



Business Results

Third Quarter of Fiscal Year ending March 31, 2005

Minebea Co., Ltd

**Tsugio Yamamoto
Representative Director,
President and Chief Executive Officer
February 4, 2005**

February 4, 2005

Consolidated Results for Third Quarter of Fiscal Year ending March 31, 2005

(Millions of yen)	Year ended Mar. '04	-- Year ending Mar. '05 --		Q3 Change	
	Q3	Q2	Q3	yoy	qoq
Net Sales	68,728	75,427	75,180	+9.4%	-0.3%
Operating Income	4,531	2,666	4,165	-8.1%	+56.2%
Ordinary Income	3,707	1,903	2,950	-20.4%	+55.0%
Income before Income Taxes	3,590	1,454	2,445	-31.9%	+68.2%
Net Income	1,622	887	1,575	-2.9%	+77.6%

Operating income improved from Q2
Profitability of machined components advanced

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Compared to the second quarter, the third quarter sales increased for applications such as PCs and HDDs. However, this was more than offset by effect of yen appreciation of 1.1 billion yen, leading to a slight decline in sales.

Income improved from the second quarter. Income of machined components business jumped from the second quarter owing to better profitability of pivot assemblies. Electronic devices and components business saw an improvement in profitability of HDD spindle motor business.

Net Sales and Operating Income by Segment

(Millions of yen)	----- Year ended Mar. '04 -----				----- Year ending Mar. '05 -----			Q3 change	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	yoy	qoq
[Net Sales]									
Machined components business	28,606	27,059	27,434	28,593	28,256	29,094	28,927	+5.4%	-0.6%
Bearing-related products	23,959	23,169	23,324	24,152	24,247	24,906	24,491	+5.0%	-1.7%
Other machined components	4,646	3,892	4,109	4,442	4,009	4,188	4,436	+8.0%	+5.9%
Electronic devices and components business	37,883	40,193	41,294	37,511	43,067	46,333	46,254	+12.0%	-0.2%
Rotary components	21,458	22,184	22,209	20,890	26,852	27,209	27,350	+23.1%	+0.5%
Other electronic devices	16,424	18,011	19,084	16,622	16,216	19,124	18,903	-0.9%	-1.2%
Total Net Sales	66,489	67,252	68,728	66,105	71,324	75,427	75,180	+9.4%	-0.3%
[Operating Income]									
Machined components business	4,908	4,270	5,035	5,292	5,082	5,396	5,952	+18.2%	+10.3%
Electronic devices and components business	-648	937	-503	-1,186	-2,279	-2,731	-1,786	-	-
Total Operating Income	4,259	5,208	4,531	4,106	2,802	2,666	4,165	-8.1%	+56.2%

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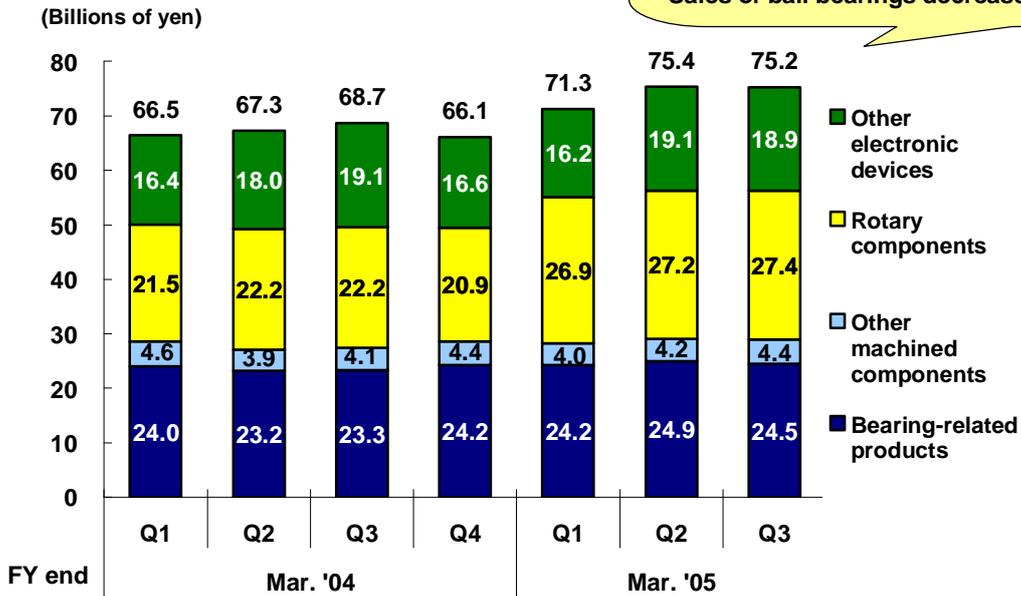
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This shows sales and operating income by segment.

Net Sales by Segment

In Q3, compared to Q2, sales of HDD spindle motors, fan motors and keyboards increased. Sales of ball bearings decreased.



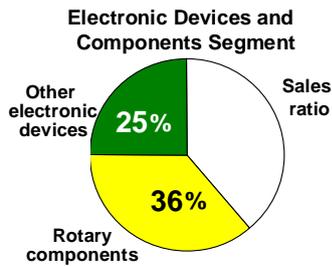
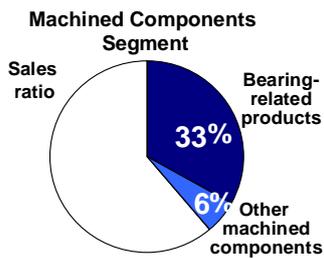
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Compared to the second quarter, sales of four divisions were mostly flat although there were different trends by product.

Q3 Sales Breakdown



Bearing-related products

Ball bearings: (21% of total sales) -6%qoq,

Seasonal effect in December, weak demand in Japan

Rod-end & spherical bearings: (5%) +7% Favorable sales for aircraft

Pivot assemblies: (7%) +7% Rise in demand, especially for small-sized HDDs

Rotary components

HDD spindle motors: (12%) +8% Increased sales for 3.5 inch HDD

Fan motors: (11%) +8% Increased sales for PC and servers

Stepping motors: (7%) -7% Sales of PM motors decreased

DC brush motors & vibration motors: (6%) -12% Sales of DC brush motors decreased

Other electronic devices

Keyboards: (11%) +7% Expanded sales of desktop type. Sales reached record high level

Electronic devices: (7%) -5% Due to weak demand in mobile phones, sales of backlights remained low

Speakers: (4%) -7% Sales increased for PC but declined for audio speakers

Measuring components: (3%) -9% Sales declined for automobile

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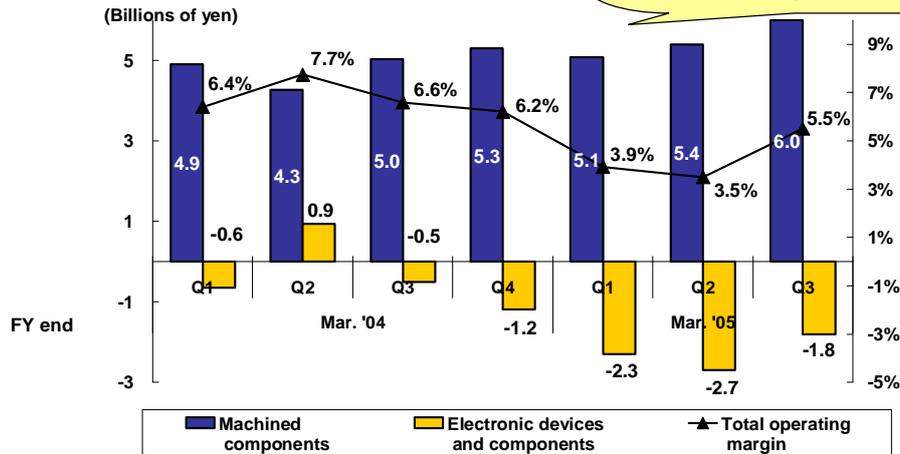
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Sales in the third quarter rose for HDD and PC applications. Especially, PC keyboard sales were strong and reached the record high level.

Operating Income by Segment

Large increase in profitability of machined components business. Operating margin exceeded 20%. Measures to reinforce cost competitiveness and to enhance new product development are working effectively for ball bearings and other products.



Operating income margin	Year ended Mar. '04				Year ending Mar. '05		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Machined components	17.2%	15.8%	18.4%	18.5%	18.0%	18.5%	20.6%
Electronic devices and components	-1.7%	2.3%	-1.2%	-3.2%	-5.3%	-5.9%	-3.9%
Total	6.4%	7.7%	6.6%	6.2%	3.9%	3.5%	5.5%

Note: Operating margin of each segment is based on sales to customers.

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In the third quarter, ball bearing business maintained the high level of income while large improvement was evident in pivot assembly business. As a result, operating income of machined components business reached 6.0 billion yen, higher by 0.6 billion yen from the second quarter. Operating income margin exceeded 20%.

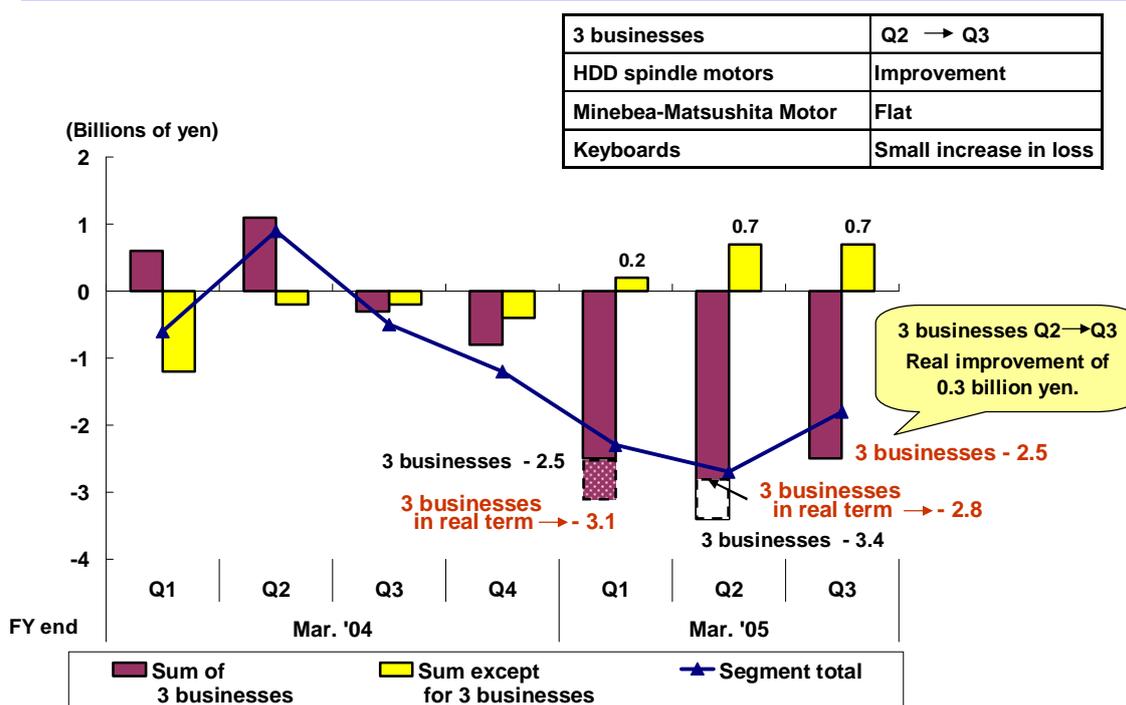
Sales volume of pivot assembly increased almost 10% from the second quarter on the back of strong HDD demand. Volume for HDDs 1.8-inch or smaller constituted 15% in the third quarter, a rise from less than 10% in the second quarter.

Pivot assemblies for small-sized HDDs are area where Minebea can utilize unparalleled superiority it has in miniature sized ball bearings. From the second half of last calendar year, we have been lifting production capacity of miniature sized ball bearings and installing automated assembly lines for pivot assemblies. As a result costs have been reduced and we are in position to meet any future demand growth.

Sales of rod-end and spherical bearings are on an increasing trend and profitability is rising further. We are promoting measures to meet growing demand, which is said to turn to an increasing trend from 2005, and to cut costs.

As for electronic devices and components business, operating loss was 1.8 billion yen in the third quarter. In the next slide, we split the business into two areas, three businesses that need to turn around profitability, and other businesses. The three businesses are HDD spindle motors, Minebea-Matsushita Motor joint venture and keyboards.

Electronic Devices and Components Segment Operating Income Breakdown



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The operating income of businesses in the electronic devices and components segment, other than the three businesses was 0.7 billion yen in the third quarter, no change from the second quarter.

As for the three businesses, total operating loss was 2.5 billion yen, compared to 3.4 billion yen in the second quarter.

Minebea-Matsushita Motor joint venture expensed half year's royalty payment in a lump sum in the second quarter. If royalty payment was expensed every quarter, the three businesses would have recorded operating loss of 3.1 billion yen in the first quarter, 2.8 billion yen in the second quarter and 2.5 billion yen in the third quarter. In other words, improvement is evident for the three businesses.

The business that contributed to improvement in the third quarter was HDD spindle motors. Growth in sales volume was limited but positive results of cost reduction is emerging as scheduled as a result of measures including efforts to reduce parts production costs.

Improvement of financial performance at keyboard business and Minebea-Matsushita Motor joint venture are progressing slower than planned.

Operating Income Analysis

Comparison with Q2

Net sales : Sales volume of main products increased but net sales decreased due to fall in unit price and appreciation of yen.

Operating income: In spite of unit price decline and rise in raw material costs, higher volume, lower costs and reduction of SG & A increased profit.

Operating income breakdown

(Billions of yen)	Q2 actual	Q3 actual	vs. Q2	vs. plan
Machined components	5.4	→ 6.0	+0.6	+0.2
Electronic devices and components	-2.7	→ -1.8	+0.9	-0.3
3 businesses	-3.4	→ -2.5	+0.9	-0.4
Except for 3 businesses	0.7	→ 0.7	+0.0	+0.1
Total	2.7	→ 4.2	+1.5	-0.1

Machined components

Profitability of pivot assemblies increased exceeding forecast. Ball bearings and pivot assemblies also performed strong.

Electronic devices and components

In 3 businesses, profit of HDD spindle motors improved but MMMC and keyboard businesses underperformed.

In Q2, MMMC expensed the whole of the first half's royalty payment
→ 3 businesses achieved real improvement of 0.3 billion yen compared to Q2.

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Operating income in the third quarter is as shown on this slide.

HDD Spindle Motor Business

◆ Promote cost reduction

→ Apparent result from Q3

- Reduction of parts production cost
- Pace of price decline slowing

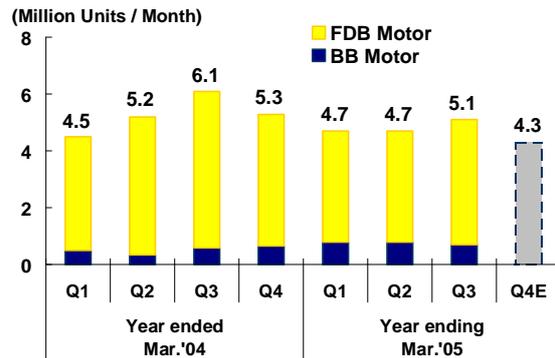
◆ New FDB unit production line is under construction

- Plan to complete in Bang Pa-in plant (Thailand) in February

◆ ROF type FDB motors for 3.5 inch HDD FDB motors for 2.5 inch HDD

- Approval process is progressing smoothly for both products
- Expect to start production and shipment during April to June, 2005

Minebea's HDD Spindle Motor Shipment and Forecast



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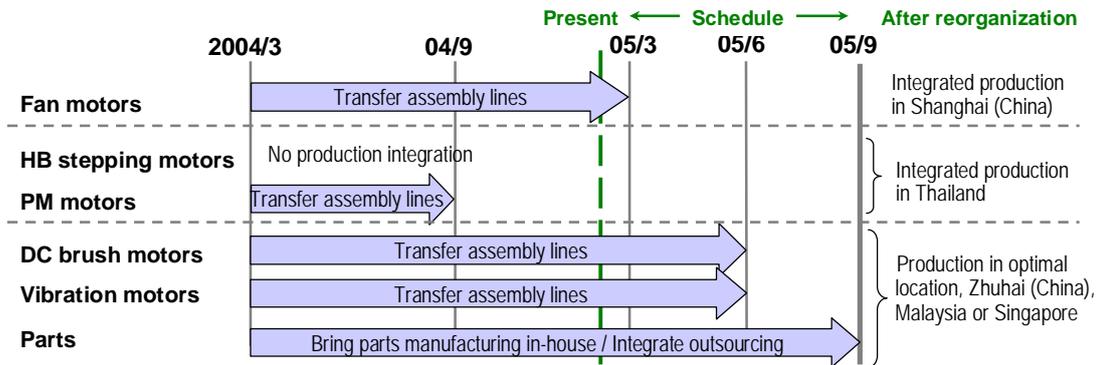
Sales volume of HDD spindle motors are likely to fall in the fourth quarter. However, with the current progress of cost reduction and stability of sales prices, we expect to accomplish the goal of the second half loss reduction of 1.0 billion yen compared to the first half.

A new FDB unit production line is expected to be completed in Thai Bang Pa-in Plant in February. FDB unit manufacturing now operates as a subdivision of ball bearing division and is focusing on development of new FDB unit such as ROF and cost reduction.

Approval process is progressing smoothly for ROF type FDB motors and FDB motors for 2.5-inch HDDs.

Minebea-Matsushita Motor Joint Venture

◆ Production integration – Optimization of production bases



**Reorganization to be completed in H1 of next fiscal year
Expect apparent improvement from H2 of the next fiscal year**

◆ Royalty payment

Continuing review process

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Minebea-Matsushita Motor joint venture is in a process of integrating production. Transfer of assembly lines of PM motors finished last year and transfer of assembly lines of fan motors is scheduled to end by the end of March.

For DC brush motors and vibration motors, integration process includes bringing in parts production in-house and integration of subcontractors, therefore, will not end until September. However, after reorganization, we aim to have production structure optimal for the business, leading to apparent improvement financially from the second half of the next fiscal year.

The contract of Minebea-Matsushita Motor joint venture's royalty payment to parent companies is currently under review.

Keyboard Business

- ◆ **Shipment reached record high**
 - Expanding market share of desktop type
- ◆ **Transferring production to SST in Shanghai**
 - Started preparation for transfer of notebook type
- ◆ **Measures to lower production cost**
 - Raising in-house production ratio of mold parts
- ◆ **Counter-measures against rise in raw material prices**
 - Negotiating sales price hike

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Sales of keyboards are expected to remain high in the fourth quarter, which is a quarter usually affected by seasonal adjustment.

Production transfer to SST is expected to complete by the end of the first half of the next fiscal year. Measures to cut costs are being implemented including bringing in mold part production in-house. Furthermore, while we look for other additional measures to reduce costs, in order to offset effect of rise in raw material prices, we are in negotiation with customers for price hike.

Ball Bearing Business

◆ Maintain high level of profitability

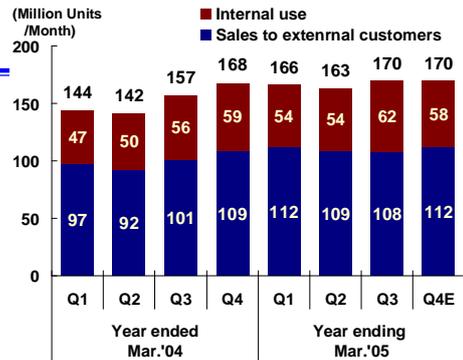
- Realizing synergetic effect with pivot assemblies
- Appreciation of raw material prices and higher yen and Thai baht are more than offset by productivity improvements

◆ Target 180 million units production and shipment in March

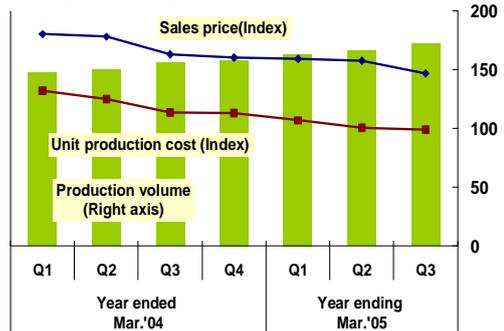
Meeting growing demand for pivot assemblies for small-sized HDDs

- Enforcing production of bearings for pivot assemblies for 1.8" and 1.0" HDD

Miniature and small-sized ball bearing shipments



Miniature and small-sized ball bearing shipments sales price, unit production cost (Millions of Units/Month)



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Uncertainty hangs for demand for ball bearings in the fourth quarter. However, we aim to reach the target of sales and production of 180 million units in March.

Sales volume of pivot assemblies is expected to decline in the fourth quarter due to lower demand for 3.5-inch desk top type HDDs. Sale for smaller sized HDDs continue to be strong.

Q3 Sales by User Industry & by Region

Compared to Q2, sales of keyboards and spindle motors increased for PC and related applications. Decrease in ball bearings and DC brush motors for home electronics, speakers for automobile.

Sales by User Industry

	Automobile	Aerospace	Home electronics	OA & IT	PC and PC related equipment	Motors	Others	Total
% of Sales	9.5%	8.4%	8.8%	16.0%	39.7%	5.0%	12.6%	100.0%
Change qoq	-10.0%	+2.0%	-15.6%	+3.1%	+4.0%	+2.3%	+0.5%	-0.3%
Change yoy	+36.8%	+6.8%	+16.7%	+53.4%	-8.6%	+6.0%	+19.9%	+9.4%

Sales by Region

	Japan	Asia (ex-Japan)	North and South America	Europe	Total
% of Sales	25.3%	49.1%	15.4%	10.3%	100.0%
Change qoq	-5.3%	+3.7%	-8.8%	+8.5%	-0.3%
Change yoy	+7.7%	+17.7%	-2.4%	-2.1%	+9.4%

Excluding FX effect, Asia +7% qoq, North and South America -6% qoq. On local currency basis, sales in Greater China increased 10% qoq.

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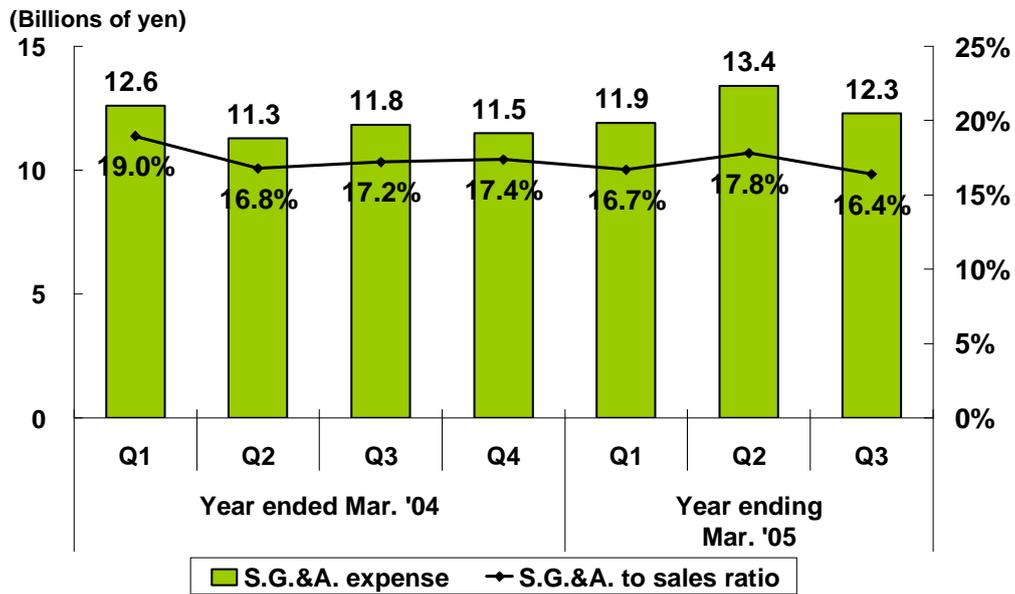


By user applications, third quarter sales increased for PC and related applications, compared to the second quarter.

By region, sales in Japan declined, affected by economic slow down. Asia, especially Greater China, continued to see fast pace of growth.

SG & A Expenses

Continue to reduce S.G. & A. Expenses.
S.G. & A. to sales ratio decreased.



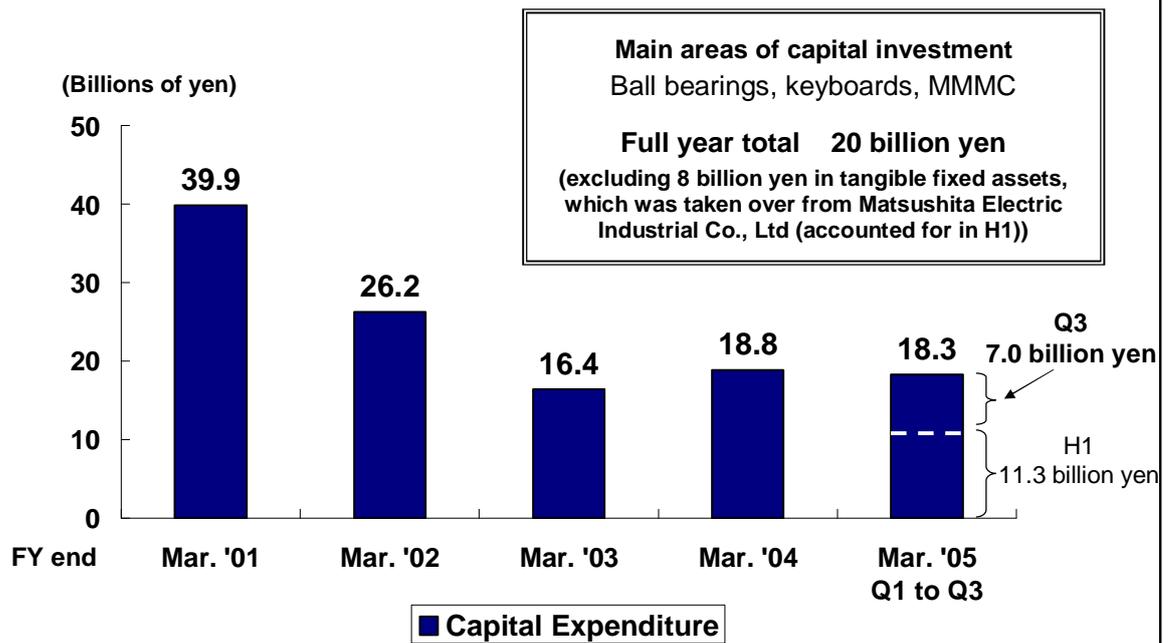
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SGA in the third quarter was 12.3 billion yen, 16.4% as percentage of sales. We continue efforts to reduce SGA in all categories.

Capital Expenditure



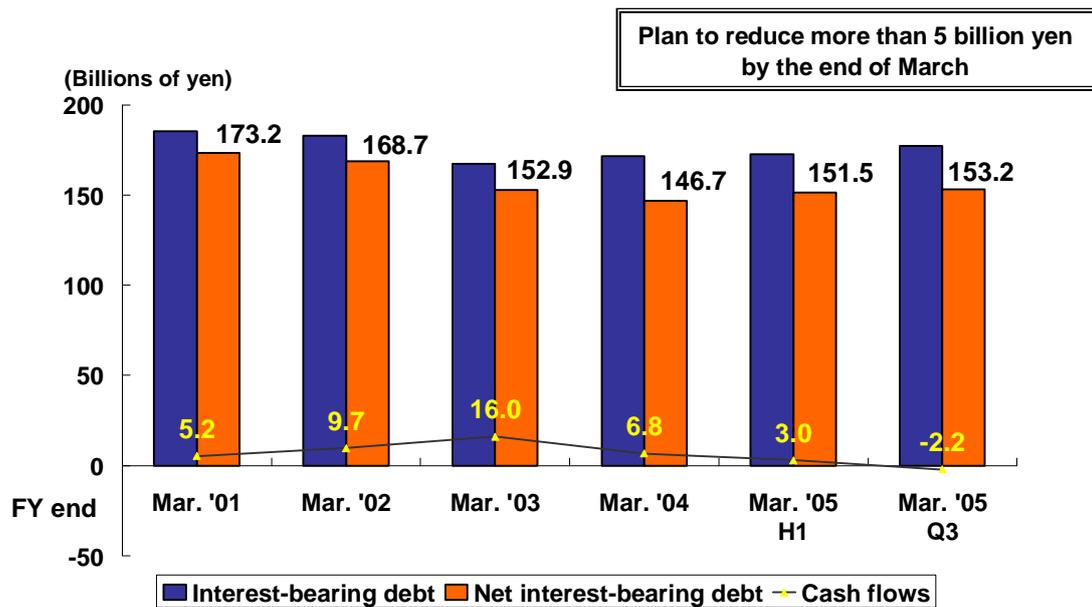
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Capex in the third quarter was 7.0 billion yen. The main areas of investment were balls and assembly lines for ball bearings, new plant for FDB unit, assembly lines for pivot assemblies and machinery and mold for keyboards.

Interest-Bearing Debt



Note: Cash flow = Cash flow from operating activities - Cash flow from investing activities

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At the end of the third quarter, net interest bearing debt was 153.2 billion yen, 1.7 billion yen increase from the second quarter. We target less than 150.0 billion yen at March end, reduction of more than 5.0 billion yen during the fourth quarter.

Outlook for the Fourth Quarter

◆ No revision in full year forecast

Operating income by segment

(Billions of yen)	Q3 actual	Q4 plan	H2 plan
Machined components	6.0	5.5	11.5
Electronic devices and components	-1.8	-1.2	-3.0
Total	4.2	4.3	8.5

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We are not changing full year forecasts. We target to achieve the income for machined components segment and electronic devices and components segment as announced in November last year.

Business Results

Third Quarter of Fiscal Year ending March 31, 2005

Minebea Co., Ltd.

<http://www.minebea.co.jp/>

Any statements in the presentation which are not an historical fact are future projections made based on certain assumptions and our management's judgment drawn from currently available information.

Please note that actual performance may vary significantly from any particular projection, due to various factors.

Factors affecting our actual performance include: (i) changes in economic indicators surrounding us or demand trends; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing in a timely manner in the electronics business sector, where technological innovations are rapid and new products are launched continuously. However, this is not a complete list of the factors affecting actual performance.

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