

Outlook for Fiscal Year Ending March 2015 and Risk Factors

Outlook for the Fiscal Year Ending March 2015

(as of May 2014)

The Japanese economy is expected to remain robust due to higher employment rates and better wages although the impact of the consumption tax increase remains a concern. The U.S. economy will also continue to gradually rebound as consumer spending increases despite signs of a slowdown in private sector housing investment. While the European economy is expected to move along the path to gradual recovery, it will take more time to solve bad debt and other structural problems as governments continue to tighten their belts in response to the sovereign debt crisis in Greece, Spain, etc. In Asia, strong domestic demand will fuel a moderate economic recovery despite the slowdown in the Chinese economy. Other countries in Asia should also see steady economic growth.

In light of this economic outlook, sales of our LED backlights, one of the Group's main products, are expected to surge while sales of ball bearings, motors, and other products are also projected to be up. Based on a conservative estimate of sales growth, we expect net sales to total ¥400,000 million, operating income ¥36,500 million, and net income ¥24,000 million.

What follows are our full year projections for each segment.

Machined Components

We will continue to work on boosting performance of the ball bearing business, our anchor business line, by aggressively expanding sales and launching new products targeting the automobile, information and telecommunications equipment industries, etc. while branching out into new markets as demand picks up across the globe. At the same time, our German subsidiary, myonic GmbH, will increase sales of higher-value added special bearings. We will also boost production and efficiency in the rod-end bearing business while sharpening our competitive edge in terms of turnaround time and cost with an eye to stepping up sales in the growing aircraft market.

Electronic Devices and Components

In the LED backlight business, we are working to enhance our capability to supply high-value-added products, including ultra-thin light guide plates for high-end smartphones. We expect our initiatives will expand the customer

base as our aggressive marketing and new product launch strategies lead to substantial increases in sales and profits. We will also work on developing new lines of measuring components that leverage their sensor function while boosting sales in the automobile market. In information motors, we will continue to work on improving production efficiency as demand is driven up by the global economic recovery. We will also move on with transferring manufacturing operations to our Cambodian plant to cut costs even more. Since demand for HDD spindle motors is expected to remain flat in the PC market, we will continue to focus on marketing high-value-added products for server and other applications to boost profitability.

Other

We will focus on enhancing the accuracy of dies and parts produced in-house in order to improve production efficiency for the departments that produce finished products and bring quality to new heights.

Risk Factors

Minebea Group 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 sudden declines in demand.

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 sharp fluctuations in the exchange rates of the currencies of the countries where we have manufacturing operations 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 increase or maintain our market 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

Minebea Group's manufacturing activities are conducted primarily in Thailand, China, Singapore, Cambodia, 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

Since Minebea Group operates around the world, it is subject to various laws, regulations, and rules of different countries. Although the Group has established and manages 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 this objective. Therefore, there is a 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 plan 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 assumptions 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, it may incur a large amount of costs and expose us to the risk of losing social credibility.