31.

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