

4. For the year ending September 1964:

Exhibit I shows export of 1,000,000 to U. S. A. This estimate was made as follows:

A. The "Oriental Economist" article (page 277, middle left) indicates the company's sale had leveled off in 1964. It goes on to state, "The company's business, however, immediately rebounded in the following year and chalked up a 30% sales gain chiefly on the strength of extremely brisk exports. . . ."

B. Analysis of the home market portion of 1965 indicates 2,200,000 units for home consumption. We therefore assumed that the home market in 1964 was about the same, or 2,000,000 units, which left 1,000,000 of the total production of 3,000,000 for export.

5. For the future:

The article states (page 1, center right), "Upon completion of expansion program in October 1967 they will have an annual production capacity of Y2,000 million worth of products."

At the 1966 ratio of 6,000,000 units/year to Y832,000,000 of product, their current capacity is 14,400,000 units/year.

75% total export equals 1,800,000 units.

75% of export to U. S. A. equals 8,100,000 units.

This is not a valid analysis as the article throughout implies that growth is achieved from export.

A more realistic estimate can be made, assuming:

A. That the home market for NMB products remains essentially at the 1967 level of 2,700,000 to 3,000,000 units.

B. That exports to the U. S. A. increase to 80% of total exports. The above has the effect of distributing total NMB production as follows:

	Units/year
Total	14, 400, 000
Home Consumption	2, 900, 000
Total Export	11, 500, 000
80% to U. S. A. equals	9, 200, 000

This is an increase of 3,125,000 over 1967. Note that 1967 showed an increase of 2,270,000 over 1966 which, in turn, showed an increase of 2,400,000 over 1965.

The estimate of 9,200,000 and increase of 3,125,000 in 1968 is more in line with our own appraisal of the future; i.e. recent forecast information from the field indicated that 35% of our major customers were using and/or considering the use of JAPANESE bearings.

U.S. MINIATURE BEARING PRODUCTION

	ABEC 1-3 (0-9)	ABEC 1-3 (9-30)	ABEC 5, 7 (0-9)	ABEC 5, 7 (9-30)
Calendar year 1964.....	1.6	54.45	5.44	5.52
Calendar year 1965.....	4.5	46.46	5.35	5.96
Calendar year 1966.....	4.4	61.98	7.59	8.78
Calendar year 1967, estimate.....	4.2	59.7	7.32	8.48

Source: (1) Data from U.S.D.C. reports—millions of bearings; (2) calendar year 1967 data estimated from dropoff as reported in AFBMA figures.

Examples below show how we defined the categories:

	For 1964
Category I equals:	
100 percent ABEC 1 and 3 (0-9mm.)	1.60
Plus 30 percent ABEC 5 and 7 (0-9mm.)	1.63
Total	3.23
Category II equals:	
100 percent ABEC 1-7 (0-9mm):	
For calendar year 1964 ABEC 1-3	1.60
For calendar year 1964 ABEC 5-7	5.44
Total	7.04