

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 the current fiscal year, this segment accounted for 45.2% 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 light-emitting diodes (LED) backlights for liquid crystal displays (LCDs); backlight inverters; speakers; and measuring components. This segment represented 54.8% of consolidated net sales in the current fiscal year.

Our product development efforts are centered in Japan, Germany, Thailand and the United States. 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 48.3% of total consolidated production in the current fiscal year, while our manufacturing base in China accounted for 23.0%. Combined production at all our bases in Asia (excluding Japan) represented 77.2% of total production. Production outside of Japan accounted for 90.5% 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, aerospace, automotive and household electrical appliances markets, which accounted for 30.3%, 14.2%, 12.5%, 9.9% and 8.8%, respectively, of the current fiscal year's consolidated net sales. Many of our clients—manufacturers of these products—are expanding production outside Japan, Europe, and the Americas, particularly in China and other parts of Asia, and therefore sales to Asia (excluding Japan) represented 51.2% of consolidated net sales. Our second-largest geographic market is Japan, which currently accounts for 23.8% of consolidated net sales. Remaining sales are to North, Central and South America and to Europe.

In the current fiscal year, we continued to operate under a corporate structure comprising 14 business units and 6 headquarters—all reporting directly to the president and CEO—that was originally designed to ensure our organization ran smoothly and effectively. Effective June 1, 2009, we implemented a restructuring whereby these business units and headquarters were replaced with product group-specific business headquarters. Our objectives were to integrate the functions previously assigned to the business units and headquarters more organically, thereby maximizing efficiency, and at the same time to clarify the income and loss performance of each product group and facilitate the sharing of technologies initially adopted for specific products. Within each of the new business headquarters, we have established business units similar to those that existed under our previous structure. All functions previously belonging to the headquarters—including manufacturing, engineering, sales and materials procurement—deemed effective in enhancing efficiency have been transferred to the new business headquarters. As a consequence of these moves, we now have a corporate structure comprising 16 business units and 5 business headquarters; 4 support divisions; and 2 divisions and 1 headquarter responsible for back-office functions (formerly combined in a single headquarter).

Principal Strategy With the aim of evolving and growing as “a company that leads the competition 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 3 priority tasks: developing new products, cultivating new markets and revolutionizing production technologies.

1. Ball bearings: To capitalize on untapped demand, we are taking steps to expand our production capacity and strengthen our development capabilities and production technologies for high-growth miniature ball bearings.
2. Precision components for aircraft applications: In this highly promising business, we are endeavoring to maximize growth by enhancing our existing rod-end bearings business, as well as by pushing forward with our expansion into large mechanical parts for aircraft, which incorporate sophisticated new processing technologies.
3. Fan motors and other precision small motors: We are stepping up efforts to expand our rotary components business into a second pillar of growth, alongside our core bearings and bearing-related products business.
4. 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.
5. We are reinforcing our ability to respond to pricing pressure and customer demands by reorganizing our business portfolio in a manner that enables us to surmount the barriers separating production, sales, technology and development functions and give full play to our comprehensive strengths.
6. We are taking decisive steps to reduce costs with the aim of promptly overcoming the current economic slump and laying the groundwork for a dramatic leap forward.