

Outlook for the Fiscal Year Ending March 2014 and Risk Factors

Outlook for the Fiscal Year Ending March 2014 (as of May 2013)

Although the European economy is in a slump and there is still uncertainty about the global economy, the Japanese economy is expected to continue to improve due to a rebound in exports fueled by the weaker yen and the boost provided by emergency economic stimulus measures. The U.S. economy is also expected to continue to improve as automobile and home purchases turn upwards now that households have made progress on adjusting their levels of debt and as employment grows due to improved corporate earnings. On the other hand, the European economy is expected to recover at a sluggish pace as the austerity measures put in place to deal with debt woes remain in place. In Asia, the Chinese economy is expected to improve due to the effects of economic stimulus measures, but there is still pressure to make adjustments to the excess capacity, so the recovery is expected to be modest. Meanwhile, other Asian countries are expected to show generally strong growth.

Although surging currencies in Thailand and China—where our main bases of production are located—will have an effect, we nonetheless expect the business climate to take a turn for the better due to rebounding economies in Japan, the U.S. and Asia (but not Europe). Owing to the business restructuring undertaken during the year under review, we are projecting net sales of ¥320,000 million, operating income of ¥16,000 million, and net income of ¥8,500 million.

What follows are our full year projections for each segment.

Machined Components

In our mainstay ball bearings, sales of bearings for use in pivot assemblies are expected to decline due to decreasing demand in the HDD market. Nonetheless, overall demand is expected to grow due to the global economic recovery, and this should lead to improved business results due to our aggressive efforts to expand sales to the automobile industry and the information and telecommunications equipment industry, as well as our entry into new markets. Additionally, our German subsidiary, myonic, has expanded production capacity with the opening of a new plant and, as a result, we expect increased sales in the area of high-precision bearings. We are also aiming to expand sales of rod-end bearings to the growing aircraft market by developing new products and by expanding our production global platform, with facilities in Japan, the United States, the United Kingdom and Thailand.

Rotary Components

We expect to see improved business results in information motors. In addition to our withdrawal from the coreless vibration motor business during the year under review and other business restructuring efforts, we are focusing our efforts on tapping new markets and developing new products, along with reducing the cost of materials and pursuing manufacturing efficiencies. We

also expect to see improved results in micro-actuators since we completed the transfer of production from subcontractors in China to our Cambodia plant and we are reducing costs. We are working to improve the performance of our HDD spindle motors by expanding sales of higher valued-added products and due to benefits from our business restructuring measures. We are aiming for significant improvement in the rotary components segment as a whole due to the above measures.

Electronic Devices and Components

We expect to see a substantial increase in both sales and profits from our mainstay LED backlights. Because demand for LED backlights fluctuates suddenly and substantially we are working to minimize the risk of fluctuations in demand and aggressively expand sales by introducing new products and cultivating new customers. In measuring components, we are working to develop new products and grow our sales of products for the automobile market.

Other

We are improving productivity in special devices by transferring some equipment to our Fujisawa Plant before the scheduled December completion of our new plant that is under construction adjacent to our existing Matsuida Plant.

Risk Factors

Minebea recognizes a variety of risks and uncertainties that have the potential to affect its operating results and/or financial position. Future risks mentioned in this document are those recognized by Minebea Group as of the end of the fiscal year under review.

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 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. Research & development 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.

7. Latent risk related to operations overseas

The Minebea Group's manufacturing activities are conducted primarily in Thailand, China, and Singapore and other foreign countries. While considerable time has passed since we established our operations in most of these countries, overseas operations are always subject to the following risks (any of which could 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 qualified human resources. (c) acts of terrorism or war, or other acts that may disrupt social order.

8. Natural disaster risk

If business sites of the Minebea Group and our trading partners suffer from a natural disaster such as earthquake and flood, nuclear power plant accident, or a new type of infectious disease, production and sales activities of the Group could be seriously impaired.

9. Risk related to compliance/internal control

As Minebea Group has deployed various businesses around the world, we are subject to various laws, regulations, and rules of each country. Although the Group has established and managed necessary and proper internal control systems for the purpose of complying with laws and regulations, as well as maintaining the adequacy of financial reporting, such efforts cannot guarantee the perfect achievement of the purpose. Therefore, there is possibility that breach of laws and regulations may occur. If laws, regulations, or interpretation of laws and regulations by the competent authority change, we may be unable to comply with such laws and regulations, or have to incur additional costs.

10. Risk related to accrued retirement benefits and pension costs

Because Minebea Group has several defined benefit pension plans, the fair value of the pension assets may decrease due to deteriorated returns on pension assets, or the pension cost may increase due to an increase of retirement benefit obligation resulting from a change of preconditions such as the discount rate.

11. Risk related to environmental issues

Minebea Group is subject to various environmental laws and regulations around the world. Although the Group has paid keen attention to such laws and regulations when conducting business, the Group may suffer losses if environmental pollution occurs or the possibility of pollution is found.

12. Risk related to M&A activities or alliances

Minebea Group has actively conducted M&A and alliance activities. When conducting M&A or alliance activities, it is possible that M&A may not generate a positive effect as we originally expected, or an alliance partner and the Group might not reach an agreement on the strategy or other points and fail to maintain the alliance relationship. If we provide financial support to an alliance partner due to their deterioration of financial condition or other reasons, such support may impair our performance and/or financial position.

13. Risk related to quality issues

Products provided by Minebea Group are used in various industries, especially in the areas that require high accuracy (such as automobiles, medical devices, and finished goods that are potentially fatal to human lives). The Group has recognized its social responsibility and established a high quality assurance system. However, if our product has a serious defect that causes a material accident, suspension of production in our customer's site, or recall, we may have to pay a large amount of expenditures and our reputation may be seriously damaged, which may lead to a large negative impact on our performance and/or financial position.

14. Risk related to information management

Minebea Group may obtain a lot of important information and personal information through business activities. The Group has established an information security policy to prevent the leakage of information outside of the company as well as unauthorized use of such information. However, it is possible that unexpected events may result in information leakage. If such events occur, we may incur a large amount of costs to respond to it and also suffer from the deterioration of social credibility.