

## Outline

**Outline of Operations** Minebea's operations are divided into the following segments: The machined components segment makes miniature and small-sized ball bearings, rod-end and spherical bearings, as well as fasteners and pivot assemblies. The segment accounted for 42.6% of consolidated net sales for the current fiscal year. The rotary components segment focusing on small precision motors, like spindle motors for hard disk drives (HDDs) and fan motors, represented 36.3% of consolidated net sales. The electronic devices and components segment, which accounted for 15.1% 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 special devices, generated 6.0% 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, Cambodia, Germany, the Czech Republic and the United Kingdom. Our largest manufacturing base, in Thailand, accounted for 51.9% of total consolidated production in the current fiscal year, while our manufacturing base in China accounted for 21.2%. Combined production at all our bases in Asia (excluding Japan) represented 78.5% of total annual production while manufacturing outside of Japan accounted for 91.1% of total yearly output.

We supply products to a number of key markets. Notable among these markets are the PC and peripheral equipment, office automation and telecommunications equipment, automotive, aerospace and household electrical appliances sectors, which respectively accounted for 28.4%, 20.9%, 11.0%, 9.4% and 7.3% 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 which explains why sales were highest in China (including Hong Kong), accounting for 24.4% 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 13.4%. Remaining sales came from the United States, Europe, and other areas.

While we had established business headquarters for each product category and managed the business using both a vertical organization called "Business Headquarters/Business Unit" that combines the manufacturing divisions and marketing divisions by business unit, and a horizontal organization called "Division" that indirectly supports the activities of business headquarters/business units based on their own functions. On May 21, 2012, we changed the above organizational structure. After the change, we also changed the name of each business headquarters to manufacturing headquarters, and newly established Global Motor Business Headquarters. We also reorganized the business administrative functions into three divisions. As a result, Minebea is now composed of five manufacturing headquarters and one business headquarters to which 16 business units belong, with four supporting divisions and three administrative divisions. The marketing functions the previous "Business Headquarters/Business Unit" was responsible for were transferred to Sales Division, which enables us to do both manufacturing activities and marketing activities in parallel for the purpose of flexibly responding to a quick change of the market as well as strategically promote the business with mobility. Global Motor Business Headquarters are responsible for conducting motor businesses outside of Japan that includes "Moatech Business Unit" which was newly established when we acquired shares of Moatech in May 2012, and expanding business synergy. In administrative divisions, we seek more efficient business operation through the restructuring.

**Outline of Strategy** 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 volume production systems overseas, 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.

In addition, for the purpose of diversifying the procurement of equipment and materials, we seek to establish a new supply chain system, respond to a quick change of demand and supply, and improve the capital efficiency. 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&As and alliances, developing new products, improving existing products, and constantly improving our production technologies, etc.

1. In ball bearings, we will create and expand new demands by strengthening production capacity of miniature ball bearings that have much potential for growth and developing new products. We will also focus on production and sales for emerging market and further expand high profitable business by responding to a quickly changing business environment.
2. We will increase pivot assembly and ball bearing production in order to keep pace with the growing demand from HDD-related markets.
3. In the HDD spindle motor business, we will strive for earnings improvement by responding to market demands, developing new products, and at the same time, implementing increased production and cost reductions.
4. For the purpose of further enhancing the aircraft parts of which demand is expected to increase, we will prepare a global business strategy and also improve the basic technical capability of existing rod-end bearings. We will also continue deploying our business in the area of mechanical parts for aircrafts using our highly sophisticated processing technology.
5. In the LED backlight business, we will increase the products for smart phones and tablet PCs and expand the business in the automobile market, aiming at more sales and stable profits.
6. We will build our operations in the area of precision small motors into a second pillar of our operations after bearings and bearing-related products. Additionally, we will transfer the function of small motor assembling (such as micro actuators and DC brush motors) to Cambodia plant that was constructed in 2011 to increase the production and reduce production cost for higher profitability.
7. We will increase the ratio of high-value-added products and expand the product line-up to serve a broader market.
8. We will strengthen our ability to provide flexible prices and ability to satisfy the requirements of our customers by always considering the re-organization of our business portfolios and demonstrating across-the-board management resources covering manufacturing, sales and marketing, engineering and development.
9. We will harness the combined technological strengths in electronic devices and components as well as machined components to cultivate new markets such as a medical one and increase sales as we develop new hybrid products.
10. We will strive for improved results by aggressively undertaking thorough and full-scale cost reduction initiatives as well as furthering the strengthening of our business structure.
11. We will continue to keep an eye out for optimal production locations in order to minimize regional risks and be ready to expand production to multiple locations.
12. We will actively improve the corporate value through M&A and alliance.  
(For the purpose of conducting this strategy, we entered into a capital and business alliance agreement for joint investment with the Development Bank of Japan on February 2, 2012.)