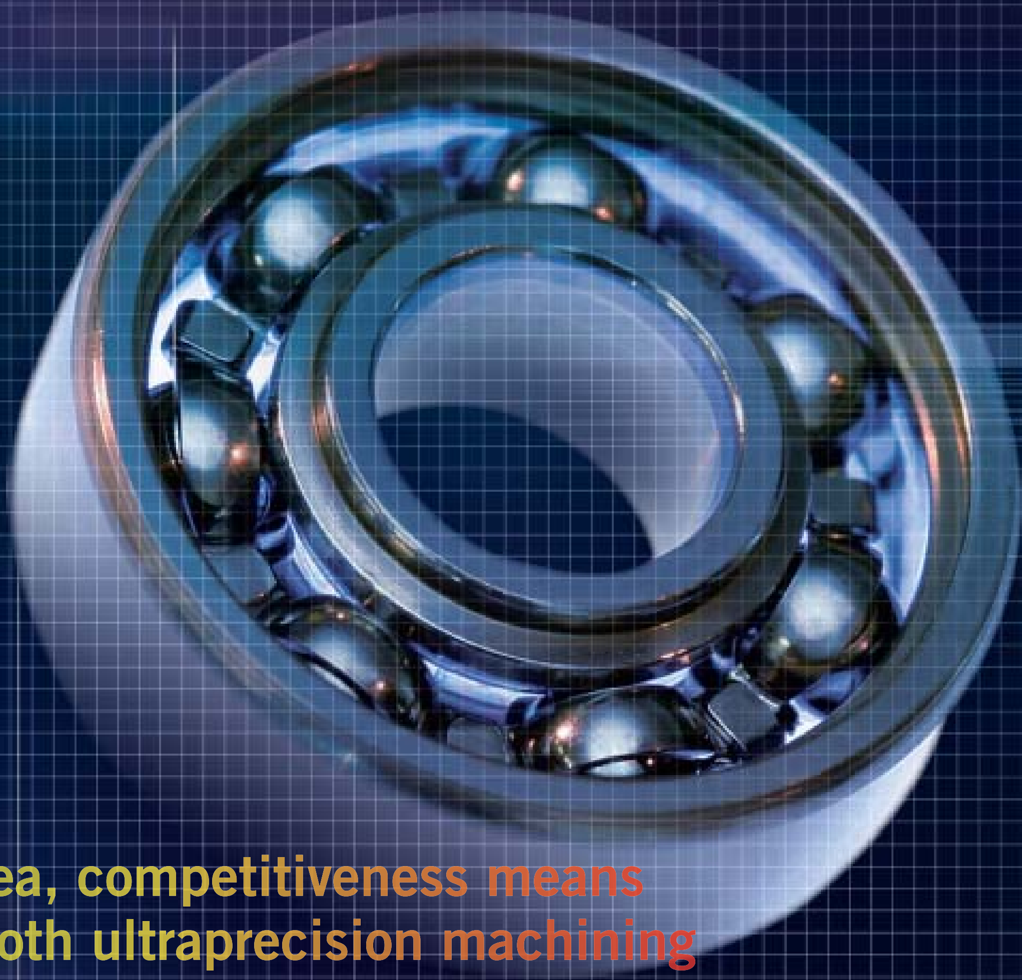
Minebea Co., Ltd.
ANNUAL REPORT
2007
Year Ended March 31, 2007



For Minebea, competitiveness means ensuring both ultraprecision machining and mass production technologies

Disclaimer Regarding Future Projections

In this annual report, all statements that are not historical facts are future projections made based on certain assumptions and our management's judgement drawn from currently available information. Accordingly, when evaluating our performance or value as a going concern, these projections should not be relied on entirely. Please note that actual performance may vary significantly from any particular projection, owing to various factors, including: (i) changes in economic indicators surrounding us, or in 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. Please note, however, this is not a complete list of the factors affecting actual performance.

Minebea Co., Ltd., was established in 1951 as Japan's first specialized manufacturer of miniature ball bearings. Today, the Company is the world's leading comprehensive manufacturer of miniature ball bearings and high-precision components, supplying customers worldwide in the information and telecommunications equipment, aerospace, automotive and household electrical appliances industries.

As of March 31, 2007, the Minebea Group encompassed 43 subsidiaries and affiliates in 13 countries. The Group maintains 28 plants and 43 sales offices and employs a total of 49,563 people.

Contents

At a Glance

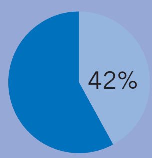
Year ended March 31, 2007

Machined Components

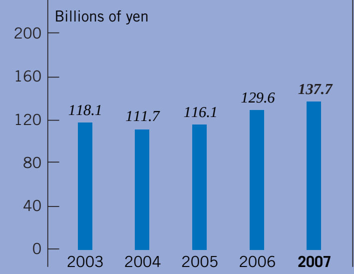
Principal Products

- **Bearings and Bearing-Related Products**
  - Miniature ball bearings
  - Small-sized ball bearings
  - Integrated-shaft ball bearings
  - Rod-end bearings
  - Spherical bearings
  - Roller bearings
  - Sleeve bearings
  - Pivot assemblies
  - Tape guides
- **Other Machined Components**
  - Aerospace/automotive fasteners
  - Special machined components
  - Magnetic clutches and brakes

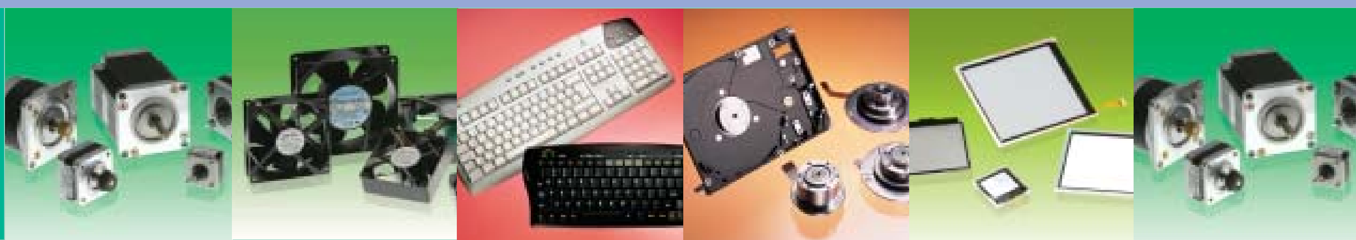
Percentage of net sales



Net Sales of Machined Components



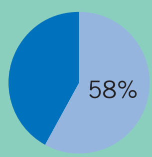
Electronic Devices and Components



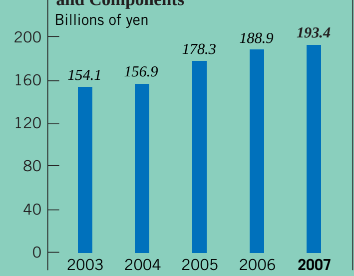
Principal Products

- **Rotary Components**
  - Hard disc drive (HDD) spindle motors
  - Fan motors
  - Hybrid-type stepping motors
  - Permanent magnet (PM)-type stepping motors
  - Brush DC motors
  - Vibration motors
  - Variable reductance (VR) resolvers
- **Other Electronic Devices and Components**
  - Personal computer (PC) keyboards
  - Speakers
  - Electronic devices
    - Color wheels
    - Magneto-optical disc (MOD) drive subassemblies
    - Lighting devices for liquid crystal displays (LCDs)
    - Magnetic heads for floppy disc drives (FDDs)
    - Backlight inverters
  - Measuring components
    - Strain gages
    - Load cells

Percentage of net sales



Net Sales of Electronic Devices and Components



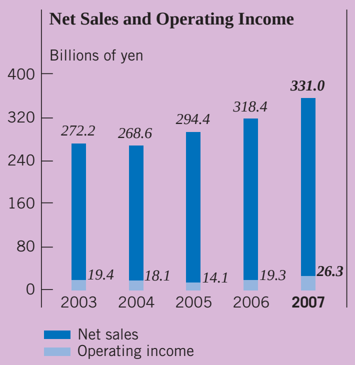
Consolidated Financial Highlights

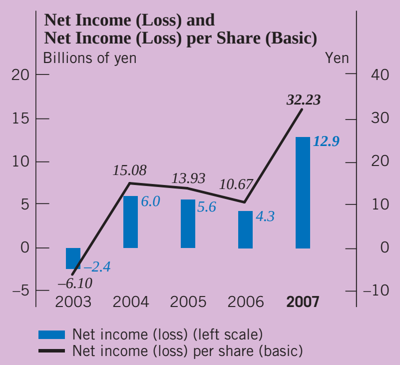
Years ended March 31

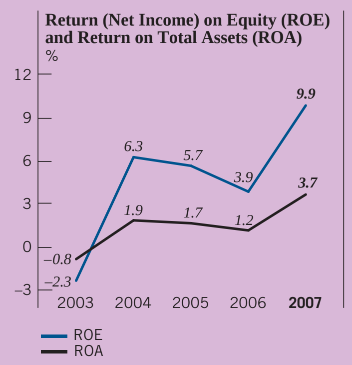
	Millions of yen 2007	Millions of yen 2006	Percentage change 2007/2006	Thousands of U.S. dollars (Note 3) 2007
Net sales	¥331,022	¥318,446	3.9%	$2,804,084
Operating income	26,265	19,269	36.3	222,492
Net income	12,862	4,257	202.1	108,957
Total net assets	142,558	118,209	—	1,207,610
Total assets	354,784	349,862	1.4	3,005,375
Return (net income) on equity	9.9%	3.9%		

	Yen 2007	Yen 2006	Percentage change	U.S. dollars (Note 3)
Per Share Data:				
Net income (basic)	¥ 32.23	¥ 10.67	202.0%	$0.27
Net assets	356.75	294.65	21.0	3.02
Cash dividends applicable to the year	10.00	7.00	42.8	0.08

Notes: 1. Effective fiscal 2007, Minebea has applied the Accounting Standard for Presentation of Net Assets in the Balance Sheet and the Implementation Guidance for the Accounting Standard for Presentation of Net Assets in the Balance Sheet. Accordingly, "shareholders' equity" and "return on shareholders' equity" have been restated as "net assets" and "return (net income) on equity," respectively.
2. Owing to a change in the method of calculating net assets in fiscal 2007, it is not possible to calculate a percentage change.
3. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥118.05=US$1, the approximate rate of exchange on March 31, 2007.







Surge Forward, Progression and Leap: The Next Phase in Our Drive toward Sustainable Growth

Takayuki Yamagishi
Representative Director,
President and Chief Executive Officer

In fiscal 2007, ended March 31, 2007, efforts implemented in line with our new strategic road map enabled us to achieve an increase in consolidated operating income in excess of 30% for the second consecutive year, thereby laying the groundwork for a new phase of growth.

Results of Operations

In fiscal 2007, the principal global economies expanded favorably, while demand in key sectors, notably PCs, HDDs, mobile phones, aircraft and automobiles, increased. In this environment, we recorded consolidated net sales of ¥331.0 billion, a new record for the Company and the first in nine years. Sales growth was driven by rising sales of ball bearings, rod-end bearings, electronic devices and other products that enjoy leading market share and effectively capitalize on market needs.

Operating income rose 36%, to ¥26.3 billion. Despite the negative impact of the appreciation of the baht—the currency of Thailand, where we have our principle manufacturing base—growth in our ball bearings, rod-end bearings and other mainstay businesses, together with a return to profitability in our information motor and PC keyboard businesses, the operating margin rose 2.0 percentage points, to 8.0%.

Net income soared to ¥12.9 billion, three times higher than in fiscal 2006.

Toward Sustainable Growth

The chart below was developed as a visual representation of our current medium-term business plan, which outlines the sustainable growth trajectory we conceive for Minebea over the next several years.

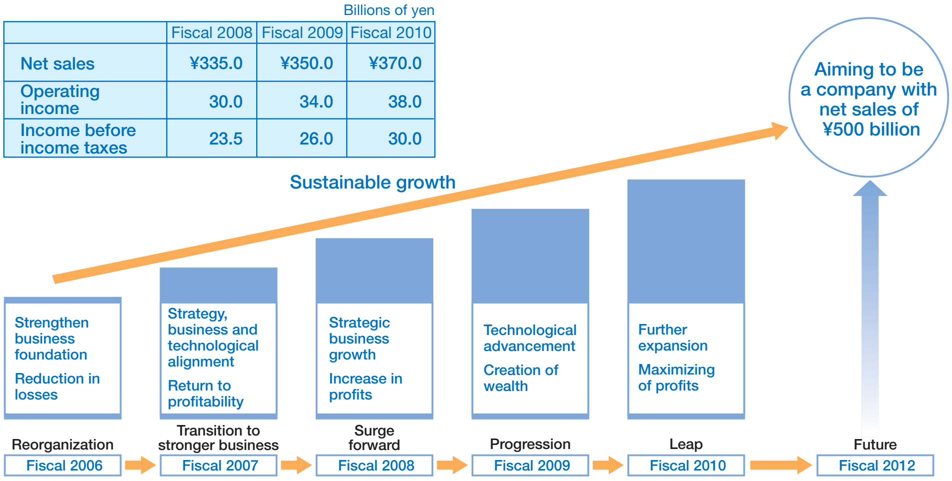
The plan aims for consolidated net sales of ¥350 billion in fiscal 2009 and ¥370 billion in fiscal 2010. It also calls for an operating margin of 10% or higher in fiscal 2010. To these ends, the plan envisions fiscal 2008, the first year of the plan, as a year in which we make a major surge forward;

Looking Ahead

Numerical Targets of Medium-Term Business Plan

Billions of yen

	Fiscal 2008	Fiscal 2009	Fiscal 2010
Net sales	¥335.0	¥350.0	¥370.0
Operating income	30.0	34.0	38.0
Income before income taxes	23.5	26.0	30.0



fiscal 2009 as a year in which we will achieve a significant progression; and fiscal 2010 as the year in which we will see a dramatic leap forward. These three stages comprise the next phase in our growth strategy, which targets consolidated net sales of ¥500 billion in fiscal 2012.

Innovation: The Key to Sustainable Growth

Minebea's vision is to evolve as a company that leads the competition through manufacturing and technological excellence.

The diagram below is a schematic representation of how innovation in various areas will enable us to achieve sustainable growth. Efforts in these areas are invariably linked; accordingly, we will keep our attention focused on measures that yield synergies.

In ball bearings, market potential, supply capabilities, cost competitiveness and advances in manufacturing technology are crucial factors. By concentrating on reinforcing our manufacturing capabilities for high-growth miniature ball bearings and developing new extra-small-sized bearings, we will strive to cultivate and expand new demand. To enhance supply capabilities and cost competitiveness, during fiscal 2008 we will increase our monthly global production capacity to 200 million pieces, with the aim of maintaining our leading global market position. Looking further ahead, the most important concern for us is to revolutionize our manufacturing technology. With this in mind, we are currently making plans to construct a new plant featuring a next-generation bearing production system. Concurrently, we are also working to develop new machinery exclusively for miniature ball bearings that will enable us to respond better to demand for greater miniaturization and increasingly high levels of precision.

In the area of aerospace components, we expect to benefit from market growth in the air transport market, a view that is underscored by the airline industry's medium-term projections for annual increases in global demand of 5% in the passenger sector and 6% in the cargo sector. In addition to reinforcing our existing rod-end and spherical bearings, we will endeavor to expand this business by applying our highly sophisticated processing technologies to facilitate our entry into the market for mechanical components for aerospace use.

Recognizing fan motors as the key to the growth of our motors business, we have nearly completed revamping the layout of MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD.'s plant in Xicen—a step taken to ensure our ability to accommodate growth in this business over the next decade—and will increase production in fiscal 2008. We have also announced new products, namely, the world's smallest PM stepping motor, with a diameter of only 3 millimeters, and a compact, high-torque brush DC motor. We will also reinforce our development infrastructure and step up efforts to develop and market new products.

In lighting devices, we continue to complement our existing lineup of light-emitting diode (LED) backlights for mobile phones. In addition to launching a new business begun in late fiscal 2006—LED backlights for car navigation systems—on the road to stable growth, we will expand into the business of 15-inch LED backlights for notebook PC monitors.

We are also taking steps to cultivate new markets. In the measuring components business, we have entered the automotive market and are aiming to enter the healthcare and medical products markets. Additionally, spurred by the increasing use of automotive electronics, we plan to begin sales of our highly reliable resolvers—sensors used for measuring rotational angle, originally developed for aerospace use—in the automobile components market.

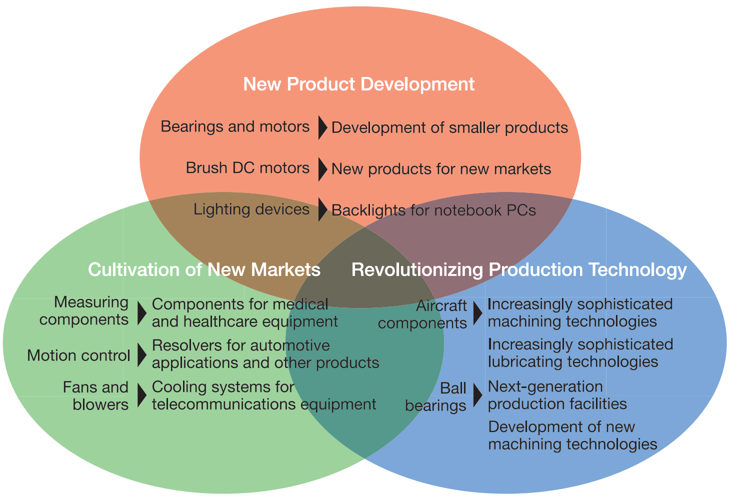
Minebea is on track to make a major surge forward in fiscal 2008—a surge that will be driven by its focus on innovation.

Our drive to increase corporate value has propelled us into a new phase of growth. The first step will be to make a major surge forward. The next will be a significant progression, followed by a dramatic leap forward toward our ultimate goal, which is sustainable growth. We realize that this will be anything but easy, and we look forward to the unflagging commitment of every Minebea Group employee. In these and all our efforts, I am grateful for the continued support of shareholders.

July 1, 2007

Takayuki Yamagishi
Representative Director,
President and Chief Executive Officer

Achieving Sustainable Growth through Innovation



Special Feature

Leading the Competition through Manufacturing Excellence

Since its establishment, Minebea has built up a tradition of manufacturing excellence in the area of ball bearings. Today, Minebea is returning to the basics of manufacturing in an effort to extend this tradition—its DNA—to all of its products.

Outperforming the competition by continuously enhancing manufacturing capabilities

"Leading the competition through manufacturing excellence": This year, the annual report team speaks with Eiichi Kobayashi, Senior Managing Executive Officer and Chief of Manufacturing Headquarters—who has played a leading role in ensuring broad acceptance of this new guiding standard throughout the Minebea Group—about what defines manufacturing excellence for Minebea.

Interviewer: Management has outlined two themes at the moment: "Leading the competition through excellence" and "Returning to the basics of manufacturing." How do you interpret these themes?

Kobayashi: In the years since its establishment, Minebea has built up a tradition of manufacturing excellence in the area of ball bearings. This is the reason we have succeeded in expanding this business while maintaining a consistently high level of profitability to date. The idea of returning to the basics of manufacturing is important in everything we do. In the bearings business, it means returning to the roots of this excellence.

Of course, in manufacturing there are always challenges, no matter how advanced or improved processes are. This is true even in our core bearings business. The role of the Manufacturing Headquarters is to articulate the need to rethink the most fundamental aspects of how we manufacture and at the same time to identify specific challenges and work together with all groups involved in manufacturing to find answers.

Interviewer: What do you mean when you say the "basics" or "fundamental aspects" of manufacturing?

Kobayashi: The basic premise of manufacturing is to manufacture the best possible products for the lowest possible cost. Minebea manufactures components, so it is essential that we remain abreast of the requirements of our customers. There is a commonplace Japanese expression, which essentially means "It all comes down to whether you can sell it and whether you can make a profit." Customer requirements vary significantly. We must respond to performance and function requirements at the development stage. At the manufacturing stage, our job is to respond to requirements in terms of quality, cost and delivery time. Regardless of how difficult a customer's requirements are, we cannot just say "No, sorry, can't be done!" and give up. It comes down to how far we can improve yield and how quickly we can produce, that is, how much we can shorten production time. Time equals cost; it's that simple. So, from these two perspectives we are rethinking all of our manufacturing processes and operations, as well as our production floor environments and equipment. Our responsibility is to do whatever is necessary to enhance our manufacturing capabilities.

Interviewer: Can you give us an example of how a measure you have implemented has enhanced manufacturing capabilities?

Kobayashi: We produce the bonded magnets used in Minebea motors in-house. One step in the production of a bonded magnet entails sintering at a low temperature, which used to require 15 seconds. Essentially what happens is that powdered materials are heat-pressed into pellet form, so we took a hint from the pelletizing processes used in the manufacture of pharmaceutical pills, noting that pharmaceutical manufacturers allow less than one second per pill. By looking at the production methods they used and adapting certain aspects to our own sintering process, we succeeded in reducing the time required for sintering bonded magnets to 0.8 second. This reduction in time facilitated reductions in equipment, space and operational personnel requirements for the sintering process, which, in turn, enabled us to significantly lower related costs. This is a classic example of how producing more quickly led to a reduction in costs.

Eiichi Kobayashi
Director
Senior Managing Executive Officer and Chief of Manufacturing Headquarters

Minebea's Strategy

Our products, especially our mainstay bearings, involve a vast range of machining processes. Looking at it in a different way, we purchase a lot of high-priced raw materials and spend considerable time and effort on cutting and grinding, then discarding the swarf. Accordingly, it is important for us to pursue bold improvements that enable us to eliminate waste as much as possible.

Interviewer: Does "enhancing manufacturing capabilities" translate into greater profitability?
Kobayashi: The cost of any product is the cost of materials plus the cost of processing. In addition to rethinking manufacturing processes, we are reviewing the materials we use. At present, persistently high raw materials prices continue to push product costs up and thus to exert pressure on the profitability of our businesses. Seeking ways to lower the cost of purchased materials may not be our direct responsibility, but looking at materials availability and workability does fall within our brief. We operate under a vertically integrated manufacturing system, a key feature of which is that in addition to machined parts, many of the pressed, diecast, molded and other parts we use in manufacturing are produced in-house. From the perspective of production departments, these are the materials they purchase. We also manufacture our own dies, so the cost of die manufacturing is also reflected in the cost of materials. Because the cost of materials is an equally significant component of a finished product's cost, as is the cost of processing, ensuring these materials are better manufactured has an unequivocal impact on the profitability of products and businesses.

Interviewer: Minebea has set a clear vision for itself—that of a company which leads the competition through manufacturing excellence. Has this enabled you to better define the role of the Manufacturing Headquarters?
Kobayashi: As I said initially, Minebea has built up a unique tradition of manufacturing excellence in the area of ball bearings. Over the past few years, however, we have seen our sales and profits stagnate. Surely the main reason for this is that we allowed ourselves to lose sight of the basic goal of "enhancing manufacturing capabilities," focusing instead on maximizing the benefits of mass production. In promoting automation, our attention was entirely on the extensive installation of equipment. We neglected to strive for progress in the basic aspects of manufacturing. The role of the Manufacturing Headquarters is thus to review all aspects of manufacturing, identify issues and work with others in the Company to find solutions. We are here to support the various manufacturing departments. We don't go around telling departments what they should do. Nonetheless, the removal of organizational barriers has paved the way for frank exchange and the setting of common objectives. It has also enabled us to share a sense of satisfaction when something is successful. The Manufacturing Headquarters has identified and is currently working to address more than 100 specific issues. The initial step—i.e., identifying an issue—is the first step toward leading the competition through manufacturing excellence. I am confident that resolving these issues will transform Minebea into an even stronger company than it is today.

Interviewer: Thank you for taking the time to talk to us. We look forward to the ongoing contributions of the Manufacturing Headquarters as the core of Minebea's efforts to address the challenge of "Leading the competition through manufacturing excellence."
Kobayashi: Thank you. We will continue to do our best to respond to expectations.

Interviews with Mid-Level Managers from Key Minebea Production Departments

Ball Bearing Business Unit

In the years since its establishment, Minebea has built up a tradition of manufacturing excellence in the ball bearings business. Minebea has also achieved a balance between profitability and growth, which it has long maintained.

A part of Minebea's business portfolio since its establishment, ball bearings indisputably remains a core business in terms of sales and income. The ball bearings business also gave rise to a distinctive business model that features manufacturing operations overseas, a high percentage of parts produced in-house and a horizontally organized production management system encompassing 10 plants around the world.

Interviewer: From the Ball Bearing Business Unit, we welcome Susumu Kawahara, Hiroyuki Kato and Yoshitake Matsui. Thank you for agreeing to be interviewed.

Kawahara, Kato, Matsui: Thank you for asking us.

Interviewer: Ball bearings demand an incredibly high level of precision, but they have a very simple structure don't they—two rings, one on the inside, one on the outside, and some balls. A layperson might be forgiven for thinking that as long as you have the basic design, all you have to do is carefully follow the specs. But there is more to it, isn't there?

Kawahara: You're right, the configuration of a ball bearing is extremely basic. In addition to the parts you've mentioned, there is a retainer, which keeps the balls in place, and a shield, which protects it against contamination from foreign substances. All you need to add is oil or grease, which acts as a lubricant, and your ball bearing is complete. At first glance, it all looks very simple, but as someone who has been in this business for many years, I can tell you that I am constantly amazed at the speed at which performance requirements evolve. The explosive growth in demand for ball bearings in the past is attributable to several key applications. These include household VCRs and spindle motors for PC hard disk drives. To develop ball bearings appropriate for each of these applications, we had to overcome some pretty significant technological hurdles. One time it might be enhancing high-speed rotation performance, while another time it might be lengthening useful life or reducing noise. My generation is the one that perfected the original spindle motor bearing through endless trial and error on the production floor. Today, fluid dynamic bearings are definitely preferred for these applications, so the task for us is finding a way to pass our experience and accumulated expertise on to the next generation of engineers.

Matsui: In the area of production, I am primarily responsible for assembly processes. We get a wide range of parts and are responsible for putting them all together into products. All of the parts we use are reliable. Every part is produced in line with our specifications and well within the tolerance limit for quality. That said, no two finished products are exactly the same. Each customer has different requirements. The assembly process is responsible for making whatever adjustments are necessary to ensure our products meet these requirements. This is the spirit with which we approach our jobs.

Kato: The precision of ball bearing processing is measured in submicrons. The most critical consideration is raceway roundness. Even if you use the same equipment and the same materials, the result will vary from hour to hour—all within the tolerance limit, naturally. Yields are never 100%, either. When you look at it that way, you start to see that the challenge of improving manufacturing processes really is infinite. Of course, there are also other crucial challenges, like shortening the cycle time, so it's not like you can just take it easy and still ensure a quality product.

Interviewer: Minebea has outlined a new vision, that of a company which leads the competition through manufacturing excellence. Coming from the division that is essentially responsible for Minebea's tradition of manufacturing excellence, what does this vision mean to you?

Susumu Kawahara
Employee since April 1982
Manager of Manufacturing Engineering Section, Bearing Manufacturing Department
Ball Bearing Business Unit

Minebea's Strategy

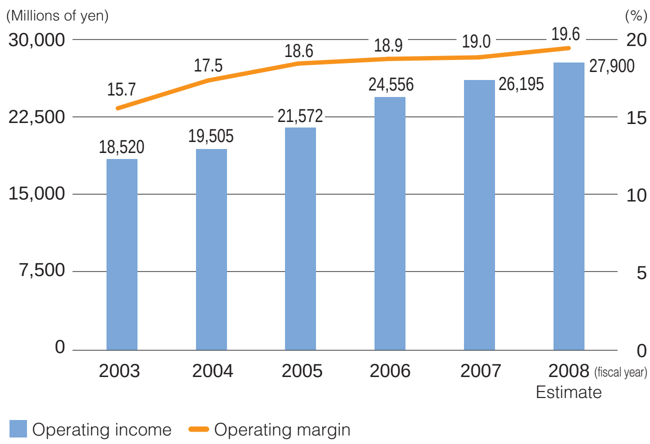
Kawahara: I think you can look at the concept of "Leading the competition through manufacturing excellence" as the cumulative result of a lot of small efforts. After all, our products are small and simple. It's important to create a manufacturing culture that recognizes the value of persistence. Just to give you an example, in the cutting and grinding processes, we use a significant number of dies and biting and grinding jigs. We are getting into trade secrets here, so I can't go into more detail. Even though we don't have anyone who is a real pro in this area, we have pursued a number of initiatives on our own, including recycling and altering the shapes of these dies and jigs to reduce costs.

It's been only three years since these efforts began, but in that time we have succeeded in reducing the cost of raw materials used in the manufacture of ball bearings to one-third of what it was three years ago.

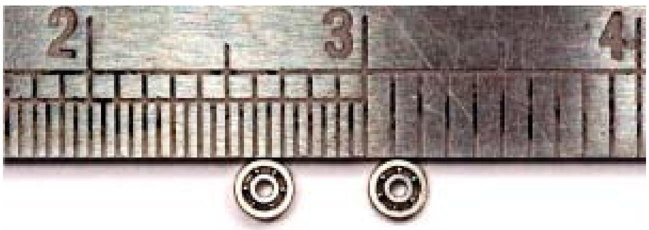
Kato: Aside from everything else, with ball bearings we are dealing with absolutely huge production volumes. Minebea alone manufactures more than 200 million pieces a month. If we can shorten the grinding time, for example, by 0.1 second per piece, you can see how much of an overall time saving that would be. We can take that time we've saved and plow it back into production. So as you can see, it is more than a question of just adding more equipment.

Matsui: To lead the competition you need rivals. In business you need other companies that are equally competitive. The Ball Bearing Business Unit is fortunate in that our 10 plants around the world compete with each other. This creates considerable tension, which in turn does put pressure on people, but it also drives us to take on new challenges.

Operating Income and Operating Margin in the Machined Components Segment



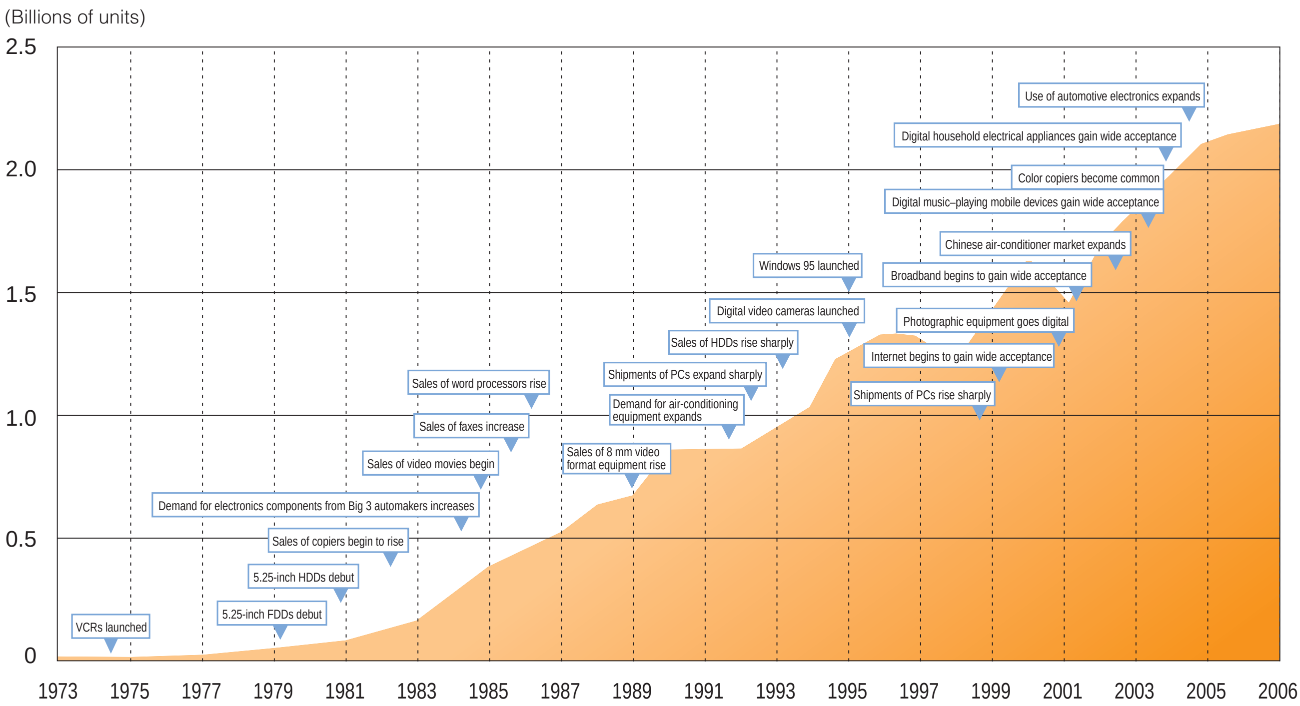
Miniature Ball Bearings with Outer Diameter of 2.2 mm



Hiroyuki Kato
Employee since April 1980
Manager of Grinding Section, Bearing Manufacturing Department
Ball Bearing Business Unit

Yoshitake Matsui
Employee since March 1984
Manager of Assembly Section, Bearing Manufacturing Department
Ball Bearing Business Unit

Ball Bearing Shipments



Interviewer: In closing, management has also expressed the need to rethink manufacturing from the most fundamental aspects. How will you address this challenge?

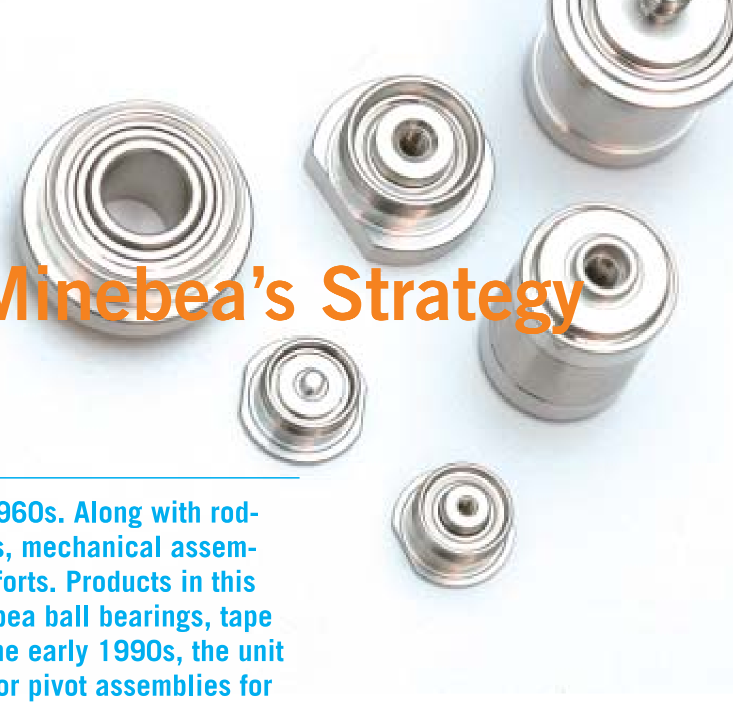
Kawahara: A passive approach—looking around for something to model ourselves on, or expecting someone to give us a manual to follow—won't accomplish anything. In May of this year, we completed our smallest bearing ever. This was in response to a specific request, of course, but deep down I think we wanted to test ourselves, to see just how far we could go. Taking on new challenges like this allows us to reaffirm that we are on the right track, that our approach is the right one. The most fundamental aspects of production are part of what we do every day and always will be, and to me they are something that we should constantly rethink and revise.

Matsui: In my experience, Minebea offers young employees a fertile ground in which to seek out and take on challenges. So it is up to each group to identify issues and work together to find solutions. Such broad-based efforts are crucial in manufacturing.

Kato: This is something I learned from my predecessors, but people tend to think that machining is all about base levels and benchmarks. There are many ways to look at it, but in my opinion what is most important is to isolate those things that are absolutely essential to product quality. If your focus is wrong, you will never be able to manufacture a quality product. Manufacturing is an incredibly broad field. I think it is important to focus on the front lines and set one's own benchmarks.

Interviewer: Thank you again for taking time from your busy schedules to speak to us.

Kawahara, Kato, Matsui: Thank you.



Minebea's Strategy

Mechanical Assembly Business Unit

The Mechanical Assembly Business Unit dates back to the 1960s. Along with rod-end bearings for aerospace applications and stepping motors, mechanical assemblies are representative of Minebea's early diversification efforts. Products in this business unit include differential gears, which contain Minebea ball bearings, tape guides and other high-precision processed components. In the early 1990s, the unit saw sales in the PC market rise sharply along with demand for pivot assemblies for use in the swing arms of HDDs. Today, Minebea controls a 65% share of the global market for pivot assemblies, making it the number one manufacturer.

Interviewer: Hitoshi Nakajima and Yasuhiro Mohri from the Mechanical Assembly Business Unit have agreed to be interviewed for this year's special feature. Thank you both for coming.

Mohri, Nakajima: Thank you. It's our pleasure.

Interviewer: The Mechanical Assembly Business Unit began with the production of precision mechanical parts containing ball bearings. In the early 1990s, however, sales of pivot assemblies took off, increasing to the point where they accounted for almost 100% of the business unit's sales.

Nakajima: Yes, pivot assemblies currently account for approximately 90% of business unit sales. However, sales are essentially for one application only. Such a high degree of dependence on one market is really not a good situation. Nonetheless, keeping abreast of growth in the PC market has become our business unit's top priority. Fortunately we have succeeded in maintaining our leading share of the global market.

Interviewer: Despite having the top share of the global market, the Mechanical Assembly Business Unit is not extraordinarily profitable today. Why is that?

Mohri: Last year, we were hit hard by the appreciation of the baht. Our principal manufacturing base is in Thailand and our poor results reflected this factor. That said, Thailand is the principal manufacturing base for many Minebea products, so it's not that we felt the negative impact of the strong Thai currency more than any other business unit.

Interviewer: Minebea's management has outlined an ambitious new vision, that of a company which leads the competition through manufacturing excellence. What does that mean to you?

Mohri: That is exactly the right message. When this new vision was announced, it was a real wake-up call. During the past two years, we had already begun to rethink the basics of manufacturing, so the challenges that have been set are exactly what we have been doing.

Nakajima: The Mechanical Assembly Business Unit uses nearly half of the ball bearings manufactured by Minebea for internal use. For this reason, we have always been of the opinion that we were still contributing to the business of the Minebea Group, even if our profitability was low. Looking back now, we were a little nonchalant about it all.

Hitoshi Nakajima

Emplyee since April 1982

Senior Manager in Charge of Manufacturing Engineering, Section 1, Karuizawa Pivot Assembly Manufacturing Department

Mechanical Assembly Business Unit

Yasuhiro Mohri

Employee since April 1983

Manager, Engineering Section, Karuizawa Pivot Assembly Manufacturing Department

Mechanical Assembly Business Unit

Mohri: We are engaged in a thorough reexamination of all processes. It's crucial that we change our thinking. A pivot assembly consists of a pair of ball bearings in a flanged housing. The housing is manufactured on a cutting line. We cut the inner and outer rings of the ball bearings in just a few seconds today, whereas we previously took six or seven times longer. At the moment, we are taking decisive steps to shorten the cycle time.

Nakajima: We received a lot of helpful advice from employees regarding plant layout. We had grown so quickly and expanded as necessary to meet demand, so revamping the layout has greatly improved workflow.

Interviewer: I see. That makes a lot of sense. You have indicated a number of challenges that will be addressed. Does this mean that we can expect to see an improvement in the Mechanical Assembly Business Unit's income performance?

Mohri: Reviewing our manufacturing processes enabled us to rediscover where our real strengths lie. Right now, we are working hard to revive our precision mechanical assembly (PMA) business. As Mr. Nakajima said earlier, we've always understood the danger of relying so heavily on a single market, but we just didn't have the resources to attempt anything new. It's strange, really—taking on all these issues and striving to improve how we work has inspired us to seek out new challenges. The PMA is where this whole business started, but it is really a challenge for ultrahigh precision machining technologies.

Nakajima: Saying we are the inheritors of Minebea's tradition of technological excellence sounds a bit over the top, but the people who brought Minebea's PMAs to their technological zenith were many generations before either of us. It may appear as if PMAs have been eclipsed by pivot assemblies, but we plan to expand sales of these products to ensure this technological legacy is passed on and to promote the growth of the PMA business.

Interviewer: With the new challenges you are taking on, it seems likely we can look forward to significant growth in the future. Thank you again for your cooperation.

Mohri, Nakajima: Thank you. We will continue to press ahead with reforms.

Precision Mechanical Assemblies

The term mechanical assemblies encompasses pivot assemblies and PMAs. Minebea's PMAs are assembled from its miniature ball bearings and precision mechanical parts utilizing its miniature ball bearing machining technologies. Minebea supplies PMA units—until now usually assembled by users from parts purchased—as finished products. This approach offers three key merits for users:

- Engineering: Reduces need for charts and diagrams and simplifies management
- Purchasing: Reduces ordering and administrative burden
- Manufacturing: Reduces need for post-assembly inspections

Going forward, Minebea will continue to focus on expanding PMA sales.

Minebea's Strategy

Fan Motor Business Unit

In 2004, Minebea established Minebea–Matsushita Motor Corporation (currently Minebea Motor Manufacturing Corporation) with Matsushita Electric Industrial Co., Ltd., with the aim of integrating the two companies' information motors businesses in four categories. Minebea's fan motor manufacturing department also participated, supplying one of the joint venture's core products. Recently, Matsushita's fan motor business was also merged into the joint venture, signaling the start of a new phase in the company's development.

Interviewer: From the Fan Motor Business Unit, we welcome Seiichi Tsukutani and Yasuhide Hirashima. Thank you for agreeing to talk to us today.

Tsukutani, Hirashima: Not at all.

Interviewer: I understand that the Fan Motor Business Unit conducts all of its production at Minebea's plant in Shanghai, under Minebea's vertically integrated manufacturing system. What is the scale of this operation?

Hirashima: Fan motors are manufactured at the Xicen Plant of MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI). The plant puts out a combined total of approximately 8 million AC and DC fan motors monthly. Minebea's success reflects its emphasis on the production of ball bearings and other parts in-house. Accordingly, a high percentage of the parts used in Minebea fan motors are sourced internally. This includes ball bearings, of course, but also molded parts, including casings and impellers, as well as certain molds for manufacturing other molded parts.

Interviewer: Minebea's vertically integrated manufacturing system, which seeks to increase the percentage of parts sourced internally, is really Minebea's unique manufacturing excellence put into practice, isn't it?

What supports Minebea's competitive advantage in terms of mass production capabilities?

Hirashima: I think internal sourcing has both merits and demerits. For the Fan Motor Business Unit, however, it is crucial to have a strong internal sourcing capability that works with us in a manner that underscores our mutual reliance.

Tsukutani: Looking at recent customer needs, uniform mass production, even for a largely standardized product like a fan motor, will not be appropriate for much longer. Fan motors are primarily used in PCs, office automation (OA) equipment and home electrical appliances. In recent years, we have seen a trend in demand toward motors that are tailored specifically to suit different models and types. Not so long ago, the main performance requirements for a fan motor were that it was solid and long lasting and drew out a huge amount of air. Today, however, requirements have changed to where customers want to know how Minebea motors can be incorporated into their products to help them resolve the problem of thermal emissions. The solution is to press ahead with greater customization. We must step up efforts to offer products that respond to a variety of specifications, which will in turn contribute to a broader product range.

Seiichi Tsukutani

Employee since April 2004

Senior Manager in Charge of DC Axial Fan Group, Fan Motor Division, Karuizawa Plant

Minebea Motor Manufacturing Corporation

Interviewer: Management has outlined a new vision for Minebea, that of a company which leads the competition through manufacturing excellence. Is the idea of "Rethinking manufacturing from the most fundamental aspects" also part of your brief?

Hirashima: With the establishment of the joint venture, the Fan Motor Business Unit entered a period of significant change. We had already begun working on fan motors with engineering and development teams about a year prior to the merger, so we were able to integrate manufacturing facilities promptly and easily, thus combining two businesses with proud histories and solid performance records.

Tsukutani: Minebea uses ball bearings in its fan motors, but we had no experience with sleeve bearings. You can't manufacture two motors with different types of bearings in the same way. Even in terms of basic product construction, we had two companies with very different manufacturing cultures. The idea was to combine our strong points and work together, but it really wasn't that simple. Both companies were forced to take a good, hard look at their own manufacturing cultures. This was really the first step toward the harmonious union of the two businesses.

Hirashima: As I said earlier, management set forth this new vision at a time when we were taking the first steps toward learning from each other and working together to address a variety of challenges, so it was really encouraging.

Tsukutani: The fan motor plant in Xicen is undergoing some significant changes at this time, actually. We have dramatically revamped the final assembly line, where various parts are brought in and assembled into fan motors, shifting from a traditional linear configuration to manufacturing cells. The overall layout of the plant has been modified to accommodate cellular manufacturing. There was a lot of debate about this, but eventually we concluded that this would be the best solution for ensuring the fan motor business moves forward. I'm repeating myself, but we are coming up to a time where mass production of standard products will no longer be viable. Such a major shift in approach usually takes quite a while to implement. There is no doubt that management setting a direction for us that called for decisive change accelerated our efforts to realize a harmonious union.

Interviewer: The impetus behind the original merger may have been external pressure, but am I correct in concluding that it spurred you to focus anew on leading the competition through manufacturing excellence?

Hirashima: For us in the Fan Motor Business Unit, the idea of "Leading the competition through manufacturing excellence"—essentially an internal challenge—was prompted by the merger. The fact that extensive discussions on the subject of modifications to our manufacturing processes led to the somewhat daring decision to adopt cell manufacturing is largely due to Minebea's tradition of taking on new challenges in the quest for manufacturing excellence.

Tsukutani: The manufacturing revolution in the Fan Motor Business Unit is ongoing. All of us recognize that it is imperative we make this work—and I am confident we will.

Interviewer: Thank you. I look forward to hearing about more and greater successes.

Hirashima, Tsukutani: Thank you for asking us to talk with you today.

Yasuhide Hirashima
Employee since April 1991
Manager of Production Control Office,
Fan Motor Division, Karuizawa Plant
Minebea Motor Manufacturing Corporation

Protecting the Environment

Acutely aware of the significant burden placed on the environment by the activities of industrial concerns and society's expectations of us in this regard, we have always approached environmental protection as a key management objective. In 1991, we established the Anti-CFC Committee with the aim of phasing out the use of specified chlorofluorocarbons (CFCs) and ethane as cleaning agents, while in 1993 we formulated our own "Charter for Environmental Protection." Since then, we have continued to implement a variety of measures, focusing on the acquisition of certification under ISO 14001, the International Organization for Standardization (ISO) standard for environmental management systems. In 2003, we published our first annual environmental report, which summarizes our environment-related initiatives and the results thereof.

Environmental Protection Activities

Thanks to efforts aimed at phasing out the use of specified CFCs and ethane as cleaning agents, in April 1993 we became the first bearings manufacturer in the world to completely eliminate specified CFCs and ethane from all production processes.

These and other efforts to contribute to ozone protection have been recognized three times to date with the U.S. Environmental Protection Agency's (EPA's) Stratospheric Protection Award.

Environmental Management System

We continue to implement a proactive environmental protection program at all of our production bases worldwide.

Green Procurement

In July 2004, we published the "Minebea Group Green Procurement Standard," which aims to ensure the procurement of raw materials and parts that do not contain hazardous substances.

New regulations and laws, including the European Union's Restriction of Hazardous Substances (RoHS) Directive, which went into effect on July 1, 2006, and China's Management Methods for Controlling Pollution Caused by Electronic Information Products Regulation, which became effective on March 1, 2007, have increased demands for manufacturers worldwide to implement stricter management programs to ensure their products are free of hazardous substances. Minebea obliges suppliers to submit analysis data on materials and parts they deliver to Group companies.

Environmentally Sound Products

Minebea products are used in a broad range of applications in homes and offices, as well as in aerospace and automotive applications. To enhance the environmental soundness of our products, we continue to take steps to reduce or eliminate the use of lead and other hazardous chemical substances in products, as well as to promote the development of energy-efficient products that are compatible with the so-called "3R" ("reduce, reuse and recycle") criteria and the use of environment-friendly packaging.

Employee Energy Conservation Project (Thailand)

In 2006, approximately 80 plants in Thailand participated in the Energy Conservation Program for Participation by All Members, a project implemented by the Department of Alternative Energy Development and Efficiency of the Thai Government in cooperation with King Mongkut's University of Technology Thonburi. In recognition of its efforts and outstanding achievements in this program, Minebea plants in Thailand received several awards.

Vutichai Udomkarnjananan, director of the Bang Pa-in Plant, receives an Energy Conservation Award for Excellence.

The Rojana Plant receives a Plant Award for Excellence.

The Lop Buri Plant receives a Public Relations Award for Excellence.

Contributing to Society

In line with our five basic management principles (see page 16), we are committed to ensuring Minebea is a company that is welcomed by the community and contributes to the advancement of people everywhere. To these ends, we continue to undertake a variety of initiatives, including establishing foundations, cooperating with local authorities, supporting amateur sports and setting up an environmental protection fund.

Takahashi Foundation

The Takahashi Foundation, named in memory of Minebea Group founder Takami Takahashi, was established in 1992 to celebrate the 10th anniversary of the Group's operations in Thailand. The Foundation began with a fund of 20 million baht (approximately US$500 thousand), contributed by local Group companies. In 2002, the fund was increased to 60 million baht (approximately US$1.4 million) to commemorate the Group's 20th anniversary in Thailand.

The Takahashi Foundation offers support to impoverished students studying science and technology-related subjects. Since 1993, scholarships have been awarded to more than 500 students in educational institutions nationwide. The Foundation has also initiated a lunch fund project to help ensure the physical and mental health of needy students at the primary school level.

In addition to supporting the Takahashi Foundation, Minebea Group companies in Thailand have set up a scholarship program for local students in Lop Buri and Ayutthaya provinces, both home to major Minebea Group plants.

Contribution to Construction of New Elementary School Building (Thailand)

To commemorate the 60th anniversary of the reign of Thailand's monarch, Minebea launched a program titled "Minebea: Providing Knowledge to and Build Schools for Thailand's Children." Under this program, on December 24, 2006, the Company contributed funds for the construction of a new building for the Tapijo (Mae Fahn Luang) School in Tak Province. Most of the funds for building materials for the project, as well as teaching materials and other necessary items were donated by employees of Minebea Group companies in Thailand, who also volunteered to assist with construction of the school building. Participating employees also distributed small gifts to children at the school. With the aim of encouraging greater awareness of environmental issues on the part of students, the employees also set up an "environment and energy" corner within the school, setting up display boards and donating books about the environment and energy and educational materials.

Amateur Baseball Association of Thailand

In January 1992, Minebea Group companies in Thailand, in cooperation with the Baseball Federation of Asia and the International Baseball Association, played a major role in establishing the Amateur Baseball Association of Thailand, with the objective of introducing and promoting baseball in Thailand.

Employees of Minebea Group companies in Thailand with children from the Tapijo (Mae Fahn Luang) School

Minebea has adopted five basic management principles as its basic policy for management, which are to ensure that Minebea is "a company for which we are proud to work," "reinforce our customers' confidence in us," "respond to shareholders' expectations," "ensure Minebea is welcome in local communities" and "contribute to a global society." Under this basic management policy, Minebea's business objective is to fulfill its social responsibilities to the various stakeholders—such as shareholders, business partners, local communities, employees and international society—and maximize its corporate value. To achieve this business objective, Minebea has approached the enhancement and reinforcement of corporate governance as a key management theme. Also, to ensure the health of the management of the Company and strengthen corporate governance, Minebea is promoting the establishment, maintenance and expansion of an internal control system.

1. Basic Explanation of the Company's Organization

In response to the need for highly strategic business judgments and timely action, we changed the Board of Directors to a 10-member system in June 2003. At the same time, by introducing an executive officer system, we have delegated significant authority from the Board of Directors to Executive Officers, and clearly divided the role of management/supervision functions from execution functions.

Moreover, with the aim of obtaining advice on all aspects of corporate management and strengthening the Board of Directors' functions to supervise organizations responsible for execution of duties, we have included two external Board members in the 10-member Board of Directors.

To strengthen the auditing function of the Board of Auditors, a proposal to increase the number of external auditors on the Board was approved at the Ordinary General Meeting of Shareholders held on June 29, 2006. As a consequence, the Board of Auditors currently comprises five members, of which three are external auditors. In addition to holding the Board of Auditors' meetings and attending the Board of Directors' meetings and other important meetings, the auditors—in conjunction with the accounting auditors and the Internal Audit Department—audit domestic offices and subsidiaries, overseas subsidiaries and the activities of directors.

2. Enhancement of the Internal Control System

Minebea resolved at a Board of Directors' meeting in 2006 that the in-house control system—originally established to include internal controls as part of the due diligence of managers—would be rebuilt and implemented as the "Basic Policy for Internal Control System." With the introduction of the internal control system, the Company will be able to comprehensively maintain and reinforce its systems for, among others, compliance, information storage, risk management, efficient performance of duties, Group control and auditing.

3. Summary of Management Decisions, Supervision and Various Functions

(1) Supervision of Management

Minebea's supervision of management is done by the 10-member Board of Directors, which makes significant strategic business judgments that can facilitate prompt and highly strategic decision making. We have included two external Board members in the Board of Directors with the aim of obtaining advice on corporate management and strengthening the Board of Directors' functions to supervise the organizations responsible for execution of duties.

(2) Execution Function of Management

Minebea is building a system for the execution function of management that will reinforce diligent attendance of each division's operations in accordance with the Company's management policy, and revitalize and enhance the speed of management by introducing an executive officer system.

(3) Monitoring of Management

Minebea has built a monitoring system comprising five corporate auditors, of which three are external.

Also, there are no titles or ranks for the Board members in an effort to enhance the monitoring of each Board member.

Five Basic Management Principles

Ensure that Minebea is a company for which we are proud to work
Reinforce our customers' confidence in us
Respond to our shareholders' expectations
Ensure Minebea is welcome in local communities
Contribute to a global society

4. Basic Policy for the Internal Control System and its Enhancement Situation

In line with the Company Law, enforced May 1, 2006, to substantiate the health of Company management, Minebea finalized the "Basic Policy for Internal Control System" after the resolution of the Board of Directors.

The Company's internal control system is necessary to ensure that the Board members' execution of duties conforms to laws and the articles of incorporation, and that the other operations of the Company are appropriate for a publicly listed corporate entity.

By establishing an internal control system that disciplines business management, we will reinforce corporate governance and fulfill the Company's social responsibilities, as well as further increase corporate value.

Specifically, the in-house control system originally established to include internal controls as part of the due diligence of managers has been organized and finalized as an internal control system and will be continuously implemented following enforcement of the Company Law. From now on, this internal control system will be monitored constantly for improvement and reinforcement.

Structure of the Internal Control System

(1) Structure to assure that Board members', executive officers' and employees' execution of duties conforms to laws and the articles of incorporation (compliance system)

(2) Storage and management of information related to execution of duties by Board members and executive officers (information storage system)

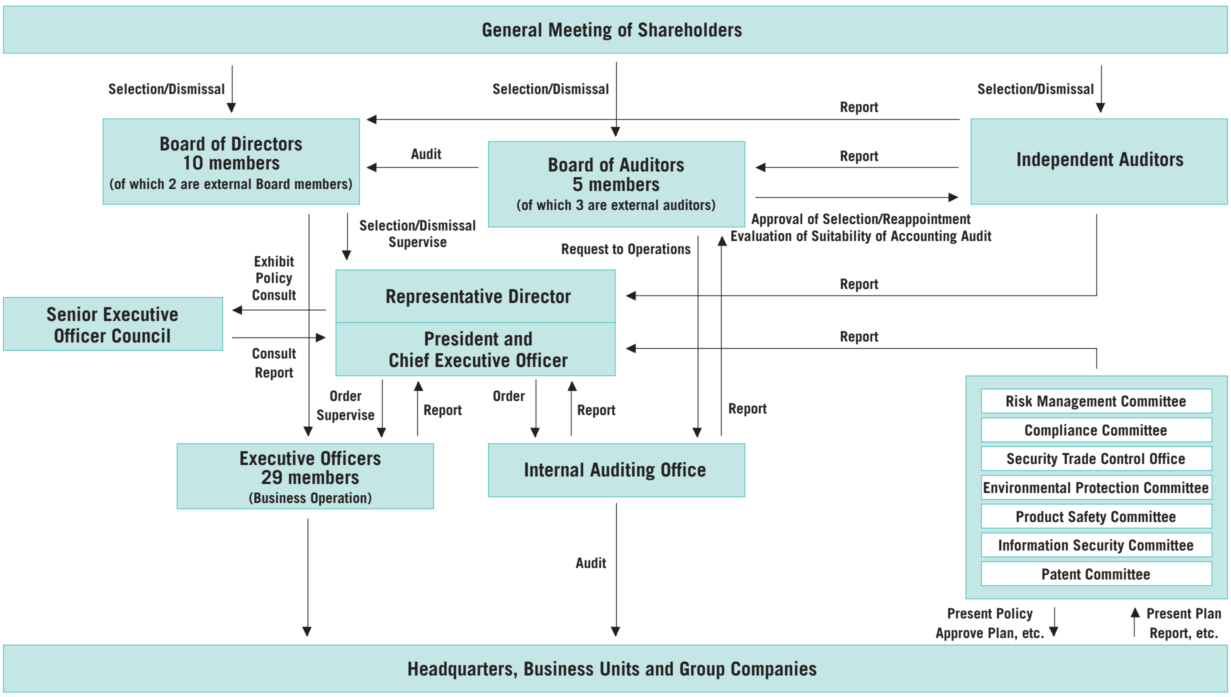
(3) Rules for Management of Loss Risk and other structures (risk management system)

(4) Structure that assures the execution of duties by Board members and executive officers are efficiently done (system for the efficient performance of duties)

(5) Structure to ensure that the operations of the Company and its affiliated companies are adequate (system for management of Group companies)

(6) Structure to ensure that audits by the corporate auditors are effective (audit system and related matters)

Minebea's Corporate Governance System



1951 | 7 Nippon Miniature Bearing Co., Ltd., Japan's first specialized manufacturer of miniature ball bearings, is incorporated in Azusawa, Itabashi-ku, Tokyo.

1956 | 10 The Company relocates its headquarters to Nihonbashi-Kabuto-cho, Chuo-ku, Tokyo, and its factory to Aoki-cho, Kawaguchi, Saitama.

1959 | 6 A new plant is established at Aoki-cho, Kawaguchi, Saitama, to serve as the Company's integrated headquarters and factory.

1962 | 11 A representative office is set up in the United States to cultivate the U.S. market.

1963 | 3 A plant is established in Karuizawa, Nagano. Some operations are relocated to the Karuizawa Plant.

1965 | 7 The Kawaguchi Factory is closed and its equipment is conveyed to Karuizawa. The Company's headquarters is shifted from Kawaguchi, Saitama, to Miyota-machi, Kitasaku-gun, Nagano.

1967 | 3 A representative office is set up in London to promote business in Europe.

1968 | 9 Subsidiary Nippon Miniature Bearing Corporation (the present NMB Technologies Corporation) is established in Los Angeles, California.

1971 | 4 Sales subsidiary NMB (U.K.) Ltd. is established in the United Kingdom.

| 5 The Company's stock is listed on the first sections of the Osaka and Nagoya stock exchanges.

| 9 The Company acquires the U.S. firm Reed Instrument Corp. (the present Chatsworth Plant of New Hampshire Ball Bearings, Inc.) from SKF, Inc., of Sweden and commences production in the United States.

1972 | 2 Manufacturing subsidiary NMB SINGAPORE LIMITED is established in Singapore. (Production begins in 1973.)

1974 | 9 The Company acquires Shinko Communication Industry Co., Ltd., a major strain gage manufacturer listed on the Second Section of the Tokyo Stock Exchange.

1975 | 1 The Company acquires U.S. company IMC Magnetics Corp., a listed manufacturer of small precision motors.

| 7 The Company acquires a leading fastener producer, Tokyo Screw Co., Ltd. (the present Fujisawa Plant), and an electromagnetic clutch manufacturer, Shin Chuo Kogyo Co., Ltd. (the present Omori Plant), both of which are listed on the Second Section of the Tokyo Stock Exchange.

1977 | 9 The Company acquires Hansen Manufacturing Co., Inc. (the present Hansen Corporation), which is, at the time, the motor manufacturing division of Mallory Corp., a U.S. multinational.

| 10 Sales subsidiary Nippon Miniature Bearing GmbH (the present NMB-Minebea-GmbH) is established in Germany.

1980 | 3 The Company acquires the Singapore factory of Koyo Seiko Co., Ltd., and establishes PELMEC INDUSTRIES (PTE.) LIMITED to manufacture small-sized ball bearings.

| 8 Manufacturing subsidiary NMB THAI LIMITED is established in Thailand. (Production begins in 1982.)

1981 | 1 The marketing division of the Company is spun off as subsidiary NMB (Japan) Corporation, which is charged with integrating marketing operations for all manufacturing companies in the Minebea Group.

| 10 The Company absorbs four of its manufacturing affiliates—Tokyo Screw Co., Ltd., Shinko Communication Industry Co., Ltd., Shin Chuo Kogyo Co., Ltd., and Osaka Motor Wheel Co., Ltd.—and changes its name to Minebea Co., Ltd.

1982 | 9 Sales subsidiary NMB ITALIA S.R.L. is established in Italy.

1983 | 3 The Company acquires a cooling fan manufacturer, Kondo Electric Works Ltd. (the present NMB Electro Precision, Inc.).

1984 | 8 Two manufacturing subsidiaries, MINEBEA THAI LIMITED and PELMEC THAI LIMITED, are established in Thailand.

1985 | 3 The Company acquires New Hampshire Ball Bearings, Inc., a listed U.S. ball bearing manufacturer.

| 9 The Company acquires the Miami Lakes operations of Harris Corporation, a U.S. manufacturer of switching power supplies.

1986 | 5 The R&D Center and subsidiary Minebea Electronics Co., Ltd., are established in Asaba-cho, Iwata-gun (the present city of Fukuroi), Shizuoka.

1987 | 5 Manufacturing joint venture Thai Ferrite Co., Ltd. (the present POWER ELECTRONICS OF MINEBEA COMPANY LIMITED), is established in Thailand.

1988 | 2 The Company acquires Rose Bearings Ltd., (the present NMB-MINEBEA UK LTD) a U.K. manufacturer of rod-end and spherical bearings.

| 3 Sales subsidiary NMB Technologies, Inc. (the present NMB Technologies Corporation), is established in the United States to coordinate sales and marketing of Minebea's electronic devices.

Manufacturing joint venture MINEBEA ELECTRONICS (THAILAND) COMPANY LIMITED is established.

| 12 Manufacturing subsidiaries NMB HI-TECH BEARINGS LIMITED and NMB PRECISION BALLS LIMITED are established in Thailand.

1989 | 1 Marketing subsidiary NMB France S.a.r.l. (the present NMB Minebea SARL) is established.

1990 | 10 PAPST-MINEBEA-DISC-MOTOR GmbH (the present Precision Motors Deutsche Minebea GmbH), a joint venture with Papst-Motoren GmbH & Co. KG, is established in Germany to manufacture HDD spindle motors.

| 11 Rose Bearings Ltd., (the present NMB-MINEBEA UK LTD) in the United Kingdom, commences production of ball bearings at its Skegness Plant.

1992 | 2 The Company absorbs Sorensen Ltd. and reestablishes it as Minebea Electronics (UK) Ltd., a manufacturer of switching power supplies in Scotland.

1993 | 8 Joint venture agreement with Papst-Motoren GmbH & Co. KG of Germany is cancelled. The Company acquires all outstanding shares in PAPST-MINEBEA-DISC-MOTOR GmbH and changes the company's name to Precision Motors Deutsche Minebea GmbH (PMDM).

| 10 Sales and R&D subsidiary Minebea Trading Pte. Ltd. (the present MINEBEA TECHNOLOGIES PTE. LTD.) is established in Singapore.

1994 | 4 Manufacturing subsidiary MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD. is established in China.

1996 | 8 A vertically integrated ball bearing production facility—Minebea's largest to date—commences operations in Shanghai.

| 10 U.K. subsidiary NMB (U.K.) Ltd. establishes a new plant in Inchinnan, Scotland.

1999 | 3 The Company commences quality evaluation and testing at the NMB Corporation Technical Center in the United States.

| 7 U.S. subsidiaries NMB Corporation and NMB Technologies, Inc., merge to form NMB Technologies Corporation.

2000 | 3 The Company acquires Kuen Dar (M) Sdn. Bhd., a Malaysian speaker box manufacturer.

2001 | 2 A controlling interest in Actus Corporation, a furniture and interior decor product sales subsidiary, is sold to TRS Co., Ltd.

2002 | 8 HUAN HSIN HOLDINGS LTD., of Singapore, and SHENG DING PTE. LTD.—a joint venture between Minebea and HUAN HSIN—establishes PC keyboard manufacturing subsidiary SHANGHAI SHUNDING TECHNOLOGIES LTD. in China.

Minebea establishes sales company MINEBEA (HONG KONG) LIMITED in China.

| 9 Minebea establishes sales companies MINEBEA TRADING (SHENZHEN) LTD. and MINEBEA TRADING (SHANGHAI) LTD. in China.

2004 | 4 Minebea establishes joint venture Minebea–Matsushita Motor Corporation with Matsushita Electric Industrial Co., Ltd., with the aim of integrating the fan motor, stepping motor, vibration motor and brush DC motor businesses of the two parent companies.

| 7 Subsidiary NMB-MINEBEA UK LTD establishes wholly owned subsidiary NMB Minebea Slovakia s.r.o. in the Slovak Republic and later shifts printing of Minebea's European-language PC keyboards to the new company.

2006 | 3 Minebea dissolves joint venture agreement with HUAN HSIN HOLDINGS LTD. of Singapore and purchases all shares in joint venture SHENG DING PTE. LTD.

Directors, Auditors and Executive Officers

Representative Director, President and Chief Executive Officer

Takayuki Yamagishi

Directors and Senior Managing Executive Officers

Yoshihisa Kainuma
- Head of Information Motor Business Unit
- Representative Director and President of Minebea Motor Manufacturing Corporation

Koichi Dosho
- Chief of Sales Headquarters

Hiroharu Katogi
- Chief of Administration Headquarters
- Head of Business Administration Division and of Information Systems Division

Akihiro Hirao
- Chief of Engineering Headquarters
- Head of Engineering Support Division
- Office in Charge of Environmental Preservation

Eiichi Kobayashi
- Chief of Manufacturing Headquarters

Directors and Managing Executive Officers

Masayoshi Yamanaka
- Chief of Operations Headquarters
- Head of Procurement Division and of Legal Division

Hirotaka Fujita
- Deputy Chief of Manufacturing Headquarters
- Head of Electronic Device Business Unit

Independent Directors

Chanchai Leetavorn
- Chairman, ACL BANK Public Company Limited

Takashi Matsuoka
- Managing Director, Keiaisha Co., Ltd.

Standing Corporate Auditors

Tosei Takenaka

Akifumi Kamoi

Standing External Corporate Auditor

Kazuaki Tanahashi

External Corporate Auditors

Isao Hiraide

Hirotaka Fujiwara

Senior Managing Executive Officers

Hiroyuki Yajima
- Head of Ball Bearing Business Unit
- General Manager of Bearing Manufacturing Department

Sakae Yashiro
- Deputy Chief of Administration Headquarters
- Head of Finance Division and of Accounting Division

Managing Executive Officers

Susumu Fujisawa
- General Manager of Regional Affairs for China

Akio Okamiya
- Deputy Chief of Engineering Headquarters
- Head of Bearing Basic Technology Development Division and of Material and Process Development Division

Shunji Mase
- Deputy Chief of Operations Headquarters
- Head of Personnel & General Affairs Division

Motoyuki Niijima
- Head of Measuring Components Business Unit

Executive Officers

Kunio Shimba
- Head of Spindle Motor Business Unit

Junichi Mochizuki
- Deputy Chief of Sales Headquarters
- Deputy Head of Ball Bearing Business Unit

Morihiro Iijima
- General Manager of Regional Affairs for South East Asia

Mamoru Kamigaki
- Deputy Head of Information Motor Business Unit
- Senior Managing Director of Minebea Motor Corporation

Takashi Aiba
- Deputy Chief of Manufacturing Headquarters
- General Manager of Accounting Department, Karuizawa Plant, Accounting Division of Administration Headquarters

Daishiro Konomi
- General Manager of Regional Affairs for Europe

Tatsuo Matsuda
- General Manager of Domestic Sales Division, Sales Headquarters

Gary Yomantas
- General Manager of Regional Affairs for the Americas
- President of NMB (USA) Inc. and of NHBB Inc.

Tsugihiko Musha
- Head of Rod-End Bearings Business Unit

Motoharu Akiyama
- Deputy Head of Bearing Basic Technology Development Division, Engineering Headquarters

Tamio Uchibori
- Head of Corporate Planning Division
- General Manager of Corporate Planning Department, Operations Headquarters

Koichi Takeshita
- Deputy Chief of Sales Headquarters, Executive Vice President of NMB Technologies Corporation

Tetsuya Tsuruta
- Head of Mechanical Assembly Business Unit

Shuji Uehara
- Deputy Head of Information Motor Business Unit
- Senior Managing Director of Minebea Motor Manufacturing Corporation

Takeshi Iida
- Head of Personnel & General Affairs Division

Shigeru None
- General Manager of Marketing and Sales Strategies, Sales Headquarters
- Manager, Tokyo Branch, Domestic Sales Division

Note: Messrs. Chanchai Leetavorn and Takashi Matsuoka are independent directors as required under Article 2, Paragraph 15, of the Company Law. Mr. Kazuaki Tanahashi is an external auditor as required under Article 2, Paragraph 16, of the Company Law.

(As of June 28, 2007)

Organization

- Board of Directors
  - Auditors
- President, Chief Executive Officer
  - Senior Executive Officer Council
  - Compliance Committee
  - Risk Management Committee
  - Internal Auditing Office
  - Security Trade Control Office
  - Environment Protection Committee
  - Quality Management Committee
  - Information Security Committee
  - Patent Committee
  - Trade Compliance Control Office
  - General Manager of Regional Affairs for South East Asia
  - General Manager of Regional Affairs for China
  - General Manager of Regional Affairs for Europe
  - General Manager of Regional Affairs for the Americas
  - Manufacturing Headquarters
    - First Production Engineering Division
    - Second Production Engineering Division
    - Component Manufacturing Division
  - Sales Headquarters
    - European Region
    - North American Region
    - South East Asian Region
    - China Region
    - Domestic Sales Division
    - Sales Headquarters HQ
  - Engineering Headquarters
    - Material and Process Development Division
    - Bearing Basic Technology Development Division
    - Rotary Component Basic Technology Development Division
    - Opto Device Development Division
    - Electronics Development Division
    - PMDM Division
    - Cool Tech Division
    - Intellectual Property Division
    - Engineering Support Division
    - Group Environment Management Division
  - Operations Headquarters
    - Personnel & General Affairs Division
    - Logistics Division
    - Procurement Division
    - Corporate Planning Division
    - Legal Division
  - Administration Headquarters
    - Accounting Division
    - Finance Division
    - Administration Division
    - Information Systems Division
  - Ball Bearing Business Unit
  - Rod-End Business Unit
  - Mechanical Assembly Business Unit
  - Spindle Motor Business Unit
  - Precision Motor Business Unit
  - Fastener Business Unit
  - Defense-Related Special Parts Business Unit
  - Measuring Components Business Unit
  - Keyboard Business Unit
  - Speaker Business Unit
  - Electronic Device Business Unit
  - Information Motor Business Unit
  - NHBB Business Unit
  - Hansen Business Unit

(As of September 3, 2007)

URL: http://www.minebea.co.jp/english/

For the latest corporate, product and financial information and more detailed information on Minebea, please visit our corporate web site.

Product purchasing inquiries and catalog requests:

Sales Headquarters
Tel: 81-3-5434-8711
Fax: 81-3-5434-8700
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Financial Section

Contents

Eleven-Year Summary

	2007	2006	2005	2004
Statement of Income Data:				
Net sales:	¥331,022	¥318,446	¥294,422	¥268,574
Machined components	137,662	129,595	116,105	111,693
Percentage of net sales	42%	41%	39%	42%
Electronic devices and components	193,360	188,851	178,317	156,881
Percentage of net sales	58%	59%	61%	58%
Consumer business and others	—	—	—	—
Percentage of net sales	—	—	—	—
Gross profit	¥ 73,378	¥ 68,511	¥ 62,403	¥ 65,313
Percentage of net sales	22.2%	21.5%	21.2%	24.3%
Operating income	26,265	19,269	14,083	18,104
Percentage of net sales	8.0%	6.0%	4.8%	6.7%
Net income (loss)	12,862	4,257	5,581	6,019
Percentage of net sales	3.9%	1.3%	1.9%	2.2%
Balance Sheet Data:				
Total assets	¥354,784	¥349,862	¥332,217	¥314,915
Total current assets	156,059	153,564	147,295	138,953
Total current liabilities	131,155	150,886	141,449	167,626
Short-term loans payable and current portion of long-term debt	71,761	91,772	87,112	119,643
Long-term debt	78,500	79,500	85,341	51,842
Working capital	24,905	2,678	5,846	(28,673)
Total net assets	142,558	118,209	102,088	93,866
Equity ratio	40.1%	33.6%	30.7%	29.8%
Per Share Data:				
Net income (loss):				
Basic	¥ 32.23	¥ 10.67	¥ 13.93	¥ 15.08
Diluted	—	—	13.27	14.51
Net assets	356.75	294.65	255.82	235.21
Cash dividends	10.00	7.00	7.00	7.00
Number of shares outstanding	399,167,695	399,167,695	399,167,695	399,167,695
Other Data:				
Return (net income) on equity	9.9%	3.9%	5.7%	6.3%
Return on total assets	3.7%	1.2%	1.7%	1.9%
Interest expense	¥ 5,224	¥ 4,771	¥ 3,361	¥ 3,213
Net cash provided by operating activities	37,902	28,237	27,586	21,714
Net cash used in investing activities	(15,180)	(19,120)	(23,789)	(14,932)
Free cash flow	22,722	9,117	3,797	6,782
Purchase of tangible fixed assets	16,969	21,897	23,060	18,825
Depreciation and amortization	25,727	25,045	23,545	22,728
Number of employees	49,563	47,526	48,473	43,839

Notes: 1. Effective fiscal 2007, Minebea has applied the Accounting Standard for Presentation of Net Assets in the Balance Sheet and the Implementation Guidance for the Accounting Standard for Presentation of Net Assets in the Balance Sheet. Accordingly, "shareholders' equity" and "return on shareholders' equity" have been restated as "net assets" and "return (net income) on equity," respectively. Also, fiscal 2007 and 2006 figures include minority interests in net assets.

2. In fiscal 2006, Minebea restructured its PC keyboard business. As a consequence, the Company posted a ¥3,475 million restructuring loss. The Company also showed an extraordinary loss of ¥967 million resulting from the adoption of impairment accounting for fixed assets.

3. Effective fiscal 2005, Minebea calculates free cash flow by subtracting net cash used in investing activities from net cash provided by operating activities. Figures for previous fiscal years have been restated using this calculation.

						Millions of yen	Thousands of U.S. dollars (Note 9)
2003	2002	2001	2000	1999	1998	1997	2007
¥272,202	¥279,344	¥287,045	¥284,757	¥305,324	¥326,094	¥302,886	$2,804,084
118,118	122,025	124,461	127,734	136,807	142,007	136,147	1,166,135
43%	44%	43%	45%	45%	43%	45%	
154,084	156,303	151,910	146,133	157,603	180,875	165,118	1,637,949
57%	56%	53%	51%	52%	56%	54%	
—	1,016	10,674	10,890	10,914	3,212	1,621	—
—	0%	4%	4%	3%	1%	1%	
¥ 68,702	¥ 73,283	¥ 84,117	¥ 81,534	¥ 90,161	¥107,086	¥ 86,487	$ 621,589
25.2%	26.2%	29.3%	28.6%	29.5%	32.8%	28.6%	
19,352	21,972	32,977	31,069	38,546	58,811	41,901	222,492
7.1%	7.9%	11.5%	10.9%	12.6%	18.0%	13.8%	
(2,434)	5,298	14,826	(2,677)	11,507	15,144	8,862	108,957
(0.9)%	1.9%	5.2%	(0.9)%	3.7%	4.6%	2.9%	
¥320,069	¥350,037	¥346,965	¥403,994	¥473,360	¥492,210	¥563,220	$3,005,375
127,447	131,548	137,106	153,658	219,826	213,194	264,368	1,321,980
134,459	156,908	127,290	124,085	197,071	246,114	322,966	1,111,010
81,262	103,461	66,531	68,022	142,828	178,228	254,243	607,889
85,862	79,212	118,629	124,690	128,223	96,882	109,365	664,972
(7,012)	(25,360)	9,816	29,573	22,755	(32,920)	(58,598)	210,969
98,213	112,732	100,574	154,357	145,705	141,843	123,831	1,207,610
30.7%	32.2%	29.0%	38.2%	30.8%	28.8%	22.0%	
						Yen	U.S. dollars (Note 9)
¥ (6.10)	¥ 13.27	¥ 37.14	¥ (6.72)	¥ 28.94	¥ 38.42	¥ 22.76	$0.27
(4.85)	12.60	34.10	(5.39)	26.32	34.85	21.03	—
246.08	282.42	251.96	386.71	366.29	357.77	317.46	3.02
7.00	7.00	7.00	7.00	7.00	7.00	7.00	0.08
399,167,695	399,167,695	399,167,695	399,150,527	397,787,828	396,470,473	390,076,018	
						Millions of yen	Thousands of U.S. dollars (Note 9)
(2.3)%	5.0%	11.6%	(1.8)%	8.0%	11.4%	7.4%	
(0.8)%	1.5%	4.0%	(0.6)%	2.4%	2.9%	1.6%	
¥ 4,765	¥ 5,673	¥ 7,553	¥ 7,897	¥ 12,231	¥ 16,593	¥ 19,109	$ 44,258
32,279	34,017	38,332	60,289	60,740	83,878	29,546	321,070
(16,233)	(24,346)	(33,099)	(13,298)	(17,254)	(33,745)	(31,866)	(128,591)
16,046	9,671	5,233	46,991	43,486	50,133	2,320	192,478
16,382	26,245	39,877	19,504	20,563	23,688	50,931	143,748
24,015	25,577	23,682	25,026	28,034	29,616	29,277	217,934
43,002	43,729	45,193	42,399	40,482	38,733	37,096	

4. In fiscal 2003, owing to significant declines in the prices of stocks listed on major markets, resulting in the impairment of shares in financial institutions, losses on devaluation of investment securities totaled ¥4,945 million. In line with projected losses resulting from its withdrawal from switching power supplies and related businesses, the Company posted losses on liquidation of switching power supplies and related businesses of ¥3,144 million. The Company also registered ¥1,206 million in environment-related expenses incurred by U.S. subsidiaries.
5. In fiscal 2001, to concentrate resources in its best areas and improve financial strength, the Company transferred its shares in subsidiary Actus Corporation, posting an extraordinary gain of ¥5,215 million in gains on sales of investment securities in affiliates. The Company also showed an extraordinary loss of ¥2,762 million, in line with the projected loss on the withdrawal from the wheel business.
6. In fiscal 2000, to concentrate resources in its best areas and improve financial strength, the Company made decisions with regard to the transferral of its shares, etc., in Minebea Credit Co., Ltd., a wholly owned subsidiary; the liquidation of different affiliated companies; and other matters. As a result, the Company showed ¥25,782 million in extraordinary losses as losses on liquidation of subsidiaries and affiliates. The Company also applied tax effect accounting overall, which resulted in ¥6,276 million in deferred income taxes (benefit).
7. In fiscal 2000, the Company reclassified its operations into three business segments and revised figures in prior years.
8. Owing to a change in accounting standards, cash flows are shown in a new format in and after fiscal 2000.
9. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥118.05=US$1, the approximate rate of exchange on March 31, 2007.

Outline

Outline of Operations

Minebea's operations are divided into two business segments: Machined Components and Electronic Devices and Components. The Machined Components segment focuses on miniature and small-sized ball bearings, rod-end and spherical bearings, and pivot assemblies. In fiscal 2007, this segment accounted for 41.6% of consolidated net sales. The Electronic Devices and Components segment encompasses precision small motors, notably HDD spindle motors and fan motors; PC keyboards and other electronic devices; lighting devices, including LED backlight assemblies; and measuring components. This segment represented 58.4% of consolidated net sales in fiscal 2007.

Our product development efforts are centered in Japan, Germany, Thailand and the United States. The Engineering Headquarters is charged with basic technology and product development with a medium- to long-term perspective. Technology development divisions affiliated with business units emphasize development of commercially viable products. Cooperation among these divisions facilitates the supplementing and sharing of technologies, thereby contributing to effective product development. Our manufacturing network encompasses bases in Thailand, China, Singapore, Malaysia, Japan and the United States. Our largest manufacturing base, in Thailand, accounted for 49.6% of total consolidated production in fiscal 2007, while our manufacturing base in China accounted for 23.5%. Combined production at all our bases in Asia (excluding Japan) represented 80.9% of total production. Production outside of Japan accounted for 91.5% of total production.

We supply products to a number of key markets. Notable among these are the PC and peripheral equipment, OA and telecommunications equipment, household electrical appliances, automotive and aerospace markets, which accounted for 36.5%, 15.0%, 9.3%, 9.9% and 10.2%, respectively, of fiscal 2007 consolidated net sales. Reflecting the steady shift by customers in Japan, Europe, and North and South America to production in China and other parts of Asia, sales to Asia (excluding Japan) represented 50.2% of consolidated net sales. Our second-largest geographic market is Japan, which currently accounts for 25.6% of consolidated net sales. Remaining sales are to North America and Europe.

With the aim of ensuring our organization runs smoothly and effectively, we have established an operating structure comprising 14 business units and five headquarters that report directly to the president and CEO. Under this structure, manufacturing and sales groups are assigned and report directly to each business unit. The function-based headquarters are charged with providing support for business units.

Principal Strategy

Our principal goal is to evolve and grow as "the leading company through manufacturing and technological excellence." We believe that the key to achieving this objective is to accelerate efforts to improve profitability. Accordingly, we have continued to address three priority tasks: take decisive actions to implement structural reforms, reinforce R&D and manage the Company with a clear vision.

To these ends, we have:

- implemented organizational reforms, namely, the introduction of a business unit system and the establishment of headquarters
- shifted our policy from volume to quality, and our focus from sales to profits
- reinforced R&D by assigning management of R&D efforts to the Engineering Headquarters and by creating a department dedicated to basic technology development
- implemented measures to restore the profitability of loss-making businesses and strengthen growth businesses.

These efforts have yielded concrete results. Thanks to organizational reforms, we have made progress in eliminating organizational barriers and promoting the more effective use of Group resources. This has enabled individual businesses to align their growth tracks. We clarified our shift in policy toward quality, rather than volume—a move that marks a return to the basics of manufacturing and the concept of workmanship. With the aim of reinforcing R&D, we laid a new foundation for future R&D activities under the direction of the Engineering Headquarters. We have also placed a priority on strengthening core technologies, which are essential to the development of new products and businesses, as well as next-generation products, and are striving to develop new businesses through the integration of multiple core technologies.

Our key concern has been the restoration of profitability Companywide by eliminating loss-making businesses. With a few minor exceptions, we achieved this objective in the period under review. We also implemented organizational changes necessary to support growth and expansion in the years ahead.

We have positioned fiscal 2008 as a year for surging forward. Accordingly, our efforts during the period will focus on expanding businesses and raising income. Recognizing the importance of launching Minebea on a new and sustainable growth trajectory and the need to set forth clear medium-term growth indicators, we formulated a new medium-term management plan to guide our efforts for three years beginning in fiscal 2008. We are confident that achieving the numerical targets of this plan will ready us for our next major leap forward.

Numerical Targets of Minebea's New Medium-Term Management Plan

(As of May 31, 2007) *Billions of yen*

Years ending March 31	2008	2009	2010
Net sales	¥335.0	¥350.0	¥370.0
Operating income	30.0	34.0	38.0
Income before income taxes and minority interests	23.5	26.0	30.0

We have also set a long-term goal for net sales of ¥500.0 billion in fiscal 2012.

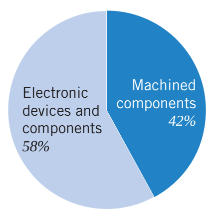
Segment Information

Years ended March 31	2007	2006	2005	2004	2003
	Millions of yen				
Sales to External Customers by Business Segment					
Machined components	¥ 137,662	¥ 129,595	¥ 116,105	¥ 111,693	¥118,118
Electronic devices and components	193,360	188,851	178,317	156,881	154,084
Total	¥ 331,022	¥ 318,446	¥ 294,422	¥ 268,574	¥272,202
Operating Income (Loss) by Business Segment					
Machined components	¥ 26,195	¥ 24,556	¥ 21,572	¥ 19,505	¥ 18,520
Electronic devices and components	70	(5,287)	(7,489)	(1,401)	832
Total	¥ 26,265	¥ 19,269	¥ 14,083	¥ 18,104	¥ 19,352
Assets by Business Segment					
Machined components	¥ 216,595	¥ 205,437	¥ 194,180	¥ 189,741	¥191,793
Electronic devices and components	224,048	218,790	214,142	196,918	204,489
Eliminations	(85,859)	(74,365)	(76,105)	(71,744)	(76,213)
Total	¥ 354,784	¥ 349,862	¥ 332,217	¥ 314,915	¥320,069
Depreciation and Amortization by Business Segment					
Machined components	¥ 12,507	¥ 11,437	¥ 10,401	¥ 10,811	¥ 10,378
Electronic devices and components	12,141	12,535	12,061	10,894	12,448
Total	¥ 24,648	¥ 23,972	¥ 22,462	¥ 21,705	¥ 22,826
Impairment Loss by Business Segment					
Machined components	¥ 31	¥ 388	¥ —	¥ —	¥ —
Electronic devices and components	43	579	—	—	—
Total	¥ 74	¥ 967	¥ —	¥ —	¥ —
Capital Expenditure by Business Segment					
Machined components	¥ 8,423	¥ 12,279	¥ 11,400	¥ 4,168	¥ 4,750
Electronic devices and components	9,243	9,929	22,757	14,929	11,853
Total	¥ 17,666	¥ 22,208	¥ 34,157	¥ 19,097	¥ 16,603
Sales to External Customers by Geographic Segment					
Japan	¥ 83,265	¥ 77,856	¥ 76,660	¥ 68,760	¥ 72,755
Asia (excluding Japan)	162,330	155,423	137,424	121,072	107,789
North and South America	56,110	59,468	52,390	48,726	58,998
Europe	29,317	25,699	27,948	30,016	32,660
Total	¥ 331,022	¥ 318,446	¥ 294,422	¥ 268,574	¥272,202
Operating Income by Geographic Segment					
Japan	¥ 9,770	¥ 1,922	¥ 2,752	¥ 4,883	¥ 3,133
Asia (excluding Japan)	11,299	12,843	5,870	10,763	12,418
North and South America	3,730	2,888	4,510	2,084	1,859
Europe	1,466	1,616	951	374	1,942
Total	¥ 26,265	¥ 19,269	¥ 14,083	¥ 18,104	¥ 19,352
Assets by Geographic Segment					
Japan	¥ 162,335	¥ 161,968	¥ 169,239	¥ 166,277	¥175,917
Asia (excluding Japan)	258,046	247,186	223,995	201,194	185,397
North and South America	35,692	36,864	32,442	29,173	37,064
Europe	21,326	19,618	20,300	20,075	20,528
Eliminations	(122,615)	(115,774)	(113,759)	(101,804)	(98,837)
Total	¥ 354,784	¥ 349,862	¥ 332,217	¥ 314,915	¥320,069

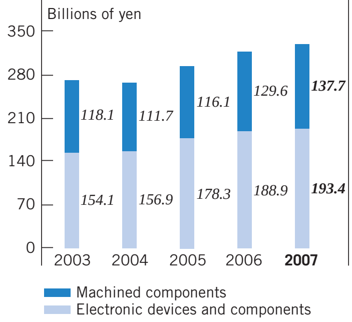
Financial Review

Results of Operations

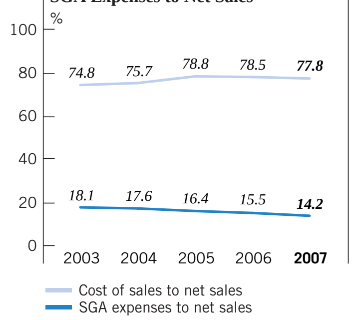
Net Sales by Business Segment



Net Sales by Business Segment



Cost of Sales to Net Sales and SGA Expenses to Net Sales



Net Sales

Consolidated net sales in fiscal 2007 rose 3.9%, or ¥12,576 million, to ¥331,022 million. During the period, the Japanese economy remained on a gentle upswing, supported by high corporate earnings, as well as by such factors as increased investment in plants and equipment and an improved employment situation. The U.S. economy continued to see stable growth, owing to robust personal consumption, while the overall European economy exhibited a favorable recovery. In China, economic growth remained high, reflecting increases in exports and investment in fixed assets. The economies of other Asian countries were generally solid. Demand remained firm in key customer industries, owing to the increasing popularity of information and telecommunications equipment, including PCs, and cellular telephones, particularly in counties classified as emerging economies, and digital home electronics products, including flat-screen televisions and DVD recorders, primarily in developed countries. Brisk conditions also persisted in the aircraft and automobile markets. In this environment, sales prices remained comparatively stable. This, together with expanded sales of existing products and the launch of attractive new products, contributed to the increase in consolidated net sales for the period. The impact of yen depreciation on overseas sales added approximately ¥13,200 million to net sales.

Cost of Sales

Cost of sales increased 3.1%, or ¥7,709 million, to ¥257,644 million. Cost of sales as a percentage of net sales edged down 0.7 percentage point, to 77.8%. Despite negative impact of yen depreciation and rising prices for steel, steel materials, rare metals and other raw materials, enhanced productivity prompted an improvement in cost of sales as a percentage of net sales.

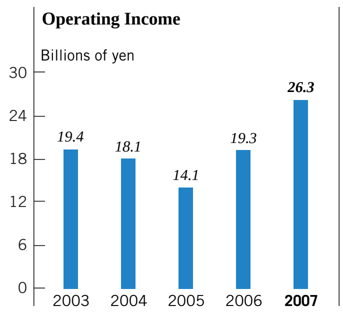
SGA Expenses

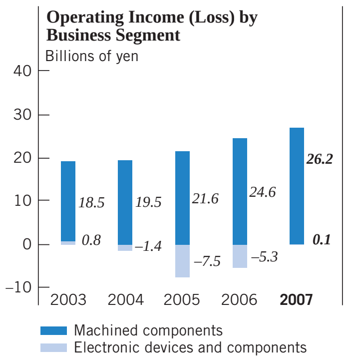
SGA expenses declined 4.3%, or ¥2,129 million, to ¥47,113 million. SGA expenses were equivalent to 14.2% of net sales, down 1.3 percentage points from fiscal 2006.

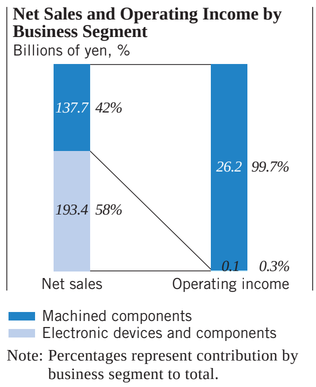
Cost of Sales and SGA Expenses

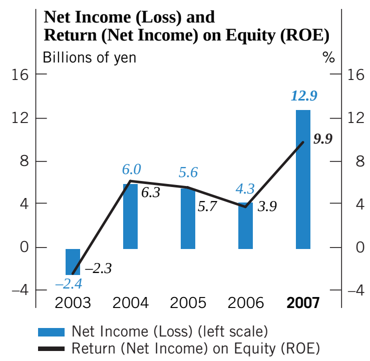
Millions of yen

Years ended March 31	**2007**	2006	2005	2004	2003
Net sales	**¥331,022**	¥318,446	¥294,422	¥268,574	¥272,202
Cost of sales	**257,644**	249,935	232,019	203,261	203,500
Cost of sales to net sales	**77.8%**	78.5%	78.8%	75.7%	74.8%
Gross profit	**73,378**	68,511	62,403	65,313	68,702
SGA expenses	**47,113**	49,242	48,320	47,209	49,350
SGA expenses to net sales	**14.2%**	15.5%	16.4%	17.6%	18.1%









Operating Income

Operating income advanced 36.3%, or ¥6,996 million, to ¥26,265 million. As a consequence, the operating margin rose 2.0 percentage points, to 8.0%. For more detailed information, refer to the section entitled "Performance by Business Segment," on page 35.

Other Income (Expenses)

The net balance of other income (expenses) was expenses, i.e., a loss, of ¥6,742 million, a decrease of ¥2,907 million. Despite efforts to reduce interest-bearing debt, interest expense rose ¥453 million, to ¥5,224 million, as a consequence of the impact of rising interest rates overseas. The overall decrease also reflected the absence of a ¥3,475 million business restructuring loss in the previous period related to the restructuring of our PC keyboards business.

Income before Income Taxes and Minority Interests

Owing to the factors described above, income before income taxes and minority interests climbed 102.9%, or ¥9,903 million, to ¥19,523 million.

Income Taxes

Income taxes edged down ¥79 million, to ¥7,062 million. This comprised current income taxes, that is, corporate, residential and business taxes, of ¥6,249 million, and an adjustment of ¥813 million. In fiscal 2006, losses posted by certain overseas subsidiaries and parent-company losses brought forward from the preceding period meant that dividend income received from overseas subsidiaries did not qualify for overseas tax credits, resulting in a higher effective tax rate. In fiscal 2007, the impact of such factors weakened significantly, as a consequence of which the effective tax rate normalized.

Minority Interests

Minority interests amounted to ¥401 million, down ¥1,377 million from fiscal 2006. This decline was primarily attributable to an improvement in the performance of joint venture Minebea–Matsushita Motor.

Net Income

As a consequence of the aforementioned factors, net income rose ¥8,605 million, to ¥12,862 million. Basic net income per share was ¥32.23, a significant increase from ¥10.67 in the previous period.

Income

Millions of yen

Years ended March 31	**2007**	2006	2005	2004	2003
Operating income	**¥26,265**	¥19,269	¥14,083	¥18,104	¥19,352
Operating margin	**8.0%**	6.0%	4.8%	6.7%	7.1%
Net balance of other income (expenses)	**(6,742)**	(9,649)	(6,305)	(5,146)	(18,857)
Net income (loss)	**12,862**	4,257	5,581	6,019	(2,434)
Net income (loss) to net sales	**3.9%**	1.3%	1.9%	2.2%	(0.9)%
Net income (loss) per share (Yen):					
Basic	**32.23**	10.67	13.93	15.08	(6.10)
Diluted	**—**	—	13.27	14.51	(4.85)
Return (net income) on equity	**9.9%**	3.9%	5.7%	6.3%	(2.3)%
Return on total assets	**3.7%**	1.2%	1.7%	1.9%	(0.8)%

Financial Condition

Financial Policy and Liquidity

The businesses of the Minebea Group continue to operate in an environment characterized by accelerating product and technological development and intensifying global competition. In such an environment, we recognize the importance of ensuring the flexibility necessary to allow advance investment, enabling us to develop products that satisfy diverse customer expectations, and capital investment, ensuring we can respond promptly to fluctuations in demand. We strive to facilitate dynamic investment activities and strengthen our technological development capabilities by maintaining a sound financial position and high degree of agility in our financing activities

Our debt ratings in fiscal 2007, shown in the table below, are indicative of the success of efforts to reinforce our financial position. We have set medium-term goals to reduce net interest-bearing debt (¥128,530 million at fiscal 2007 year-end) to below ¥100,000 million. Given the uncertain interest rate situation in Japan, we will promote efforts to expand income, shrink inventories and step up implementation of an effective investment program that focuses on the efficient use of assets to accelerate the reduction of interest-bearing debt. In terms of capital investment, we are promoting decisive investment in growth businesses and promoting stringent rationalization efforts and efficient investments in businesses that remain unprofitable.

To ensure the agility of our financing efforts, we filed for shelf registration of corporate bond issues in the amount of ¥50,000 million and obtained a rating for short-term debt up to a maximum of ¥10,000 million. Moreover, to create a stronger, more stable structure for fund procurement, we strive to maintain solid relationships with key financial institutions in Japan and overseas and have taken steps to manage liquidity risks, including signing agreements to set up commitment lines.

In Thailand, where our principal manufacturing base is located, on December 18, 2006, stringent controls were placed on short-term capital inflows with the aim of preventing speculative investment in and appreciation of the baht. Most of these controls were subsequently eased, however, and the impact on our operations was negligible.

Debt Ratings

As of May 2007	*Long-term debt*	*Short-term debt*
Moody's Investors Service	Baa2	—
Japan Credit Rating Agency, Ltd.	A	J–1
Japan Rating and Investment Information, Inc.	BBB+	a–2

Purchase of Tangible Fixed Assets

Purchase of tangible fixed assets, or capital investment, in fiscal 2007 totaled ¥16,969 million, down ¥4,928 million from fiscal 2006. This amount included investments in the expansion and refurbishment of production facilities for ball bearings in Thailand, China and Singapore, and the expansion of production facilities for pivot assemblies in Thailand, as well as investments in facilities related to the production of electronic devices—notably HDD spindle motors and LED backlight assemblies—in Thailand and information motors in Thailand, China and Malaysia.

In fiscal 2008, we expect purchase of tangible fixed assets to be in the area of ¥27,500 million. We plan on making investments to, among others, build new plants overseas, expand and rationalize production facilities for ball bearings, expand production of aircraft components and rationalize production of HDD spindle motor production and molds.

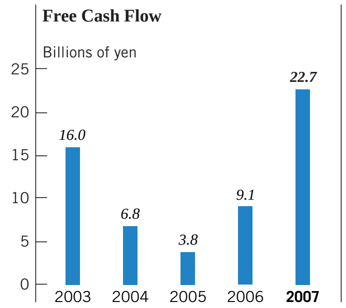
Dividend Policy

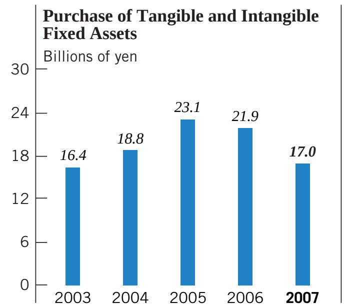
To date, our dividend policy has centered on appropriating profits to implement stable dividend payments to shareholders. Going forward, however, our primary emphasis will be raising capital efficiency and enhancing the distribution of profits to shareholders while giving comprehensive consideration to our operating environment. Accordingly, we will pursue a policy of ensuring a return on investment for shareholders that is in line with our operating results.

In line with our new policy, cash dividends for fiscal 2007 were declared at ¥10.00, an increase of ¥3.00. As a result, the payout ratio was 31.0%.

Free Cash Flow

Free cash flow (calculated by subtracting net cash used in investing activities from net cash provided by operating activities) totaled ¥22,722 million, an increase of 149.2%, or ¥13,605 million, from fiscal 2006.





Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥37,902 million, 34.2%, or ¥9,665 million, higher than in fiscal 2006. This change was primarily attributable to a ¥9,903 million increase in income before income taxes and minority interests, to ¥19,523 million, and a ¥6,403 million decrease in inventories, ¥4,321 million greater than in fiscal 2006. Depreciation and amortization totaled ¥24,648 million, up ¥676 million from the previous fiscal year.

Cash Flows from Investing Activities

Net cash used in investing activities decreased 20.6%, or ¥3,940 million, to ¥15,180 million. The principal factor contributing to this result was the application of ¥16,969 million for the purchase of tangible fixed assets, a decline of ¥4,928 million.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥25,683 million, an increase of 248.0%, or ¥18,303 million, from fiscal 2006. This change was primarily due to the application of ¥22,876 million to the repayment of long-term debt, up ¥18,309 million, and cash dividends paid of ¥2,793 million, essentially level with the previous period.

Cash and Cash Equivalents

Operating, investing and financing activities in fiscal 2007 resulted in a net decrease in cash and cash equivalents of ¥2,654 million, to ¥21,731 million, as net cash used in financing activities exceeded free cash flow.

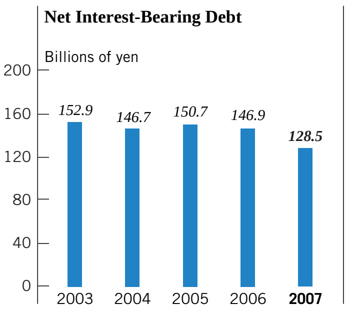
Free Cash Flow

Millions of yen

Years ended March 31	**2007**	2006	2005	2004	2003
Net cash provided by operating activities	**¥ 37,902**	¥ 28,237	¥ 27,586	¥ 21,714	¥ 32,279
Net cash used in investing activities Portion of above used in purchase of tangible fixed assets	**(15,180)**	(19,120)	(23,789)	(14,932)	(16,233)
Purchase of tangible fixed assets	**(16,969)**	(21,897)	(23,060)	(18,825)	(16,382)
Free cash flow	**22,722**	9,117	3,797	6,782	16,046

Note: Effective fiscal 2005, Minebea calculates free cash flow by subtracting net cash used in investing activities from net cash provided by operating activities. Figures for previous years have been restated using this calculation.

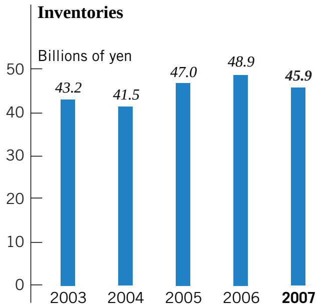
Assets, Liabilities and Net Assets



Total assets at the end of fiscal 2007 amounted to ¥354,784 million, an increase of 1.4%, or ¥4,922 million, from the fiscal 2006 year-end. The impact of yen depreciation on this total was approximately ¥26,000 million. Total net assets were ¥142,558 million. Net interest-bearing debt (total debt minus cash and cash equivalents) declined 12.5%, or ¥18,357 million, to ¥128,530 million. As a consequence, the net debt-to-equity ratio improved, to 0.9 times. The equity ratio was 40.1%, up 6.5 percentage points.

Assets

Cash and cash equivalents in fiscal 2007 declined ¥2,654 million, to ¥21,731 million, owing primarily to an increase in outlays aimed at reducing interest-bearing debt. Notes and accounts receivable—trade rose ¥5,521 million, to ¥71,883 million, including approximately ¥1,800 million attributable to yen depreciation. Despite the impact of yen depreciation, which added approximately ¥3,400 million, inventories fell ¥3,010 million, to ¥45,904 million, reflecting declines attributable to Companywide efforts to reduce inventories and the restructuring of our PC keyboard business. Deferred tax assets (short-term) amounted to ¥7,056 million, an increase of ¥3,654 million. As a consequence, total current assets rose 1.6%, or ¥2,495 million, to ¥156,059 million.



Net tangible fixed assets rose 3.2%, or ¥5,305 million, to ¥171,064 million. Purchase of tangible fixed assets (capital investment) totaled ¥16,969 million, while depreciation and amortization amounted to ¥24,648 million. Yen depreciation added approximately ¥19,500 million to this total. Intangible fixed assets totaled ¥11,974 million, a decline of 9.1%, or ¥1,203 million. Net investments and other assets were down 9.5%, or ¥1,633 million, to ¥15,647 million. Deferred charges declined ¥42 million, to ¥40 million.

Liabilities

Total notes and accounts payable rose ¥1,558 million, to ¥38,167 million. The impact of yen depreciation was approximately ¥2,700 million. Short-term loans payable fell ¥23,017 million, to ¥57,639 million. The current portion of long-term debt increased ¥3,006 million, to ¥14,122 million. Owing to such factors, total current liabilities declined 13.1%, or ¥19,731 million, to ¥131,155 million.

Long-term debt declined 1.3%, or ¥1,000 million, to ¥78,500 million. As a consequence, total long-term liabilities edged down 0.4%, or ¥304 million, to ¥81,071 million.

Net Assets

Total net assets at fiscal 2007 year-end were ¥142,558 million. Differences on revaluation of other marketable securities declined ¥1,133 million, while retained earnings climbed ¥8,872 million, and foreign currency translation adjustments declined ¥17,052 million. Minority interests in consolidated subsidiaries totaled ¥204 million, down 67.7%, or ¥428 million.

Financial Position

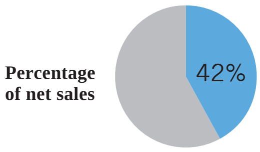
Millions of yen

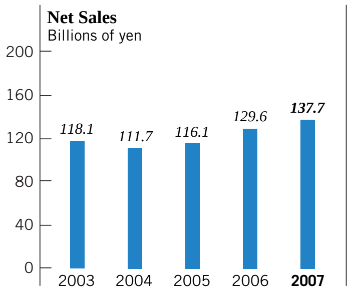
As of March 31	**2007**	2006	2005	2004	2003
Total assets	**¥354,784**	¥349,862	¥332,217	¥314,915	¥320,069
Cash and cash equivalents at end of year	**21,731**	24,385	21,759	24,780	14,177
Total current assets	**156,059**	153,564	147,295	138,953	127,447
Inventories	**45,904**	48,914	46,963	41,534	43,204
Total current liabilities	**131,155**	150,886	141,449	167,626	134,459
Working capital	**24,905**	2,678	5,846	(28,673)	(7,012)
Interest-bearing debt	**150,261**	171,272	172,453	171,485	167,125
Net interest-bearing debt	**128,530**	146,887	150,694	146,706	152,947
Total net assets	**142,558**	118,209	102,088	93,866	98,213
Equity ratio	**40.1%**	33.6%	30.7%	29.8%	30.7%
Debt-to-equity ratio (Times)	**1.1**	1.5	1.7	1.8	1.7
Net debt-to-equity ratio (Times)	**0.9**	1.2	1.5	1.6	1.6
Net assets per share (Yen)	**356.75**	294.65	255.82	235.21	246.08

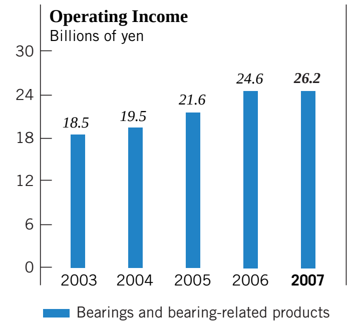
Note: Effective fiscal 2007, Minebea has applied the Accounting Standard for Presentation of Net Assets in the Balance Sheet and the Implementation Guidance for the Accounting Standard for Presentation of Net Assets in the Balance Sheet. Accordingly, "shareholders' equity," "total shareholders' equity/total assets" and "shareholders' equity per share (yen)" have been restated as "net assets," "equity ratio" and "net assets per share (yen)," respectively. Also, fiscal 2007 and 2006 figures include minority interests in net assets.

Performance by Business Segment

Machined Components







Principal Products

Bearings and Bearing-Related Products
- Miniature ball bearings
- Small-sized ball bearings
- Integrated-shaft ball bearings
- Rod-end bearings
- Spherical bearings
- Roller bearings
- Sleeve bearings
- Pivot assemblies
- Tape guides

Other Machined Components
- Aerospace/automotive fasteners
- Special machined components
- Magnetic clutches and brakes

Net sales in the machined components segment rose 6.2%, or ¥8,067 million, to ¥137,662 million. Operating income increased 6.7%, or ¥1,639 million, to ¥26,195 million. The segment's operating margin, calculated using sales to external customers, edged up 0.1 percentage point, to 19.0%. Despite the appreciation of the baht, sales of mainstay products increased, reflecting persistently strong demand worldwide and stable sales prices.

Principal Products and Applications and Minebea's Global Market Share

Principal Products	*Principal Applications*	*Global Market Share**
Bearings and bearing-related products		
Miniature and small-sized ball bearings	Small motors, household electrical appliances, information and telecommunications equipment, automobiles	60%
Rod-end and spherical bearings	Aircraft	50%
Pivot assemblies	HDDs	65%
Other machined components		
Special machined components, fasteners	Aircraft, automobiles, industrial machinery	—

*Global market shares are in terms of units shipped, except the market share for rod-end and spherical bearings, which is in terms of sales value. Market shares are Minebea estimates based on information collected by the Company and by market research firms.

Ongoing Efforts

Sales of principal segment products miniature and small-sized ball bearings increased, primarily to manufacturers of automobiles, PCs and peripheral equipment, and office automation equipment, as did operating income. We expanded production capacity for miniature ball bearings in response to market growth, a consequence of brisk demand for use in miniature ball bearings for use in pivot assemblies, fan motors and other components for PCs and digital home electronics products. We also continued to lower manufacturing costs through efforts to improve yield and rationalize operations. In line with the theme of returning to the basics of manufacturing, we are striving to reinforce this business. We have also created a department dedicated to basic technology development.

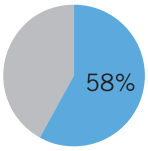
In rod-end and spherical bearings, both sales and income were up, reflecting robust aircraft production worldwide. In response to sustained double-digit growth in demand from aircraft manufacturers, we are expanding production capacity at our plants in Japan (Karuizawa), the United States and the United Kingdom, while at the same time stepping up front-end production in Thailand with the aim of establishing a low-cost structure and further enhancing capacity.

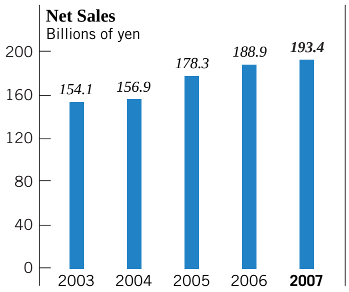
In addition, we are striving to augment our existing rod-end and spherical bearings operations by entering the markets for engine peripherals combining these products with ball bearings and large mechanical parts that make use of sophisticated processing technologies.

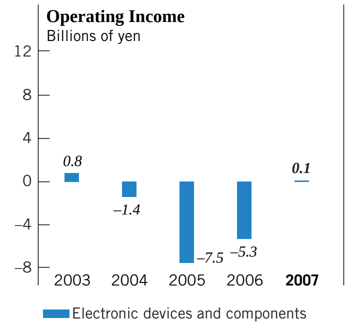
The market for pivot assemblies continues to grow, spurred by expanding demand for use in HDDs for PCs and home electronics products. With double-digit growth in the market for pivot assemblies for use in HDDs expected to continue, our ongoing objective is to maintain our commanding market share. To this end, we are taking steps to lower manufacturing costs by increasing production capacity, shifting parts production in-house, increasing yields and standardizing designs.

Electronic Devices and Components

Percentage of net sales







Principal Products

Rotary Components

- HDD spindle motors
- Fan motors
- Hybrid-type stepping motors
- PM-type stepping motors
- Brush DC motors
- Vibration motors
- VR resolvers

Other Electronic Devices and Components

- PC keyboards
- Speakers
- Electronic devices
  - Color wheels
  - MOD drive subassemblies
  - Lighting devices for LCDs
  - Magnetic heads for FDDs
  - Backlight inverters
- Measuring components
  - Strain gages
  - Load cells

Net sales in the Electronic Devices and Components segment increased 2.4%, or ¥4,509 million, to ¥193,360 million. While the restructuring hampered sales in our PC keyboards business, sales of electronics devices, notably mainstay LED backlight assemblies and the depreciation of the yen supported higher segment sales. The segment returned to profitability after four consecutive years in the red, registering operating income of ¥70 million, ¥5,357 million higher than in fiscal 2006. The segment's operating margin, calculated using sales to external customers, was 0.0%, a 2.8-percentage point improvement from the previous period. This primarily reflected improved profitability for information motors, PC keyboards and HDD spindle motors, which countered the impact of the appreciation of the baht.

Principal Products and Applications and Minebea's Global Market Share

Principal Products	*Principal Applications*	*Global Market Share**
Rotary components		
HDD spindle motors	HDDs	15%
Information motors (fan motors, stepping motors, brush DC motors, vibration motors)	PCs and servers, information and telecommunications equipment, household electrical appliances, cellular phones, bicycles, industrial machinery	5%–20%, depending on product
Other electronic devices and components		
PC keyboards	PCs	5%
Lighting devices for LCDs	Cellular phones, digital cameras, portable digital information terminals	15%
Speakers	Audio equipment, PCs, automobiles	—
Measuring instruments	Industrial machinery, automobiles	—

*Global market shares are in terms of units shipped, except the market share for rod-end and spherical bearings, which is in terms of sales value. Market shares are Minebea estimates based on information collected by the Company and by market research firms.

Ongoing efforts

In the HDD spindle motor business, the appreciation of the baht caused an increase in costs during the period under review. Nonetheless, efforts to reduce costs helped return the segment to profitability. We will continue to work to maintain sales prices, as well as step up production and sales of 2.5-inch HDD motors containing fluid dynamic bearings, which boast high unit prices.

We have completed the initial phase of a reorganization of our information motors business, achieving an increase in sales and a return to profitability. Specific steps included creating a low-cost manufacturing structure by integrating and closing manufacturing facilities, reconsidering our use of outside suppliers and lowering costs by reconsidering royalty payments to the parent company. We are also striving to improve the precision of order confirmation and accelerate the introduction of new products to enhance our product mix. In response to brisk demand, we overhauled our production lines for fan motors with the aim of drastically improving productivity and expanding production capacity.

In the latter half of the period under review, we restructured the PC keyboards business, withdrawing from the production of persistently unprofitable products and focusing our efforts on high-value-added products, including keyboards for notebook PCs and wireless keyboards. We also reduced fixed costs by reorganizing our manufacturing, sales and technological groups, reducing employee numbers and eliminating certain facilities. These moves resulted in a decline in sales, but in March 2007, the first month after completion of this restructuring, this business returned to profitability on a monthly basis.

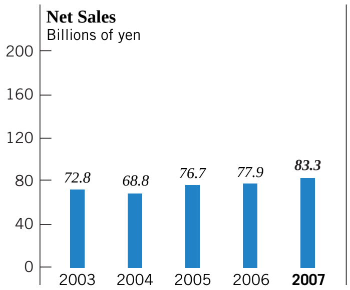
In electronic devices, we registered an increase in sales of mainstay LED backlight assemblies despite falling sales prices, owing to expansion of the cellular phone market and an increase in the number of models using our products. In March 2007, we entered the market for medium-sized LED backlight assemblies used in car navigation equipment.

In our speaker business, intensifying competition pushed sales down. In measuring instruments, efforts to respond to diverse market needs by applying our core technologies enabled us to achieve a high level of income, although sales remained level with fiscal 2006.

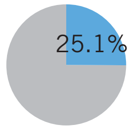
Performance by Geographic Segment

Japan

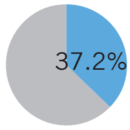
Net sales in Japan rose 6.9%, or ¥5,409 million, to ¥83,265 million. Operating income soared 408.3%, or ¥7,848 million, to ¥9,770 million, owing to changes in the prices of products imported from overseas subsidiaries.



Percentage of net sales

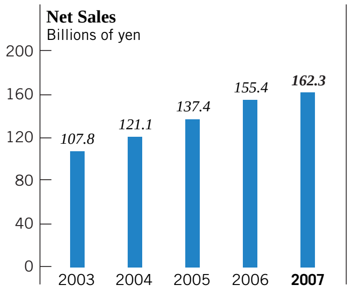


Percentage of operating income

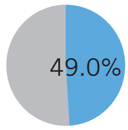


Asia (Excluding Japan)

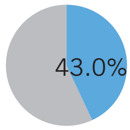
Asia includes the high-growth greater China region, an important manufacturing base for many companies in Japan, Europe, the Americas and elsewhere. Sales in the region were firm, particularly in greater China, supported by expanded demand from the information and telecommunications industry and steady demand from the household electrical appliances industry. As a consequence, net sales increased 4.4%, or ¥6,907 million, to ¥162,330 million. Despite higher sales, operating income fell 12.0%, or ¥1,544 million, to ¥11,299 million.



Percentage of net sales

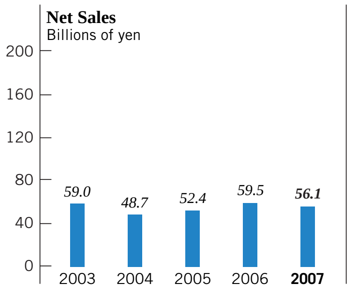


Percentage of operating income

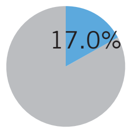


North America

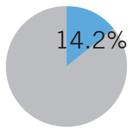
In North America, both orders and sales of U.S.-made ball bearings and rod-end bearings for the aerospace industry were strong. In addition, sales of imported machined components and electronic devices were firm. Owing to a decline in sales of PC keyboards, however, reflecting our move to focus on high-value-added models, net sales declined 5.6%, or ¥3,358 million, to ¥56,110 million. Nonetheless, operating income increased 29.2%, or ¥842 million, to ¥3,730 million.



Percentage of net sales

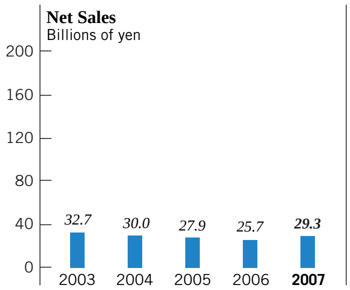


Percentage of operating income

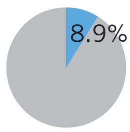


Europe

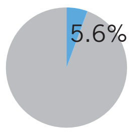
In Europe, sales of ball bearings and rod-end bearings remained firm, buoyed by moderate economic growth. As a consequence, net sales rose 14.1%, or ¥3,618 million, to ¥29,317 million, although operating income declined 9.3%, or ¥150 million, to ¥1,466 million.



Percentage of net sales



Percentage of operating income



Note: Net sales figures represent sales to external customers.

Minebea manufactures and sells a wide range of products around the world. These include ball bearings and other precision components that apply its expertise in ball bearings; aircraft components, notably rod-end bearings and high-end fasteners; and electronic components used in state-of-the-art electronics equipment. Minebea and the companies of the Minebea Group also cooperate closely to conduct R&D in each of these fields.

Minebea has established six R&D bases, two in Japan (Karuizawa and Hamamatsu plants) and one each in Thailand, Singapore, China, the United States and Europe. These bases strive to leverage their particular expertise and promote complementary R&D with the aim of accelerating the development of products that will lead to the creation of new businesses.

In fiscal 2007, R&D costs for the Minebea Group amounted to ¥9,000 million. This included ¥309 million allocated to basic research at R&D centers in Thailand, Singapore and China, such as basic materials analysis, and other research that cannot be apportioned to individual business.

R&D activities in each of our business segments in fiscal 2007 are outlined below.

Machined Components

R&D in this segment focused on mainstay bearings, that is, on developing materials, lubricants, machining and other processes, and tribology for ball bearings, sliding bearings and fluid dynamic bearings. Efforts also focus on responding to rising demand for all types of bearings, buoyed by robust operating conditions, from the information equipment, home electrical appliance, automobile and aerospace industries, and on responding to the requirements of manufacturers in new areas, through optimized and applied engineering. With manufacturers of HDDs beginning to adopt perpendicular magnetic recording to achieve higher recording densities, the precision of key components is becoming an increasingly crucial consideration. The ball bearings used in Minebea's pivot assemblies were developed to realize extremely low dust scattering and gas contamination. We have helped manufacturers of printers and copiers respond to demand for higher-quality output, which has risen in recent years, by developing and manufacturing a highly conductive proprietary bearing grease that resolves the problem of electric charge transfer inside printers and copiers—the key to output quality. In the area of lubricant development, we have also succeeded in developing a low-viscosity lubricant for fluid dynamic bearings used in HDD spindle motors, thereby reinforcing the technological foundation that will facilitate the development of increasingly compact HDD spindle motors. In the area of bearings for the aerospace industry, we have completed development of trunnion bearings and spherical bearings for use in tierod mechanical assemblies and main landing gear by applying the sliding bearing technology used in our rod-end bearings.

R&D costs in the machined components segment in fiscal 2007 amounted to ¥2,082 million.

Electronic Devices and Components

Mainstay motors in this segment include fan motors, stepping motors, DC motors, brushless DC motors and HDD spindle motors. We are working to enhance our various core analysis technologies, control technologies and materials technologies, with the aim of being the first to launch advanced products that respond to customer requirements for compact size, high efficiency (low energy consumption), quietness and reliability, which vary depending on type of motor and application. For magnetic application products, our R&D efforts emphasize materials technologies, core technologies and product-related technologies. These efforts continue to yield such outstanding products as rare earth bond magnets for high-performance motors and transformers for inverters. In the area of display-related products, we focused on advanced condensed matter physics and materials and core technologies, and the development of high-performance LCD backlight assemblies for LEDs, medium-sized LCD backlight assemblies for car navigation systems and optical components for projectors. We are also combining our noted ultraprecision machining, mold production and molding technologies with CAD/CAE engineering, optical engineering, thin film-formation and photolithographic technologies to develop compact and medium-sized LCD backlight assemblies for next-generation mobile devices, optical components for projectors, and LED modules and other components for flat-panel displays.

In electronics-related products, we are targeting the display market by promoting the development of advanced circuits for, among others, inverters used in high-efficiency, large-screen televisions and high-pressure mercury lamps used in projectors. We are also engaged in the development of drive circuits that will optimize the efficiency and power-smart performance of our high-efficiency motors, underscoring our desire to contribute to the prevention of global warming from the product development stage. On another front, we are conducting research in the area of wireless transmission technology, an area that we believe will grow in importance as demand grows for wirelessly connected OA equipment and home electrical appliances.

In fiscal 2007, R&D costs in the electronic devices and components segment totaled ¥6,609 million.

Outlook for Fiscal 2008

(as of May 31, 2007)

In Japan, favorable business results are expected to favorably affect household spending and private-sector demand to continue driving economic expansion. Elsewhere in Asia, China's economy continues to expand, while in the United States sustained, moderate economic growth is forecast despite concerns over crude oil prices. As a consequence, well-balanced growth in the global economy is expected to continue in fiscal 2008.

In our machined components segment we will take decisive steps to expand sales of mainstay ball bearings to the automobile and information and telecommunications equipment industries, demand from which remains firm. By maximizing economies of scale resulting from expanded sales to further reduce costs, we will strive to further improve segment results. We expect our rod-end bearings business to benefit from a robust market for these bearings for aerospace use, particularly in Europe and the United States. We also expect favorable sales of pivot assemblies, reflecting favorable demand.

In the electronic devices and components segment, we expect solid results in the information motors business, owing to major structural reforms aimed at improving production efficiency and subcontractor management and at revamping our product mix. In HDD spindle motors, we will continue to promote cost reductions and strive to expand sales of 2.5-inch motors. In PC keyboards, we expect stable results with the completion of a shift in the focus of our production and sales structure to high-value-added models. Sales of measuring components and other products are also expected to advance favorably.

As a consequence of the abovementioned factors, as of May 31, 2007, we forecast consolidated net sales of ¥335,000 million, operating income of ¥30,000 million and net income of ¥15,000 million in fiscal 2008.

Risk Management

Minebea recognizes a variety of risks and uncertainties that have the potential to affect its operating results and/or financial position. As of June 28, 2007, the date of Minebea's Japanese-language *yuka shoken hokokusho*, the filing of which is required of all publicly traded companies under Japan's Securities and Exchange Law, Minebea recognized the following risks.

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. Accordingly, our operating results and financial position are vulnerable to sudden fluctuations in demand and changes in our customers' product requirements.

Foreign Exchange Risk

A significant portion of our consolidated net sales are in markets 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 fluctuations in foreign currency exchange rates may affect our operating results and/or financial position over the long term.

R&D Risk

With the aim of introducing a constant stream of new, high-quality products, we conduct extensive R&D. Nonetheless, there is no guarantee that R&D efforts will come to fruition. Accordingly, we are subject to the risk that significant R&D expenditures may not be rewarded with successful products.

Litigation Risk

The Legal Department is responsible for managing risk related to lawsuits and other legal actions brought against our operations in Japan and/or overseas. However, 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.

Risk Related to Price Negotiations

We continue to face intense competition from lower-priced products manufactured in other countries and regions. Accordingly, we are subject to the risk that we will be unable to maintain or increase our share should market needs shift to low-quality, low-priced products.

Risk Related to Raw Materials and Logistics Costs

We purchase a variety of materials from external suppliers and strive to ensure optimal 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.

Latent Risk Related to Operations Overseas

The Minebea Group's manufacturing activities are conducted primarily in Thailand, China and Singapore. While considerable time has passed since we established operations in these countries, and while we continue to promote the integration of these operations, our operations overseas are subject to a number of risks that may have a negative impact on our operating results and/or financial position. These include unexpected changes to laws or regulations, difficulty in attracting and securing appropriate human resources, and acts of terrorism or war, or other acts that may cause social disruption.

Consolidated Balance Sheets

As of March 31, 2007 and 2006

Assets	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 3) 2007
Current Assets:			
Cash and cash equivalents (Note 2-c)	¥ 21,731	¥ 24,385	$ 184,086
Notes and accounts receivable (Notes 2-d and 4):			
Trade	71,883	66,362	608,921
Other	1,440	2,920	12,200
	73,323	69,282	621,121
Allowance for doubtful receivables (Note 2-d)	(249)	(285)	(2,114)
Total notes and accounts receivable	73,074	68,997	619,007
Inventories (Note 2-e)	45,904	48,914	388,855
Deferred tax assets (Note 7)	7,056	3,402	59,779
Prepaid expenses and other current assets	8,294	7,866	70,253
Total current assets	156,059	153,564	1,321,980
Tangible Fixed Assets (Note 2-f and 6)**:**			
Land	15,528	14,755	131,543
Buildings and structures	112,534	104,435	953,272
Machinery and transportation equipment	311,703	283,727	2,640,432
Construction in progress	1,772	1,517	15,010
	441,537	404,434	3,740,257
Accumulated depreciation	(270,473)	(238,675)	(2,291,179)
Net tangible fixed assets	171,064	165,759	1,449,078
Intangible Fixed Assets:			
Goodwill (Note 2-j)	8,794	9,794	74,495
Other	3,180	3,383	26,936
	11,974	13,177	101,431
Investments and Other Assets:			
Investments in affiliates (Notes 2-g and 4)	143	148	1,207
Investments in securities (Note 2-g)	11,176	10,816	94,675
Long-term loans receivable	54	46	465
Deferred tax assets (Note 7)	990	4,552	8,390
Other (Note 2-h)	3,284	1,773	27,812
	15,647	17,335	132,549
Allowance for doubtful receivables (Note 2-d)	(0)	(55)	(4)
Net investments and other assets	15,647	17,280	132,545
Deferred Charges	40	82	341
Total Assets	¥ 354,784	¥ 349,862	$ 3,005,375

The accompanying notes to consolidated financial statements are an integral part of these statements.

Liabilities and Net Assets	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 3) 2007
Current Liabilities:			
Short-term loans payable (Note 5)	¥ 57,639	¥ 80,656	$ 488,265
Current portion of long-term debt (Note 5)	14,122	11,116	119,624
Notes and accounts payable (Note 4):			
Trade	27,744	26,683	235,016
Other	10,423	9,926	88,296
Total notes and accounts payable	38,167	36,609	323,312
Income taxes payable (Note 7)	4,419	3,045	37,430
Accrued expenses and other current liabilities	16,808	19,460	142,379
Total current liabilities	131,155	150,886	1,111,010
Long-Term Liabilities:			
Long-term debt (Note 5)	78,500	79,500	664,972
Others (Note 2-h)	2,571	1,267	21,783
Total long-term liabilities	81,071	80,767	686,755
Contingent Liabilities (Notes 13 and 14)			
Total liabilities	212,226	231,653	1,797,765
Net Assets (Note 11):			
Shareholders' equity:			
Common stock			
Authorized: 1,000,000,000 shares			
Issued: March 31, 2007—399,167,695 shares			
March 31, 2006—399,167,695 shares	68,259	68,259	578,220
Capital surplus	94,757	94,757	802,684
Earnings surplus	15,855	6,983	134,313
Treasury stock	(80)	(66)	(675)
Total shareholders' equity	178,791	169,933	1,514,542
Revaluation/Translation differences:			
Differences on revaluation of other marketable securities	3,295	4,428	27,911
Foreign currency translation adjustments	(39,732)	(56,784)	(336,575)
Total revaluation/translation differences	(36,437)	(52,356)	(308,664)
Minority interests in consolidated subsidiaries	204	632	1,732
Total net assets	142,558	118,209	1,207,610
Total Liabilities and Net Assets	¥354,784	¥349,862	$3,005,375

Consolidated Statements of Income

Years ended March 31, 2007, 2006 and 2005

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2007	2006	2005	**2007**
Net Sales (Note 4)	**¥331,022**	¥318,446	¥294,422	**$2,804,084**
Cost of Sales (Notes 4 and 10)	**257,644**	249,935	232,019	**2,182,495**
Gross profit	**73,378**	68,511	62,403	**621,589**
Selling, General and Administrative Expenses (Notes 2-j and 10)	**47,113**	49,242	48,320	**399,097**
Operating income	**26,265**	19,269	14,083	**222,492**
Other Income (Expenses):				
Interest income	**544**	258	145	**4,613**
Equity income of affiliates	**—**	5	13	**—**
Equity loss of affiliates	**(5)**	—	—	**(43)**
Interest expense	**(5,224)**	(4,771)	(3,361)	**(44,258)**
Gains on sales of investment securities and investment securities in affiliates	**0**	191	—	**8**
Losses on devaluation of investment securities	**—**	—	(619)	**—**
Foreign currency exchange losses (Note 2-b)	**(680)**	(345)	(755)	**(5,758)**
Losses on sales and disposals of tangible fixed assets	**(1,688)**	(870)	(1,019)	**(14,299)**
Losses on liquidation of subsidiaries and affiliates	**(56)**	(86)	(270)	**(475)**
Gains on the reversal of preemptive rights	**—**	447	—	**—**
Reversal of loss on after-care of products	**572**	—	—	**4,852**
Impairment loss	**(74)**	(967)	—	**(634)**
Business restructuring loss	**(40)**	(3,475)	—	**(345)**
Settlement loss	**(808)**	—	—	**(6,845)**
Compensation payments	**(70)**	—	—	**(593)**
Other, net	**787**	(36)	(439)	**6,670**
	(6,742)	(9,649)	(6,305)	**(57,107)**
Income before Income Taxes and Minority Interests	**19,523**	9,620	7,778	**165,385**
Income Taxes (Note 7)**:**				
Current	**6,249**	5,567	5,943	**52,935**
Deferred (benefit)	**813**	1,574	(430)	**6,892**
	7,062	7,141	5,513	**59,827**
Minority Interests	**401**	1,778	3,316	**3,399**
Net Income	**¥ 12,862**	¥ 4,257	¥ 5,581	**$ 108,957**

	Yen			U.S. dollars (Note 3)
Per Share Data (Note 12)**:**				
Net income:				
Basic	**¥32.23**	¥10.67	¥13.93	**$0.27**
Diluted	**—**	—	13.27	**—**
Cash dividends applicable to the year	**10.00**	7.00	7.00	**0.08**

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2007, 2006 and 2005

Millions of yen

	Shareholders' Equity					Revaluation/Translation Differences				
	Common Stock	Capital Surplus	Earnings Surplus	Treasury Stock	Total Shareholders' Equity	Differences on Revaluation of Other Marketable Securities	Foreign Currency Translation Adjustments	Total Revaluation/ Translation Differences	Minority Interests in Consolidated Subsidiaries	Total Net Assets
Balance at March 31, 2004	¥68,259	¥94,757	¥ 2,755	¥(47)	¥165,724	¥1,648	¥(73,506)	¥(71,858)	¥ 679	¥ 94,545
Changes:										
Cash dividend from retained earnings	—	—	(2,793)	—	(2,793)	—	—	—	—	(2,793)
Net income	—	—	5,581	—	5,581	—	—	—	—	5,581
Purchase of own shares	—	—	—	(12)	(12)	—	—	—	—	(12)
Sales of own shares	—	—	(0)	3	3	—	—	—	—	3
Bonuses to directors	—	—	(24)	—	(24)	—	—	—	—	(24)
Changes (net) in non-shareholders' equity items	—	—	—	—	—	(73)	5,541	5,468	1,855	7,323
Total changes	—	—	2,764	(9)	2,755	(73)	5,541	5,468	1,855	10,078
Balance at March 31, 2005	¥68,259	¥94,757	¥ 5,519	¥(56)	¥168,479	¥1,575	¥(67,965)	¥(66,390)	¥2,534	¥104,623

Millions of yen

	Shareholders' Equity					Revaluation/Translation Differences				
	Common Stock	Capital Surplus	Earnings Surplus	Treasury Stock	Total Shareholders' Equity	Differences on Revaluation of Other Marketable Securities	Foreign Currency Translation Adjustments	Total Revaluation/ Translation Differences	Minority Interests in Consolidated Subsidiaries	Total Net Assets
Balance at March 31, 2005	¥68,259	¥94,757	¥ 5,519	¥(56)	¥168,479	¥1,575	¥(67,965)	¥(66,390)	¥ 2,534	¥104,623
Changes:										
Cash dividend from retained earnings	—	—	(2,793)	—	(2,793)	—	—	—	—	(2,793)
Net income	—	—	4,257	—	4,257	—	—	—	—	4,257
Purchase of own shares	—	—	—	(11)	(11)	—	—	—	—	(11)
Sales of own shares	—	—	(0)	1	1	—	—	—	—	1
Changes (net) in non-shareholders' equity items	—	—	—	—	—	2,853	11,181	14,034	(1,902)	12,132
Total changes	—	—	1,464	(10)	1,454	2,853	11,181	14,034	(1,902)	13,586
Balance at March 31, 2006	¥68,259	¥94,757	¥ 6,983	¥(66)	¥169,933	¥ 4,428	¥(56,784)	¥(52,356)	¥ 632	¥118,209

Millions of yen

	Shareholders' Equity					Revaluation/Translation Differences				
	Common Stock	Capital Surplus	Earnings Surplus	Treasury Stock	Total Shareholders' Equity	Differences on Revaluation of Other Marketable Securities	Foreign Currency Translation Adjustments	Total Revaluation/ Translation Differences	Minority Interests in Consolidated Subsidiaries	Total Net Assets
Balance at March 31, 2006	**¥68,259**	**¥94,757**	**¥ 6,983**	**¥(66)**	**¥169,933**	**¥ 4,428**	**¥(56,784)**	**¥(52,356)**	**¥ 632**	**¥118,209**
Changes:										
Cash dividend from retained earnings	**—**	**—**	**(3,990)**	**—**	**(3,990)**	**—**	**—**	**—**	**—**	**(3,990)**
Net income	**—**	**—**	**12,862**	**—**	**12,862**	**—**	**—**	**—**	**—**	**12,862**
Purchase of own shares	**—**	**—**	**—**	**(15)**	**(15)**	**—**	**—**	**—**	**—**	**(15)**
Sales of own shares	**—**	**0**	**—**	**1**	**1**	**—**	**—**	**—**	**—**	**1**
Changes (net) in non-shareholders' equity items	**—**	**—**	**—**	**—**	**—**	**(1,133)**	**17,052**	**15,919**	**(428)**	**15,491**
Total changes	**—**	**0**	**8,872**	**(14)**	**8,858**	**(1,133)**	**17,052**	**15,919**	**(428)**	**24,349**
Balance at March 31, 2007	**¥68,259**	**¥94,757**	**¥15,855**	**¥(80)**	**¥178,791**	**¥ 3,295**	**¥(39,732)**	**¥(36,437)**	**¥ 204**	**¥142,558**

Thousands of U.S. dollars (Note 3)

	Shareholders' Equity					Revaluation/Translation Differences				
	Common Stock	Capital Stock	Earnings Surplus	Treasury Stock	Total Shareholders' Equity	Differences on Revaluation of Other Marketable Securities	Foreign Currency Translation Adjustments	Total Revaluation/ Translation Differences	Minority Interests in Consolidated Subsidiaries	Total Net Assets
Balance at March 31, 2006	**$578,220**	**$802,682**	**$ 59,158**	**$(555)**	**$1,439,505**	**$37,514**	**$(481,020)**	**$(443,506)**	**$ 5,349**	**$1,001,348**
Changes:										
Cash dividend from retained earnings	**—**	**—**	**(33,802)**	**—**	**(33,802)**	**—**	**—**	**—**	**—**	**(33,802)**
Net income	**—**	**—**	**108,957**	**—**	**108,957**	**—**	**—**	**—**	**—**	**108,957**
Purchase of own shares	**—**	**—**	**—**	**(129)**	**(129)**	**—**	**—**	**—**	**—**	**(129)**
Sales of own shares	**—**	**2**	**—**	**9**	**11**	**—**	**—**	**—**	**—**	**11**
Changes (net) in non-shareholders' equity items	**—**	**—**	**—**	**—**	**—**	**(9,603)**	**144,445**	**134,842**	**(3,617)**	**131,225**
Total changes	**—**	**2**	**75,155**	**(120)**	**75,037**	**(9,603)**	**144,445**	**134,842**	**(3,617)**	**206,262**
Balance at March 31, 2007	**$578,220**	**$802,684**	**$134,313**	**$(675)**	**$1,514,542**	**$27,911**	**$(336,575)**	**$(308,664)**	**$ 1,732**	**$1,207,610**

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Years ended March 31, 2007, 2006 and 2005

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2007	2006	2005	2007
Cash Flows from Operating Activities:				
Income before income taxes and minority interests	¥ 19,523	¥ 9,620	¥ 7,778	$ 165,385
Depreciation and amortization	24,648	23,972	22,462	208,794
Impairment loss	74	967	—	634
Amortization of goodwill	1,079	1,073	1,083	9,140
Interest and dividend income	(610)	(330)	(182)	(5,174)
Interest expense	5,224	4,771	3,361	44,258
Losses on sales and disposals of tangible fixed assets	1,505	455	718	12,744
Gains on the reversal of preemptive rights	—	(447)	—	—
Increase in notes and accounts receivable	(3,674)	(110)	(1,020)	(31,121)
Decrease (increase) in inventories	6,403	2,082	(1,597)	54,241
(Decrease) increase in notes and accounts payable	(1,629)	(1,215)	1,283	(13,804)
(Decrease) increase in allowances for business restructuring losses	(2,650)	3,286	—	(22,445)
Settlement loss	808	—	—	6,845
Decrease in warranty reserve	(577)	—	—	(4,891)
Other	(2,945)	(6,760)	1,256	(24,954)
Subtotal	47,179	37,364	35,142	399,652
Interest and dividends received	611	330	183	5,173
Interest paid	(5,252)	(4,844)	(3,388)	(44,487)
Income taxes paid	(4,636)	(4,613)	(4,351)	(39,268)
Net cash provided by operating activities	37,902	28,237	27,586	321,070
Cash Flows from Investing Activities:				
Purchase of tangible fixed assets	(16,969)	(21,897)	(23,060)	(143,748)
Proceeds from sales of tangible fixed assets	5,188	3,047	2,173	43,945
Purchase of intangible fixed assets	(697)	(311)	(3,059)	(5,905)
Payments for purchase of shares in subsidiaries	—	(342)	—	—
Net proceeds from acquisition of shares in subsidiaries	—	—	71	—
Long-term loans provided	(32)	(18)	(67)	(269)
Other, net	(2,670)	401	153	(22,614)
Net cash used in investing activities	(15,180)	(19,120)	(23,789)	(128,591)
Cash Flows from Financing Activities:				
Repayment of short-term and long-term debt	(22,876)	(4,567)	(5,909)	(193,786)
Cash dividends paid	(2,793)	(2,793)	(2,793)	(23,663)
Cash dividends paid to minority shareholders	—	(14)	(16)	—
Other, net	(14)	(6)	(54)	(118)
Net cash used in financing activities	(25,683)	(7,380)	(8,772)	(217,567)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	307	889	358	2,603
Net (decrease) increase in cash and cash equivalents	(2,654)	2,626	(4,617)	(22,485)
Cash and Cash Equivalents at Beginning of Year	24,385	21,759	24,780	206,571
Increase in Cash and Cash Equivalents Due to Establishment of a Joint Venture	—	—	1,596	—
Cash and Cash Equivalents at End of Year	¥ 21,731	¥ 24,385	¥ 21,759	$ 184,086

The accompanying notes to consolidated financial statements are an integral part of these statements.

1. Basis of Presenting Financial Statements

The accompanying consolidated financial statements of Minebea Co., Ltd. (the "Company"), and its consolidated domestic and overseas subsidiaries are stated in Japanese yen, the accounts of which are maintained in accordance with the accounting principles generally accepted in the respective countries and audited by independent auditors in those countries.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Ministry of Finance in Japan as required by the Securities and Exchange Law of Japan, in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. For the purpose of this annual report, certain reclassifications have been made and additional information provided to present the accompanying consolidated financial statements in a format that is familiar to readers outside Japan.

2. Summary of Significant Accounting Policies

a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and 43 affiliated companies, including 42 consolidated subsidiaries and 1 nonconsolidated affiliate. All significant intercompany balances, intercompany transactions and unrealized profits have been eliminated in consolidation.

b) Translation of foreign currencies

Monetary assets and liabilities denominated in overseas currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date, except for certain accounts that were hedged by forward exchange contracts. Translation differences arising from the translation of the financial statements denominated in foreign currencies are recorded as minority interests in consolidated subsidiaries and foreign currency translation adjustments in net assets.

Financial statement items of consolidated overseas subsidiaries are translated into Japanese yen as follows:

Balance sheet items	At the rates of exchange prevailing at the balance sheet date
Statement of income items	At the average rate of exchange during the fiscal year

c) Cash equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be "cash equivalents."

d) Allowance for doubtful receivables

Allowance for doubtful receivables of the Company and its consolidated domestic subsidiaries is provided for normal receivables based on the historical write-off rate and for uncollectible receivables on a specific identification basis. Allowance for doubtful receivables of consolidated overseas subsidiaries is generally provided for estimated uncollectible receivables.

Allowance for doubtful receivables provided for consolidated subsidiary receivables is eliminated for consolidation purposes. Allowance for doubtful receivables as of March 31, 2007 and 2006, were sufficient to cover the estimated uncollectible receivables.

e) Inventories

Inventories of the Company and its consolidated domestic subsidiaries are stated primarily at cost, being determined by the moving average method, and those of its consolidated overseas subsidiaries are stated at the lower of cost or market, being determined by the first-in, first-out method or the moving average method.

Inventories as of March 31, 2007 and 2006, comprised the following:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2007	2006	**2007**
Merchandise and finished goods	**¥22,408**	¥24,320	**$189,820**
Work in process	**11,808**	10,937	**100,022**
Raw materials	**8,096**	9,830	**68,587**
Supplies	**3,592**	3,827	**30,426**
	¥45,904	¥48,914	**$388,855**

f) Tangible fixed assets

Tangible fixed assets is stated at cost. Depreciation of the Company and its consolidated domestic subsidiaries is computed by the declining balance method based upon the estimated useful lives of the assets, whereas depreciation of consolidated overseas subsidiaries is computed primarily by the straight-line method based upon the estimated useful lives of the assets. Maintenance and normal repair expenses are charged against income as incurred, while significant renewals and improvements are capitalized.

g) Investments in securities

Investments in securities consist of equity securities of listed and unlisted companies and government bonds. Other securities held by the Company or its domestic subsidiaries with quoted market values are stated at the closing quoted value price on March 31, 2007. Resulting valuation gains and losses are included, after the application of tax effect accounting, in net assets in the consolidated balance sheets. Those securities with no quoted market value are stated at cost by the moving average method.

Debt securities held to maturity by the Company's consolidated overseas subsidiaries are stated at cost by the amortized cost method (straight-line method).

Other Marketable Securities with Market Value

Millions of yen

	2007			2006		
	Acquisition cost	*Reported amount in balance sheet*	*Difference*	*Acquisition cost*	*Reported amount in balance sheet*	*Difference*
Securities whose reported amounts in balance sheet exceed acquisition cost						
Stock	¥3,081	¥8,482	¥5,401	¥3,080	¥10,340	¥7,260
Securities whose reported amounts in balance sheet do not exceed acquisition cost						
Stock	—	—	—	—	—	—
Total	¥3,081	¥8,482	¥5,401	¥3,080	¥10,340	¥7,260

Thousands of U.S. dollars (Note 3)

	2007		
	Acquisition cost	*Reported amount in balance sheet*	*Difference*
Securities whose reported amounts in balance sheet exceed acquisition cost			
Stock	$26,101	$71,857	$45,756
Securities whose reported amounts in balance sheet do not exceed acquisition cost			
Stock	—	—	—
Total	$26,101	$71,857	$45,756

Debt Securities Held to Maturity with Market Value

	Millions of yen					
	2007			2006		
	Reported amount in balance sheet	*Market value*	*Difference*	*Reported amount in balance sheet*	*Market value*	*Difference*
Securities whose market values are in excess of their reported balance sheet amounts						
Government bonds, municipal bonds, etc.	¥2,628	¥2,628	¥0	¥—	¥—	¥—
Securities whose market values are not in excess of their reported balance sheet amounts						
Government bonds, municipal bonds, etc.	—	—	—	—	—	—
Total	¥2,628	¥2,628	¥0	¥—	¥—	¥—

	Thousands of U.S. dollars (Note 3)		
	2007		
	Reported amount in balance sheet	*Market value*	*Difference*
Securities whose market values are in excess of their reported balance sheet amounts			
Government bonds, municipal bonds, etc.	$22,262	$22,268	$6
Securities whose market values are not in excess of their reported balance sheet amounts			
Government bonds, municipal bonds, etc.	—	—	—
Total	$22,262	$22,268	$6

h) Accounting for retirement benefits

With effect from April 1, 2000, the Company and its consolidated domestic subsidiaries have adopted the accounting standards for retirement benefits. To provide for the payment of retirement benefits to employees, the Company has made provisions based on the projected benefit obligations and the estimated plan assets as of March 31, 2007, calculated on the basis of accrued retirement benefit obligations and prepaid pension costs as of March 31, 2007.

Prepaid pension costs for the fiscal year ended March 31, 2007, are included in "Other" in "Investments and Other Assets."

Actuarial gains and losses are amortized using the straight-line method over the average remaining service period of employees (5 years), from the period subsequent to the period in which they are incurred.

Unrecognized prior service costs of consolidated overseas subsidiaries are amortized using the straight-line method over a period of 10 years.

Actuarial gains and losses of consolidated overseas subsidiaries are amortized using the straight-line method over a period of 10 years, from the period subsequent to the period in which they are incurred.

Retirement benefit plans

Projected benefit obligations, net retirement benefit costs and assumptions used for calculation for the years ended March 31, 2007 and 2006, are as follows:

Projected Benefit Obligations	*Millions of yen* 2007	*Millions of yen* 2006	*Thousands of U.S. dollars (Note 3)* 2007
Projected benefit obligations	¥(30,125)	¥(26,874)	$(255,193)
Plan assets at fair value	29,525	24,878	250,107
Unfunded projected benefit obligations	(600)	(1,996)	(5,086)
Unrecognized prior service cost	987	411	8,362
Unrecognized actuarial (gains) losses	(565)	1,019	(4,786)
Net amount recognized on consolidated balance sheets	(178)	(566)	(1,510)
Prepaid pension cost	1,483	75	12,568
Accrued retirement benefits	¥ (1,661)	¥ (641)	$ (14,078)

Net Retirement Benefit Costs	*Millions of yen* 2007	*Millions of yen* 2006	*Thousands of U.S. dollars (Note 3)* 2007
Services cost	¥ 2,269	¥ 1,489	$ 19,227
Interest cost	1,159	985	9,821
Expected return on plan assets	(1,343)	(1,025)	(11,385)
Amortization of prior service cost	2	2	20
Amortization of actuarial (gains) losses	(62)	440	(528)
Retirement benefit costs	¥ 2,025	¥ 1,891	$ 17,155

Assumption Used for Calculation	2007	2006
Discount rate	mainly 2.5%	mainly 2.5%
Expected rate of return on plan assets	mainly 2.5%	mainly 2.5%
Allocation of estimated amount of all retirement benefits to be paid at future retirement dates	Equally to each service year using the estimated number of total service years	Equally to each service year using the estimated number of total service years

i) Leases

Non-cancelable lease transactions of the Company are accounted for by the operating lease accounting method regardless of whether such leases are classified as operating or finance leases, except that lease agreements which stipulate the transfer of ownership of the leased property to the lessee are accounted for as finance leases.

j) Goodwill and negative goodwill

Excess of cost over net assets acquired for business acquisitions is amortized, amounting to ¥1,079 million in fiscal 2007 and ¥1,073 million in fiscal 2006, on a straight-line basis over a period ranging from 5 to 40 years.

k) Reclassifications

Certain reclassifications of previous years' figures have been made to conform with the current year's classification.

3. Translation into U.S. Dollars

The accompanying financial statements are expressed in Japanese yen and, solely for the convenience of the reader, have also been translated into U.S. dollar amounts at the rate of ¥118.05=US$1, the approximate rate of exchange on March 31, 2007. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars.

4. Investments in Affiliates

Summarized financial information for all affiliates as of March 31, 2007 and 2006, and for the years then ended, is as follows:

Financial Position	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 3) 2007
Assets:			
Current assets	¥320	¥366	$2,716
Other assets, including tangible fixed assets	473	456	4,005
	¥793	¥822	$6,721
Liabilities and shareholders' equity:			
Current liabilities	¥ 68	¥ 59	$ 576
Non-current liabilities	203	221	1,720
Net assets	522	542	4,425
	¥793	¥822	$6,721

Results of Operations	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 3) 2007
Net sales	¥391	¥431	$3,313
Cost and expenses	409	411	3,466
Net income	¥ (18)	¥ 20	$ (153)

Summarized below are the significant transactions of the Company and its consolidated subsidiaries with affiliates for the years ended March 31, 2007 and 2006, and the related account balances as of March 31, 2007 and 2006:

	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 3) 2007
Transactions:			
Sales	¥—	¥—	$—
Purchases	—	—	—
Account balances:			
Notes and accounts receivable	—	—	—
Notes and accounts payable	1	0	11

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5. Short-Term Loans Payable and Long-Term Debt

Short-term loans payable consists of notes payable to banks, principally due in 30 to 180 days. The average annual interest rates for short-term loans payable are 2.35% and 1.92% for the years ended March 31, 2007 and 2006, respectively.

	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 3) 2007
Notes payable to banks	¥57,639	¥80,656	$488,265
Total	¥57,639	¥80,656	$488,265

The aggregate annual maturities of long-term debt outstanding as of March 31, 2007, are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 3)
2008	¥14,122	$119,624
2009	15,000	127,065
2010	18,000	152,478
2011	12,000	101,652
2012 and thereafter	33,500	283,778
	¥92,622	$784,597

Long-term debt as of March 31, 2007 and 2006, consists of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2007	2006	2007
3.0% unsecured bonds payable in Japanese yen due 2008	¥15,000	¥15,000	$127,065
0.655% unsecured bonds payable in Japanese yen due 2007	—	3,000	—
1.39% unsecured bonds payable in Japanese yen due 2010	10,000	10,000	84,710
1.26% unsecured bonds payable in Japanese yen due 2011	10,000	10,000	84,710
1.7% unsecured bonds payable in Japanese yen due 2012	1,500	1,500	12,706
0.66% to 2.05% loans from banks, other	56,122	51,116	475,406
	92,622	90,616	784,597
Less current portion	14,122	11,116	119,624
	¥78,500	¥79,500	$664,973

6. Losses on Impairment of Fixed Assets

The groups of assets for which the Company recognized impairment losses for the year ended March 31, 2007, are as follows:

Losses on impairment

			Millions of yen		Thousands of U.S. dollars (Note 3)
Use	*Location*	*Type of assets*	2007	2006	2007
Idle assets	4 facilities, which are the former Kyoto Plant, former Ibaraki Plant, former Ichinoseki Plant and former Saku Plant (Hachiman City, Kyoto Prefecture and others)	Buildings and structures	¥42	¥132	$355
		Machinery and transportation equipment	6	—	53
		Tools, furniture and fixtures	0	—	3
		Land	26	834	223
		Total	¥74	¥967	$634

The method to group the assets

Assets are grouped largely by each minimal works that will bear independent cash flow in each business segment.

The reason for impairment losses having been recognized

The fixed assets (buildings, structures and land, etc.) for which impairment losses were recognized for the year ended March 31, 2007, are currently idle assets and are not expected to be utilized effectively. In addition, the land price dropped significantly.

The method to calculate the recoverable amounts

The recoverable amounts were measured by the net sales value, which is based on the real estate valuation standards.

7. Income Taxes

The Company and its consolidated domestic subsidiaries are subject to a number of different taxes based on income which, in the aggregate, resulted in an effective statutory rate of 39% for fiscal 2007 and 2006.

The income taxes of consolidated overseas subsidiaries are generally levied at lower rates than those currently applied in Japan. In addition, consolidated subsidiaries in Thailand are granted a status by the Promotion of Investment Act, whereby earnings derived from the manufacture or sale of qualifying products are fully exempt from Thai income tax for a period of three to eight years.

The income tax effect is recognized for temporary differences resulting from elimination of intercompany profit and certain adjustments made in the accompanying consolidated financial statements.

Net deferred tax assets of ¥6,262 million and ¥6,568 million as of March 31, 2007 and 2006, respectively, are included in the accompanying consolidated balance sheets as follows:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
Deferred Tax Assets	**2007**	2006	**2007**
Excess of allowed limit chargeable to the bonus payment reserve	¥ 793	¥ 714	$ 6,719
Loss on revaluation of investment securities	1,619	1,620	13,712
Excess of allowed limit chargeable to the allowance for doubtful accounts	2,332	2,562	19,754
Unrealized gains on sales of inventories	1,729	1,676	14,646
Excess of allowed limit chargeable to the depreciation	783	—	6,634
Deficit carried forward	1,257	1,807	10,647
Foreign tax credit carried forward	557	602	4,718
Impairment loss	361	377	3,056
Others	1,468	2,061	12,441
Subtotal	10,899	11,419	92,327
Valuation allowance	(746)	(633)	(6,318)
Total deferred tax assets	¥10,153	¥10,786	$86,009

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
Deferred Tax Liabilities	**2007**	2006	**2007**
Depreciation allowed to overseas subsidiaries	¥1,544	¥1,201	$13,078
Differences on revaluation of other marketable securities	2,106	2,831	17,841
Others	241	186	2,042
Total deferred tax liabilities	3,891	4,218	32,961
Net deferred tax assets	¥6,262	¥6,568	$53,048

Net deferred tax assets are included in the accompanying consolidated balance sheets as follows:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2007	2006	**2007**
Current assets—Deferred tax assets	¥ 7,056	¥ 3,402	$ 59,779
Non-current assets—Deferred tax assets	990	4,552	8,390
Current liabilities—Deferred tax liabilities	(1,206)	(1,146)	(10,223)
Non-current liabilities—Deferred tax liabilities	(578)	(240)	(4,898)
Net deferred tax assets	¥ 6,262	¥ 6,568	$ 53,048

The reconciliation of the statutory tax rate in Japan and the effective tax rates appearing in the consolidated statements of income for the years ended March 31, 2007 and 2006, is shown below:

	2007	2006
Statutory tax rate in Japan	39.0%	39.0%
Adjustments:		
Amortization of goodwill	2.1	4.6
Difference of rates applied to overseas subsidiaries	(13.2)	(36.2)
Valuation allowance for operating losses of consolidated subsidiaries	5.7	42.4
Effect of dividend income eliminated for consolidation	2.8	31.2
Valuation allowance	—	(6.6)
Other	(0.2)	(0.2)
Effective income tax rate	36.2%	74.2%

8. Leases

Pro forma information for finance leases, except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee, is as follows:

Acquisition Cost, Accumulated Depreciation and Net Book Value of Leased Assets

Millions of yen

	2007			2006		
	Acquisition cost	*Accumulated depreciation*	*Net book value*	*Acquisition cost*	*Accumulated depreciation*	*Net book value*
Machinery and transportation equipment	¥1,439	¥ 742	¥ 697	¥1,272	¥ 605	¥ 667
Tools, furniture and fixtures	2,388	1,313	1,075	2,465	1,246	1,219
Software	33	12	21	36	20	16
	¥3,860	¥2,067	¥1,793	¥3,773	¥1,871	¥1,902

Thousands of U.S. dollars (Note 3)

	2007		
	Acquisition cost	*Accumulated depreciation*	*Net book value*
Machinery and transportation equipment	$12,194	$ 6,287	$ 5,907
Tools, furniture and fixtures	20,225	11,124	9,101
Software	282	102	180
	$32,701	$17,513	$15,188

Note: Because the outstanding future lease payments at the balance sheet date are not material as compared with the year-end balance of tangible assets, the interest portion is included in the pro forma amounts of acquisition cost.

Outstanding Future Lease Payments Payable

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2007	2006	2007
Due within one year	¥ 896	¥ 909	$ 7,590
Due after one year	897	993	7,598
	¥1,793	¥1,902	$15,188

Note: Because the outstanding future lease payments payable at the balance sheet date is not material as compared with the year-end balance of tangible fixed assets, the interest portion is included in the pro forma amounts of outstanding future lease payments payable.

Actual Lease Payments and Depreciation Expense

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2007	2006	**2007**
Actual lease payments	**¥1,080**	¥1,070	**$9,149**
Depreciation	**1,080**	1,070	**9,149**

Depreciation of leased assets is computed on the straight-line method over the lease term with no residual value.

No impairment losses have been allocated to lease assets.

9. Derivatives

1. Content of transactions

The Minebea Group uses forward exchange contract transactions as well as interest swap transactions.

2. Transaction policy

The Minebea Group uses forward exchange contracts within the balance of its foreign currency receivable and payables, including the amounts that are ensured to arise in the future. The Group also uses interest swaps within the principal of its borrowings. The management of these transactions is guided by the Financial Department of the Company, and no speculative transactions are made.

3. Purpose of the use of transactions

The Minebea Group makes transactions of forward exchange contracts to hedge the fluctuation risks in foreign currency exchange rates related to export and import transactions, etc. The Group also makes interest swap transactions to hedge the fluctuation risks in the interest rates of its borrowings.

The Minebea Group makes derivative transactions, and by using the transactions, adopts hedge accounting.

(1) Method of Hedge Accounting

Regarding monetary receivables and payables in foreign currency for which forward exchange contracts are made, the Company accounts for them on the allocation method. Also, regarding interest rate swaps, the Company accounts for them using special treatment, because they meet the accounting requirements for special treatment.

(2) Hedging Vehicles and Hedged Items

(Hedging Vehicles)

- Forward exchange contracts
- Interest rate swaps

(Hedged Items)

- Monetary receivables and payables in foreign currency
- Interest rates on borrowings

(3) Hedge Policy

Under the guidance of its Finance Department, the Company makes forward exchange contracts to hedge risks in foreign exchange fluctuations arising from export and import transactions, and from lending in foreign currency. The Company also makes interest rate swaps to hedge fluctuation risks in interest rates on borrowings.

(4) Method of Assessing Hedge Effectiveness

Regarding forward exchange contracts, the Company allocates them to monetary receivables and payables with same maturities and same amounts in foreign currency at closing of forward exchange contracts in accordance with the risk management policy. This completely ensures correlations reflecting subsequent exchange rate fluctuations. The Company assesses hedge effectiveness based upon such correlations. Also, regarding interest rate swaps, the Company assesses hedge effectiveness based upon the fulfillment of the accounting requirements for special treatment.

4. Content of risks associated with transactions

Forward exchange and interest swap contracts have fluctuation risks in foreign exchange rates and interest rates, respectively.

The Minebea Group limits forward exchange contracts and interest swaps to the purpose of hedging those risks, and believes that there are almost no market risks.

The Minebea Group makes such transactions with highly rated and reliable financial institutions. Accordingly, it believes that there are almost no risks of the contracts not being fulfilled.

5. Risk management structure for transactions

Forward exchange contracts are executed and managed by the finance department of each company within the limit as mentioned in item 2. These transactions are periodically reported to the Finance Department of Company, and are monitored by the Dept.

Interest swap transactions are executed and managed by the Finance Department of the Hedge Office within the limit as mentioned in item 2. However, including details of such borrowing transactions, these transactions are pre-approved by the Board of Directors or the executive officer in charge of finance of the Company, depending upon the amounts of transactions.

10. Research and Development Expenses

Research and development expenses incurred by the Company and its consolidated subsidiaries are included in selling, general and administrative expenses and cost of sales.

Research and development expenses for the years ended March 31, 2007 and 2006, amounted to ¥9,000 million and ¥9,048 million, respectively.

11. Shareholders' Equity

The Corporation Law of Japan provides that an amount equivalent to at least 10% of appropriation of retained earnings paid with respect to each financial period be appropriated to the legal reserve until the total of such reserve and the additional paid-in capital account equals 25% of the common stock. The legal reserve may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to the common stock account by resolution of the Board of Directors. Additional paid-in capital and the legal reserve may also be drawn down up to an amount that equals 25% of the common stock. In line with consolidated accounting procedures in Japan, additional paid-in capital is included in capital surplus and the legal reserve is included in earnings surplus.

Appropriation of retained earnings with respect to cash dividends is subject to the resolution of the general shareholders' meeting and the accompanying consolidated financial statements reflect such resolutions.

(Change of accounting treatment)

Since the current consolidated accounting period, the Company has applied the Accounting Standards for Presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan (ASBJ) Statement No. 5 issued on December 9, 2005). It has also applied the Implementation Guidance for the Accounting Standards for Presentation of Net Assets in the Balance Sheet (ASBJ Implementation Guidance No. 8 issued on December 9, 2005).

Net assets in the consolidated balance sheet at March 31, 2007 and 2006 are presented in accordance with provisions of the new Regulations Concerning Consolidated Financial Statements after revision.

12. Per Share Data

Dividends per share shown in the consolidated statements of income have been presented on an accrual basis and include, in each fiscal year, dividends approved or to be approved after the fiscal year-end but applicable to the fiscal year.

Basic net income per share is based on the weighted average number of shares of common stock outstanding during each year.

Diluted net income per share is computed using the weighted average number of shares of common stock during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds. In calculating diluted net income per share, net income is adjusted by interest expense, net of income taxes, on the convertible bonds when such bonds are dilutive.

The number of shares used in calculating net income per share for the years ended March 31, 2007 and 2006, is as follows:

	Thousands of shares	
	2007	2006
Basic	399,037	399,052
Diluted	—	—

Note: There is no dilutive potential of shares of common stock.

13. Litigation

As of March 31, 2007, there are no material claims outstanding or threatened against the Company or its consolidated subsidiaries.

14. Contingent Liabilities

The Company and its consolidated subsidiaries had no contingent liabilities as of March 31, 2007.

15. Segment Information

The Company and its consolidated subsidiaries are engaged in two business segments: machined components, which includes bearings and bearing-related products, notably ball bearings, rod-end and spherical bearings and pivot assemblies, as well as other machined components, such as fasteners, and special machined components; and electronic devices and components, encompassing rotary components and other electronic devices and components, primarily PC keyboards and speakers.

The business segments of the Company and its consolidated subsidiaries as of March 31, 2007 and 2006, and for the years then ended are outlined as follows:

Business Segments

	Millions of yen				
Year ended March 31, 2007	*Machined Components*	*Electronic Devices and Components*	*Total before Eliminations*	*Eliminations or Corporate*	*Total*
Sales to external customers	¥137,662	¥193,360	¥331,022	¥ —	¥331,022
Internal sales	7,213	4,135	11,348	(11,348)	—
Total sales	144,875	197,495	342,370	(11,348)	331,022
Operating expenses	118,680	197,425	316,105	(11,348)	304,757
Operating income	26,195	70	26,265	—	26,265
Assets	216,595	224,048	440,643	(85,859)	354,784
Depreciation and amortization	12,507	12,141	24,648	—	24,648
Impairment loss	31	43	74	—	74
Capital expenditure	8,423	9,243	17,666	—	17,666

Thousands of U.S. dollars (Note 3)

Year ended March 31, 2007	*Machined Components*	*Electronic Devices and Components*	*Total before Eliminations*	*Eliminations or Corporate*	*Total*
Sales to external customers	$1,166,135	$1,637,949	$2,804,084	$ —	$2,804,084
Internal sales	61,097	35,032	96,129	(96,129)	—
Total sales	1,227,232	1,672,981	2,900,213	(96,129)	2,804,084
Operating expenses	1,005,332	1,672,389	2,677,721	(96,129)	2,581,592
Operating income	221,900	592	222,492	—	222,492
Assets	1,834,775	1,897,908	3,732,683	(727,308)	3,005,375
Depreciation and amortization	105,949	102,845	208,794	—	208,794
Impairment loss	262	372	634	—	634
Capital expenditure	71,349	78,303	149,652	—	149,652

Millions of yen

Year ended March 31, 2006	*Machined Components*	*Electronic Devices and Components*	*Total before Eliminations*	*Eliminations or Corporate*	*Total*
Sales to external customers	¥129,595	¥188,851	¥318,446	¥ —	¥318,446
Internal sales	3,803	2,371	6,174	(6,174)	—
Total sales	133,398	191,222	324,620	(6,174)	318,446
Operating expenses	108,842	196,509	305,351	(6,174)	299,177
Operating income (loss)	24,556	(5,287)	19,269	—	19,269
Assets	205,437	218,790	424,227	(74,365)	349,862
Depreciation and amortization	11,437	12,535	23,972	—	23,972
Impairment loss	388	579	967	—	967
Capital expenditure	12,279	9,929	22,208	—	22,208

The geographic segments of the Company and its consolidataed subsidiaries as of March 31, 2007 and 2006, and for the years then ended are outlined as follows:

Geographic Segments

Millions of yen

Year ended March 31, 2007	*Japan*	*Asia (excluding Japan)*	*North America*	*Europe*	*Total before Eliminations*	*Eliminations or Corporate*	*Total*
Sales to external customers	¥ 83,265	¥162,330	¥56,110	¥29,317	¥331,022	¥ —	¥331,022
Internal sales	163,915	165,062	1,751	1,081	331,809	(331,809)	—
Total sales	247,180	327,392	57,861	30,398	662,831	(331,809)	331,022
Operating expenses	237,410	316,093	54,131	28,932	636,566	(331,809)	304,757
Operating income	9,770	11,299	3,730	1,466	26,265	—	26,265
Assets	162,335	258,046	35,692	21,326	477,399	(122,615)	354,784

Thousands of U.S. dollars (Note 3)

Year ended March 31, 2007	*Japan*	*Asia (excluding Japan)*	*North America*	*Europe*	*Total before Eliminations*	*Eliminations or Corporate*	*Total*
Sales to external customers	$ 705,333	$1,375,100	$475,304	$248,347	$2,804,084	$ —	$2,804,084
Internal sales	1,388,519	1,398,241	14,829	9,157	2,810,746	(2,810,746)	—
Total sales	2,093,852	2,773,341	490,133	257,504	5,614,830	(2,810,746)	2,804,084
Operating expenses	2,011,093	2,677,622	458,536	245,087	5,392,338	(2,810,746)	2,581,592
Operating income	82,759	95,719	31,597	12,417	222,492	—	222,492
Assets	1,375,140	2,185,901	302,350	180,649	4,044,040	(1,038,665)	3,005,375

Millions of yen

Year ended March 31, 2006	*Japan*	*Asia (excluding Japan)*	*North America*	*Europe*	*Total before Eliminations*	*Eliminations or Corporate*	*Total*
Sales to external customers	¥ 77,856	¥155,423	¥59,468	¥25,699	¥318,446	¥ —	¥318,446
Internal sales	166,627	162,507	1,599	1,969	332,702	(332,702)	—
Total sales	244,483	317,930	61,067	27,668	651,148	(332,702)	318,446
Operating expenses	242,561	305,087	58,179	26,052	631,879	(332,702)	299,177
Operating income	1,922	12,843	2,888	1,616	19,269	—	19,269
Assets	161,968	247,186	36,864	19,618	465,636	(115,774)	349,862

Overseas sales of the Company and its consolidated subsidiaries for the years ended March 31, 2007 and 2006, are summarized as follows:

Overseas Sales

Millions of yen

Year ended March 31, 2007	*To Asia (excluding Japan)*	*To North and South America*	*To Europe*	*Total*
Overseas sales	**¥166,256**	**¥44,927**	**¥35,120**	**¥246,303**
Consolidated net sales				**¥331,022**
Overseas sales as a percentage of consolidated net sales	**50.2%**	**13.6%**	**10.6%**	**74.4%**

Thousands of U.S. dollars (Note 3)

Year ended March 31, 2007	*To Asia (excluding Japan)*	*To North and South America*	*To Europe*	*Total*
Overseas sales	**$1,408,355**	**$380,580**	**$297,498**	**$2,086,433**
Consolidated net sales				**$2,804,084**
Overseas sales as a percentage of consolidated net sales	**50.2%**	**13.6%**	**10.6%**	**74.4%**

Millions of yen

Year ended March 31, 2006	*To Asia (excluding Japan)*	*To North and South America*	*To Europe*	*Total*
Overseas sales	¥159,781	¥47,256	¥31,833	¥238,870
Consolidated net sales				¥318,446
Overseas sales as a percentage of consolidated net sales	50.2%	14.8%	10.0%	75.0%

16. Subsequent Events

There were no significant events subsequent to March 31, 2007.

ERNST & YOUNG SHINNIHON

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Report of Independent Auditors

The Board of Directors
Minebea Co., Ltd.

We have audited the accompanying consolidated balance sheets of Minebea Co., Ltd., and consolidated subsidiaries as of March 31, 2006 and 2007, and the related consolidated statements of income, changes in net assets, and cash flows for each of the three years in the period ended March 31,2007, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Minebea Co., Ltd., and consolidated subsidiaries at March 31, 2006 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2007, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Ernst & Young ShinNihon

June 28, 2007

Principal Subsidiaries

Subsidiaries in Asia	Operations	Percentage of shares controlled by Minebea
Japan		
NMB Electro Precision, Inc.	Manufacture and sale of fan motors	100.0%
Minebea–Matsushita Motor Corporation	Manufacture and sale of electronic devices and components	60.0
Thailand		
NMB THAI LIMITED	Manufacture and sale of ball bearings	100.0
PELMEC THAI LIMITED	Manufacture and sale of ball bearings and other products	100.0
MINEBEA THAI LIMITED	Manufacture and sale of motors	100.0
NMB HI-TECH BEARINGS LIMITED	Manufacture and sale of ball bearings	100.0
NMB PRECISION BALLS LIMITED	Manufacture and sale of steel balls for ball bearings	100.0
MINEBEA ELECTRONICS (THAILAND) COMPANY LIMITED	Manufacture and sale of electronic devices and components	100.0
POWER ELECTRONICS OF MINEBEA COMPANY LIMITED	Manufacture and sale of electronic devices and components	100.0
MINEBEA ELECTRONICS MOTOR (THAILAND) COMPANY LIMITED	Manufacture and sale of electronic devices and components	60.0
China		
MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD.	Manufacture and sale of ball bearings, fan motors and measuring components	100.0
MINEBEA TECHNOLOGIES TAIWAN CO., LTD.	Sale of bearings and electronic devices and components	100.0
MINEBEA TRADING (SHANGHAI) LTD.	Sale of bearings and electronic devices and components	100.0
MINEBEA (SHENZHEN) LTD.	Sale of bearings and electronic devices and components	100.0
MINEBEA (HONG KONG) LIMITED	Sale of bearings and electronic devices and components	100.0
MINEBEA ELECTRONICS MOTOR (ZHUHAI) CO., LTD.	Manufacture and sale of electronic devices and components	60.0
Singapore		
NMB SINGAPORE LIMITED	Manufacture and sale of ball bearings and machinery components	100.0
PELMEC INDUSTRIES (PTE.) LIMITED	Manufacture and sale of ball bearings	100.0
MINEBEA TECHNOLOGIES PTE. LTD.	Sale of bearings and electronic devices and components	100.0
MINEBEA ELECTRONICS MOTOR (SINGAPORE) PTE. LTD.	Manufacture and sale of electronic devices and components	60.0
Malaysia		
MINEBEA ELECTRONICS MOTOR (MALAYSIA) SDN. BHD.	Manufacture and sale of electronic devices and components	60.0
Korea		
NMB KOREA CO., LTD.	Sale of bearings and electronic devices and components	100.0

Subsidiaries in North America	Operations	Percentage of shares controlled by Minebea
United States		
NMB (USA) Inc.	Holding company	100.0%
New Hampshire Ball Bearings, Inc.	Manufacture and sale of bearings	100.0
Hansen Corporation	Manufacture and sale of small motors	100.0
NMB Technologies Corporation	Sale of bearings and electronic devices and components	100.0

Subsidiaries in Europe	Operations	Percentage of shares controlled by Minebea
United Kingdom		
NMB-MINEBEA UK LTD	Manufacture and sale of bearings, sale of electronic devices and components	100.0%
Germany		
Precision Motors Deutsche Minebea GmbH	Development, manufacture and sale of HDD spindle motors	100.0
NMB-Minebea-GmbH	Sale of bearings and electronic devices and components	100.0
Italy		
NMB ITALIA S.R.L.	Sale of bearings and electronic devices and components	100.0
France		
NMB Minebea SARL	Sale of bearings and electronic devices and components	100.0

Corporate Data

As of June 2007

Minebea Co., Ltd.
Corporate Information

Tokyo Head Office
ARCO Tower, 19th Floor,
1-8-1, Shimo-Meguro,
Meguro-ku, Tokyo 153-8662, Japan
Tel: 81-3-5434-8611
Fax: 81-3-5434-8601
URL: http://www.minebea.co.jp/english/index.html

Registered Headquarters
4106-73, Oaza Miyota,
Miyota-machi, Kitasaku-gun,
Nagano 389-0293, Japan
Tel: 81-267-32-2200
Fax: 81-267-31-1330

Established
July 16, 1951

Investor Information

Common Stock (As of March 31, 2007)
Authorized: 1,000,000,000 shares
Issued: 399,167,695 shares
Capital: ¥68,258 million
Shares per unit: 1,000

Common Stock Listings
Tokyo, Osaka and Nagoya

American Depositary Receipts
Ratio (ADR : ORD): 1 : 2
Exchange: Over-the-Counter (OTC)
Symbol: MNBEY
CUSIP: 602725301
Depositary: The Bank of New York
101 Barclay Street, 22nd floor,
New York, NY 10286,
U.S.A.
Tel: 1-212-815-2042
U.S. toll-free:
888-269-2377
(888-BNY-ADRS)
URL: http://www.adrbny.com/

Independent Certified Public Accountants
Shin Nihon & Co.

Agent to Manage Shareholders' Registry
The Sumitomo Trust and Banking Co., Ltd.
Tel: 81-120-176-417

Independent Auditors
Ernst & Young ShinNihon

For further information please contact:
Investor Relations Office,
Administration Department,
Administration Division,
Minebea Co., Ltd.
Tel: 81-3-5434-8643
Fax: 81-3-5434-8603
E-mail: minebeair@minebea.co.jp

Shareholders and Shares Issued (As of March 31, 2007)

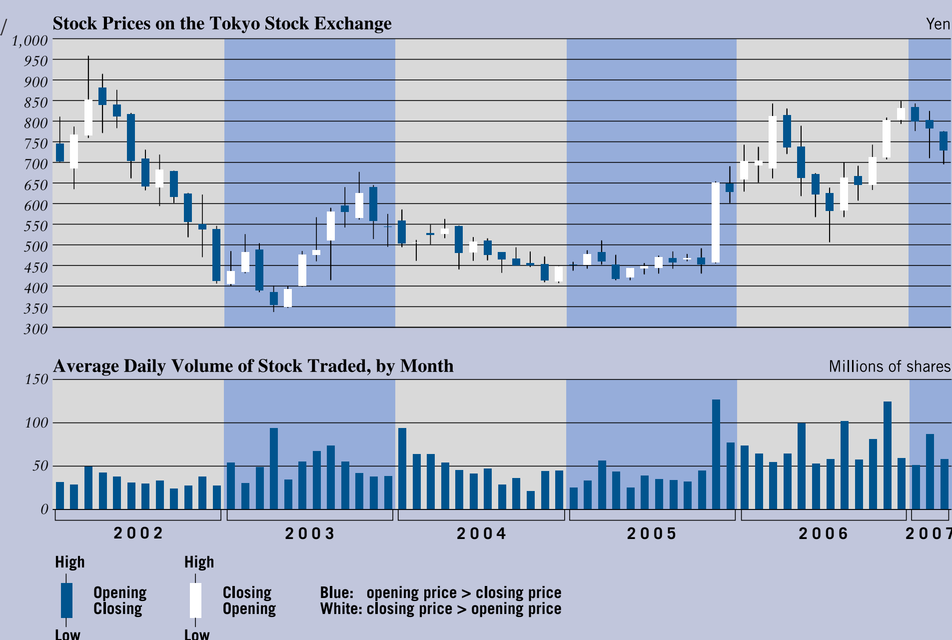
Classification by Ownership of Shares

	Number of shareholders	*Percentage of shareholders*	*Number of shares held*	*Percentage of shares outstanding*
Japanese financial institutions	163	0.8%	196,256	49.3%
Overseas institutions	320	1.6	119,179	29.9
Other Japanese corporations	286	1.4	31,661	7.9
Individuals and others	19,396	96.2	51,263	12.9
Total	20,165	100.0%	398,359	100.0%

* In addition to the above shares, there are 808,695 odd-lot shares.

Top Ten Major Shareholders

	Number of shares held	*Percentage of shares outstanding*
The Master Trust Bank of Japan, Ltd. (Trust Account)	37,162,000	9.31%
Japan Trustee Services Bank, Ltd. (Trust Account)	35,747,000	8.96
Japan Trustee Services Bank, Ltd. (Trust Account 4)	20,836,000	5.22
Keiaisha Co., Ltd.	15,000,000	3.76
The Sumitomo Trust & Banking Co., Ltd.	12,349,000	3.09
Takahashi Industrial and Economic Research Foundation	12,347,330	3.09
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,057,839	2.52
Sumitomo Mitsui Banking Corporation	10,000,475	2.51
State Street Bank and Trust Company	6,772,380	1.70
State Street Bank and Trust Company 505019	5,688,000	1.42



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