

1

Medium-Term Management Strategy “Challenge 550”

2

A. Growth Strategy

3

B. Cost Strategy

4

C. Management Infrastructure Development

5

Management Objectives

Medium-Term Management Strategy “Challenge 550”

Challenge 550



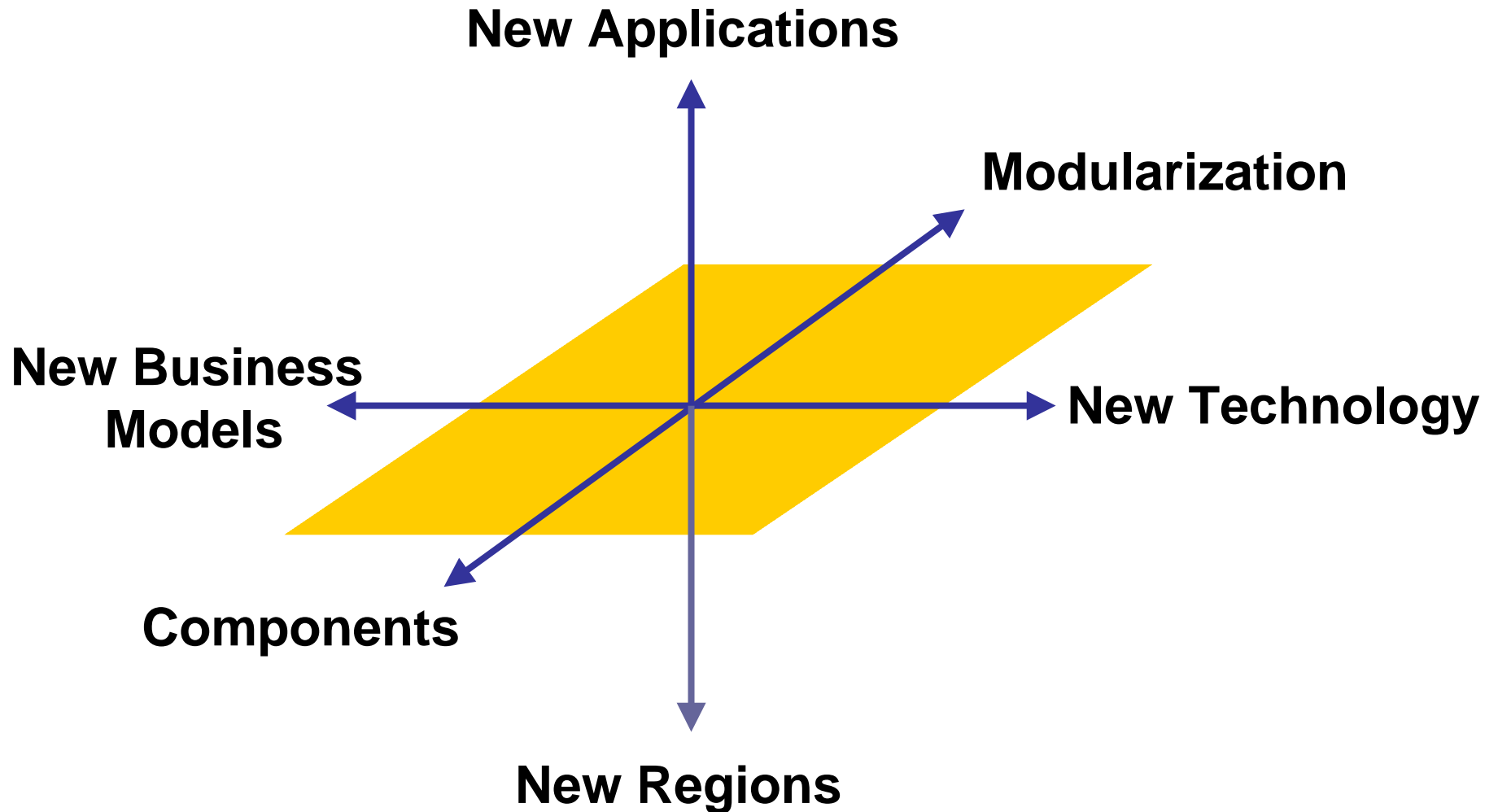
New Businesses

- Sales expansion by creating new business fields

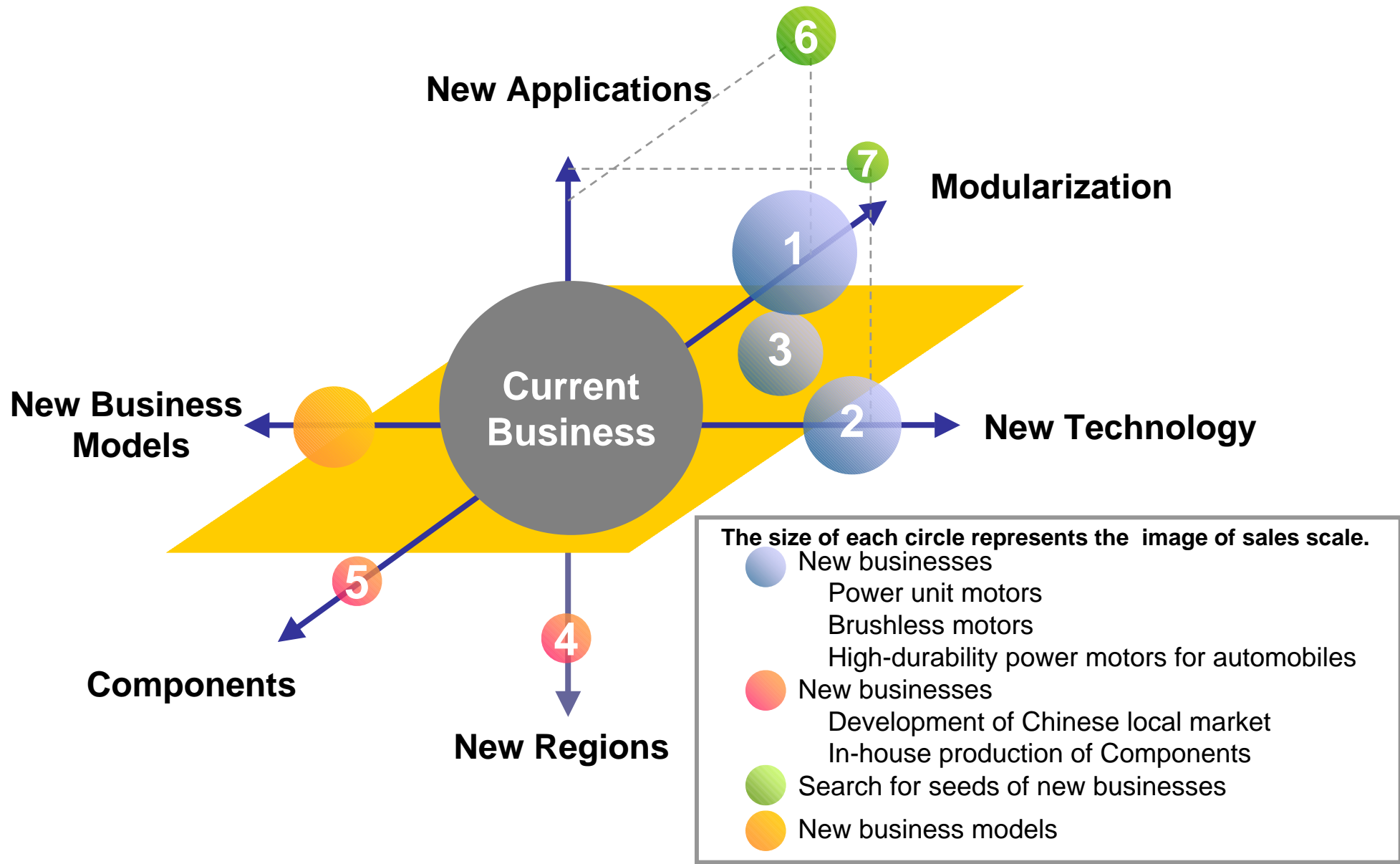
Current Business

- Mabuchi-Group-wide Cost Reduction Activities
- Strategic Company-wide Cross Functional Organization
- Promotion of Reallocation of Global Functions and Operating Systems

A. Growth Strategy: Growth Potential



A. Growth Strategy: Seven Growth Areas



A. Growth Strategy: 1. Power Unit Motors

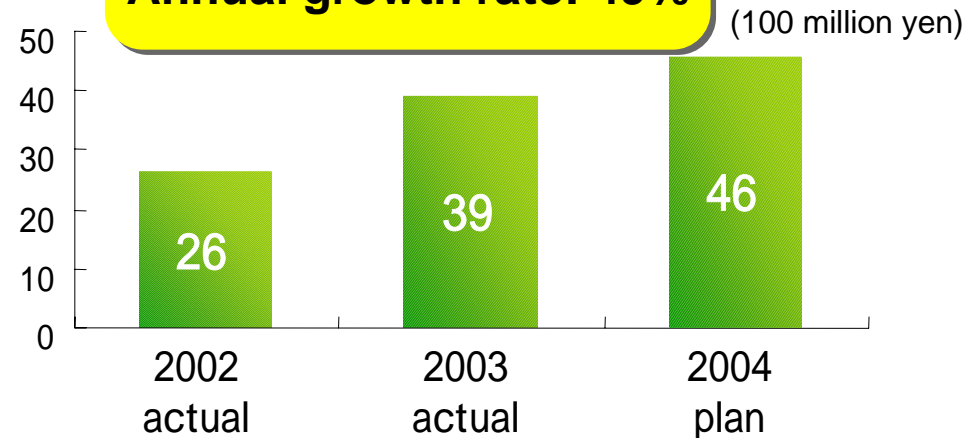
Background to enter into this market

- We can take advantage of the characteristics of our existing brush motors in terms of high quality, high reliability and low price.
- Can be sold at higher price than existing motors.
- We can take advantage of competitive technological differentiation in making adjustment to integrate motors and gear sliding parts.

Performance

Trend in the sales of Power Unit Motor

2002: 2.6 billion yen
2003: 3.9 billion yen
Annual growth rate: 49%



Tasks to be addressed in and after this year:

- Reinforcing activities for expanding sales of the current models to major customers
- Introducing new models jointly developed with customers
- Starting development of strategic global models at an early stage

A. Growth Strategy:

2. Brushless Motors for Optical Disk Drives

Background to enter into this market

- We can take advantage of our knowledge about the AV equipment market and the close relationship with AV-related customers.
- We can take advantage of low production cost through our mass production and production technology since the spindle motors for optical disk drives is mostly standardized and the number of motors to be used for this market is vast.
- Adding this brushless motors to our lineup makes it feasible to meet various needs of existing customers.

Tasks to be addressed in and after this year:

- Reinforcing sales expanding activities of the current models to major customers
- Launching mass production of mainstream models for the next term
- Establishing several standard platforms of brushless motors

Performance

Brushless Motor Business: Performance and Plan

First Stage

Entry into a relatively easy-to-enter market experimentally

Unit for Portable CD Players
2003: 2.9 million units
Gained 24% market Shares in less than one year from the entry.

Second Stage

Entry into the market for mainstream AV brushless motors

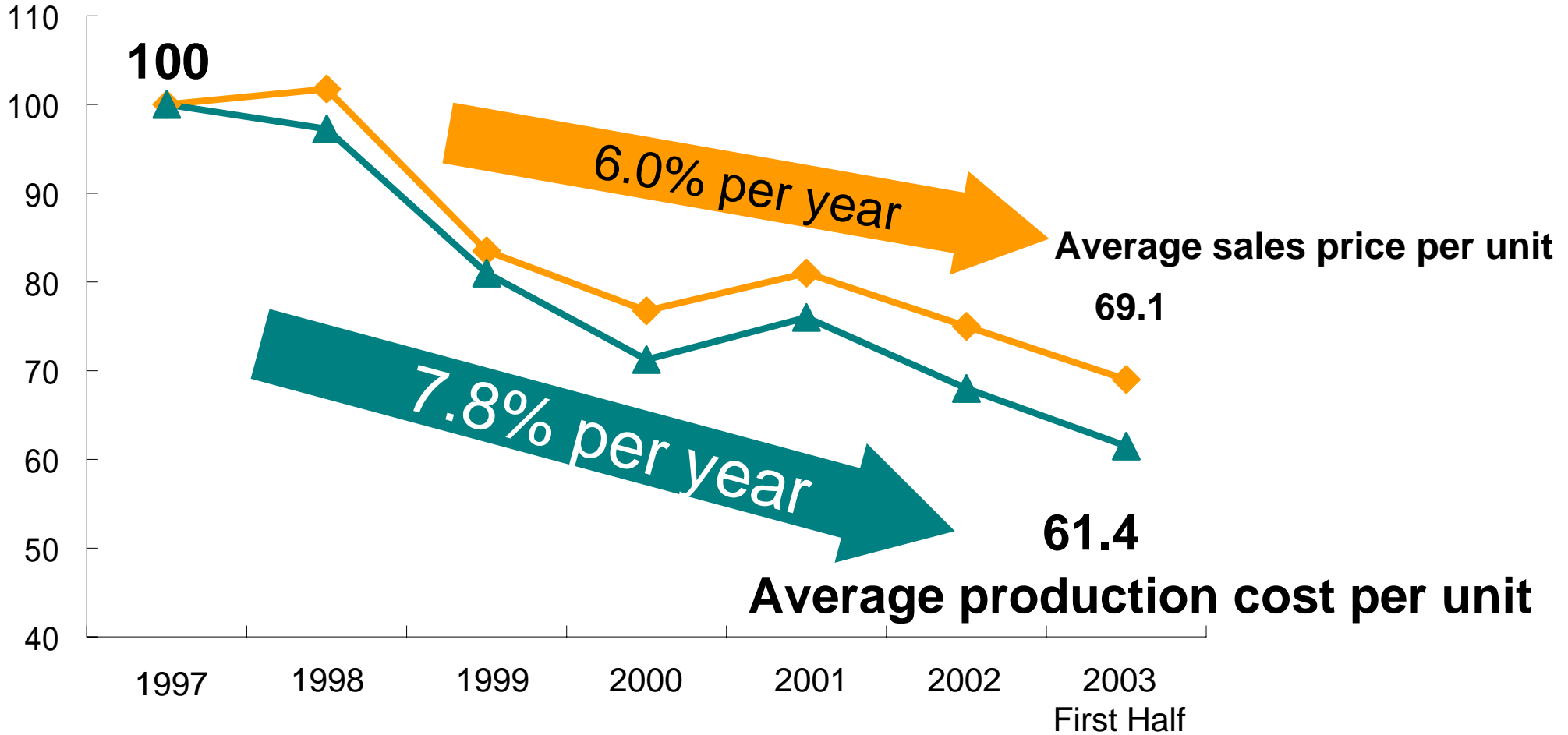
The entry will be in the near future.

Third Stage

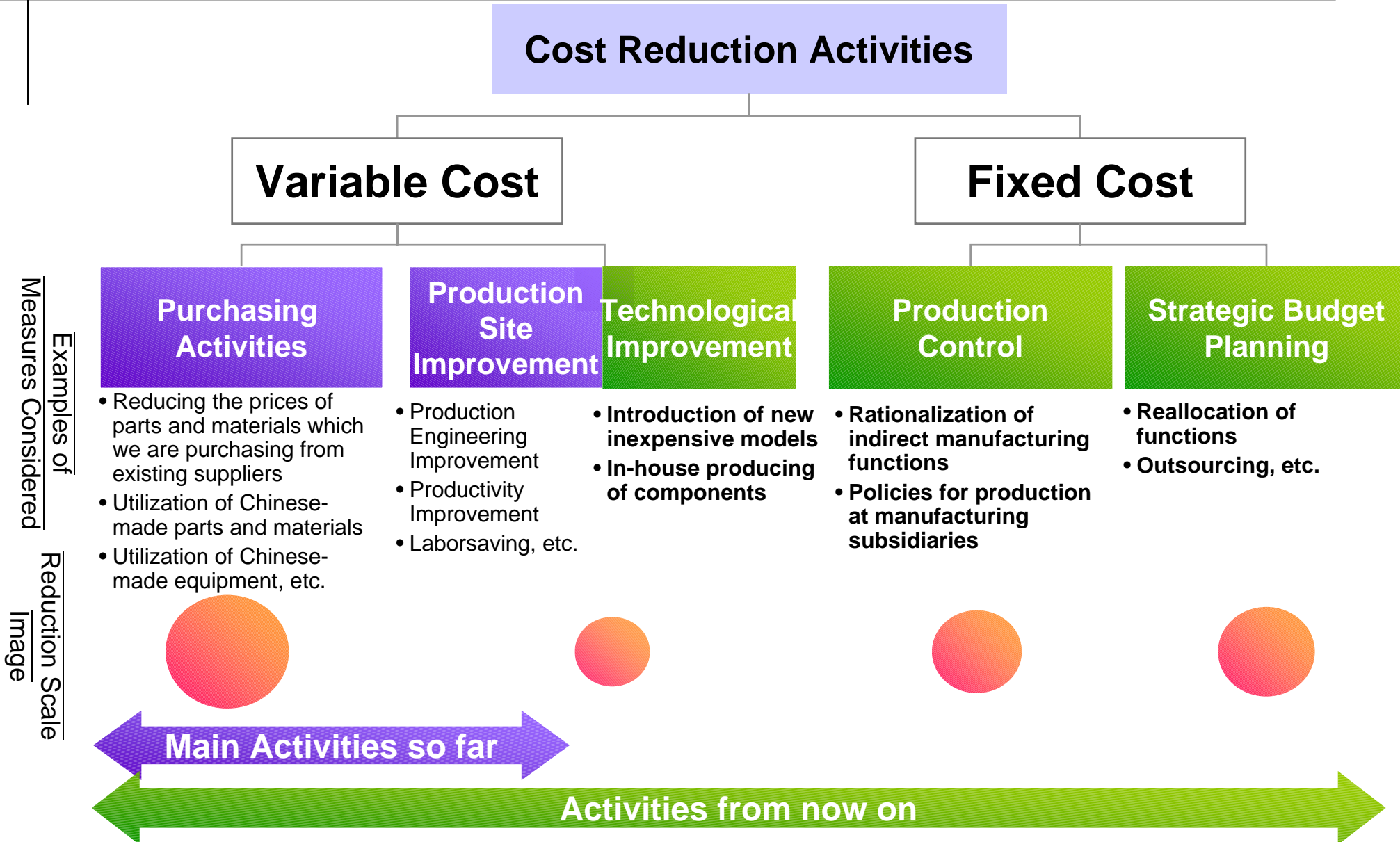
Full-scale entry into markets for various-application brushless motors promising significant increases in sales volume

The entry is under consideration.

B. Cost Strategy: Performance



B. Cost Strategy: Cost Reduction Activities



C. Management Infrastructure Development: Strategic Company-wide Cross-Functional Organization (CFT*)

Targets of CFT	CFT Activities Supporting Medium-Term Management Programs	
<p>1.Organic link between functional departments Virtual cross-functional organization</p>	<p>(Seven) CFTs for Promoting New Business Planning</p> <p>CFT for Product Planning</p> <p>CFT for Cost Reduction</p> <p><u>Growth Strategy</u></p>	
<p>2.Close communication with management boards Direct control by all executives</p>		
<p>3.Clear responsibility for implementation of plans Appointment of a leader of CFT as a coordinator</p>	<p><u>Cost Strategy</u></p>	
<p>4. Effective utilization of resources All CFT members have their regular work concurrently though CFT activities are to take precedence of other activities.</p>		

*CFT: Cross-Functional Team

C. Management Infrastructure Development: Promotion of Reallocation of Global Functions and Operating Systems

Outline

Expanding the functions of our subsidiary in Dongguan City, Guangdong Province, China. (Mabuchi Motor China)



Activities Supporting Medium-Term Management Plans

1. To transfer part of technological development function to China.
Intending to transfer the functions of searching Chinese-made parts and materials, and to transfer routinized development work.
2. Integration of equipment and motor parts production functions in China.
Intending to Integrate production equipment and motor parts production functions, which are located in various places, into one to make production more efficient.
3. Development of motors suitable for Chinese market (CMM: China Market Motor).
Grasping and meeting the local needs.
4. Infrastructure development for marketing network in China
Establishing business know-how to deal with local customers.

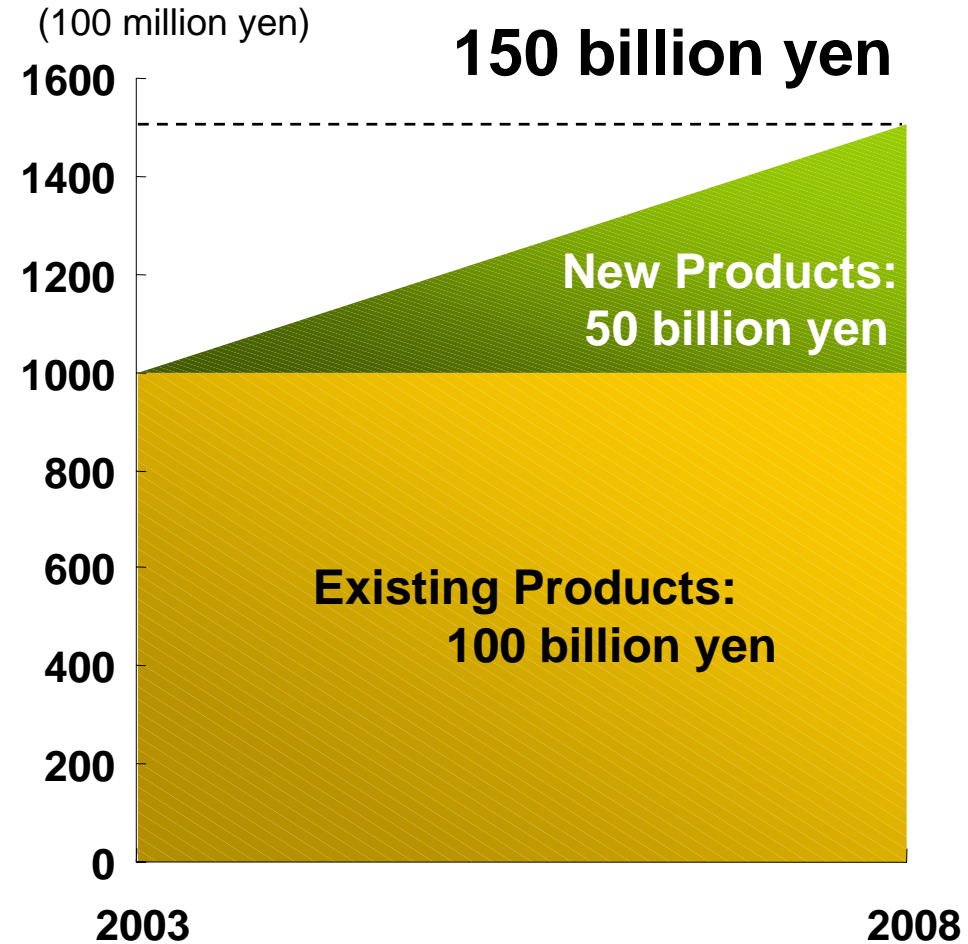
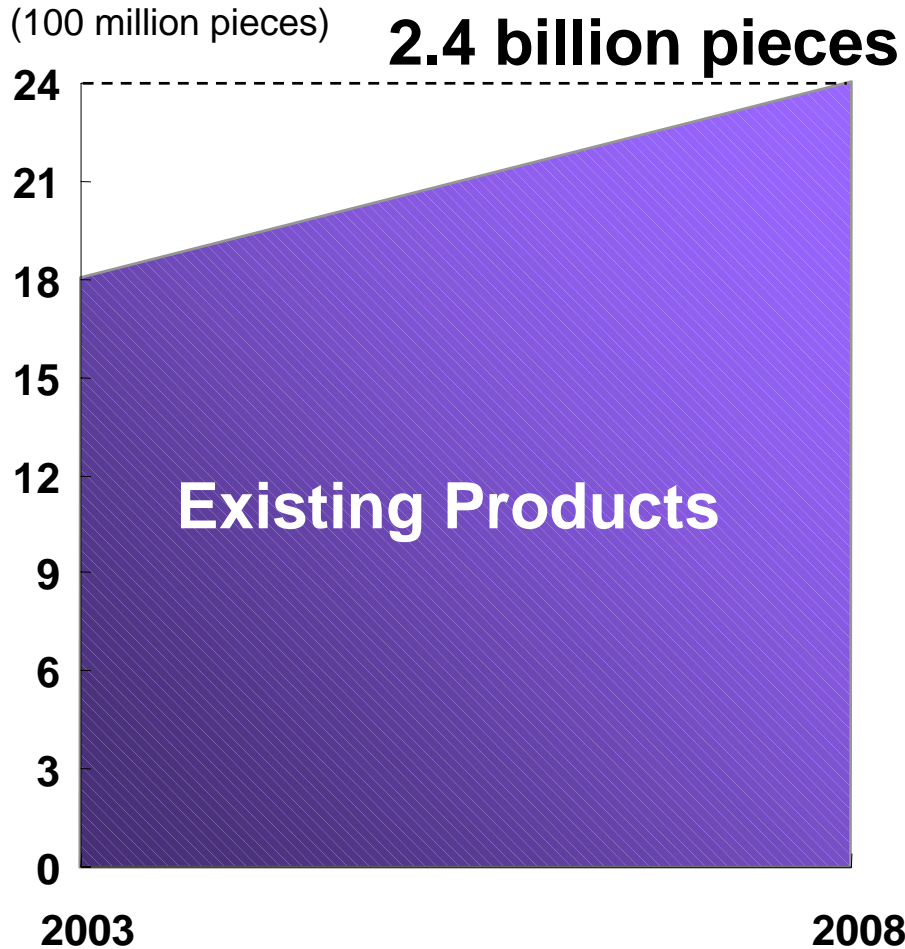
Cost Strategy

Growth Strategy

Numerical Targets by 2008

Existing Products: Sales Volume Target

Sales Target



For new products, targeted sales volume is not shown since each of new products has different values and unit prices.

Mabuchi-Group-wide Slogans for 2004

2004年度◆

全社スローガン

「変化する勇氣」

「実行する責任」

「捨てる潔さ」

をもって、
新たな強みを創出しよう！



Actuating Your Dreams

夢に力を

 マフチモーター株式会社

Create new strength with: “ Courage for Changes” “Responsibility for Accomplishment” “Bravery to Abolish”

Courage
for Changes

- Making the most of chances by having courage to positively accepting changes instead of being afraid of the changes.

Responsibility for
Accomplishment

- Strongly promoting measures through not limited but all members' determination of and responsibility for accomplishing plans.

Bravery to
Abolish

- Opening up a new way by bravely abolishing fixed ideas or stereotypes instead of being possessed with successful experiences in the past.