

Questions & Answers

Some parts have been added and modified for a clearer understanding.

Q : Could anti-Japan sentiment by some in China pose a risk to the operations in China?

A : There are various risks to our operations in China. Risks include political risks and possibility of revaluation of Chinese Renminbi. However, beside production activities in China, which accounts for 17% of the total group's production, we also have production in Thailand, which makes up 50% of total group's production, and in Singapore. We intend to continue to run our operations with risk diversification in consideration. China, with its large economy and being manufacturing bases to the world's companies, is an important market for us and makes an important manufacturing location. Thus, with caution, we wish to continue to expand our operations in China.

Q : What is the company's plan for defense against hostile takeover?

A : At some companies, proposals to introduce defending schemes have been rejected. We wish to introduce a scheme that is clear in objective and agreeable by most shareholders. At this moment, we consider increasing shareholders' value by improvement of earnings is the best defense.

Q : The retirement benefits to directors and corporate auditors appear as extraordinary items on the consolidated and the parent profit and loss statements. Are these past payment or provisions for future payment?

A : The amount is retirement benefit to director(s) and corporate auditor(s) who retired last year.

Q : How is the payment of retiring allowances to retiring directors in the third proposal calculated? Is there a company code on this matter?

A : We have a company code regarding the payment of retiring allowances to retiring directors and auditors. According to this, calculation is based on annual compensation, tenure, position and contribution of retiring person. The code is available for browsing at determined place for determined period as required under Japanese Commercial Code.

Q : What is outlook for the new FDB motors that I understand as innovative, allowing significant cost reduction?

A : The main area of target of ROF motors is 3.5-inch desktop type HDD. We look for mass production and shipments to begin during July to September. The timing has been affected by generation shift of HDD but we now have a better outlook. We hope to begin shipments to four customers during this fiscal year.

Q : Do you plan to hold the ordinary general shareholders' meeting in Tokyo? Which prefecture has a large number of shareholders?

A : Following the change of the articles of incorporation two years ago, we can hold the shareholders' meeting in Tokyo. Tokyo also has large number of shareholders. Changing the location is a matter we need to consider in a positive manner.

(opinion to the above answer)

As a shareholder from local area, I prefer if the meeting remains in this local area. If the meeting is held in Tokyo, I request a location with good access.

Q : India is becoming an important market after China and South East Asia. Is there a plan to start production?

A : As the term BRICs represents, India is an important market. We have a sales office and engage in sales activities. Presently, we do not have any production.

Q : Of new directors, who is scheduled to become the next president?

A : Mr. Takayuki Yamagishi, currently director, senior managing executive officer, is scheduled to become the next representative director, president and chief executive officer.

Q : What is the next president's resolution?

A : My greatest mission is to improve earnings, and to achieve this with speed. In addition to management tasks we have had, I have set my tasks as decisive implementation of structural reform, reinforcement of R&D and management with a vision. With these, I plan to improve earnings and build a foundation for future profit. In addition to building of a new organization which will be effective as of July 1, I will carry out necessary measures. I am determined to do my best as the next president.