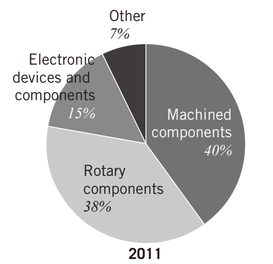
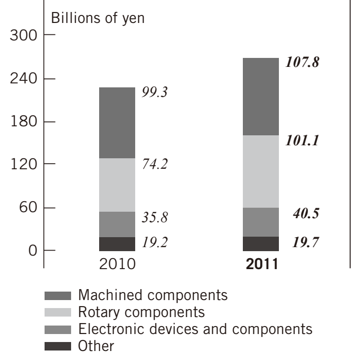
Financial Review

Results of Operations

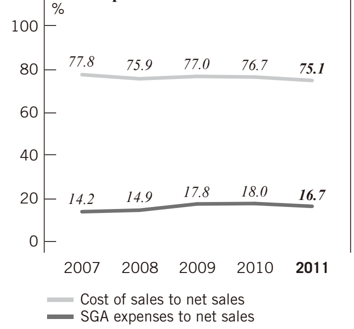
Ratio of Net Sales by Segment



Net Sales by Segment



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



Net Sales

Net sales increased ¥40,693 million, or 17.8%, year on year to total ¥269,139 million.

During the fiscal year ended March 31, 2011, the Japanese economy experienced a moderate recovery that included enhanced corporate earnings and a turnaround in capital spending despite relatively high unemployment rates. The massive earthquake that rocked northeastern Japan on March 11 and resulting tsunami that crippled the nuclear power plant at Fukushima not only devastated the areas of immediate impact but also sent shock waves rippling through the Japanese economy. In the wake of these multiple disasters it is difficult to make predictions about production, employment, consumption, etc. The U.S. economy also continued to rebound at a moderate pace. The comeback has been aided by economic stimulus measures designed to boost corporate earnings and the recovery of overseas economies, despite slow personal consumption due to continued high unemployment. The economies of Europe have generally turned around as a whole, although economic conditions vary widely from one country to another. China's active fiscal stimulus package boosted domestic spending and fueled growth of the Chinese economy while other Asian economies remained on track thanks to exports to China.

Against this backdrop, the Minebea Group has been actively working to cut costs, create high-value-added products, develop new technologies, and enhance its marketing approach in order to further increase profitability. While there had been an impact from appreciation of yen, market recovery and other business factors increased sales.

Cost of Sales

Cost of sales increased ¥26,859 million, or 15.3%, year on year to total ¥202,145 million. The year-on-year increase was due to increased sales buoyed by the recovering global economy as well as price hikes for steel and other materials. However, due to stringent cost cutting efforts, cost of sales as a percentage of net sales decreased by 1.6 percentage points from the previous fiscal year to 75.1%.

SGA Expenses

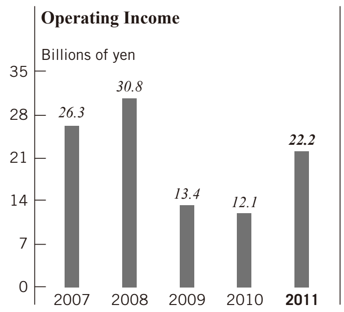
SGA expenses amounted to ¥44,831 million, up 9.1%, or ¥3,730 million year on year. Increased sales fueled by the worldwide economic upturn pushed SGA expenses up on a year-on-year basis. However, due to stringent expense reduction efforts, SGA expenses as a percentage of net sales decreased by 1.3 percentage points to 16.7%.

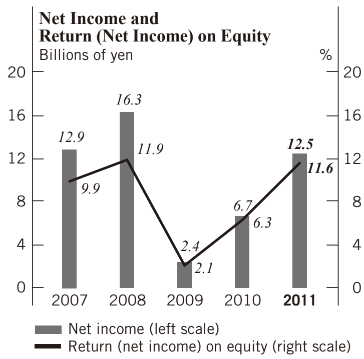
Cost of Sales and SGA Expenses

Millions of yen

Years ended March 31	**2011**	2010	2009	2008	2007
Net sales	**¥269,139**	¥228,446	¥256,163	¥334,431	¥331,022
Cost of sales	**202,145**	175,286	197,138	253,710	257,644
Cost of sales to net sales	**75.1%**	76.7%	77.0%	75.9%	77.8%
Gross profit	**66,994**	53,160	59,025	80,721	73,378
SGA expenses	**44,831**	41,101	45,619	49,959	47,113
SGA expenses to net sales	**16.7%**	18.0%	17.8%	14.9%	14.2%

*Segment classification has changed from the fiscal year ended March 31, 2011, due to the revision of accounting standards.





Operating Income

Operating income was up 83.8%, or ¥10,104 million, year on year to total ¥22,163 million. Operating income soared thanks to the global economic recovery that increased sales as well as improved efficiency as a result of production increases. The earnings increases came despite foreign exchange losses due to the weak U.S. dollar, strong yen and Thai baht, as well as hikes in steel and other material prices. Overall, operating margin rose 2.9 percentage points from the previous fiscal year to total 8.2%. For more information see: “Segment Information.”

Other Income (Expenses)

The net balance of other income and expenses (net amounts of non-operating income/expenses and extraordinary profit/losses) amounted to loss of ¥3,507 million, which was ¥709 million higher than the previous fiscal year. Major items included interest expense of ¥1,833 million, impairment losses of ¥554 million, losses of ¥337 million on sales and disposals of fixed assets, spoilage expenses of ¥291 million and product warranty losses of ¥246 million.

Income before Income Taxes and Minority Interests

Income before income taxes and minority interests for the current fiscal year totaled ¥18,656 million, up 101.4%, or ¥9,395 million year on year.

Income Taxes

Income taxes increased ¥3,295 million year on year to total ¥5,544 million. Income taxes included current income taxes (i.e. corporate, inhabitant and business taxes) totaling ¥4,580 million and deferred income taxes of ¥964 million. The effective income tax rate increased from 24.3% to 29.7% since the U.S. income tax refund in the previous fiscal year did not occur in the current fiscal year and other factors.

Minority Interests

Minority interests amounted to ¥647 million, up ¥297 million from the previous fiscal year. This was primarily attributable to the improved earnings performance of the Minebea Motor Manufacturing Corporation joint venture.

Net Income

Net income increased ¥5,803 million, or 87.1%, year on year to total ¥12,465 million. Basic net income per share was ¥32.61, up ¥15.41 from ¥17.20 for the previous fiscal year.

Income

Millions of yen

Years ended March 31	**2011**	2010	2009	2008	2007
Operating income	**¥22,163**	¥12,059	¥13,406	¥30,762	¥26,265
Operating margin	**8.2%**	5.3%	5.2%	9.2%	8.0%
Net balance of other income (expenses)	**(3,507)**	(2,798)	(6,572)	(5,508)	(6,742)
Net income	**12,465**	6,662	2,441	16,303	12,862
Net income to net sales	**4.6%**	2.9%	1.0%	4.9%	3.9%
Net income per share (Yen):					
Basic	**32.61**	17.20	6.18	40.86	32.23
Return (net income) on equity	**11.6%**	6.3%	2.1%	11.9%	9.9%
Return on total assets	**4.4%**	2.4%	0.8%	4.8%	3.7%

Financial Condition

Financial Policy and Liquidity

In the various businesses in which the Minebea Group operates, product and technological development is accelerating as global competition intensifies. We must continually look ahead as we sow the seeds of development with capital investments that will enable us to stay ahead of the pack as we reap a wide range of innovative solutions designed to answer our customers' needs. Maintaining a sound financial position and a high degree of flexibility in our financing activities will enable us to engage in these dynamic corporate activities and facilitate the strengthening of our technological development capabilities.

The Minebea Group sees strengthening its financial standing as a top priority and is taking various steps, such as reducing total assets, controlling capital investment and reducing liabilities, to strengthen its financial foundation. Net-interest bearing debt totaled ¥103,622 million as of the end of the current fiscal year. This figure indicates that we are right in the range of our medium-term target of ¥100 billion.

Seeking to ensure financing agility, we obtained ratings for short-term debt up to a maximum of ¥10 billion. As we work to create a stronger, more stable structure for fund procurement, we are striving to maintain solid relationships with key financial institutions in Japan as well as overseas. We have taken significant steps to manage liquidity risks, including establishment of a ¥10 billion commitment line.

Debt Ratings

As of May 2011	*Long-term debt*	*Short-term debt*
Japan Credit Rating Agency, Ltd.	A	J–1
Japan Rating and Investment Information, Inc.	A–	a–1

Capital Investment

We continually strive to make effective investments in light of changes in demand while proactively expanding our investments into growing business sectors. Capital investments totaled ¥27,335 million, up 146.7%, or ¥16,254 million, from the previous fiscal year. The breakdown of capital investment includes ¥10,783 million for the machined components segment, ¥9,490 million for the rotary components segment, ¥1,515 million for the electronic devices and components segment, ¥825 million for the other segment, and ¥4,722 million for corporate.

Investments in the machined components segment were designed to boost production capacity and streamline production facilities for bearings and other products in Thailand, China, Singapore and the United States. We also invested in HDD pivot assembly production facilities to increase production capacity. Investments in the rotary components segment included equipment purchases for HDD spindle motors production in Thailand as well as production equipment for information motors in Thailand, China and other areas. Investments in the electronic devices and components segment focused on manufacturing equipment used to produce LED backlights for LCDs and component production facilities in Thailand and China.

Capital investments included purchases of intangible fixed assets (¥343 million) and assets acquired through finance leases (¥248 million).

We plan to make investments totaling ¥25 billion in the next fiscal year with a focus on constructing and starting operations of a new ball bearing plant in Thailand, constructing a new motor plant in Cambodia, and boosting production of LED backlights for LCDs in China.

Dividends

Our basic dividend policy gives priority to enhancing equity efficiency and improving returns to our shareholders, with dividends reflecting performance in light of the overall business environment, while maintaining a stable and continuous distribution of profits.

We have decided to use surplus earnings to pay cash dividends twice a year, once mid-year and once at the end of the fiscal year.

The year-end dividend is determined by way of a proposal that is voted on at the ordinary general meeting of shareholders, while the interim dividend is set by the Board of Directors.

In line with this policy, cash dividends for the fiscal year were set at ¥7.00 per share, including an interim dividend of ¥3.00 per share. As a result, the consolidated payout ratio was 21.5%.

We will make effective use of retained earnings to invest in initiatives designed to respond to changes in our operating environment, increase cost competitiveness as well as reinforce our technological and product development capabilities with a focus on responding to market needs.

Free Cash Flow

Free cash flow (calculated by adding cash flows from operating activities and cash flows from investment activities) totaled an outflow of ¥4,192 million, down ¥21,867 million from the previous fiscal year.

Cash Flows from Operating Activities

Cash flows provided by operating activities amounted to ¥24,439 million, down 19.6%, or ¥5,969 million, from the previous fiscal year. This drop was mainly due to a ¥10,207 million increase in inventories as well as a ¥2,907 million increase in trade payables, which respectively resulted in a year-on-year decrease of ¥12,493 million and ¥3,664 million in cash inflow. This decline was partially offset by a ¥9,395 million year-on-year increase in income before income taxes and minority interests, totaling ¥18,656 million.

Cash Flows from Investing Activities

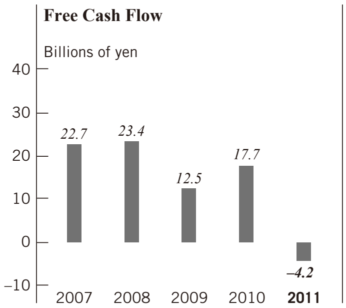
Cash flows used in investing activities increased 124.9%, or ¥15,898 million, to total ¥28,631 million. This was primarily due to a year-on-year increase of ¥16,022 million in payments for purchase of tangible fixed assets, which amounted to ¥26,517 million.

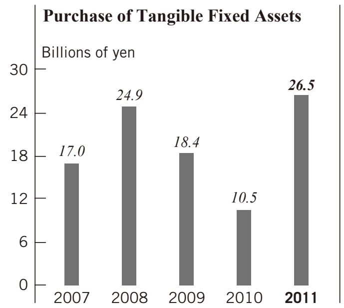
Cash Flows from Financing Activities

Cash flows provided by financing activities amounted to ¥7,984 million, cash outflow decreased by ¥28,102 million from the previous fiscal year. The main factor behind this change was a ¥24,941 million year-on-year net increase in short-term and long-term debt, which totaled ¥10,813 million.

Cash and Cash Equivalents

The balance of cash and cash equivalents at the end of the current fiscal year was ¥27,622 million. This represented a net increase of ¥2,767 million, resulting from net cash provided by financing activities exceeding outflow of free cash flow.





Free Cash Flow

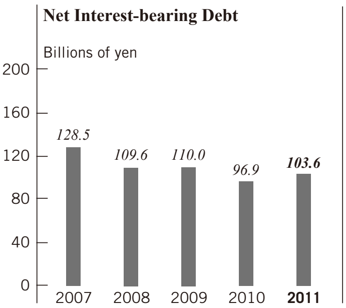
Millions of yen

Years ended March 31	**2011**	2010	2009	2008	2007
Net cash provided by operating activities	**¥24,439**	¥30,408	¥37,064	¥46,893	¥37,902
Net cash used in investing activities	**(28,631)**	(12,733)	(24,554)	(23,461)	(15,180)
Portion of above used in purchase of tangible fixed assets	**(26,517)**	(10,495)	(18,429)	(24,888)	(16,969)
Free cash flow	**(4,192)**	17,675	12,510	23,432	22,722

Assets, Liabilities and Net Assets

Total assets at the end of the current fiscal year amounted to ¥291,092 million, up 4.7%, or ¥13,125 million, year on year. The major reasons for this uptick include an increase in inventories as well as an upswing in notes and accounts receivable–trade due to recovery of production and sales.

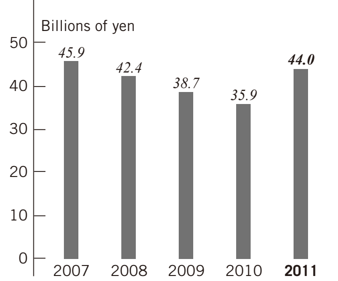
Net assets were ¥109,967 million while equity totaled ¥107,918 million. This led to an equity ratio drop of 1.4 percentage points year on year, falling to 37.1%. Net interest-bearing debt (total debt minus cash and cash equivalents and time deposits) increased 6.9%, or ¥6,729 million, to total ¥103,622 million. The net debt-to-equity ratio remained flat at 0.9 times.



Assets

Cash and cash equivalents increased ¥2,767 million from the end of the previous fiscal year to reach ¥27,622 million. Notes and accounts receivable–trade rose ¥3,837 million to reach ¥56,021 million, reflecting the increase in net sales. Inventories increased ¥8,086 million year on year to total ¥43,998 million due to additions to inventories needed to fill increasing orders. Deferred tax assets (short-term) fell ¥2,000 million to ¥3,779 million.

Inventories



As a result, total current assets increased by 10.9%, or ¥14,174 million, to total ¥144,178 million.

Total tangible fixed assets amounted to ¥124,096 million, down 0.1%, or ¥132 million. Purchase of tangible fixed assets for the current fiscal year totaled ¥26,517 million while depreciation and amortization amounted to ¥20,806 million.

Total intangible fixed assets totaled ¥7,430 million, down 23.2%, or ¥2,242 million.

Investments and other assets totaled ¥15,388 million, up 9.4%, or ¥1,325 million.

Consequently, total fixed assets amounted to ¥146,914 million, a decrease of 0.7%, or ¥1,049 million.

Liabilities

Notes and accounts payable–trade, totaling ¥18,631 million, were up ¥2,167 million from the end of the previous fiscal year due to increased purchases for increased production. Short-term debt decreased by ¥583 million to ¥52,238 million. The current portion of long-term debt increased by ¥11,032 million to hit ¥24,132 million due to the transfer from long-term liabilities of loans payable and bonds of ¥12,632 million and ¥11,500 million, respectively, partially offset by repayments of loans payable and bonds of ¥3,100 million and ¥10,000 million, respectively. As a result, total current liabilities increased by ¥13,902 million, or 13.5%, to total ¥116,863 million.

Long-term debt decreased by ¥1,802 million to ¥56,843 million, due to the transfer of bonds to current liabilities by ¥11,500 million, despite increase of loans payable by ¥9,698 million which was mainly due to new loans. As a result, total long-term liabilities fell by 3.5%, or ¥2,363 million, to total ¥64,262 million.

Net Assets

Total net assets increased by 1.5%, or ¥1,586 million, to total ¥109,967 million. This increase was due to a ¥12,387 million increase in retained earnings, despite the reduced value of assets held by overseas affiliates when calculated in yen by ¥8,831 million. Minority interests in consolidated subsidiaries increased by 38.0%, or ¥564 million, to reach ¥2,049 million.

Financial Position

Millions of yen

As of March 31	**2011**	2010	2009	2008	2007
Total assets	**¥291,092**	¥277,967	¥285,396	¥320,544	¥354,784
Cash and cash equivalents	**27,622**	24,855	27,895	23,281	21,731
Time deposits	**1,969**	1,652	—	—	—
Total current assets	**144,178**	130,004	121,699	148,117	156,059
Inventories	**43,998**	35,912	38,737	42,401	45,904
Total current liabilities	**116,863**	102,961	112,312	118,321	131,155
Working capital	**27,315**	27,043	9,387	29,796	24,905
Interest-bearing debt	**133,213**	123,400	137,890	132,852	150,261
Net interest-bearing debt	**103,622**	96,893	109,995	109,571	128,530
Total net assets	**109,967**	108,381	106,762	131,730	142,558
Equity ratio	**37.1%**	38.5%	37.1%	40.7%	40.1%
Debt-to-equity ratio (Times)	**1.2**	1.1	1.3	1.0	1.1
Net debt-to-equity ratio (Times)	**0.9**	0.9	1.0	0.8	0.9
Net assets per share (Yen)	**282.03**	279.87	271.93	327.25	356.75