

## Outline

### Outline of Operations

Minebea's operations are divided into four segments, which are machined components, rotary components, electronic devices and components, and other. The machined components segment focuses on miniature and small-sized ball bearings, rod-end and spherical bearings, as well as fasteners and pivot assemblies. The segment accounted for 40.1% of consolidated net sales in the current fiscal year. The rotary components segment, which focuses on small precision motors, such as hard disk drive (HDD) spindle motors and fan motors, represented 37.6% of consolidated net sales. The electronic devices and components segment, which accounted for 15.0% of consolidated net sales, encompasses light-emitting diode (LED) backlights for liquid crystal displays (LCDs) and other lighting devices, as well as inverters and measuring components. Our other segment, producing PC keyboards, speakers and defense-related products, generated 7.3% of consolidated net sales.

Minebea's product development efforts are centered in Japan, Germany, Thailand and the United States. Our manufacturing network encompasses bases in Japan, Thailand, China, the United States, Singapore, Malaysia, Germany, the Czech Republic, the United Kingdom and others. Thailand, which is our largest manufacturing base, accounted for 51.0% of total consolidated production while China accounted for 23.7%. Combined production at all our bases in Asia (excluding Japan) represented 80.3% of total production while manufacturing outside of Japan accounted for 92.2% of total production.

We supply products to a number of key markets. Notable among these markets are the PC and peripheral equipment, OA and telecommunications equipment, automotive, household electrical appliances and aerospace sectors, which respectively accounted for 28.8%, 20.5%, 10.6%, 8.3% and 8.2% of our consolidated net sales. Many of our customers, who are manufacturers of these products, are expanding their production bases beyond Japan, Europe, and the Americas. This expansion has been directed particularly toward China and other parts of Asia, and accordingly, highest sales were to China, accounting for 26.6% of consolidated net sales. Our second-largest geographic market is Japan, which accounted for 23.5% of consolidated net sales. The third largest, Thailand, accounted for 13.6%. Remaining sales came from the United States, Europe, and other areas.

Under the organizational change implemented on June 1, 2009, we established business headquarters for each product category in order to organically link the functions of business units and headquarters. The change maximizes operational efficiency, provides a clear picture of operational results for each product category, and enables units producing similar products to share technological know-how. Business headquarters were created to serve as the administrative umbrellas for similar business departments and certain functions that previously fell under the direct oversight of corporate headquarters. Various production, engineering, sales and procurement operations were transferred to the new business headquarters in an effort to increase efficiency. In the current fiscal year, Minebea was composed of 5 business headquarters overseeing 17 business units, 4 divisions supporting these business units, 2 administrative divisions and the CSR Promotion Division.

In April 2011, the Circuit Components Business Unit of the Electronic Device & Component Business Headquarters, the HMSM Business Unit of the Rotary Component Business Headquarters and part of the EMS Department of the Engineering Support Division were integrated to form the EMS Business Unit under the Electronic Device & Component Business Headquarters. As a result of this organizational change, the number of business units now totals 16.

### Outline of Strategies

We aim to bring profitability and corporate value to new heights by leveraging our vertically integrated manufacturing system that takes advantage of ultra-precision machining technologies, large-scale overseas volume production systems, and a well-developed R&D system. These systems, which we have established worldwide, will keep us ahead of the competition in manufacturing and technological excellence.

The path to the top, as well as sustainable growth, lies in the utilization of our group's collective vertical and horizontal strengths, increasing corporate values through M&A and alliances, developing new products, improving existing products, and constantly improving our production technologies, etc.

1. We will capitalize on untapped demand for ball bearings by taking steps to expand our production capacity as we strengthen our development capabilities and production technologies for high-growth miniature ball bearings. We will also focus on manufacturing and selling low-priced products and medium-size ball bearings to emerging markets.
2. We will lay the foundation needed to increase pivot assembly and ball bearing production in order to keep pace with the demand from HDD-related markets.
3. We will improve profitability in the spindle motor business by quickly responding to market demands while increasing production and cutting costs.
4. We will maximize growth for precision aircraft components by enhancing our existing rod-end bearing business and moving forward with our expansion into large mechanical parts for aircraft, an area involving sophisticated new processing technologies.
5. We will boost sales and earnings by substantially increasing production of LED backlights for LCDs.
6. We will turn fan motors and other precision small motors into the second most important pillar of our operations following bearings and bearing-related products.
7. We will increase the ratio of high-value-added products in all product categories and diversify offerings to serve a broader market.
8. We will strengthen our ability to provide flexible prices and satisfy customer needs by continually adapting our business portfolio and leveraging our organization-wide management resources, covering everything from manufacturing to sales and marketing, engineering as well as R&D.
9. We will harness the combined technological strengths in electronic devices and components as well as machined components to cultivate new markets and increase sales as we develop new hybrid component products.
10. We will strive to improve our performance by aggressively implementing thorough and full-scale cost reduction initiatives as well as bolstering our overall business structure.
11. We will continue to seek out for optimal production locations in order to minimize regional risks and be ready to expand production to multiple locations.