

Outlook for the Next Fiscal Year and Risk Management

Outlook for the Next Fiscal Year (Fiscal Year Ending March 2011)
(as of May 2010)

We expect that in the amid of the world economy showing signs of recovery mainly in Asia, the Japanese economy, in tune with U.S. and European economic recoveries, will be on the road to recovery with export improvements despite deflationary concerns. In Asia, we expect that the economies will remain strong despite concerns about the overheated economy in China. In the U.S., the economy is expected to move toward gradual recovery with the financial environment improving and corporate earnings ceasing to fall.

Under these circumstances, we expect net sales of 265,000 million yen, operating income of 23,500 million yen and net income of 12,500 million yen. This is due to expectations of increased sales by the brushless motor business to be newly added by a business acquisition implemented in the fiscal year; sales expansion in steady Asian markets; and increased sales to strong HDD-related markets.

Machined components business, we will continue to aggressively expand sales of mainstay ball bearings to the automobile and information & telecommunications equipment industries. By achieving economies of scale in manufacturing from this sales expansion and further reducing costs, we aim to improve business results further. We expect that sales of ball bearings will increase mainly in Asia due to economic recovery. Also in pivot assemblies, we expect increased sales due to active market demands.

Electronic devices and components business, in the information motor business, we will strive to further enhance results by continuing to improve production efficiency and to make product mix reviews. An increase in sales is expected due to the launch of a new business segment to sell brushless motor as a result of M&A we carried out during the current fiscal year. In the spindle motor business, we will strive to improve results mainly by responding to active market demands, making cost reduction efforts and boosting sales of 2.5" models. Also, in the PC keyboard business, we will aim for earnings improvement by focusing on high-quality, high-priced models and new input device products, etc. In LCD backlight assemblies, inverters, measuring components, etc., we will aim for sales recovery by expanding sales.

Risk Management Minebea recognizes a variety of risks and uncertainties that have the potential to affect its operating results and/or financial position. On June 29, 2010, the date of our Japanese-language *Yuka Shoken Hokokusho*, the filing of which is required of all publicly traded companies in Japan, we recognized the following risks.

1. Market risk

Principal markets for Minebea products, including those for PCs and peripheral equipment, information and telecommunications equipment and household electrical appliances, are intensely competitive and subject to significant fluctuations in demand. Our operating results and financial position are vulnerable to these fluctuations.

2. Foreign exchange risk

A significant portion of our consolidated net sales and production are outside of Japan. Our business is thus vulnerable to risks associated with fluctuations in foreign currency exchange rates. We have entered into various currency exchange contracts and other derivatives transactions to hedge these risks, but fluctuations in foreign currency exchange rates may affect our operating results and/or financial position over the long term.

3. R&D risk

While we focus on R&D to introduce a constant stream of new, high-quality products, we are subject to the risk that significant R&D expenditures may not be rewarded with successes, as there are no guarantees that R&D efforts will come to fruition.

4. Legal risk

The Legal Department is responsible for managing risk related to lawsuits and other legal actions brought against Minebea Group operations in Japan and/or overseas. We are subject to the risk that lawsuits or other actions with the potential to affect our operating results and/or financial position may be brought against us in the future.

5. Risk related to price negotiations

We continue to face intense competition from lower-priced products made overseas. We are subject to the risk that we will be unable to maintain or increase our share should market needs shift to low-quality, low-priced products.

6. Risk related to raw materials and logistics costs

We purchase a variety of materials from external suppliers and strive to ensure optimal purchase inventory volumes for such materials and access to stable supplies of materials with stable prices. However, we are subject to the risk that rising prices for such materials may affect our operating results and/or financial position in the future.

7. Latent risk related to operations overseas

The Minebea Group's manufacturing activities are conducted primarily in Thailand, China, and Singapore. While considerable time has passed since we established operations in these countries, our operations overseas are subject to the following risks, any of which may have a negative impact on our operating results and/or financial position:

- (a) Unexpected changes to laws or regulations.
- (b) Difficulty in attracting and securing appropriate human resources.
- (c) Acts of terrorism or war, or other acts that may cause social disruption.